Americans for Ben-Gurion University, Inc.

Consolidated Financial Report
September 30, 2023

Contents

RSM US LLP

Independent Auditor's Report

Board of Directors
Americans for Ben-Gurion University, Inc.

Opinion

We have audited the consolidated financial statements of Americans for Ben-Gurion University, Inc. and its subsidiary (A4BGU), which comprise the consolidated statement of financial position as of September 30, 2023, 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 (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of A4BGU as of September 30, 2023, and the changes in their net assets and their 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 Financial Statements section of our report. We are required to be independent of A4BGU and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about A4BGU's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 A4BGU'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 financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about A4BGU'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 A4BGU's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 14, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RSM US LLP

New York, New York
June 20, 2024

Americans for Ben-Gurion University, Inc.

Consolidated Statement of Financial Position
September 30, 2023
(With Summarized Comparative Information as of September 30, 2022)

	2023	2022
Assets		
Cash and cash equivalents	**$ 8,378,762**	$ 9,374,152
Investments held in USA (Notes 4, 7 and 12)	**563,737,348**	531,205,185
Investments held in Israel (Notes 4, 7 and 12)	**149,327,319**	153,615,767
Contributions receivable, net (Note 5)	**39,686,614**	32,126,793
Prepaid expenses and other assets	**349,484**	347,410
Collections and works of art	**1,090,356**	1,090,356
Beneficial interests in funds held by others (Note 6)	**1,069,196**	1,048,814
Cash surrender value of life insurance	**431,000**	411,259
Property, equipment and software (net of accumulated depreciation and amortization of $713,784—2023; $654,107—2022)	**322,211**	398,407
Operating lease—right-of-use asset (Note 15)	**259,008**	-
Total assets	**$ 764,651,298**	$ 729,618,143
Liabilities and Net Assets		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	**$ 1,554,136**	$ 1,619,217
Due to Ben-Gurion University	**20,100,353**	19,280,778
Obligations under split-interest agreements (Note 9)	**12,038,496**	12,900,013
Operating lease liability (Note15)	**314,462**	-
Deferred lease obligations and incentive	**-**	129,394
Total liabilities	**34,007,447**	33,929,402
Net assets:		
Without donor restrictions	**61,803,315**	61,372,793
With donor restrictions (Note 11)	**668,840,536**	634,315,948
Total net assets	**730,643,851**	695,688,741
Total liabilities and net assets	**$ 764,651,298**	$ 729,618,143

See notes to consolidated financial statements.

Americans for Ben-Gurion University, Inc.

Consolidated Statement of Activities
Year Ended September 30, 2023
(With Summarized Comparative Information for the Year Ended September 30, 2022)

	2023			2022
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Summarized Information
Support, revenue, gains and losses:				
Contributions	**$ 4,057,827**	**$ 21,762,698**	**$ 25,820,525**	$ 29,211,548
Return (loss) on investments	**7,366,476**	**61,282,255**	**68,648,731**	(111,091,822)
Loss on contributions receivable	**-**	**(2,144,302)**	**(2,144,302)**	(71,574)
Loss on sale of collections and work of art	**-**	**-**	**-**	(317,252)
Change in value of beneficial interest in funds held by others and obligations under split-interest agreements	**(489,910)**	**(76,195)**	**(566,105)**	2,120,415
Net assets released from restrictions—satisfaction of purpose and time restrictions	**46,299,868**	**(46,299,868)**	**-**	-
Total support, revenue, gains and losses	**57,234,261**	**34,524,588**	**91,758,849**	(80,148,685)
Expenses:				
Program services	**48,283,312**	**-**	**48,283,312**	52,450,810
Supporting services:				
Management and general	**4,577,715**	**-**	**4,577,715**	3,925,400
Fundraising	**3,942,712**	**-**	**3,942,712**	3,976,545
Total supporting services	**8,520,427**	**-**	**8,520,427**	7,901,945
Total expenses	**56,803,739**	**-**	**56,803,739**	60,352,755
Change in net assets	**430,522**	**34,524,588**	**34,955,110**	(140,501,440)
Net assets:				
Beginning	**61,372,793**	**634,315,948**	**695,688,741**	836,190,181
Ending	**$ 61,803,315**	**$ 668,840,536**	**$ 730,643,851**	$ 695,688,741

See notes to consolidated financial statements.

Americans for Ben-Gurion University, Inc.

