



ASSOCIATION FOR  
CULTURAL INTERCHANGE

Association for Cultural Interchange, Inc. and Subsidiary

Consolidated Financial Statements

December 31, 2024

## TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	1 - 3
Consolidated Financial Statements	
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities	5
Consolidated Statement of Functional Expenses	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 23

Independent Auditor's Report

To The Board of Directors of the  
Association for Cultural Interchange, Inc. and Subsidiary

***Opinion***

We have audited the consolidated financial statements of the Association for Cultural Interchange, Inc. and Subsidiary (the "Organization", a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Saxum Ltd (CC), a wholly-owned subsidiary, whose statements reflect total assets constituting 18% of consolidated total assets as of December 31, 2024 and total revenues constituting 2% of consolidated total revenues for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Saxum Ltd (CC), is based solely on the report of the other auditors.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Report on Summarized Comparative Information***

We have previously audited the Organization's December 31, 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 30, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*Rogoff & Company PC*

New York, New York  
February 9, 2026

Association for Cultural Interchange, Inc. and Subsidiary

Consolidated Statement of Financial Position

As of December 31, 2024

(with comparative amounts as of December 31, 2023)

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 6,544,255	\$ 2,350,041
Program loans receivable	6,311,561	7,646,020
Accrued investment income	299,221	494,645
Investments, at fair value	172,656,942	151,768,706
Property and equipment, net	56,344,935	58,942,033
Other assets	<u>87,371</u>	<u>62,798</u>
Total assets	<u>\$ 242,244,285</u>	<u>\$ 221,264,243</u>
<u>Liabilities and Net Assets</u>		
Liabilities		
Accounts payable and accrued expenses	\$ 122,275	\$ 154,767
Grants payable	<u>97,211</u>	<u>123,331</u>
Total liabilities	<u>219,486</u>	<u>278,098</u>
Net assets		
Without donor restrictions		
Undesignated	182,016,849	171,277,766
Accumulated foreign currency translation	<u>3,064,851</u>	<u>3,319,844</u>
	185,081,700	174,597,610
With donor restrictions	<u>56,943,099</u>	<u>46,388,535</u>
Total net assets	<u>242,024,799</u>	<u>220,986,145</u>
Total liabilities and net assets	<u>\$ 242,244,285</u>	<u>\$ 221,264,243</u>

The accompanying notes are an integral part of these consolidated financial statements

Association for Cultural Interchange, Inc. and Subsidiary

Consolidated Statement of Activities

For the year ended December 31, 2024  
(with summarized totals for the year ended December 31, 2023)

	<u>2024</u>	<u>2023</u>
<u>Change in Net Assets Without Donor Restrictions</u>		
Revenue and support		
Contributions	\$ 799,980	\$ 1,282,132
Net investment return	14,781,501	11,215,296
Program service fees:		
Saxum Center	132,262	778,140
Domestic services	190,668	103,548
Program loan interest	<u>107,516</u>	<u>109,069</u>
	16,011,927	13,488,185
Net assets reclassified to restricted	(106,517)	-
Net assets released from restrictions	<u>6,386,440</u>	<u>1,686,951</u>
Total revenue and support	<u>22,291,850</u>	<u>15,175,136</u>
Expenses		
Grants and grant making services	7,362,612	3,435,897
Foreign facilities and services:		
Saxum Center	2,609,030	2,921,367
Other foreign facilities	833,090	949,082
Domestic facilities and services	<u>190,668</u>	<u>103,548</u>
Total program	10,995,400	7,409,894
General administration	<u>500,343</u>	<u>556,124</u>
Total expenses	<u>11,495,743</u>	<u>7,966,018</u>
Excess of revenue and support over expenses	10,796,107	7,209,118
Change in accumulated foreign currency translation	(254,993)	(1,485,384)
Foreign exchange losses	<u>(57,024)</u>	<u>(51,369)</u>
Change in net assets without donor restrictions	<u>10,484,090</u>	<u>5,672,365</u>
<u>Change in Net Assets With Donor Restrictions</u>		
Contributions	10,668,199	1,142,305
Net investment return - Saxum Center	6,166,288	4,579,706
Net assets reclassified from unrestricted	106,517	-
Net assets released from restrictions	<u>(6,386,440)</u>	<u>(1,686,951)</u>
Change in net assets with donor restrictions	<u>10,554,564</u>	<u>4,035,060</u>
<u>Change in Total Net Assets</u>		
Changes in net assets	21,038,654	9,707,425
Total net assets - beginning of year	<u>220,986,145</u>	<u>211,278,720</u>
Total net assets - end of year	<u>\$ 242,024,799</u>	<u>\$ 220,986,145</u>

