

Alexander Muss Institute for Israel Education, Inc.

Consolidated Financial Statements
Year Ended December 31, 2023

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Alexander Muss Institute for Israel Education, Inc.

Consolidated Financial Statements
Year Ended December 31, 2023

Alexander Muss Institute for Israel Education, Inc.

Contents

Independent Auditor's Report	3-4
Consolidated Financial Statements	
Consolidated Statement of Financial Position as of December 31, 2023	5
Consolidated Statement of Activities for the Year Ended December 31, 2023	6
Consolidated Statement of Functional Expenses for the Year Ended December 31, 2023	7
Consolidated Statement of Cash Flows for the Year Ended December 31, 2023	8
Notes to Consolidated Financial Statements	9-20



Independent Auditor's Report

The Board of Directors
Alexander Muss Institute for Israel Education, Inc.
Rockville Center, New York

Opinion

We have audited the consolidated financial statements of Alexander Muss Institute for Israel Education, Inc. (AMIIE), which comprise the consolidated statement of financial position as of December 31, 2023, 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 financial position of AMIIE as of December 31, 2023, 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.

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 AMIIE 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 the 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 AMIIE's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be 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 AMIE'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 AMIE'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 2022 consolidated financial statements of AMIE, and our report, dated December 11, 2023, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

BDO USA, P.C.

October 15, 2024

Alexander Muss Institute for Israel Education, Inc.

Consolidated Statement of Financial Position (with comparative totals for 2022)

December 31,	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,449,685	\$ 7,239,812
Investments, at fair value	425,336	437,551
Accounts receivable	969,562	177,424
Prepaid expenses and other assets	1,085,923	169,990
Inventory	12,445	75,968
Pledges receivable held by Jewish National Fund	2,264,665	1,751,628
Beneficial interest in net assets held by Jewish National Fund	13,334,175	9,151,083
Total Current Assets	22,541,791	19,003,456
Land Held for Investment	17,710	17,710
Fixed Assets, Net	7,402,439	4,015,807
Total Assets	\$ 29,961,940	\$ 23,036,973
Liabilities and Net Assets		
Current Liabilities		
Accounts payable, accrued payroll, and related expenses	\$ 1,038,964	\$ 1,927,412
Deferred income	2,276,345	3,903,481
Total Liabilities	3,315,309	5,830,893
Commitments and Contingencies		
Net Assets		
Without donor restrictions	13,132,802	5,874,910
With donor restrictions	13,513,829	11,331,170
Total Net Assets	26,646,631	17,206,080
Total Liabilities and Net Assets	\$ 29,961,940	\$ 23,036,973

See accompanying notes to consolidated financial statements.

Alexander Muss Institute for Israel Education, Inc.

Consolidated Statement of Activities (with comparative totals for 2022)

Year ended December 31,

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
Revenue				
Tuition and fees	\$ 11,861,624	\$ -	\$ 11,861,624	\$ 12,421,167
Less: financial aid awards	(644,389)	-	(644,389)	(766,222)
Net Tuition and Fees	11,217,235	-	11,217,235	11,654,945
Contributions	6,441,112	491,192	6,932,304	1,865,879
Contributions- capital campaign	2,475,076	-	2,475,076	-
Change in value of beneficial interest in net assets held by Jewish National Fund	-	1,703,682	1,703,682	(1,165,794)
Net investment income	41,329	(12,215)	29,114	125,708
Other revenue	512,480	-	512,480	116,915
Total Revenue	20,687,232	2,182,659	22,869,891	12,597,653
Expenses				
Program services:				
Education	12,111,423	-	12,111,423	11,884,935
Supporting services:				
Management and general	1,124,856	-	1,124,856	933,940
Total Expenses	13,236,279	-	13,236,279	12,818,875
Change in Net Assets, before (loss) gain on foreign currency translation	7,450,953	2,182,659	9,633,612	(221,222)
(Loss) Gain on Foreign Currency Translation	(193,061)	-	(193,061)	21,971
Change in Net Assets	7,257,892	2,182,659	9,440,551	(199,251)
Net Assets, beginning of year	5,874,910	11,331,170	17,206,080	17,405,331
Net Assets, end of year	\$ 13,132,802	\$ 13,513,829	\$ 26,646,631	\$ 17,206,080

See accompanying notes to consolidated financial statements.

Alexander Muss Institute for Israel Education, Inc.