Consolidated Statement of Functional Expenses
Year Ended September 30, 2023
(With Summarized Comparative Information for the Year Ended September 30, 2022)

	2023					2022
		Supporting Services				
	Program Services	Management and General	Fundraising	Total Supporting Services	Total	Summarized Information
Grants to Ben-Gurion University	$ 45,810,862	$ -	$ -	$ -	$ 45,810,862	$ 49,838,550
Compensation	1,345,286	1,476,216	2,253,877	3,730,093	5,075,379	5,101,387
Payroll taxes and employee benefits	409,598	449,462	686,235	1,135,697	1,545,295	1,628,922
Meetings and travel	298,436	417,810	477,497	895,307	1,193,743	549,097
Professional fees	66,386	995,788	44,257	1,040,045	1,106,431	846,803
Advertising and promotion	248,266	193,957	333,607	527,564	775,830	991,326
Occupancy	57,972	434,790	86,958	521,748	579,720	539,986
Information technology	18,903	189,035	28,355	217,390	236,293	196,926
Insurance	-	122,242	-	122,242	122,242	112,957
Office expenses	18,097	90,486	12,065	102,551	120,648	121,302
Depreciation and amortization	-	88,735	-	88,735	88,735	61,878
Telecommunications	6,539	58,122	7,992	66,114	72,653	80,066
Documentary production	2,967	-	11,869	11,869	14,836	236,865
Bank fees	-	48,993	-	48,993	48,993	48,124
Bad debt expense	-	9,763	-	9,763	9,763	-
Miscellaneous	-	2,316	-	2,316	2,316	(1,434)
Total expenses—2023	**$ 48,283,312**	**$ 4,577,715**	**$ 3,942,712**	**$ 8,520,427**	**$ 56,803,739**	
Total expenses—2022	$ 52,450,810	$ 3,925,400	$ 3,976,545	$ 7,901,945		$ 60,352,755

See notes to consolidated financial statements.

Americans for Ben-Gurion University, Inc.

Consolidated Statement of Cash Flows
Year Ended September 30, 2023
(With Summarized Comparative Information for the Year Ended September 30, 2022)

	2023	2022
Cash flows from operating activities:		
Change in net assets	**$ 34,955,110**	$ (140,501,440)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	**88,735**	61,878
Loss on disposal of property and equipment	**-**	1,061
Loss on sale of collections and work of art	**-**	317,252
Net realized/unrealized (gains) losses on investments	**(64,850,281)**	112,587,891
Israel Consumer Price Index (CPI) adjustments on investments held in Israel	**1,154,239**	1,747,590
Change in value of split-interest agreements	**566,105**	(2,120,415)
Change in cash surrender value of life insurance	**(19,741)**	(8,007)
Contributions restricted for long-term investment	**(1,819,997)**	(2,085,777)
Amortization of present value discount on contributions receivable	**684,678**	2,493,594
Loss on contributions receivable	**2,144,302**	-
Amortization of deferred lease obligation	**-**	(73,940)
Changes in operating assets and liabilities:		
Increase in contributions receivable	**(10,388,801)**	(4,385,996)
Increase in prepaid expenses and other assets	**(2,074)**	(121,683)
Increase in collections and work of art	**-**	(14,650)
Increase in operating lease right-of-use asset	**(388,402)**	-
Decrease in accounts payable, accrued expenses and other liabilities	**(65,081)**	(114,295)
Increase in due to Ben-Gurion University	**819,575**	316,077
Increase in operating lease liability	**314,462**	-
Net cash used in operating activities	**(36,807,171)**	(31,900,860)
Cash flows from investing activities:		
Proceeds from sale or redemption of investments	**182,089,920**	227,907,531
Purchase of investments	**(146,637,593)**	(195,929,538)
Proceeds from sale of collections and work of art	**-**	4,500
Purchase of property, equipment and software	**(12,539)**	(144,815)
Net cash provided by investing activities	**35,439,788**	31,837,678
Cash flows from financing activities:		
Contributions subject to split-interest agreements	**30,988**	283,814
Contributions restricted for long-term investment	**1,819,997**	2,085,777
Payments on obligations under split-interest agreements	**(1,478,992)**	(1,610,237)
Net cash provided by financing activities	**371,993**	759,354
Net (decrease) increase in cash and cash equivalents	**(995,390)**	696,172
Cash and cash equivalents:		
Beginning	**9,374,152**	8,677,980
Ending	**$ 8,378,762**	$ 9,374,152

See notes to consolidated financial statements.

Note 1. Organization

Americans for Ben-Gurion University, Inc. (A4BGU), formerly known as American Associates Ben-Gurion University of the Negev, Inc. (AABGU), plays a vital role in sustaining David Ben-Gurion's vision, creating a world-class institution of education and research in the Israeli desert, nurturing the Negev community and sharing Ben-Gurion University of the Negev (BGU)'s expertise locally and around the globe.

The consolidated financial statements (collectively, the financial statements) include the accounts of Marcus Gift Film, LLC (The LLC), a single-member limited liability company of which A4BGU is the sole member. The LLC was established on March 30, 2020, for the purpose of producing a documentary and other future potential projects to raise awareness about BGU and the Negev region.

Note 2. Summary of Significant Accounting Policies

Basis of accounting: The financial statements are prepared on the accrual basis of accounting.