The accompanying notes are an integral part of these consolidated financial statements

Association for Cultural Interchange, Inc. and Subsidiary

Consolidated Statement of Functional Expenses

For the year ended December 31, 2024  
(with summarized totals for the year ended December 31, 2023)

	Grants and grant making services	Saxum Center	Foreign facilities	Domestic services	Total program	General admini- stration	2024 Total	2023 Total
Grants	\$ 7,263,397	\$ -	\$ -	\$ -	\$ 7,263,397	\$ -	\$ 7,263,397	\$ 3,348,029
Personnel costs	78,150	190,046	153,503	162,297	583,996	142,445	726,441	686,098
Professional fees	9,922	-	21,115	-	31,037	337,202	368,239	357,897
Occupancy	11,143	-	3,878	28,371	43,392	7,129	50,521	71,088
Utilities	-	110,579	-	-	110,579	-	110,579	148,100
Maintenance	-	212,319	-	-	212,319	-	212,319	225,476
Insurance	-	30,648	-	-	30,648	-	30,648	31,117
Property Taxes	-	137,783	6,684	-	144,467	-	144,467	145,757
Technology and communications	-	7,804	-	-	7,804	8,018	15,822	21,295
Travel and transportation	-	5,284	-	-	5,284	197	5,481	12,141
Office expenses	-	5,468	509	-	5,977	5,352	11,329	24,203
Program supplies	-	58,446	-	-	58,446	-	58,446	283,426
Marketing and advertising	-	10,682	11,399	-	22,081	-	22,081	27,047
Depreciation	-	1,839,971	636,002	-	2,475,973	-	2,475,973	2,584,344
	<u>\$ 7,362,612</u>	<u>\$ 2,609,030</u>	<u>\$ 833,090</u>	<u>\$ 190,668</u>	<u>\$ 10,995,400</u>	<u>\$ 500,343</u>	<u>\$ 11,495,743</u>	<u>\$ 7,966,018</u>

The accompanying notes are an integral part of these consolidated financial statements

Association for Cultural Interchange, Inc. and Subsidiary

Consolidated Statement of Cash Flows

For the year ended December 31, 2024

(with comparative amounts for the year ended December 31, 2023)

	2024	2023
Cash flows from operating activities:		
Changes in net assets	\$ 21,038,654	\$ 9,707,425
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Saxum Center depreciation	1,839,971	1,854,464
Other depreciation	636,002	729,880
Foreign currency translation	247,341	1,477,732
Gain in fair value of investments	(13,804,110)	(12,162,479)
(Gains) losses from partnerships and funds	(4,308,261)	58,885
Grants applied to program loan repayments	766,385	671,020
Changes in operating assets and liabilities:		
Accrued investment income	195,424	(283,815)
Other assets	(24,573)	8,561
Accounts payable and accrued expenses	(32,492)	6,911
Grants payable	(26,120)	123,331
Net cash provided by operating activities	<u>6,528,221</u>	<u>2,191,915</u>
Cash flows from investing activities:		
Program loans repaid	1,468,074	1,991,863
Program loans made	(900,000)	(1,043,000)
Sale of portfolio securities	48,250,827	52,004,590
Purchase of portfolio securities	(39,853,519)	(30,494,576)
Partnership and fund distributions	887,455	833,729
Partnership and fund contributions	(12,033,261)	(25,114,770)
Additions to fixed assets	(153,583)	(125,387)
Net cash used in investing activities	<u>(2,334,007)</u>	<u>(1,947,551)</u>
Net increase in cash and cash equivalents	4,194,214	244,364
Cash and cash equivalents - beginning of year	<u>2,350,041</u>	<u>2,105,677</u>
Cash and cash equivalents - end of year	<u>\$ 6,544,255</u>	<u>\$ 2,350,041</u>
Supplemental disclosure of non-cash investing activity:		
Grants applied to program loan repayments	<u>\$ 766,385</u>	<u>\$ 671,020</u>

