

**AMERICAN FRIENDS OF THE  
ALEXANDER VON HUMBOLDT FOUNDATION**

**Financial Statements Together with  
Report of Independent Public Accountants**

**For the Years Ended December 31, 2024 and 2023**

**AMERICAN FRIENDS OF THE  
ALEXANDER VON HUMBOLDT FOUNDATION**

**Financial Statements Together with  
Report of Independent Public Accountants**

**DECEMBER 31, 2024 AND 2023**

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## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors  
American Friends of the Alexander von Humboldt Foundation

### *Opinion*

We have audited the accompanying financial statements of American Friends of the Alexander von Humboldt Foundation (American Friends of AvH), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of American Friends of AvH as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audits 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 American Friends of AvH 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 controls 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 American Friends of AvH's ability to continue as a going concern for one year after the date that the financial statements are 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 controls. 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 controls 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 American Friends of AvH's internal controls. 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 American Friends of AvH'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 controls-related matters that we identified during the audit.

Washington, D.C.  
August 18, 2025

*SBC & Company, LLC*

# AMERICAN FRIENDS OF THE ALEXANDER VON HUMBOLDT FOUNDATION

## Statements of Financial Position As of December 31, 2024 and 2023

	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 262,497	\$ 395,187
Investments	1,537,025	1,438,111
Deposits	7,275	-
Prepaid expenses	44,774	34,876
Right-of-use asset - operating	84,678	27,629
<b>Total Current Assets</b>	<b>1,936,249</b>	<b>1,895,803</b>
<b>FIXED ASSETS</b>		
Furniture	29,089	14,636
Computer equipment	2,060	2,060
	<b>31,149</b>	<b>16,696</b>
Less: Accumulated depreciation	(17,379)	(15,371)
<b>Net Fixed Assets</b>	<b>13,770</b>	<b>1,325</b>
<b>NONCURRENT ASSETS</b>		
Right-of-use asset - operating	389,427	-
Deposits, net of current	12,728	7,275
<b>Total Assets</b>	<b>\$ 2,352,174</b>	<b>\$ 1,904,403</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 4,724	\$ 15,196
Lease liability - operating	97,626	32,069
<b>Total Current Liabilities</b>	<b>102,350</b>	<b>47,265</b>
<b>NONCURRENT LIABILITIES</b>		
Lease liability - operating, net of current	472,051	-
<b>Total Liabilities</b>	<b>574,401</b>	<b>47,265</b>
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated	226,792	398,915
Board designated	420,564	391,962
<b>Total Without Donor Restrictions</b>	<b>647,356</b>	<b>790,877</b>
With donor restrictions	1,130,417	1,066,261
<b>Total Net Assets</b>	<b>1,777,773</b>	<b>1,857,138</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,352,174</b>	<b>\$ 1,904,403</b>

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

# AMERICAN FRIENDS OF THE ALEXANDER VON HUMBOLDT FOUNDATION

## Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2024, with Comparative Totals for 2023

	2024			2023 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 90,917	\$ 986,954	\$ 1,077,871	\$ 1,176,728
Investment income, net	37,152	96,836	133,988	121,225
Net assets released from donor restrictions	1,019,634	(1,019,634)	-	-
Total support and revenue	<u>1,147,703</u>	<u>64,156</u>	<u>1,211,859</u>	<u>1,297,953</u>
<b>EXPENSES</b>				
Program services:				
American Friends	101,464	-	101,464	177,918
AHP-KI	-	-	-	22,755
BUKA	104,543	-	104,543	132,467
HFST and awards	414,702	-	414,702	407,787
Strategic planning-outreach	337,877	-	337,877	338,739
Total program services	<u>958,586</u>	<u>-</u>	<u>958,586</u>	<u>1,079,666</u>
Supporting services:				
Fundraising	31,488	-	31,488	32,192
Management and general	301,150	-	301,150	181,767
Total supporting services	<u>332,638</u>	<u>-</u>	<u>332,638</u>	<u>213,959</u>
Total expenses	<u>1,291,224</u>	<u>-</u>	<u>1,291,224</u>	<u>1,293,625</u>
Changes in net assets	(143,521)	64,156	(79,365)	4,328
Net assets at beginning of year	790,877	1,066,261	1,857,138	1,852,810
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 647,356</u>	<u>\$ 1,130,417</u>	<u>\$ 1,777,773</u>	<u>\$ 1,857,138</u>

The accompanying notes are an integral part of this financial statement.