Cash and cash equivalents: Cash and cash equivalents include investments in highly liquid instruments with maturities when acquired of three months or less, except for those amounts held as part of A4BGU's long-term investment strategy.

Investments and related income: Investments held in the United States of America are reported at fair value as described in Note 7. Investments held in Israel represent A4BGU's interest in the investment pool of BGU and are reported at fair value.

Investment income, gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

Contributions: Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Conditional promises to give are not included as support until the conditions are substantially met.

Contributions or donations of noncash assets are recorded at their fair values in the period received.

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Allowance for doubtful contributions receivable are provided by management based on A4BGU's experience with the donors and their ability to pay.

Collections and works of art: Collections and works of art are recognized at their estimated fair value at the date of receipt based upon appraisals or similar valuations and are capitalized.

Property, equipment and software: Property, equipment and software are recorded at cost. Depreciation of fixed assets is provided on the straight-line method over their estimated useful lives of five years. Amortization of leasehold improvements is provided on the straight-line method over the remaining term of the lease or the estimated useful life of the improvements, whichever is shorter. Amortization of software is provided on the straight-line method over the remaining term of the agreement or the estimated useful life, whichever is shorter.

Note 2. Summary of Significant Accounting Policies (Continued)

Net assets: Net assets without donor restrictions are net assets available for the general use of A4BGU, or restricted by the board (see Note 4) and have no donor restrictions associated with them.

Net assets with donor restrictions are net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of A4BGU or by the passage of time. Other donor restrictions are perpetual in nature.

Grants to Ben-Gurion University: All grants made to Ben-Gurion University for its various projects are made pursuant to authorization by the Grants Committee and officers of the Board of Directors of A4BGU.

Functional classification of expenses: The costs of providing the program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain expenses are allocated between the program and supporting services.

Credit risk: A4BGU maintains cash and temporary cash investments in bank deposit accounts with major financial institutions which, at times, may exceed federally insured limits. A4BGU has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and temporary cash investments (see Note 8).

A4BGU invests in professionally managed portfolios that contain common shares and bonds of publicly traded companies, U.S. government obligations, mutual funds and money market funds, as well as investment funds. Such investments are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with such investments and the uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements (see Note 8).

Cash surrender value of life insurance: Life insurance policies are reported at cash surrender value as reported by the insurance companies.

Beneficial interests in funds held by others: Beneficial interests in funds held by others are reported at fair value, which is estimated at the present value of the estimated future interest in the remainder trusts.

Obligations under split-interest agreements: Obligations under split-interest agreements are reported at fair value, which is estimated at the present value of the estimated future payments to be distributed over beneficiaries' expected lives.

Advertising and promotion: A4BGU's policy is to expense the cost of advertising and promotion as it is incurred. Advertising and promotion expense totaled $775,830 and $991,326 for the years ended September 30, 2023 and 2022, respectively.

Note 2. Summary of Significant Accounting Policies (Continued)

Leases: In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations related to their leasing arrangements. This comprehensive new standard amends and supersedes existing lease accounting guidance and is intended to increase transparency and comparability among organizations by recognizing right-of-use (ROU) lease assets and lease liabilities on the balance sheet and requiring disclosure of key information about leasing arrangements. Lease expense continues to be recognized in a manner similar to legacy accounting principles generally accepted in the United States of America (U.S. GAAP). A4BGU adopted the new lease standard on October 1, 2022, using the optional transition method to the modified retrospective approach. Under this transition provision, results for reporting periods beginning on October 1, 2022, are presented under Topic 842, while prior period amounts continue to be reported and disclosed in accordance with A4BGU's historical accounting treatment under Accounting Standards Codification (ASC) Topic 840, Leases.

A4BGU determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. Under ASU 2016-02, *Leases (Topic 842)*, a contract is or contains a lease when: (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. A4BGU also considers whether its service arrangements include the right to control the use of an asset.

A4BGU elected the package of practical expedients, which permitted A4BGU to retain legacy lease classifications and initial direct costs treatment at transition. A4BGU did not reassess whether any existing contracts as of October 1, 2022, are or contain leases and, therefore, continued its initial determination under the legacy guidance. A4BGU did not elect the hindsight practical expedient and, therefore, will measure the ROU assets and lease liabilities using the remaining lease terms upon the adoption of Topic 842 on October 1, 2022.

A4BGU made an accounting policy election under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of twelve months or less. For all other leases, A4BGU recognizes ROU assets and lease liabilities based on the present value of lease payments over the lease term at the commencement date of the lease (or October 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index). Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

A4BGU's leases may include a non-lease component representing additional services transferred to A4BGU, such as common area maintenance for real estate. A4BGU did not make an accounting policy election to account for each separate lease component and the non-lease components associated with that lease component as a single lease component.