The accompanying notes are an integral part of these consolidated financial statements

Association for Cultural Interchange, Inc. and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2024

---

---

**Note 1 – Organization**

Association for Cultural Interchange, Inc. and Saxum Ltd (CC) (wholly-owned subsidiary) (collectively the “Organization”) is a nonprofit organization formed in 1958, to provide support and assistance to educational and vocational training institutions, most of which include a religious dimension inspired and assisted by the Catholic Prelature of Opus Dei. The Organization emphasizes the promotion of international understanding and the interchange of ideas and cultural activities among people of different nations. The Organization achieves this by making loans and grants, as well as the use of physical facilities, to organizations in the United States and other countries that operate in furtherance of the Organization’s mission.

The Organization also owns and operates the Saxum Center (“Saxum”) in Abu Gosh, Israel. Saxum consists of a conference center which operates workshops, conferences and spiritual retreats, as well as a visitor center providing orientation and information resources for individuals and groups visiting the Holy Land.

Activities related to Saxum are conducted through Saxum Ltd (CC), a charitable company that is established under the laws of Israel as a wholly-owned subsidiary of the Organization. The seven Directors of Saxum Ltd CC are appointed by the Organization and include four persons who are also Directors of the Organization.

Development and construction of Saxum began in 2007, with broad international financial support. From donations of \$89.3 million, \$3 million was retained for property development, and \$30 million was retained for future funding of the facility. The conference center opened for operations on June 8, 2017. The visitor center began receiving visitors in late 2017.

**Note 2 – Summary of Significant Accounting Policies**

Principles of Consolidation

The consolidated financial statements include the accounts of the parent organization and subsidiary because the parent has both control and an economic interest in the subsidiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

Comparative Financial Information

The accompanying consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2023, from which the summarized information was derived.

Association for Cultural Interchange, Inc. and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2024

---

---

**Note 2 – Summary of Significant Accounting Policies – continued**

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to certain projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Receivables and Credit Policies

Receivables consist primarily of program loans. We determine the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. There was no allowance as of December 31, 2024, as well as no bad debt expense for the year ended December 31, 2024.

Promises to Give

We record unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statement of activities. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. As of December 31, 2024, there were no outstanding promises to give; therefore, no allowance was recorded.

Property and Equipment

The Organization records property and equipment additions over \$1,000 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the consolidated statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Management reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2024.

Association for Cultural Interchange, Inc. and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2024

---

---

**Note 2 – Summary of Significant Accounting Policies – continued**

**Leases**

The Organization determines if an arrangement is a lease at inception. Right-of-use assets represent the Organization's right to use an underlying asset for the lease term. Lease obligations represent the Organization's liability to make lease payments arising from the lease. Operating lease right-of-use assets and related obligations are recognized at commencement date based on the present value of lease payments over the lease term discounted using an appropriate discount rate at the commencement date. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

**Investments**

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statement of financial position as described in Note 5. Net investment return/(loss) is reported in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. The Organization maintains traditional investment portfolios for which the primary return objective is to maximize total return and build capital. Portfolio managers are employed. Specific policies call for a mixture of equity and fixed income securities, generally in the ratio of 65% to 35%, with variations as approved by the investment committee. No single equity security should exceed 5% of total equities. U.S. government obligations, diversified mutual funds and exchange traded fixed income funds may be held without limit. Other fixed income securities are to be rated BBB or higher and should not exceed 15% of the fixed income allocation; with no single investment exceeding 5% of the fixed income allocation. The Organization also invests selectively in private equity and private credit partnerships that have investment objectives deemed by the investment committee to be compatible with The Organization's overall investment goals and strategies.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting

Association for Cultural Interchange, Inc. and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2024

---

---

**Note 2 – Summary of Significant Accounting Policies – continued**

Net Assets (continued)

period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Revenue and Revenue Recognition

The Organization recognizes contributions, when cash, securities or other assets, or unconditional promise to give is received. Contributions of donated non-cash assets are recorded at their fair value in the period received. It is the policy and practice of the Organization to sell donated securities shortly after receipt. Accordingly, those items are not shown separately in the consolidated statement of cash flows. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Revenues under grants, and similar agreements are recognized at the time expenditures are incurred.

Contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are released and reclassified to net assets without donor restrictions in the statement of activities and changes in net assets. Contributions and grants that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the grant or contribution is recognized.

The Organization recognizes revenue from exchange transactions when the earnings process is complete and goods have been delivered and/or services performed. Program service revenue subject to this policy consists of fees generated from the operation of a visitor center, administrative services provided to a not-for-profit public charity and a private foundation, and interest income earned on loans receivable. Payments received for which the Organization has a future performance obligation are reported as deferred revenue in the consolidated statement of financial position. Receivables from program loans amounted to \$6,311,561 as of December 31, 2024. Receivables from program loans amounted to \$7,646,020 as of December 31, 2023. There are no deferred revenue balances as of December 31, 2024 and 2023.

Donated Services

Certain volunteers have donated time and services in the Organization's programs and supporting services. Such contributed services do not meet the criteria for recognition of contributed services in accordance with generally accepted accounting principles and, accordingly, are not reflected in the accompanying consolidated financial statements.

Association for Cultural Interchange, Inc. and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2024

---

---

**Note 2 – Summary of Significant Accounting Policies – continued**

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated using management's estimates among the programs and supporting services benefited. The expenses that are allocated include personnel costs, professional fees, and occupancy which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is a Maryland nonprofit organization and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under the Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. Management is required to file a Return of Organization Exempt from Income Tax (Form 990) annually with the IRS. In addition, it is subject to income tax on net income that is derived from business activities that are unrelated to our exempt purposes. Management has determined that the Organization is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Financial Instruments and Credit Risk

The Organization maintains its cash accounts at commercial banks. The Federal Deposit Insurance Corporation (FDIC) insures up to \$250,000 for the total cash balances in each financial institution. From time to time, the Organization may have amounts on deposit in excess of FDIC limits. As of December 31, 2024, the amount in excess of insured limits was approximately \$5.6 million. The Organization performs ongoing evaluations of the commercial banks to limit its concentration of risk exposure. The Organization has not experienced any loss in such accounts. Management believes that the Organization is not exposed to any significant risk on its cash. Credit risk associated with accounts receivables and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from organizations managed by individuals supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by us and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis,

Association for Cultural Interchange, Inc. and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2024

---

---

**Note 2 – Summary of Significant Accounting Policies – continued**

Financial Instruments and Credit Risk (continued)

management and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Foreign Exchange

Unrealized and realized exchange gains and losses arising from foreign activities are recorded as gains or losses in the accompanying consolidated statement of activities. The change in net asset value of the Subsidiary that is due solely to the year-to-year change in the USD/ILS exchange rate is recorded as accumulated foreign currency translation in the accompanying consolidated statement of financial position.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were program loans receivable. Adoption of this standard was not considered material to the consolidated financial statements and primarily resulted in new/enhanced disclosures only.

Subsequent Events

Management has evaluated subsequent events through February 9, 2026, the date the consolidated financial statements were available to be issued.