Consolidated Statement of Functional Expenses (with comparative totals for 2022)

Year ended December 31,

	Program Services	Supporting Services	Total	
	Education	Management and General	2023	2022
Salaries and wages	\$ 4,592,913	\$ 454,245	\$ 5,047,158	\$ 4,937,505
Employee benefits	180,355	42,306	222,661	225,315
Total Salaries and Benefits	4,773,268	496,551	5,269,819	5,162,820
Advertising and promotion	16,852	-	16,852	5,439
Professional fees	189,738	213,959	403,697	196,371
Office expense	126,558	15,642	142,200	96,199
Information technology	48,897	40,007	88,904	52,924
Occupancy	9,408	25,435	34,843	37,500
Travel	431,073	-	431,073	37,333
Conferences, conventions, and meetings	167,382	-	167,382	129,387
Bank charges and fees	-	232,248	232,248	215,845
Depreciation	817,298	101,014	918,312	591,459
Insurance	141,457	-	141,457	4,015
Housing	2,946,683	-	2,946,683	3,734,089
Transportation	587,810	-	587,810	971,446
Student services	217,498	-	217,498	303,763
Security	190,878	-	190,878	250,063
Dormitory maintenance	1,051,717	-	1,051,717	187,582
Trips	327,052	-	327,052	586,798
Miscellaneous	67,854	-	67,854	255,842
Total	\$ 12,111,423	\$ 1,124,856	\$ 13,236,279	\$ 12,818,875

See accompanying notes to consolidated financial statements.

Alexander Muss Institute for Israel Education, Inc.

Consolidated Statement of Cash Flows (with comparative totals for 2022)

<i>Year ended December 31,</i>	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 9,440,551	\$ (199,251)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	918,312	591,459
Net depreciation in fair value of investments	12,215	36,672
Change in value of beneficial interest in net assets held by Jewish National Fund	(1,703,682)	1,165,794
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(792,138)	96,329
Prepaid expenses and other assets	(915,933)	41,156
Inventory	63,523	(62,194)
Pledges receivable held by Jewish National Fund	(513,037)	-
Beneficial interest in net assets held by Jewish National Fund	(2,479,410)	(325,709)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(888,448)	(520,746)
Deferred income	(1,627,136)	1,792,247
Net Cash Provided by Operating Activities	1,514,817	2,615,757
Cash Flows from Investing Activities		
Purchase of fixed assets	(4,304,944)	(344,052)
Purchase of investments	-	(320,174)
Net Cash Used in Investing Activities	(4,304,944)	(664,226)
Net (Decrease) Increase in Cash and Cash Equivalents	(2,790,127)	1,951,531
Cash and Cash Equivalents, beginning of year	7,239,812	5,288,281
Cash and Cash Equivalents, end of year	\$ 4,449,685	\$ 7,239,812

See accompanying notes to consolidated financial statements.

Alexander Muss Institute for Israel Education, Inc.

Notes to Consolidated Financial Statements

1. Nature of Organization

Alexander Muss Institute for Israel Education, Inc. (AMIIE) provides an Israel educational experience to students. This experience brings 4,000 years of Israel's history to life.

AMIIE d/b/a Alexander Muss High School in Israel, or AMHSI, is a Section 501(c)(3) Florida not-for-profit organization registered to do business in New York and is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the Code). AMIIE is also exempt from state and local income taxes.

On January 30, 2014, AMIIE's by-laws were amended and restated, authorizing Jewish National Fund (Keren Kayemeth Lelsrael), Inc.'s (JNF) Board of Directors to appoint all members of the AMIIE Board of Directors.

A related entity, Jewish National Fund-USA, Inc. (JNF-USA), was incorporated on September 4, 2018. JNF-USA is the parent organization of AMIIE, effective January 1, 2019.

On April 27, 1998, the American Seminar in Israel Ltd. (the Seminar), a property-holding company associated with AMIIE - Israeli Branch, entered into voluntary liquidation. According to the Memorandum of Association of the Seminar, upon its liquidation, it is obliged to give or to transfer the assets remaining after satisfaction of all its debts and liabilities, to some other institution having objectives similar to the objectives of the Seminar, such institution to be determined by the members of the Seminar. The members of the Seminar have resolved to approve the transfer by the liquidator of the Seminar, without consideration of all the assets of the Seminar, to AMIIE - Israeli Branch. The Seminar was liquidated on December 31, 2006.

2. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of AMIIE and the Seminar (collectively, the School). All intercompany balances and transactions have been eliminated in consolidation.

3. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements are prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (GAAP).

Consolidated Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. This requires that the amounts for each of the classes of net assets—with donor restrictions and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

Net asset classifications are defined as follows:

Without Donor Restrictions - This classification consists of the part of net assets that is not restricted by donor-imposed stipulations.

Alexander Muss Institute for Israel Education, Inc.

Notes to Consolidated Financial Statements

With Donor Restrictions - This classification consists of net assets resulting from contributions and other inflows of assets, whose use by the School is limited by donor-imposed stipulations, time, and/or purpose restrictions. The School reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the School to expend the income generated by the assets, in accordance with provisions of additional donor-imposed stipulations or a board-approved spending policy.

See Note 9 for more information on the composition of net assets with donor restrictions and the release of restrictions.

Cash and Cash Equivalents

Cash equivalents are defined as highly liquid financial instruments with original maturities of three months or less from the date of purchase.

Financial Instruments and Fair Value

Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as the School would use in pricing the School's asset or liability, based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the School are traded. The School estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets would use, as determined by the money managers for each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 - Valuation is based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuation is based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly.

Level 3 - Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

Investment Income

Investment income, including realized and unrealized gains and losses, earned on net assets with donor restrictions upon which restrictions have been placed by donors, is reflected in the

Alexander Muss Institute for Israel Education, Inc.

Notes to Consolidated Financial Statements

consolidated statement of activities. Investment return is reported net of direct internal and external investment expenses.

Inventory

Inventory, which consists of books and supplies, is stated at the lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method.

Beneficial Interest in JNF

The School follows the provisions of ASC 958, *Not-for-Profit Entities*. ASC 958 requires that a specified beneficiary (AMIE) recognize its rights to the assets held by a recipient organization (JNF) when the recipient organization raises or holds contributions on behalf of the specified beneficiary.

Fixed Assets, Net

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under finance lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation in the consolidated financial statements. The current estimated useful lives are as follows:

	Years
Building and building improvements	5-25
Furniture, fixtures, and equipment	3-25

Gifts of long-lived assets, such as land, buildings, or equipment, are reported as without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Impairment of Long-Lived Assets

The School follows the provisions of ASC 360-10-35, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which requires the School to review long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. For the year ended December 31, 2023, there have been no such losses.

Functional Expenses

The costs of providing services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program and supporting services benefited. See Note 12 for additional information.

Alexander Muss Institute for Israel Education, Inc.

Notes to Consolidated Financial Statements

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Comparative Financial Information

The consolidated financial statements are not comparative but include certain prior-year, summarized comparative information. With respect to the consolidated statement of activities, the prior-year information is presented in total, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the School's consolidated financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Concentrations of Credit Risk

Cash and cash equivalents and investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based upon the market's fluctuations, and that such changes could affect the School's consolidated financial statements. The School maintains its cash in various bank deposit accounts that, at times, may exceed federally insured limits; however, the School does not anticipate nonperformance by these financial institutions.

Income Taxes

The School qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Code and as a non-profit corporation in New York State. Accordingly, no provision for federal or state income taxes is required. The School has been determined by the Internal Revenue Service (IRS) not to be a private foundation within the meaning of Section 509(a) of the Code. There was no unrelated business income for 2023.

The School adopted the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes*. Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained. The implementation of ASC 740 had no impact on the School's consolidated financial statements. The School does not believe there are any material uncertain tax positions and, accordingly, it will recognize any liability for unrecognized tax benefits. The School has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the School has filed IRS Form 990 tax returns, as required, and all other applicable returns in jurisdictions when it is required. For the year ended December 31, 2023, there were no interest or penalties recorded or included in the consolidated statement of activities. The School is subject to routine audits by taxing authorities.

Alexander Muss Institute for Israel Education, Inc.

Notes to Consolidated Financial Statements

Foreign Currency Translation

Foreign currency is translated in accordance with ASC 830, *Foreign Currency Matters*. Under the provisions of ASC 830, the local currency used in the School's foreign operations is considered to be the functional currency of these operations. Assets and liabilities denominated in New Israeli Shekels (NIS) are translated to U.S. dollars (USD) using the exchange rate in effect at the date of the consolidated statement of financial position. Revenues, expenses, gains, and losses are translated using the exchange rate at the time of the transaction. Gains or losses on foreign currency translation are recognized in the accompanying consolidated financial statements.

The cumulative foreign currency translation loss is included in net assets without donor restrictions.

