

Eisenhower Fellowships

Financial Statements

Years Ended December 31, 2023 and 2022



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EISENHOWER FELLOWSHIPS

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INDEPENDENT AUDITOR'S REPORT

**Board of Trustees
Eisenhower Fellowships
Philadelphia, Pennsylvania**

Opinion

We have audited the accompanying financial statements of Eisenhower Exchange Fellowships, Incorporated (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eisenhower Exchange Fellowships, Incorporated as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 Eisenhower Exchange Fellowships, Incorporated 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 U.S. generally accepted accounting principles, 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 Eisenhower Exchange Fellowships, Incorporated's ability to continue as a going concern within 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Eisenhower Exchange Fellowships, Incorporated'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 Eisenhower Exchange Fellowships, Incorporated'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.

BBD, LLP.

Philadelphia, Pennsylvania
May 7, 2024

EISENHOWER FELLOWSHIPS

STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 1,383,212	\$ 983,821
Contributions and grants receivable, net	5,093,095	5,425,519
Prepaid expenses and other	127,719	334,490
Investments	44,214,845	40,690,724
Property and equipment, net	2,005,730	2,092,476
Beneficial interest in federal trust fund	<u>8,278,168</u>	<u>7,944,055</u>
Total assets	<u>\$ 61,102,769</u>	<u>\$ 57,471,085</u>
LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 142,964</u>	<u>\$ 143,618</u>
NET ASSETS		
Without donor restrictions		
Operating	700,000	700,000
Board designated	<u>42,485,648</u>	<u>39,293,173</u>
	43,185,648	39,993,173
With donor restrictions	<u>17,774,157</u>	<u>17,334,294</u>
Total net assets	<u>60,959,805</u>	<u>57,327,467</u>
Total liabilities and net assets	<u>\$ 61,102,769</u>	<u>\$ 57,471,085</u>

See accompanying notes

EISENHOWER FELLOWSHIPS

STATEMENT OF ACTIVITIES

Year ended December 31, 2023 with comparative totals for 2022

	Without Donor Restrictions			With Donor Restrictions	Totals	
	Operating	Board Designated	Total		2023	2022
REVENUE						
Contributions and grants	\$ 3,441,612	\$ -	\$ 3,441,612	\$ 600,000	\$ 4,041,612	\$ 4,475,589
Net assets released from restrictions	-	513,000	513,000	(513,000)	-	-
Spendable draw from endowment earnings	2,231,509	(2,210,709)	20,800	(20,800)	-	-
Total revenue	<u>5,673,121</u>	<u>(1,697,709)</u>	<u>3,975,412</u>	<u>66,200</u>	<u>4,041,612</u>	<u>4,475,589</u>
EXPENSES						
Program services						
Global programs	3,051,097	-	3,051,097	-	3,051,097	3,534,647
Global Fellows Network	2,155,934	-	2,155,934	-	2,155,934	1,446,408
Supporting services						
Management and general	644,664	-	644,664	-	644,664	694,048
Development	499,630	-	499,630	-	499,630	418,879
Total expenses	<u>6,351,325</u>	<u>-</u>	<u>6,351,325</u>	<u>-</u>	<u>6,351,325</u>	<u>6,093,982</u>
Change in net assets before other changes	<u>(678,204)</u>	<u>(1,697,709)</u>	<u>(2,375,913)</u>	<u>66,200</u>	<u>(2,309,713)</u>	<u>(1,618,393)</u>
OTHER CHANGES						
Change in value of investments <i>(Note 6)</i>	-	5,568,388	5,568,388	373,663	5,942,051	(6,423,044)
Transfer of funds by Board from operating reserve	678,204	(678,204)	-	-	-	-
Total other changes	<u>678,204</u>	<u>4,890,184</u>	<u>5,568,388</u>	<u>373,663</u>	<u>5,942,051</u>	<u>(6,423,044)</u>
CHANGE IN NET ASSETS	<u>-</u>	<u>3,192,475</u>	<u>3,192,475</u>	<u>439,863</u>	<u>3,632,338</u>	<u>(8,041,437)</u>
NET ASSETS						
Beginning of year	700,000	39,293,173	39,993,173	17,334,294	57,327,467	65,368,904
End of year	<u>\$ 700,000</u>	<u>\$ 42,485,648</u>	<u>\$ 43,185,648</u>	<u>\$ 17,774,157</u>	<u>\$ 60,959,805</u>	<u>\$ 57,327,467</u>