**AMERICAN FRIENDS OF THE ALEXANDER VON HUMBOLDT FOUNDATION**

**Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 92,112	\$ 1,084,616	\$ 1,176,728
Investment income, net	33,532	87,693	121,225
Net assets released from donor restrictions	1,123,587	(1,123,587)	-
Total support and revenue	<u>1,249,231</u>	<u>48,722</u>	<u>1,297,953</u>
<b>EXPENSES</b>			
Program services:			
American Friends	177,918	-	177,918
AHP-KI	22,755	-	22,755
BUKA	132,467	-	132,467
HFST and awards	407,787	-	407,787
Strategic planning-outreach	338,739	-	338,739
Total program services	<u>1,079,666</u>	<u>-</u>	<u>1,079,666</u>
Supporting services:			
Fundraising	32,192	-	32,192
Management and general	181,767	-	181,767
Total supporting services	<u>213,959</u>	<u>-</u>	<u>213,959</u>
Total expenses	<u>1,293,625</u>	<u>-</u>	<u>1,293,625</u>
Changes in net assets	(44,394)	48,722	4,328
Net assets at beginning of year	835,271	1,017,539	1,852,810
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 790,877</u>	<u>\$ 1,066,261</u>	<u>\$ 1,857,138</u>

The accompanying notes are an integral part of this financial statement.

AMERICAN FRIENDS OF THE ALEXANDER VON HUMBOLDT FOUNDATION

Statement of Functional Expenses  
For the Year Ended December 31, 2024, with Comparative Totals for 2023

	2024						2024			Total Expenses	2023 Totals
	Program Services					Supporting Services					
	American Friends	AHP-KI	BUKA	HFST and Awards	Strategic Planning Outreach	Total Program Services	Fundraising	Management and General	Total Supporting Services		
Payroll and benefits	\$ 44,776	\$ -	\$ 74,434	\$ 264,267	\$ 232,675	\$ 616,152	\$ 5,406	\$ 200,906	\$ 206,312	\$ 822,464	\$ 635,370
Professional fees	2,767	-	3,946	36,493	28,389	71,595	7,579	400	7,979	79,574	182,763
Rent expense	2,755	-	13,774	40,403	34,894	91,826	-	68,272	68,272	160,098	85,329
Travel	7,662	-	284	10,823	17,213	35,982	2,861	-	2,861	38,843	99,851
Exhibit/conference	-	-	-	225	-	225	-	-	-	225	5,000
Computer and website	2,432	-	4,343	34,781	8,818	50,374	2,230	-	2,230	52,604	57,745
Grants	28,347	-	-	-	-	28,347	-	-	-	28,347	31,338
Miscellaneous	627	-	3,087	9,056	7,821	20,591	-	2	2	20,593	112,851
Printing and production	1,994	-	-	151	252	2,397	5,117	-	5,117	7,514	10,869
Advertising	-	-	-	5,923	-	5,923	-	-	-	5,923	11,725
Insurance	119	-	594	1,742	1,505	3,960	-	1,370	1,370	5,330	4,276
Supplies	3,263	-	1,115	3,271	2,849	10,498	4	-	4	10,502	11,531
Dues and subscriptions	56	-	278	815	704	1,853	-	-	-	1,853	1,843
Licenses/business tax	-	-	1	3	3	7	4,200	846	5,046	5,053	3,762
Communications	2,007	-	2,428	5,642	2,106	12,183	-	-	-	12,183	11,682
Equipment	40	-	198	582	502	1,322	-	-	-	1,322	1,184
Postage and shipping	1,238	-	61	525	146	1,970	4,091	-	4,091	6,061	4,279
Depreciation	3,381	-	-	-	-	3,381	-	-	-	3,381	3,082
Board of director expenses	-	-	-	-	-	-	-	29,354	29,354	29,354	19,145
<b>Total</b>	<b>\$ 101,464</b>	<b>\$ -</b>	<b>\$ 104,543</b>	<b>\$ 414,702</b>	<b>\$ 337,877</b>	<b>\$ 958,586</b>	<b>\$ 31,488</b>	<b>\$ 301,150</b>	<b>\$ 332,638</b>	<b>\$ 1,291,224</b>	<b>\$ 1,293,625</b>