Association for Cultural Interchange, Inc. and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2024

---

---

**Note 3 – Availability and Liquidity**

The following represents the Organization's financial assets as of December 31, 2024:

Financial assets at end of year:	
Cash and cash equivalents	\$ 6,544,255
Program loans receivable	6,311,561
Accrued investment income	299,221
Investments, at fair value	172,656,942
Other assets	87,371
	<u>185,899,350</u>
Amounts not available within one year:	
Program loans due beyond one year	(5,726,988)
Investments subject to liquidity restrictions	(6,944,730)
Designated for Saxum Center - property development	(14,612,316)
Designated for Saxum Center - future funding	<u>(36,310,770)</u>
Financial assets available within one year	<u>\$ 122,304,546</u>

The Organization's goal is to maintain financial assets with sufficient liquidity to meet operating needs. To achieve this, the Organization maintains the following financial assets:

- Approximately \$2.5 million within its investment portfolio in liquid money market funds to provide readily available resources for anticipated capital calls.
- Cash and cash equivalents sufficient to fund grantmaking activities, including new grants and loans expected to be disbursed over the subsequent six-month period.
- Approximately \$200,000 in U.S. checking accounts, representing approximately three months of operating expenses, to support ongoing operational liquidity needs.

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligation become due. The Organization's primary outlays of operating cash and cash equivalents are for program loans and grants, both of which are made on a discretionary basis by the Board, with due consideration of the effect on liquidity. As part of its liquidity plan, a portion of excess cash is invested in short-term investments.

**Note 4 – Program Loans**

As part of its charitable program, the Organization provides loans to educational, vocational training and charitable organizations worldwide, the proceeds of which are to be used for the recipients' capital construction projects or operational programs. All recipients of program loans are also eligible to receive charitable grants. Consistent with the purposes of the Organization and of program loan recipients, organization management may at any time grant the reduction or forgiveness of principal and/or interest amounts due. Any such amounts that are reduced or

Association for Cultural Interchange, Inc. and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2024

---

---

**Note 4 – Program Loans – continued**

forgiven are charged to grant expense in the year that a determination to do so is made by the Board.

In 2024, a combination of program loans and interest outstanding totaling \$766,385 was forgiven and charged to grant expense.

Program loans outstanding amounted to \$6,311,561 as of December 31, 2024. They are due from 12 organizations in installments through various maturity dates ending in 2038. Five loans account for 75% of the outstanding balance. The loans are interest-free or bear below-market interest rates ranging from 0% to 2%. Organization management reviews the collectability status of all program loans at least annually.

From time-to-time the Organization may enter into incentive agreements with borrowers whereby certain amounts of principal and interest will be forgiven, conditioned on the borrower meeting repayment schedules and various other performance factors. Any amounts forgiven under these arrangements are charged to grant expense when the conditions have been met.

Principal payments on program loans receivable are scheduled to be received as follows for the year ending December 31,:

2025	\$ 584,573
2026	2,069,206
2027	1,133,697
2028	1,175,840
2029	411,675
Thereafter	<u>936,570</u>
	<u>\$ 6,311,561</u>

**Note 5 – Fair Value Measurements and Disclosures**

The Organization is subject to the Maryland Prudent Management of Institutional Funds Act that applies to certain endowment and other institutional funds. The Act establishes standards for managing and investing such funds and addresses, among other things, loyalty, prudence, good faith and care; types of investments, diversification of investments and pooling of funds; delegation of investment management functions; appropriateness of investment management costs; and record-keeping requirements. It also provides that spending policies should take into account the long-term needs of the organization as well as the potential effects of inflation. The Board believes its policies and activities in these matters are compliant with the Act.

**Note 5 – Fair Value Measurements and Disclosures – continued**

The Organization reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2024.

*Equities:* securities that are valued at the closing quoted price in the active market in which they are traded.

*U.S. government obligations:* valued at the closing price reported in the active market in which the individual securities are traded.

Association for Cultural Interchange, Inc. and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2024

**Note 5 – Fair Value Measurements and Disclosures – continued**

*Money funds and certificates of deposit:* the carrying amount approximates fair value because of the short-term maturity of these instruments.