See accompanying notes

EISENHOWER FELLOWSHIPS

STATEMENT OF ACTIVITIES

Year ended December 31, 2022

	Without Donor Restrictions			With Donor Restrictions	Total
	Operating	Board Designated	Total		
REVENUE					
Contributions and grants	\$ 3,049,589	\$ 100,000	\$ 3,149,589	\$ 1,326,000	\$ 4,475,589
Net assets released from restrictions	-	331,461	331,461	(331,461)	-
Spendable draw from endowment earnings	2,895,559	(2,895,559)	-	-	-
Total revenue	<u>5,945,148</u>	<u>(2,464,098)</u>	<u>3,481,050</u>	<u>994,539</u>	<u>4,475,589</u>
EXPENSES					
Program services					
Global programs	3,534,647	-	3,534,647	-	3,534,647
Global Fellows Network	1,446,408	-	1,446,408	-	1,446,408
Supporting services					
Management and general	694,048	-	694,048	-	694,048
Development	418,879	-	418,879	-	418,879
Total expenses	<u>6,093,982</u>	<u>-</u>	<u>6,093,982</u>	<u>-</u>	<u>6,093,982</u>
Change in net assets before other changes	<u>(148,834)</u>	<u>(2,464,098)</u>	<u>(2,612,932)</u>	<u>994,539</u>	<u>(1,618,393)</u>
OTHER CHANGES					
Change in value of investments <i>(Note 6)</i>	-	(6,293,026)	(6,293,026)	(130,018)	(6,423,044)
Transfer of funds by Board from operating reserve	148,834	(148,834)	-	-	-
Total other changes	<u>148,834</u>	<u>(6,441,860)</u>	<u>(6,293,026)</u>	<u>(130,018)</u>	<u>(6,423,044)</u>
CHANGE IN NET ASSETS	<u>-</u>	<u>(8,905,958)</u>	<u>(8,905,958)</u>	<u>864,521</u>	<u>(8,041,437)</u>
NET ASSETS					
Beginning of year	700,000	48,199,131	48,899,131	16,469,773	65,368,904
End of year	<u>\$ 700,000</u>	<u>\$ 39,293,173</u>	<u>\$ 39,993,173</u>	<u>\$ 17,334,294</u>	<u>\$ 57,327,467</u>

See accompanying notes

EISENHOWER FELLOWSHIPS

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2023 with comparative totals for 2022

	Program Services						Supporting Services			Totals	
	Global	Eastern	U.S.A.	Global	Global	Total	Management		Total		
	<u>Program</u>	<u>Europe</u>	<u>Program</u>	<u>Scholars</u>	<u>Fellows</u>	<u>Program</u>	<u>and</u>	<u>Development</u>	<u>Supporting</u>	<u>2023</u>	<u>2022</u>
Salaries and benefits	\$ 454,724	\$ 468,337	\$206,840	\$ -	\$1,065,712	\$2,195,613	\$355,674	\$287,537	\$ 643,211	\$2,838,824	\$3,013,233
Conferences and meetings	126,898	150,219	28,525	-	866,917	1,172,559	17,991	154,263	172,254	1,344,813	440,474
Depreciation	10,558	10,874	4,771	-	24,443	50,646	36,100	-	36,100	86,746	136,077
Fellowship costs											
Per diem	392,479	286,385	92,819	-	-	771,683	-	-	-	771,683	959,827
Travel	139,189	81,876	59,000	-	3,572	283,637	-	-	-	283,637	384,686
Grants	-	-	-	273,718	-	273,718	-	-	-	273,718	150,282
Information technology	14,508	14,981	6,554	-	46,918	82,961	37,686	-	37,686	120,647	101,816
Insurance	5,015	5,165	2,266	-	11,611	24,057	17,147	-	17,147	41,204	44,868
Occupancy	5,953	6,131	2,688	-	13,781	28,553	20,353	-	20,353	48,906	43,570
Office expenses	12,979	13,380	4,699	-	33,745	64,803	94,534	31,568	126,102	190,905	165,672
Professional fees	34,481	36,449	81,131	-	76,672	228,733	57,694	2,204	59,898	288,631	464,068
Travel	5,454	4,241	7,810	-	12,563	30,068	7,485	24,058	31,543	61,611	189,409
⌘ Total expenses	\$1,202,238	\$1,078,038	\$497,103	\$273,718	\$2,155,934	\$5,207,031	\$644,664	\$499,630	\$1,144,294	\$6,351,325	\$6,093,982
Notes:											
Percentage of total expenses	18.93%	16.97%	7.83%	4.31%	33.94%	81.98%	10.15%	7.87%	18.02%	100.00%	
Program statistics											
Number of fellows by program	25	20	9	4							
Average cost per fellow	\$ 48,090	\$ 53,902	\$ 55,234	\$ 68,430							