Revenue Recognition

ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), requires expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amounts, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

Revenue with customers is comprised of the following:

December 31, 2023

Tuition and fees revenue	\$	11,217,235
Total Revenue , subject to ASC 606		11,217,235
Total Other Revenue , not subject to ASC 606 ⁽¹⁾		11,652,656
Total Operating Revenue	\$	22,869,891

⁽¹⁾ Other revenues not subject to ASC 606 include contributions, change in value of beneficial interest in net assets held by Jewish National Fund, investment income, and other revenue.

Contract liabilities from contracts with customers are as follows:

December 31, 2023

		Contract Liabilities
Beginning of year	\$	3,903,481
End of year		2,276,345

Tuition and Fees Revenue

Tuition and fees include funds collected from students in exchange for the ability to attend sessions at AMHSI. The performance obligation for tuition revenues consists of providing classes to the student. Tuition revenue is recognized in the period when the services have been provided to the student and the performance obligation has been fulfilled. Adjustments may be needed for scholarships, which are considered reductions in the transaction price. Revenue is recognized net of these amounts. Any portion of tuition and fees collected in advance is reflected as deferred income until the performance obligation is fulfilled, which is typically within one year.

Alexander Muss Institute for Israel Education, Inc.

Notes to Consolidated Financial Statements

Contributions

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged at their net realizable value. Unconditional promises to give, which are to be received after one year, are discounted using an appropriate discount rate (credit adjusted) commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue, in accordance with donor-imposed restrictions, if any. An allowance for uncollectible contributions receivable is provided in the net asset class in which the contribution receivable resides, based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent receipts, and historical information. Receivables are charged to bad debt when they are deemed to be uncollectible, based upon a periodic review of the accounts by management. The School writes off any amounts that are no longer considered to be recoverable, and any payments subsequently received on such receivables are recorded as income in the period received.

Contributions with purpose or time restrictions are reported as increases in net assets with donor restrictions, and subsequently released when the restrictions on which they depend are met. Contributions subject to donor-imposed stipulations that the corpus be maintained in perpetuity are also recognized as increases in net assets with donor restrictions.

Conditional promises to give and intentions to give are not recognized until they become unconditional—that is, when the conditions on which they depend are substantially met. There were no conditional contributions during 2023.

Contract Liabilities

Contract liabilities consist of payments made for services not yet performed and are expected to be performed or delivered within the next year.

Recently Adopted Accounting Pronouncements

Financial Instruments - Credit Losses

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-03, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended. The new credit losses standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying ASC 606, loans, and certain other instruments, entities will be required to use a new forward-looking "expected-loss" model that generally will result in earlier recognition of credit losses than under today's incurred loss model. ASU 2016-03 is effective for annual periods beginning after December 15, 2022. On January 1, 2023, as required, the School adopted the guidance prospectively. The adoption of this ASU did not have a material impact on the consolidated financial statements.

Reclassification

Certain prior-year balances have been reclassified to be consistent with the current-year consolidated financial statement presentation.

Alexander Muss Institute for Israel Education, Inc.

Notes to Consolidated Financial Statements

4. Beneficial Interest in Net Assets Held by Jewish National Fund

In September 2013, an agreement was entered into between JNF and AMIIE (the Agreement) that amended AMIIE's by-laws, effective January 30, 2014, authorizing JNF's Board of Directors to appoint all members of the AMIIE Board of Directors. The provisions of the Agreement further established the creation of a new \$5 million fund with funds received from the chair of the AMIIE Board (the Muss Fund) and a separate matching fund of \$5 million pledged from JNF (the JNF Fund). The financial assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) represent the fair value of the beneficial interest in net assets. The funds are held and administered by JNF and restricted for the administration and operation of AMHSI for specific purposes, as outlined in the Agreement. As of December 31, 2023, the Muss Fund and the JNF Fund totaled \$5,854,765 and \$5,000,000, respectively.

Because JNF has oversight over AMIIE and holds significant resources that must be used for its benefit, JNF and AMIIE are considered to be financially interrelated under ASC 958-20. In accordance with this guidance, JNF records an asset and contribution revenue when it receives assets from a donor on behalf of AMIIE, and AMIIE records its respective interest in the net assets of JNF and the changes in its interest using a method similar to the equity method of accounting. As of December 31, 2023, AMIIE has recorded a beneficial interest in net assets held by JNF of \$13,334,175 on the accompanying consolidated statement of financial position. Additionally, AMIIE received funds of \$2,479,410 from JNF during 2023 that are included as part of contributions revenue in the accompanying consolidated statement of activities.