A lessee that is not a public business entity is permitted to use a risk-free discount rate for its leases, determined using a period comparable with that of the lease term, as an accounting policy election for all leases. The risk-free discount rate was obtained using U.S. Treasury securities as posted on the Federal Reserve website.

Note 2. Summary of Significant Accounting Policies (Continued)

Adoption of Topic 842 resulted in the recording of ROU assets and lease liabilities related to A4BGU's operating leases of approximately $590,000 and $719,000, respectively, as of October 1, 2022. The adoption of the new lease standard did not materially impact A4BGU's change in net assets or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

Prior-year summarized comparative information: The financial statements include certain prior-year summarized comparative information in total but not by net asset or functional expense classifications. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with A4BGU's financial statements as of and for the year ended September 30, 2022, from which the summarized information was derived.

Use of estimates: The preparation of financial statements in conformity with U.S. 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes: A4BGU qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and is a publicly supported charitable organization as described in Section 509(a)(1) of the IRC. A4BGU is not classified as a private foundation and is subject to unrelated business income tax (UBIT), if applicable. For the years ended September 30, 2023 and 2022, A4BGU did not have material UBIT expenses and liabilities. The LLC is treated as a disregarded entity for tax purposes.

Management has evaluated A4BGU's tax positions and concluded that A4BGU had taken no uncertain tax positions that require adjustment or disclosure to the financial statements. With few exceptions, A4BGU is no longer subject to income tax examinations by U.S. federal, state or local tax authorities for years before 2020 which is the standard statute of limitations look-back period.

Recently issued accounting pronouncements: In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. Among other provisions, this ASU requires the allowance for credit losses to reflect management's current estimate of credit losses that are expected to occur over the remaining life of a financial asset. This ASU is effective for fiscal years beginning after December 15, 2022. A4BGU is currently evaluating the impact of adoption of this ASU on the financial statements.

In November 2019, the FASB issued ASU 2019-11, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses.* This ASU provides narrow-scope improvements to Topic 326. For entities that have not yet adopted ASU 2016-13 as of November 26, 2019, the effective dates for ASU 2019-11 are the same as the effective dates and transition requirements in ASU 2016-13. A4BGU is evaluating the impact of adoption of this ASU on the financial statements.

Note 3. Liquidity and Availability of Resources

The following represents A4BGU's available financial assets as of September 30:

	2023	2022
Financial assets:		
Cash equivalents	$ 8,378,762	$ 9,374,152
Investments	713,064,667	684,820,952
Contributions receivable, net	39,686,614	32,126,793
Total financial assets	761,130,043	726,321,897
Less:		
Amounts subject to satisfaction or appropriation	(26,837,095)	(24,951,565)
Contributions receivable restricted by donors	(39,377,703)	(32,024,611)
Donor restricted endowments funds	(635,022,340)	(607,865,193)
Funds restricted by the Board	(41,286,164)	(39,201,439)
Financial assets available to meet cash needs for general expenditures within one year	$ 18,606,741	$ 22,279,089

As part of A4BGU's liquidity management, A4BGU regularly monitors the availability of resources required to meet its operating needs while also striving to maximize the investments of its available funds. Investment income without donor restrictions, earnings appropriated from endowments for A4BGU operations and (unless otherwise designated by the Board) contributions without donor restrictions are considered to be available to meet cash needs for operations. A4BGU has a policy to maintain available cash or short-term investments to meet 90 days of normal operating expenses which, on average, is approximately $2,500,000. Excess cash is invested in various short-term investments designed to meet the obligations as they become due.

In February 2021, A4BGU entered into a demand line of credit for $2,500,000. Pursuant to the demand line of credit agreement, A4BGU is required to maintain a tangible net worth of not less than $500,000,000 and unrestricted net assets of not less than $10,000,000, so long as any portion of the loan balance shall remain unpaid. Unrestricted net assets are defined as net assets without donor restrictions. The demand line of credit is collateralized by certain investments of A4BGU in accordance with the agreement. There were no drawdowns from this demand line of credit since the date of the agreement inception.

Note 4. Investments

Investments are held for the following purposes:

	2023	2022
General operations	$ 7,429,210	$ 9,314,930
Program support	14,301	10,400
Funds restricted by the Board	41,286,164	39,201,439
Annuities and trusts	22,355,716	21,405,270
Endowments (Note 11):		
Marcus endowment fund	433,007,525	406,060,620
Others	59,644,432	55,212,526
Investments—USA	563,737,348	531,205,185
Endowments—Israel (Note 11)	149,327,319	153,615,767
	$ 713,064,667	$ 684,820,952

Note 5. Contributions Receivable

All unconditional contributions receivable have been recorded at their estimated realizable value. Those receivables that are payable over a year have been discounted to their present value using a range of discounts rates of 0.82% to 6.14%.