See accompanying notes

EISENHOWER FELLOWSHIPS

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2022

	Program Services						Supporting Services			Total
	Africa Program	Global Program	U.S.A. Program	Global Scholars Program	Global Fellows Network	Total Program Services	Management and General	Development	Total Supporting Services	
Salaries and benefits	\$ 510,268	\$ 520,105	\$246,110	\$ -	\$1,052,970	\$2,329,453	\$384,890	\$298,890	\$ 683,780	\$3,013,233
Conferences and meetings	192,732	54,276	40,330	-	123,159	410,497	14,934	15,043	29,977	440,474
Depreciation	17,516	17,853	8,348	-	35,731	79,448	56,629	-	56,629	136,077
Fellowship costs										
Per diem	375,653	410,425	173,749	-	-	959,827	-	-	-	959,827
Travel	182,796	118,174	83,716	-	-	384,686	-	-	-	384,686
Grants	-	-	-	150,282	-	150,282	-	-	-	150,282
Information technology	14,727	15,010	7,019	-	30,162	66,918	34,898	-	34,898	101,816
Insurance	5,775	5,887	2,752	-	11,782	26,196	18,672	-	18,672	44,868
Occupancy	5,608	5,716	2,674	-	11,441	25,439	18,131	-	18,131	43,570
Office expenses	16,114	14,955	7,239	-	37,691	75,999	63,431	26,242	89,673	165,672
Professional fees	49,860	48,000	143,365	-	98,165	339,390	102,047	22,631	124,678	464,068
Travel	49,371	26,578	11,664	-	45,307	132,920	416	56,073	56,489	189,409
Total expenses	\$1,420,420	\$1,236,979	\$726,966	\$150,282	\$1,446,408	\$4,981,055	\$694,048	\$418,879	\$1,112,927	\$6,093,982
Notes:										
Percentage of total expenses	23.31%	20.30%	11.93%	2.47%	23.74%	81.74%	11.39%	6.87%	18.26%	100.00%
Program statistics										
Number of fellows by program	25	23	21.5	4						
Average cost per fellow	\$ 56,817	\$ 53,782	\$ 33,812	\$ 37,571						

See accompanying notes

EISENHOWER FELLOWSHIPS

STATEMENTS OF CASH FLOWS

Years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 3,632,338	\$ (8,041,437)
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Depreciation expense	86,746	136,077
Discount on contributions and grants receivable	-	(76,000)
Net realized and unrealized (gain) loss on investments	(4,891,465)	7,097,572
Change in value of beneficial interest in federal trust fund	(334,113)	130,018
(Increase) decrease in		
Contributions and grants receivable, net	332,424	(604,988)
Prepaid expenses and other	206,771	(284,582)
Increase (decrease) in		
Accounts payable and accrued expenses	(654)	(83,581)
Net cash used for operating activities	<u>(967,953)</u>	<u>(1,726,921)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(4,523,296)	(5,559,441)
Proceeds from sale of investments	5,890,640	6,707,139
Purchase of property and equipment	-	(12,925)
Net cash provided by investing activities	<u>1,367,344</u>	<u>1,134,773</u>
Net change in cash	399,391	(592,148)
CASH		
Beginning of year	<u>983,821</u>	<u>1,575,969</u>
End of year	<u>\$ 1,383,212</u>	<u>\$ 983,821</u>