The accompanying notes are an integral part of this financial statement.

**AMERICAN FRIENDS OF THE ALEXANDER VON HUMBOLDT FOUNDATION**

**Statement of Functional Expenses  
For the Year Ended December 31, 2023**

	Program Services					Supporting Services				Total Expenses
	American Friends	AHP-KI	BUKA	HFST and Awards	Strategic Planning Outreach	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Payroll and benefits	\$ 17,808	\$ 6,474	\$ 67,165	\$ 219,047	\$ 161,343	\$ 471,837	\$ 3,583	\$ 159,950	\$ 163,533	\$ 635,370
Professional fees	8,956	1,191	26,799	79,343	57,420	173,709	8,654	400	9,054	182,763
Rent expense	2,936	-	14,679	30,527	37,187	85,329	-	-	-	85,329
Travel	20,813	79	2,147	23,297	46,952	93,288	6,563	-	6,563	99,851
Exhibit/conference	-	5,000	-	-	-	5,000	-	-	-	5,000
Computer and website	9,716	-	8,567	25,565	13,186	57,034	711	-	711	57,745
Grants	31,338	-	-	-	-	31,338	-	-	-	31,338
Miscellaneous	74,008	-	5,931	17,398	15,027	112,364	-	487	487	112,851
Printing and production	3,105	389	70	-	-	3,564	7,305	-	7,305	10,869
Advertising	-	9,225	2,500	-	-	11,725	-	-	-	11,725
Insurance	96	-	482	1,414	1,221	3,213	-	1,063	1,063	4,276
Supplies	2,849	-	1,295	3,943	3,296	11,383	148	-	148	11,531
Dues and subscriptions	56	-	276	811	700	1,843	-	-	-	1,843
Licenses/business tax	-	-	-	-	-	-	3,040	722	3,762	3,762
Communications	2,080	37	2,282	5,567	1,716	11,682	-	-	-	11,682
Equipment	34	-	179	521	450	1,184	-	-	-	1,184
Postage and shipping	1,041	360	95	354	241	2,091	2,188	-	2,188	4,279
Depreciation	3,082	-	-	-	-	3,082	-	-	-	3,082
Board of director expenses	-	-	-	-	-	-	-	19,145	19,145	19,145
<b>Total</b>	<b>\$ 177,918</b>	<b>\$ 22,755</b>	<b>\$ 132,467</b>	<b>\$ 407,787</b>	<b>\$ 338,739</b>	<b>\$ 1,079,666</b>	<b>\$ 32,192</b>	<b>\$ 181,767</b>	<b>\$ 213,959</b>	<b>\$ 1,293,625</b>

The accompanying notes are an integral part of this financial statement.