	2023	2022
Amounts due:		
Within one year or less	$ 7,201,282	$ 6,665,753
In more than one year and less than five years	12,088,348	14,545,714
In five or more years	27,850,121	17,541,445
	47,139,751	38,752,912
Less discount to present value	(6,317,185)	(5,632,507)
Less allowance for uncollectible pledges	(1,135,952)	(993,612)
Contributions receivable, net	$ 39,686,614	$ 32,126,793

As of September 30, 2023 and 2022, A4BGU had outstanding unrecorded conditional contributions receivable of $31,079,000 and $13,750,000, respectively. When the conditional barriers are overcome and the donor's rights of return/release have expired, the revenue will be recorded.

Note 6. Beneficial Interests in Funds Held by Others

Certain individuals have established trusts in which A4BGU has an irrevocable remainder interest. A third-party trustee serves in a fiduciary capacity for these trusts. Upon the death of the beneficiary, the remaining trust assets will be transferred to A4BGU. These have been discounted at a rate of 5.0% and 3.6% for the years ended September 30, 2023 and 2022, respectively, using actuarially based mortality tables.

Note 6. Beneficial Interests in Funds Held by Others (Continued)

A4BGU's interests in funds held by others are as follows:

	2023	2022
Total value of beneficial interests in funds held by others	$ 1,247,767	$ 1,250,600
Less discount to present value	(178,571)	(201,786)
Beneficial interests in funds held by others	$ 1,069,196	$ 1,048,814

Note 7. Fair Value Measurements

A4BGU follows ASC 820, Fair Value Measurements and Disclosures, which provides a framework for measuring fair value under U.S. GAAP and applies to all financial instruments that are being measured and reported on a fair value basis. ASC 820 sets out a fair value hierarchy and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is defined as follows:

Level 1: Inputs that reflect unadjusted quoted market prices in active markets for identical assets or liabilities that A4BGU has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3: Inputs are unobservable for the asset or liability and that include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair values are based upon the best information in the circumstances and may require significant management judgment or estimation.

In determining the appropriate levels, A4BGU performs an analysis of the assets and liabilities that are subject to FASB ASC 820. At each reporting period, assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Note 7. Fair Value Measurements (Continued)

The following tables present A4BGU's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis:

		2023 Fair Value Measurements Using		
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	$ 24,723,998	$ 24,723,998	$ -	$ -
U.S. Treasuries and other bonds	25,695,352	-	25,695,352	-
Common stock and domestic ETFs	76,283,241	76,283,241	-	-
Mutual funds	58,835,704	58,835,704	-	-
Total investments in fair value hierarchy	185,538,295	159,842,943	25,695,352	-
Investment funds measured at net asset value (1)	378,199,053			
Investments—USA	563,737,348	159,842,943	25,695,352	-
Investments held in Israel	149,327,319	-	149,327,319	-
Total investments	$ 713,064,667	$ 159,842,943	$ 175,022,671	$ -
Beneficial interests in funds held by others	$ 1,069,196	$ -	$ -	$ 1,069,196
Cash surrender value of life insurance	$ 431,000	$ -	$ -	$ 431,000
Obligations under split-interest agreements	$ 12,038,496	$ -	$ -	$ 12,038,496

		2022 Fair Value Measurements Using		
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	$ 21,235,365	$ 21,235,365	$ -	$ -
U.S. Treasuries and other bonds	25,567,449	-	25,567,449	-
Common stock and domestic ETFs	54,981,964	54,981,964	-	-
Mutual funds	70,939,732	70,939,732	-	-
Total investments in fair value hierarchy	172,724,510	147,157,061	25,567,449	-
Investment funds measured at net asset value (1)	358,480,675			
Investments—USA	531,205,185	147,157,061	25,567,449	-
Investments held in Israel	153,615,767	-	153,615,767	-
Total investments	$ 684,820,952	$ 147,157,061	$ 179,183,216	$ -
Beneficial interests in funds held by others	$ 1,048,814	$ -	$ -	$ 1,048,814
Cash surrender value of life insurance	$ 411,259	$ -	$ -	$ 411,259
Obligations under split-interest agreements	$ 12,900,013	$ -	$ -	$ 12,900,013

(1) The fair value of certain investments were estimated by using net asset value (NAV) as a practical expedient as of the measurement date. Investments measured under this method are not categorized in the fair value hierarchy. The fair value amounts of such investments are presented for reconciliation purposes.

Note 7. Fair Value Measurements (Continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. A4BGU's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. Below are the valuation techniques used by A4BGU to measure different financial instruments at fair market value and the level within the fair value hierarchy in which the financial instrument is categorized.

Marketable equity securities, such as common stocks, domestic and international equities listed on a national securities exchange are stated at the last reported sales or trade price on the day of valuation and reported as Level 1 in the fair value hierarchy. Securities traded in the over-the-counter market and listed securities for which no sale was reported on that date, are stated at the last quoted bid price.