*American depositary receipts:* certificates issued by a U.S. depository bank that represent a stipulated number of shares in a non-US company's stock and that are valued by the custodial broker at the closing quoted price in the active market in which the certificates are traded.

*Real estate investment trusts:* securities listed on a public exchange that are valued at the closing quoted price in the active market in which they are traded.

*Net Asset Value:* As a practical expedient, fair value of certain investments (partnerships and funds) may be estimated using their net asset value (NAV) if such investments are redeemable at NAV. In the fair value hierarchy, such investments that are redeemable at NAV are reported separately instead of the levels within the fair value hierarchy. The fair values are intended to permit a reconciliation to the fair value hierarchy to the amounts presented on the consolidated statement of financial position.

The following table sets forth the valuation of the Organization's investments as of December 31, 2024:

	Level 1	Level 2	Level 3	Total	Percentage of Total
Equities	\$ 75,152,625	\$ -	\$ -	\$ 75,152,625	43.5%
U.S. government obligations	20,874,340	-	-	20,874,340	12.1%
Money funds	13,158,530	-	-	13,158,530	7.6%
Certificates of deposit	250,000	-	-	250,000	0.1%
American depositary receipts	1,926,612	-	-	1,926,612	1.1%
Real estate investment trusts	256,774	-	-	256,774	0.1%
	<u>\$ 111,618,881</u>	<u>\$ -</u>	<u>\$ -</u>	111,618,881	65%
Partnerships and funds				<u>61,038,061</u>	<u>35%</u>
				<u>\$ 172,656,942</u>	<u>100%</u>

In management's opinion, the Organization did not hold any Level 2 or 3 investments as of December 31, 2024.

Association for Cultural Interchange, Inc. and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2024

**Note 5 – Fair Value Measurements and Disclosures – continued**

Additional information concerning investment in partnerships and funds for the year ended December 31, 2024, is presented below.

	Fair Value (NAV)	Unfunded Commit- ments	Available Redemption Frequency	Redemption Notice Period
Select EQT Infrastructure Fund, LP	\$ 3,944	\$ 103,500	None	N/A
Select EQT Infrastructure III LP	1,173,204	-	None	N/A
Select EQT Credit III Fund LP	1,653,807	1,293,750	None	N/A
Audax Private Equity Fund VII-B, L.P.	1,392,908	1,690,451	None	N/A
Gridiron Capital (Parallel) Fund V, L.P.	1,993,193	1,223,059	None	N/A
Ares Senior Direct Lending Fund (Cayman) III LP	727,674	3,332,710	None	N/A
Zilkha Partners Special Opportunities, LP	5,748,271	-	Quarterly	35 days
Oaktree Global Credit Fund, L.P.	7,595,457	-	Monthly	30 days
Principal Diversified Real Asset Fund	8,262,259	-	Daily	1-2 days
Acadian All Country World Ex US Fund	22,125,222	-	Daily	10 days
Fidelity 500 Index Fund	10,362,122	-	Daily	N/A
	<u>\$ 61,038,061</u>	<u>\$ 7,643,470</u>		

Select EQT Infrastructure I and III Funds primarily make controlling and co-controlling investments in a diversified portfolio of infrastructure and related assets. They invest in assets that are based in, or connected to, Northern and Eastern Europe; with flexibility to invest globally. Distributions will be received as the funds' underlying investments are liquidated, which is estimated to occur over the next 5 years.

Bridgepoint Credit Opportunities III Fund (formerly Select EQT Credit III Fund) focuses on credit opportunities by finding good companies with bad balance sheets. The fund makes investments in first and second lien, mezzanine, and unsecured debt, primarily in Europe. The fund is in liquidation, and it is unlikely there will be any additional capital calls.

Zilkha Partners Special Opportunities focuses on undervalued publicly-traded businesses by making investments at a discount to estimated liquidation values. Shares of the partnership in a minimum amount of \$1,000,000 may generally be redeemed as of the last business day of each calendar quarter. Requests for redemption must be made at least 35 calendar days prior to the redemption date.