# AMERICAN FRIENDS OF THE ALEXANDER VON HUMBOLDT FOUNDATION

## Statements of Cash Flows For the Years Ended December 31, 2024 and 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (79,365)	\$ 4,328
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,381	3,082
Loss on disposal of asset	-	487
Noncash amortization of right-of-use asset	91,132	(12,532)
Unrealized (gain)/loss on investments	12,470	(41,840)
Realized gain on investments	(92,854)	(26,805)
Reinvested interest and dividends	(53,604)	(52,580)
Effect of changes in non-cash operating assets and liabilities:		
Receivables	-	132,973
Deposits	(12,728)	-
Prepaid expenses	(9,898)	10,179
Accounts payable and accrued liabilities	(10,472)	(35,870)
Net cash from operating activities	(151,938)	(18,578)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	(15,826)	-
Sale of investments	70,148	78,913
Purchases of investments	(35,074)	-
Net cash from investing activities	19,248	78,913
Net change in cash	(132,690)	60,335
Cash, at beginning of year	395,187	334,852
<b>Cash, Year End</b>	<b>\$ 262,497</b>	<b>\$ 395,187</b>

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

# AMERICAN FRIENDS OF THE ALEXANDER VON HUMBOLDT FOUNDATION

## Notes to the Financial Statements For the Years Ended December 31, 2024 and 2023

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Organization

American Friends of the Alexander von Humboldt Foundation (American Friends of AvH) is the professional partner of the Alexander von Humboldt Foundation (AvH) in the United States. AvH promotes academic cooperation between excellent researchers and other professionals from abroad and from Germany.

#### Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (GAAP) for not-for-profit entities.

#### Use of Estimates

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

#### Investments

Investments are recorded at their readily determinable fair value. Interest and dividends, realized and unrealized gains and losses are included in investment income, net of investments fees in the accompanying statements of activities and changes in net assets.

Investments acquired by gift are recorded at their fair value at the date of the gift. American Friends of AvH's policy is to liquidate all gifts of investments as soon as possible after the gift.

#### Fair Value Measurement

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

# AMERICAN FRIENDS OF THE ALEXANDER VON HUMBOLDT FOUNDATION

## Notes to the Financial Statements For the Years Ended December 31, 2024 and 2023

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Fair Value Measurement (continued)

The three levels of the fair value hierarchy under accounting principles generally accepted in the United States of America are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

American Friends of AvH invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

#### Fixed Assets

Fixed assets in excess of \$1,500, are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years for furniture and computer equipment.

# AMERICAN FRIENDS OF THE ALEXANDER VON HUMBOLDT FOUNDATION

## Notes to the Financial Statements For the Years Ended December 31, 2024 and 2023

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Net Assets

American Friends of AvH reports two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

#### *Net Assets Without Donor Restrictions*

Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions." Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.

#### *Net Assets With Donor Restrictions*

Donor-restricted contributions are reported as increases in "net assets with donor restrictions," depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. As of December 31, 2024 and 2023, American Friends of AvH had \$329,520 of net assets to be held in perpetuity.

#### Right-of-Use Asset and Lease Liability

American Friends of AvH records a right-of-use asset related to the office facilities where American Friends of AvH conducts its operations. On May 1, 2024, American Friends of AvH entered into a five year office lease agreement located at 1233 20th Street, NW, Washington, DC. The right-of-use asset is being amortized over the term of the lease. As of December 31, 2024, the carrying value of the right-of-use asset was \$474,105.

The lease liability represents the net present value of the future payments for American Friends of AvH's office lease. The term of a lease is assessed as the non-cancellable period of the lease, plus any extension options that American Friends of AvH is reasonably certain to exercise. The lease liability is discounted using American Friends of AvH estimated borrowing rate. Other costs related to the lease are expensed as incurred. As of December 31, 2024, the net present value of the right-of-use lease liability was \$569,677.

# AMERICAN FRIENDS OF THE ALEXANDER VON HUMBOLDT FOUNDATION

## Notes to the Financial Statements For the Years Ended December 31, 2024 and 2023

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Revenue Recognition

##### *Contributions*

American Friends of AvH receives contributions, including unconditional promises to give, from many sources. Contributions are recognized in the appropriate category of net assets in the period received. American Friends of AvH performs an analysis of the individual contribution or grant to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal under GAAP.