Fixed income securities, such as U.S. treasury obligations and government bonds, as well as corporate bonds, are valued based on the last reported bid price provided by broker-dealers and are reported as Level 2 in the fair value hierarchy.

Mutual funds are stated at fair value based on the last quoted evaluation or bid price and are classified as Level 1 in the fair value hierarchy.

Investment funds are valued at fair value based on the applicable percentage ownership in the net assets of investment funds on the measurement date. In determining fair value, A4BGU utilizes, as a practical expedient, the NAV or equivalent provided by the fund managers. The underlying investment funds value securities and other financial instruments at fair value. The estimated fair values of certain investments of the underlying investment funds, which may include private placements and other securities for which prices are not readily available, are determined by the general partner or sponsor of the respective investment fund and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

The following table summarizes A4BGU's investments in investment funds at September 30, 2023 and 2022:

Investment Objective	2023 Fair Value	2022 Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Multi-strategy[(1)]	$ 73,976,413	$ 73,468,091	$ 4,750,000	Quarterly	45-65 days
Long/short equity securities[(2)]	177,552,269	167,964,444	-	Quarterly	45-90 days
Event driven corporate credit fund[(3)]	8,367,531	7,594,501	7,813,123	Quarterly	90 days
Private equity[(4)]	69,284,406	63,392,291	33,286,764	N/A	N/A
International equity[(5)]	49,018,434	46,061,348	-	Monthly	5-30 days
	$ 378,199,053	$ 358,480,675	$ 45,849,887		

(1) This category includes a multi-strategy absolute return investments focused on analyzing the probability-adjusted returns of individual securities and assets and capturing the alpha in mispriced assets/securities across conventional and alternative financial strategies. Management of the funds initiates long and short position targeting solid absolute risk-adjusted returns.

Note 7. Fair Value Measurements (Continued)

(2) This category includes investments in hedge funds that invest both long and short primarily in U.S. common stocks. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stakes and from a net long position to a net short position. The investments dominate exposure in the U.S. market but will also take advantage of investment opportunities in Europe, Asia and emerging markets.

(3) Investment of the funds invests in a broad array of securities within the leveraged finance marketplace to achieve superior risk-adjusted returns.

(4) This category includes primarily private equity funds that focus on equity, opportunistic credit and distressed debt. These investments are not redeemable. Instead, the nature of the investments in this category are that distributions are received through the liquidation of the underlying assets in the fund. The term for these investments ranges from four to 10 years.

(5) This category includes investments in funds that focus on long-only or long biased investing equities of international in either developed or emerging markets. The underlying assets are liquid and the fund’s managers provide details of those assets.

See Note 11 for description of investments held in Israel.

Note 8. Concentrations

Financial instruments that potentially subject A4BGU to a concentration of credit risk are cash accounts with major financial institutions in excess of Federal Deposit Insurance Corporation insurance limits, investments and contributions receivable.

At September 30, 2023 and 2022, approximately 92% of cash accounts are held by two banks. Investments in the U.S. are held by four custodians. Two custodians held approximately 86% and 88% of these investments at September 30, 2023 and 2022, respectively. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.

Approximately 57% and 48% or $26,840,000 and $18,660,000 of gross contributions receivable at September 30, 2023 and 2022, were due from four and three donors, respectively.

Note 9. Split-Interest Agreements

A4BGU has numerous split-interest agreements, which include charitable remainder trusts and gift annuities where A4BGU serves as trustee for the benefit of the individual beneficiaries. Under the charitable remainder trust agreements, A4BGU controls the donated assets and distributes to the donor or the donors designee the income generated from those assets until such time as stated in the agreements. Charitable gift annuities are unrestricted, irrevocable gifts for which A4BGU agrees to pay a life annuity to the donor or a designated beneficiary.

At the time of the gift, and adjusted annually, A4BGU records contribution revenue and a liability for amounts payable to the beneficiaries using an actuarial calculation based on established mortality rates and other assumptions that could change in the near term. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the respective net asset class in the statement of activities. A4BGU used the IAR-2012 mortality tables in determining its liabilities at September 30, 2023 and 2022.

Note 9. Split-Interest Agreements (Continued)

A4BGU changed the assumption related to the discount rates used in determining the value of obligations under split interest agreements. Prior to October 1, 2022, A4BGU updated the Internal Revenue Service (IRS) discount rates used for each yearend to match market conditions. Effective October 1, 2022, A4BGU discontinued this fair value option method and choose the IRS discount rates commensurate with the periods that the spit interest agreements were established. A4BGU determined that this method was more appropriate and preferable. The discount rates used at September 30, 2023, for obligations under split interest agreements ranged from 0.4% to 9.4%. The discount rate used at September 30, 2022, was 3.6%. There were no changes to other assumptions used including the mortality tables. If the fair value option method were applied as of September 30, 2023, the value of the obligations under split interest agreements would be $10,347,790.