5. Pledges Receivable Held by Jewish National Fund

Pledges receivable are held by JNF and funds are transferred to the School as they are collected. Pledges receivable are expected to be collected as follows:

December 31, 2023

Due in less than one year	\$ 1,172,998
One to five years	1,091,667
	<u>\$ 2,264,665</u>

6. Accounts Receivable

Accounts receivable as of December 31, 2023 of \$969,562 represents the fourth quarter transfer from JNF, which was received after year-end.

7. Investments, at Fair Value

Investments held by the School as of December 31, 2023 consist of Scholarship Endowment funds managed by the Greater Miami Jewish Federation (GMJF), as well as funds included in the 50th Anniversary Endowment, which are held and managed by JNF.

The following are descriptions of the School's investment categories:

Money Market Funds - Money market funds are invested in dollar-denominated, high-quality, short-term instruments. These investments are classified as Level 1.

Alexander Muss Institute for Israel Education, Inc.

Notes to Consolidated Financial Statements

Mutual Funds - These investments are carried at their aggregate market value as determined by quoted market prices. These investments are classified as Level 1.

Equities and Exchange-Traded Funds - These assets are valued at the closing price reported on the active market on which the individual securities are traded. These investments are classified as Level 1.

Non-Exchange-Traded Investments - The methods and procedures used to value these investments may include but are not limited to: (1) performing comparisons with prices of comparable or similar securities, (2) obtaining valuation-related information from issuers, and/or (3) obtaining other analytical data relating to the investment and using other available indications of value, absent readily available market values. These are carried at fair value, as determined by GMJF, and are categorized as Level 3 within the fair value hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the School's fair value hierarchy for its investments that are measured at fair value on a recurring basis:

December 31, 2023

	Level 1	Level 2	Level 3	Total
Money market	\$ 6,571	\$ -	\$ -	\$ 6,571
Mutual funds	103,826	-	-	103,826
Equities	4,637	-	-	4,637
Exchange-traded funds	167,453	-	-	167,453
Non-exchange-traded investments	-	-	142,849	142,849
Total Investments, at fair value	\$ 282,487	\$ -	\$ 142,849	\$ 425,336

The table below sets forth a summary of changes in fair value of Level 3 assets:

Year ended December 31, 2023

Balance, beginning of year	\$ 134,399
Net appreciation in fair value of investments	8,450
Balance, end of year	\$ 142,849

Alexander Muss Institute for Israel Education, Inc.

Notes to Consolidated Financial Statements

8. Fixed Assets, Net

Fixed assets, net, consist of the following:

December 31, 2023

Building and building improvements	\$	16,026,178
Furniture, fixtures, and equipment		721,415
		<hr/>
		16,747,593
Less: accumulated depreciation		(9,345,154)
		<hr/>
Total Fixed Assets, Net	\$	7,402,439

Total depreciation expense for the year ended December 31, 2023 was \$918,312.

9. Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes:

December 31, 2023

Restricted for specific purposes:		
Goldstein Building	\$	170,000
Scholarships		2,063,728
Beneficial interest in net assets of JNF		10,854,765
Restricted in perpetuity:		
50 th Anniversary Endowment fund		282,487
Scholarship Endowment fund		142,849
		<hr/>
	\$	13,513,829

During 2023, no net assets were released from restrictions.

10. Endowment Funds

General

The School has two endowment funds. The Scholarship Endowment consists of donor-restricted endowment funds established principally for the award of scholarships for participants for Israel programs and the acquisition of educational technology. The 50th Anniversary Endowment consists of donor-restricted endowment funds and was established during 2023 with the goal of establishing a \$10 million endowment fund for the purpose of awarding scholarships to participants for Israel programs.

As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Alexander Muss Institute for Israel Education, Inc.

Notes to Consolidated Financial Statements

Interpretation of Relevant Law

AMIIE is a Florida State not-for-profit corporation operating with its principal office located in the state of New York. AMIIE is subject to the enacted Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA), which sets forth the standards under which endowment funds generally are to be managed, accumulated, and appropriated for expenditure, consistent with explicit donor restrictions or stipulations where they exist. AMIIE classifies as net assets with donor restrictions held in perpetuity, unless otherwise stipulated by the donor: (a) the original value of gifts donated to its permanent endowment, (b) the original value of subsequent gifts to its permanent endowment, and (c) accumulations to its permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds.