For contributions qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Contributions qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Most grants and awards from entities are for direct and indirect program costs. These transactions are nonreciprocal and recognized as contributions when the revenue becomes unconditional. There were no contributions considered conditional received as of December 31, 2024 and 2023.

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of American Friends of AvH are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

#### Income Taxes

American Friends of AvH is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. American Friends of AvH is not a private foundation.

# AMERICAN FRIENDS OF THE ALEXANDER VON HUMBOLDT FOUNDATION

## Notes to the Financial Statements For the Years Ended December 31, 2024 and 2023

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Income Taxes (continued)

Accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. American Friends of AvH performed an evaluation of uncertain tax positions as of December 31, 2024 and 2023, and determined that there were no matters that would require recognition in the accompanying financial statements or which may have any effect on its tax-exempt status. As of December 31, 2024, the statute of limitations for fiscal years 2021 through 2024 remains open with the U.S. federal jurisdiction and the various states and local jurisdictions in which American Friends of AvH files tax returns. It is American Friends of AvH's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

#### Subsequent Events

American Friends of AvH has evaluated the accompanying financial statements for subsequent events and transactions through August 18, 2025, the date that these financial statements were available for issue, and have determined no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

### 2. INVESTMENTS

Investments consisted of the following as of December 31, 2024 and 2023:

	Fair Value	
	2024	2023
Short-term reserves - money market	\$ 775,780	\$ 651,100
Equity	272,798	496,937
Fixed income - Bonds	488,447	290,074
<b>Total Investments</b>	<b>\$ 1,537,025</b>	<b>\$ 1,438,111</b>

Investment activities during the year were as follows:

	2024	2023
Interest and dividends	\$ 53,604	\$ 52,580
Unrealized (loss)/gain	(12,470)	41,840
Realized gain, net	92,854	26,805
<b>Total Investment Income, Net</b>	<b>\$ 133,988</b>	<b>\$ 121,225</b>

# AMERICAN FRIENDS OF THE ALEXANDER VON HUMBOLDT FOUNDATION

## Notes to the Financial Statements For the Years Ended December 31, 2024 and 2023

### 2. INVESTMENTS (continued)

In accordance with GAAP, American Friends of AvH has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy as of December 31, 2024 and 2023. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Short-term Reserves - Money Market Funds* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and is deemed to be actively traded.
- *Equity Funds* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Fixed Income – Bond Funds* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security’s terms and conditions, and interest rate and credit risk.

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2024 and 2023.

	2024			
	Level 1	Level 2	Level 3	Total
<b>Asset Class:</b>				
Short-term reserves -				
Money market funds	\$ 775,780	\$ -	\$ -	\$ 775,780
Equity funds	272,798	-	-	272,798
Fixed income - bond funds	-	488,447	-	488,447
<b>Total</b>	<b>\$ 1,048,578</b>	<b>\$ 488,447</b>	<b>\$ -</b>	<b>\$ 1,537,025</b>
	2023			
	Level 1	Level 2	Level 3	Total
<b>Asset Class:</b>				
Short-term reserves -				
Money market funds	\$ 651,100	\$ -	\$ -	\$ 651,100
Equity funds	496,937	-	-	496,937
Fixed income - bond funds	-	290,074	-	290,074
<b>Total</b>	<b>\$ 1,148,037</b>	<b>\$ 290,074</b>	<b>\$ -</b>	<b>\$ 1,438,111</b>

# AMERICAN FRIENDS OF THE ALEXANDER VON HUMBOLDT FOUNDATION

## Notes to the Financial Statements For the Years Ended December 31, 2024 and 2023

### 3. NET ASSETS WITH AND WITHOUT DONOR RESTRICTIONS

As of December 31, 2024 and 2023, the Board of Directors had designated certain net assets as follows:

	<u>2024</u>	<u>2023</u>
American Friends Funds and Hanle	<u>\$ 420,564</u>	<u>\$ 391,962</u>