Oaktree Global Credit Fund invests globally in a concentrated subset of securities across the Oaktree Group's liquid credit platform of high yield bonds, senior loans, convertibles, real estate debt securities, structured credit, and emerging markets debt. The Fund has monthly liquidity and requests for redemption must be made at least 30 days prior to the redemption date.

**Note 5 – Fair Value Measurements and Disclosures – continued**

Principal Diversified Real Asset Fund is a multi-asset, multi-manager portfolio that seeks long-term total return in excess of inflation. The Fund's strategy is to invest across a universe of real assets including infrastructure, natural resources and timber, commodities, real estate, inflation-indexed bonds, and floating-rate debt. The Fund has daily liquidity and does not have a mandatory notice period.

Acadian All Country World Ex US Fund invests primarily in common stock of Non-U.S. companies in both developed and emerging market economies. It has daily liquidity with a 10-day notice period, although Acadian can typically accommodate redemption requests with less notice on a best-efforts basis.

Audax Private Equity Fund seeks to transform middle-market companies into scalable strategic assets through buy and build growth strategies, revenue initiatives, operational improvements, and business professionalization tools. The Fund targets market-leading North American-based businesses with positive cash flows, defensible market positions, and the potential for growth with an enterprise value of less than \$500 million.

Gridiron Capital (Parallel) Fund seeks to transform smaller middle-market companies with enterprise values between \$150 and \$600 million and EBITDA ranges of approximately \$10 to \$60 million into scalable strategic assets through buy and build growth strategies, revenue initiatives, operational improvements, and business professionalization tools.

Ares Senior Direct Lending Fund III is a private investment fund that seeks to generate returns through directly originated senior secured loans to middle market companies in North America. The Fund has a seven-year term from final closing, extendable for up to two additional one-year periods at the general partner's discretion. There are no redemption rights, and transfers of limited partnership interests require general partner consent. Capital is returned through loan repayments, distributions, and fund wind-down.

Fidelity 500 Index Fund is an open-end mutual fund that seeks to replicate the performance of the S&P 500 Index through investments in large-cap U.S. equities. Shares are redeemable daily without restriction, with proceeds typically settled on a trade date plus one business day basis.

Association for Cultural Interchange, Inc. and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2024

---

---

**Note 5 – Fair Value Measurements and Disclosures – continued**

During 2024, the Organization's Investment Committee approved a \$3.0 million commitment to a new private fund called Peak Rock IV Fund and a \$4.0 million commitment to Summit Partners Growth Equity Fund XII-B, L.P. These commitments are non-cancellable and represent binding contractual obligations under the Organization's governing documents. These commitments are expected to be funded through available cash resources and/or transfers from other investments. Because these arrangements are executory contracts, no liability has been recognized in the accompanying consolidated statement of financial position as of the reporting date.

There were no capital calls from these funds during the year ended December 31, 2024; however, the Organization expects capital calls related to these commitments to start in 2025 for Peak Rock IV Fund but not for Summit Partners Growth Equity Fund XII-B, L.P.

Management believes that current liquidity sources are adequate to meet these obligations in the normal course of operations.

**Investment Return**

The composition of investment return for the year ended December 31, 2024 was as follows:

Gains in fair value of portfolio securities	\$ 13,804,110
Dividends and interest, net	3,251,182
Investment fees paid directly	(415,765)
Gains from partnerships and funds	4,308,261
	<hr/>
	\$ 20,947,788

Total investment return above includes net investment return from the Saxum Center for the year ended December 31, 2024.