In addition, A4BGU has irrevocable interests in charitable trusts held by third parties (see Note 6). There are no changes to the valuation method used by A4BGU for the irrevocable interests in charitable trusts held by third parties.

The financial statements include various split-interest agreements as follows:

	2023		
	Charitable Gift Annuities	Charitable Remainder Trusts	Total
Statement of financial position:			
Investments	$ 21,247,405	$ 1,108,311	$ 22,355,716
Obligations under split-interest agreements	11,261,180	777,316	12,038,496
Statement of activities:			
Contributions (net of discount)	19,013	-	19,013
Change in value of beneficial interest in obligations under split-interest agreements	(489,910)	(96,577)	(586,487)

	2022		
	Charitable Gift Annuities	Charitable Remainder Trusts	Total
Statement of financial position:			
Investments	$ 20,330,060	$ 1,075,210	$ 21,405,270
Obligations under split-interest agreements	12,138,015	761,998	12,900,013
Statement of activities:			
Contributions (net of discount)	116,175	74,084	190,259
Change in value of beneficial interest in obligations under split-interest agreements	2,160,849	119,735	2,280,584

Note 9. Split-Interest Agreements (Continued)

As of September 30, 2023 and 2022, the investments associated with split-interest agreements include the multi-state gift annuity reserve pool of $15,395,051 and $14,760,871, respectively, and the California Gift Annuity Reserve of $3,957,377 and $3,852,427, respectively. A4BGU maintains additional reserves against its gift annuity obligations of $1,894,977 and $1,716,761 at September 30, 2023 and 2022, respectively. The New York State Segregated Gift Annuity Reserve is included in the multi-state gift annuity reserve pool. These reserve amounts are restricted for the payments of annuity obligations only.

Note 10. Net Assets with Donor Restrictions

Net assets with donor restrictions were as follows as of September 30:

	2023	2022
Time restricted or purpose restricted for university projects and scholarships	$ 43,258,245	$ 34,580,728
Perpetual in nature	593,079,199	596,038,946
Accumulated investment income	32,503,092	3,696,274
Total net assets with donor restrictions	$ 668,840,536	$ 634,315,948

Net assets with donor restrictions that are perpetual in nature, include net contributions receivable restricted for endowment funds of approximately $935,000 and $1,851,000 as of September 30, 2023 and 2022, respectively.

For the years ended September 30, 2023 and 2022, net assets with donor restrictions of $46,299,868 and $53,202,055, respectively, were released from donor restrictions by incurring expenses related to university projects and scholarships, as well as the occurrence of other events specified by donors or upon termination of trusts obligations.

Note 11. Endowments

A4BGU is subject to the New York Prudent Management of Institutional Funds Act (NYPMIFA) and manages its endowment according to the Act. NYPMIFA moves away from the historic dollar value standard and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. A4BGU classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument.

Note 11. Endowments (Continued)

A4BGU's endowment fund activities are summarized below:

	2023		
	With Donor Restrictions		
	Endowments Held in the USA	Endowments Held in Israel	Total
Balance, September 30, 2022	$ 461,273,146	$ 153,615,767	$ 614,888,913
Net investment returns	54,760,157	5,905,587	60,665,744
Contributions	1,658,242	161,755	1,819,997
Appropriations of endowment assets for expenditures	(25,039,588)	(10,355,790)	(35,395,378)
Change in endowment net assets	31,378,811	(4,288,448)	27,090,363
Balance, September 30, 2023	$ 492,651,957	$ 149,327,319	$ 641,979,276

	2022		
	With Donor Restrictions		
	Endowments Held in the USA	Endowments Held in Israel	Total
Balance, September 30, 2021	$ 567,705,158	$ 176,311,447	$ 744,016,605
Net investment returns	(84,145,992)	(14,390,903)	(98,536,895)
Contributions	1,907,489	178,288	2,085,777
Appropriations of endowment assets for expenditures	(24,193,509)	(8,483,065)	(32,676,574)
Change in endowment net assets	(106,432,012)	(22,695,680)	(129,127,692)
Balance, September 30, 2022	$ 461,273,146	$ 153,615,767	$ 614,888,913

Endowments held in the USA: A4BGU has adopted investment and spending policies for endowment assets held in the USA that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to: (1) preserve the real (after inflation) purchasing power of the Endowment Fund assets and (2) increase the value of the Fund's assets over time. Unless otherwise specified by the donor, A4BGU has a policy of an annual appropriation for distribution, currently at 5%, of its endowment funds fair value using the moving average method of determining year-to-year spending in order to smooth distributions from the aggregate portfolio. The annual distribution is based on a 12-quarter trailing average of the portfolio market value as of June 30.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the historical amount donated. As of September 30, 2023, 14 donor-restricted endowment funds, which together have an original gift value of $2,307,770, a current fair value of $2,140,023 and an underwater amount of $167,747.