Net assets with donor restrictions consisted of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Calder	\$ 753,365	\$ 689,884
Hanle	44,475	37,984
Hanle Alumni	3,057	8,873
Endowments to be invested in perpetuity:		
Calder	279,520	279,520
Hanle	50,000	50,000
<b>Total Net Assets With Donor Restrictions</b>	<u><u>\$ 1,130,417</u></u>	<u><u>\$ 1,066,261</u></u>

The following net assets with donor restrictions were released from donor restrictions for the years ended December 31, by incurring expenses which satisfied the restricted purposes specified by the donors:

	<u>2024</u>	<u>2023</u>
Purpose restrictions accomplished:		
Calder	\$ 26,525	\$ 33,212
Hanle Alumni	5,816	5,207
Hanle	339	550
HFST	470,973	499,278
BUKA	123,187	166,363
Strategic Program	392,794	396,541
AHP-KI	-	22,436
<b>Net Assets Released From Donor Restrictions</b>	<u><u>\$ 1,019,634</u></u>	<u><u>\$ 1,123,587</u></u>

# AMERICAN FRIENDS OF THE ALEXANDER VON HUMBOLDT FOUNDATION

## Notes to the Financial Statements For the Years Ended December 31, 2024 and 2023

### 4. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprised of the following as of December 31:

	<u>2024</u>	<u>2023</u>
Cash	\$ 262,497	\$ 395,187
Investments	<u>1,537,025</u>	<u>1,438,111</u>
Financial assets available within one year	<b>1,806,797</b>	1,833,298
Less: Donor restricted funds	<b>1,130,417</b>	1,066,261
Less: Board designated funds	<u>420,564</u>	<u>391,962</u>
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<u><b>\$ 255,816</b></u>	<u><b>\$ 375,075</b></u>

American Friends of AvH has a policy to structure its financial assets to be available and liquid as obligations become due.

### 5. LEASE LIABILITY

American Friends of AvH entered into a lease for office space on November 5, 2018. The lease commenced on May 1, 2019, and was for 60 months, and included both rent abatement and annual increases. American Friends of AvH completed a lease on April 30, 2024 for office space. On May 1, 2024, American Friends of AvF entered into a new five-year office lease agreement for facilities located at 1233 20th Street, NW, Washington, D.C. This lease included a rent abatement, annual increases, as well as a renovation allowance. These amounts offset the right-of-use asset as of December 31, 2024. During the years ended December 31, 2024 and 2023, American Friends of AvH recorded a right-of-use asset and lease liability. As of December 31, 2024, the right-of-use asset was \$474,105. The lease liability was \$569,677, as of December 2024. Rent expense for the years ended December 31, 2024 and 2023, was \$160,098 and \$85,329, respectively.

As of December 31, 2024, the future minimum payments under the lease liability were \$640,911, net of interest of \$71,234.

<u>Years Ending December 31,</u>	<u>Principal</u>
2025	\$ 97,626
2026	105,369
2027	113,557
2028	122,213
2029	<u>130,913</u>
Total	<u>\$ 569,677</u>
Amounts representing interest	<u>71,234</u>
<b>Total</b>	<u><b>\$ 640,911</b></u>

# AMERICAN FRIENDS OF THE ALEXANDER VON HUMBOLDT FOUNDATION

## Notes to the Financial Statements For the Years Ended December 31, 2024 and 2023

### 6. RETIREMENT PLAN

American Friends of AvH provides retirement benefits to its employees through a defined contribution plan covering all full-time employees. Contributions to the plan during the years ended December 31, 2024 and 2023, totaled \$31,459 and \$18,646, respectively.

### 7. CONCENTRATION OF REVENUE

A significant portion of American Friends of AvH's revenue, 81% and 83%, for the years ended December 31, 2024 and 2023, respectively, were derived from a single funder. American Friends of AvH has no reason to believe that relationships with this funder will be discontinued in the foreseeable future. However, any interruption of this relationship would adversely affect American Friends of AvH's ability to finance ongoing operations.