Association for Cultural Interchange, Inc. and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2024

**Note 6 – Property and Equipment**

The composition of land, buildings, furniture and equipment as of December 31, 2024 was as follows:

Educational and Vocational Training Facilities Operated by Other Institutions

Israel, Amud Residence/Cultural Center	\$ 10,047,495
Israel, Polis Institute of Language and Humanities	1,680,831
Israel, Talma Cultural Center	6,873,587
Israel, Madaba Cultural Center	1,831,289
Italy, Villa Balestra International Student Center	27,672,523
	<u>48,105,725</u>
Less: Accumulated depreciation	<u>(35,839,486)</u>
	<u>12,266,239</u>

Saxum Center

Land and building	56,611,563
Furniture and equipment	1,569,111
	<u>58,180,674</u>
Less: Accumulated depreciation	<u>(14,101,978)</u>
	<u>44,078,696</u>
	<u><u>\$ 56,344,935</u></u>

Property and equipment associated with the Saxum Center are held by the Organization's wholly-owned subsidiary and are included in the accompanying consolidated statement of financial position, translated at a rate of 3.6470 Israeli Shekels per U.S. Dollar.

Depreciation expense for the year ended December 31, 2024 was \$2,475,973. Depreciation on assets in service has been provided using the straight-line method over the estimated useful lives by asset type as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Furniture and equipment</u>
Useful life in years	<u>N/A</u>	<u>30</u>	<u>3-14</u>

Association for Cultural Interchange, Inc. and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2024

---

---

**Note 7 – Commitments and Contingencies**

The Organization is a party to an office use license agreement that provides for administrative and program management space, office, utility, telephone services, and the use of office furniture/cabinetry. The agreement runs for a fiscal year that begins December 1 and is renewed automatically at current market license rates unless terminated by either party with 90 days advance notice. Expense of the agreement during the year ended December 31, 2024 was \$39,600. The Organization shares its spaces and services with other organizations and recovers from them an agreed amount (see Note 8).

**Note 8 – Related Party Transactions**

The Organization has entered into a service agreement with a not-for-profit public charity and a private foundation with similar goals as the Organization. This agreement calls for the Organization to provide administrative services regarding corporate, grant, loan, donor, and investment administration. The agreement calls for expense reimbursement payments from the two organizations in the combined amount of \$190,668 for the year ended December 31, 2024. These amounts are reflected in the consolidated statement of activities as program service fees. Certain Directors and/or Officers of the Organization are also Directors and/or Officers of the public charity and the private foundation.

One or more of the Organization's Directors and/or Officers serve as Directors and/or Officers of certain not-for-profit organizations that have received grants or loans from the Organization.

Association for Cultural Interchange, Inc. and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2024

**Note 9 – Net Assets With Donor Restrictions**

During 2024, the purposes and activities of net assets with donor restrictions were as follows:

Location and purpose	Beginning of year	Contributions and investment return	Reclassifications	Released	End of year
Grantmaking program:					
Central America and the Caribbean	\$ 39,100	\$ 75,102	\$ -	\$ (75,002)	\$ 39,200
East Asia and the Pacific	500	1,000	-	-	1,500
Europe	287,100	184,098	-	(118,348)	352,850
Middle East and North Africa	571	5,000	-	-	5,571
North America	64,800	72,300	-	(35,700)	101,400
South America	148,792	10,316,710	-	(5,304,962)	5,160,540
South Asia	37,150	-	-	-	37,150
Sub-Saharan Africa	71,741	9,142	-	-	80,883
Total grantmaking program	649,754	10,663,352	-	(5,534,012)	5,779,094
Israel development program:					
Israel, Talma Cultural Center - remodeling	300,814	4,846	106,517	(171,258)	240,919
Israel, Saxum Center - property development	3,480,800	1,131,516	10,000,000	-	14,612,316
Israel, Saxum Center - future funding	41,957,167	5,034,773	(10,000,000)	(681,170)	36,310,770
Total Israel development program	45,738,781	6,171,135	106,517	(852,428)	51,164,005
	<u>\$ 46,388,535</u>	<u>\$ 16,834,487</u>	<u>\$ 106,517</u>	<u>\$ (6,386,440)</u>	<u>\$ 56,943,099</u>

Unrestricted net assets received in 2023 totaling \$106,517 were reclassified to restricted net assets, after the donor notified the Organization in June 2024 of their wish to change the original intent of the contribution. Given there are no legal restrictions and no funds had been spent in 2023, the Organization made this change in 2024.