Note 11. Endowments (Continued)

As of September 30, 2022, the Marcus endowment fund with an original gift value of $416,985,697 had a fair value of $406,060,621, and an underwater amount of $10,925,076. Situations of this nature also exist in 18 other donor-restricted endowment funds, which together have an original gift value of $3,825,368, a current fair value of $3,526,064 and an underwater amount of $299,304.

These situations resulted from unfavorable market fluctuations and continued appropriation for programs that was deemed prudent by A4BGU and as permitted by NYPMIFA.

Endowments held in Israel: Endowments held in Israel are restricted gifts that are maintained by BGU on behalf of A4BGU. This endowment fund does not include a loan receivable balance of $384,977 as of September 30, 2023 and 2022, from the original loan amount of $1,500,000 that was loaned to BGU from one donor endowment fund with the donor's consent. The interest receivable from BGU on this loan as of September 30, 2023 and 2022, is $452,022 and $437,892, respectively. The loan principal and interest receivable from BGU is netted in the due to Ben-Gurion University balance in the consolidated statement of financial position.

Approximately 79% of the A4BGU endowments held by BGU are maintained at the original currency of the gifts, U.S. Dollar. The other 21%, under a 2003 agreement, are maintained in New Israeli Shekels and are linked to the Israel Consumer Price Index (the CPI) for a period of 10 years. In November 2013, this agreement was renewed for an additional 10 years. Any foreign exchange and CPI gains or losses are recorded as revenue with or without donor restrictions depending upon the original terms of the endowment funds as agreed with the donor.

Except for certain endowments with a donor-stipulated disbursement, under the agreement between A4BGU and BGU, BGU annually determines a spend rate to calculate the appropriation for distribution. The distribution is used to fulfill each endowment fund's purpose. The spending rate was 4.0% and 3.5% for the years ended September 30, 2023 and 2022, respectively. The spend rate may be more or less than BGU's actual earnings on its investment portfolio. As of September 30, 2023 and 2022, there were four endowment funds held in Israel with a total original gift value of $12,100,000, a fair value of $11,282,318 and $10,507,623, and an underwater amount of $817,682 and $1,592,377, respectively. The underwater amount resulted from unfavorable market fluctuations and continued appropriation for programs that was deemed prudent by A4BGU and as permitted by NYPMIFA.

Note 12. Functional Allocation of Expenses

The costs of providing the program and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain expenses have been allocated among the program and supporting services. Compensation expense is allocated based on employee estimated time and effort. Payroll taxes and employee benefits are allocated based on compensation. Common costs such as occupancy and office expenses are allocated based on estimated usage. All other expenses are directly charged to their functions.

Note 13. Pension Plan

A4BGU maintains a 403(b) tax-deferred retirement plan, which is funded by contributions from both A4BGU and its employees. A4BGU's contribution is up to 6% to eligible employees' salaries and is recorded as an expense annually. The related expenses for the years ended September 30, 2023 and 2022, were approximately $251,000 and $250,000, respectively.

Note 14. Related Parties

Approximately $27,829,000 and $27,274,000 of the gross contributions receivable at September 30, 2023 and 2022, respectively, are due from A4BGU's board members and employees.

Note 15. Leases

In March 2012, A4BGU entered into a 12-year operating lease agreement, expiring in June 2024, for its New York City office. The lease requires payment of escalation rentals for certain operating expenses and real estate taxes. A4BGU entered into a standby letter of credit of approximately $125,000 with its primary bank in lieu of providing a security deposit on the lease.

Operating lease cost is recognized on a straight-line basis over the lease term. For the year ended September 30, 2023, the total operating lease expense was approximately $359,000. Rent expense was approximately $359,000 for the year ended September 30, 2022.

The discount rate used for discounting the future cash flows for the remaining of the lease term is 4.09%.

Future undiscounted cash flows and reconciliation to the operating lease liabilities recognized on the consolidated statement of financial position as of September 30, 2023, is as follows:

Year ending September 30:		
2024	$	318,812
Total lease payments		318,812
Less imputed interest		(4,350)
Total present value of lease liabilities	$	314,462

Minimum lease commitments, as determined under Topic 840, for all non-cancelable leases are as follows as of September 30, 2022:

Years ending September 30:		
2023	$	428,000
2024		319,000
	$	747,000

In October, 2023, A4BGU entered into a modified lease agreement with the landlord for its New York office to extend the lease term to November 30, 2029. The renewal option was not included in the lease agreement that expired in June 2024. The lease undiscounted cash flows as of the lease renewal commencement date of July 1, 2024, is $2,317,838.

Note 16. Subsequent Events

A4BGU evaluated its September 30, 2023, financial statements for subsequent events through June 20, 2024, the date the financial statements were available to be issued. A4BGU is not aware of any subsequent events that would require recognition or disclosure.