### 8. ENDOWMENT

American Friends of AvH's endowment consists of donor-restricted endowment funds and funds designated by the governing Board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those assets are time restricted until the governing Board appropriates such amounts for expenditures. Most of those net asset also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions.

The governing Board has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, American Friends of AvH considers a fund to be underwater if the fair value of the fund is less than the sum the (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. American Friends of AvH has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, American Friends of AvH considers the following factors in making a determination to appropriated or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

# AMERICAN FRIENDS OF THE ALEXANDER VON HUMBOLDT FOUNDATION

## Notes to the Financial Statements For the Years Ended December 31, 2024 and 2023

### 8. ENDOWMENT (continued)

Endowment net asset composition by type of fund as of December 31, 2024 and 2023:

	<b>2024</b>		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 391,962	\$ -	\$ 391,962
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	329,520	329,520
Accumulated investment earnings	28,602	797,840	826,442
Total endowment funds	<u>\$ 420,564</u>	<u>\$ 1,127,360</u>	<u>\$ 1,547,924</u>
	<b>2023</b>		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 367,568	\$ -	\$ 367,568
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	329,520	329,520
Accumulated investment earnings	24,394	727,868	752,262
Total endowment funds	<u>\$ 391,962</u>	<u>\$ 1,057,388</u>	<u>\$ 1,449,350</u>

Changes in endowment net assets for the years ended December 31, 2024 and 2023:

	<b>2024</b>		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 391,962	\$ 1,057,388	\$ 1,449,350
Investment return, net	37,152	96,836	133,988
Appropriation of endowment assets for expenditure	(8,550)	(26,864)	(35,414)
Endowment net assets, end of year	<u>\$ 420,564</u>	<u>\$ 1,127,360</u>	<u>\$ 1,547,924</u>

# AMERICAN FRIENDS OF THE ALEXANDER VON HUMBOLDT FOUNDATION

## Notes to the Financial Statements For the Years Ended December 31, 2024 and 2023

### 8. ENDOWMENT (continued)

	<u>2023</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 367,568	\$ 1,003,457	\$ 1,371,025
Investment return, net	33,532	87,693	121,225
Appropriation of endowment assets for expenditure	<u>(9,138)</u>	<u>(33,762)</u>	<u>(42,900)</u>
Endowment net assets, end of year	<u>\$ 391,962</u>	<u>\$ 1,057,388</u>	<u>\$ 1,449,350</u>

Description of amounts classified as net assets with donor restrictions (endowment only):

	<u>2024</u>	<u>2023</u>
Net assets with donor restrictions:		
Original donor-restricted endowment gift amounts and amounts required to be retained by donor	<b>\$ 329,520</b>	\$ 329,520
Accumulated earnings	<b>797,840</b>	727,868
<b>Total Endowment Funds Classified As Net Assets With Donor Restrictions</b>	<b><u>\$ 1,127,360</u></b>	<b><u>\$ 1,057,388</u></b>

### Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as a fund of perpetual duration. Deficiencies could result from unfavorable market fluctuations that occurred after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

### Return Objectives and Risk Parameters

American Friends of AvH has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as Board designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. American Friends of AvH expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

# AMERICAN FRIENDS OF THE ALEXANDER VON HUMBOLDT FOUNDATION

## Notes to the Financial Statements For the Years Ended December 31, 2024 and 2023

### 8. ENDOWMENT (continued)

#### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, American Friends of AvH relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). American Friends of AvH targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

#### Spending Policy and How the Investment Objectives Relate to Spending Policy

American Friends of AvH has a policy of appropriating for distribution each year 5.25% of its endowment fund's three year average of each fund. In establishing this policy, American Friends of AvH considered the long-term expected return on its endowment. Accordingly, over the long-term, American Friends of AvH expects the current spending policy to allow its endowment to grow at an average of 5.25% over a three-year average. This is consistent with American Friends of AvH's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.