The remaining portion of the donor-restricted endowment funds not restricted in perpetuity are classified as net assets with donor restrictions until such amounts are appropriated for expenditure by AMIIE in a manner consistent with the uses, benefits, purposes, and duration for which the endowment is established and the standard of prudence prescribed by FUPMIFA.

In accordance with FUPMIFA, AMIIE considers the following factors in making a determination to appropriate for expenditure or accumulate donor-restricted endowment funds: the purpose, duration, and preservation of the endowment fund; expected total return on endowment investments; general economic conditions; the possible effects of inflation and deflation; other resources of AMIIE; and the investment policy of AMIIE.

Return Objectives, Strategies Employed, and Spending Policy

The objective of the School is to maintain, over a period of time, the value of the amounts contributed.

To this end, endowment funds are invested for total return in a diversified portfolio of stocks, bonds, and alternative investments, so as to prudently achieve long-term return objectives. The School's endowment funds' spending policy is to disburse annually an amount equal to 5% of a fund's average year-end balances for the prior three calendar years. As a measure of prudence, no such disbursements were made in 2023, given the losses sustained by these funds in prior periods due to market conditions.

Endowment net asset composition by type of fund is as follows:

December 31, 2023

	With Donor Restrictions
Donor-restricted funds	\$ 425,336

Alexander Muss Institute for Israel Education, Inc.

Notes to Consolidated Financial Statements

Changes in endowment net assets are as follows:

Year ended December 31, 2023

		With Donor Restrictions
Endowment Net Assets , beginning of year	\$	437,551
Investment loss		(12,215)
Endowment Net Assets , end of year	\$	425,336

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor requires the School to retain as a fund of permanent duration. At December 31, 2023, the fair value of the funds was above the required level.

11. Liquidity and Availability of Resources

The School's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

December 31, 2023

Cash and cash equivalents	\$	4,449,685
Investments, at fair value		425,336
Accounts receivable		969,562
Pledges receivable held by Jewish National Fund		2,264,665
Beneficial interest in net assets held by Jewish National Fund		13,334,175
Total Financial Assets Available Within One Year		21,443,423
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions		(13,088,493)
Restricted by donors in perpetuity		(425,336)
Total Amounts Available for General Expenditures Within One Year	\$	7,929,594

Liquidity Management

The School has a policy to structure its financial assets to be available as its investment in renovation of school buildings and equipment upgrades, general expenditures, liabilities, and other obligations become due. In addition, the School invests some cash in excess of such requirements in short-term bank deposits, all of which can be liquidated within 12 months. Furthermore, JNF provides support to the School to help cover operating expenses.

12. Methods Used for Allocation of Expenses

Direct expenses are assigned to the various programs and supporting services based upon actual costs incurred. The consolidated financial statements also report certain categories of expenses that are attributable to one or more programs or supporting functions of the School. Those expenses are allocated based upon various allocation factors, including square footage occupied, and time

Alexander Muss Institute for Israel Education, Inc.

Notes to Consolidated Financial Statements

and effort. Depreciation is allocated based on estimated use of square footage. Other expenses, such as salaries and wages, are allocated based on estimates of time and effort.

13. Subsequent Events

The School's management has performed subsequent events procedures through October 15, 2024, which is the date the consolidated financial statements were available to be issued. The School is not aware of any subsequent events requiring disclosure in or adjustments to the consolidated financial statements, other than as follows:

As a result of the ongoing regional conflict, which began with hostilities on October 7, 2023, the School has observed a significant decline in short-term demand for study abroad programs in Israel. Nearly 130 students were immediately evacuated in the aftermath of hostilities. Several partner schools also cancelled their programs for late 2023. As a result, the campuses were repurposed at the end of 2023 for war-related displaced people. As of January 2024, the program returned with far fewer enrollees than anticipated.

Additionally, partner programs have been slow to return to Israel. Consequently, the School added alternative programs and solidarity missions to remain active. While the geopolitical instability continues to present challenges, the School remains committed to navigating these complexities with resilience and adaptability.

The School's leadership team is actively evaluating the situation to ensure the continuity of educational programs, focusing on the safety and security of students and staff. In light of the current conflict, the School is revising growth projections downward in the short term but planning for significant growth post-conflict. While uncertainty remains, the School's leadership are confident in adapting and evolving.