See accompanying notes

EISENHOWER FELLOWSHIPS

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

(1) NATURE OF OPERATIONS

Eisenhower Fellowships ("**EF**"), formally known as Eisenhower Exchange Fellowships, Incorporated, is a nonprofit organization located in Philadelphia, Pennsylvania that grants fellowships for a period of travel, both in the United States and abroad, to individuals from foreign countries and Americans, who have demonstrated leadership achievement in their respective country and profession. The fellowships enable these individuals to interact with their professional counterparts to gain new perspectives and to develop a project that they will implement upon their return home. EF's Global Fellows Network provides an opportunity for the continued sharing of information, ideas and perspectives among Fellows, trustees and staff, and to advance the ongoing mission of the organization.

A core feature of the fellowship is that it is life-long. There has always been activity among Fellows post fellowship, including dozens of regional and global conferences that helped Fellows to maintain EF ties. In recent years, Fellows have formed in-country associations, and use October 14, the Eisenhower Day of Impact, formerly known as the Eisenhower Day of Fellowship, as an occasion to organize activities that make a difference in their communities. In 2016, as a way to add greater impact to the life-long Eisenhower Fellowship experience, the board amended the organization mission statement to include the collaboration among EF Fellows, as well as with others in their personal networks, to achieve specific, scalable, measurable outcomes that can advance peace, justice and prosperity.

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and, accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

EF reports information regarding its financial position and activities according to the following classes of net assets:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of EF and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets to be maintained indefinitely while permitting EF to expend the income generated in accordance with the provisions of the contribution.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

EISENHOWER FELLOWSHIPS

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

Fair Value Measurements

Generally accepted accounting principles ("**GAAP**") define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of EF. Unobservable inputs reflect EF's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that EF has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or based on similar instruments in active markets or based on models derived from valuations observable in active markets.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect EF's own assumptions.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statements of activities. Investments in limited partnerships are reported at fair value based upon the valuation of the partnership's underlying securities, with gains and losses included in the statements of activities. Investment income is recorded as earned. Donor-restricted investment income whose restrictions are satisfied in the same period is classified as net assets without donor restrictions.

EF invests in professionally managed portfolios that contain various types of securities (**See Note 4**). Such investments are exposed to market and credit risk. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in the near term would materially affect investment balances and the amounts reported in the financial statements.

Property and Equipment

EF capitalizes all expenditures for property and equipment in excess of \$1,000. Property and equipment is carried at cost if purchased and at fair value at the date of donation if contributed. Depreciation is computed using the straight-line method over the estimated lives of the assets.

Beneficial Interest in Federal Trust Fund

The beneficial interest in federal trust fund is reported at the fair market value of the trust fund as an estimate of the present value of future cash flows from the trust fund.

Contributions and Grants

Contributions and grants received are recorded as net assets without donor restrictions or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions and grants whose restrictions are satisfied in the same period are reported as net assets without donor restrictions.

EISENHOWER FELLOWSHIPS

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

Unconditional contributions and grants are recognized as revenue when the related promise to give is received. Conditional contributions and grants are recognized as revenue when the conditions are satisfied.

Functional Allocation of Expenses

The costs of providing various program and supporting services have been presented on a functional basis in the statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated. Significant expenses that are allocated include salaries and benefits which are allocated based on estimates of time and effort.

Income Tax Status

EF is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to EF's tax-exempt purpose is subject to taxation as unrelated business income. In addition, EF qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1).

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the financial statements. EF believes that it had no uncertain tax positions as defined in GAAP.

Concentrations of Credit Risk

Financial instruments which potentially subject EF to concentrations of credit risk are cash and contributions and grants receivable. EF maintains cash deposits at various high-quality banks and financial institutions. At times, such deposits may exceed federally-insured limits. Management performs ongoing evaluations of contributions and grants receivable for potential credit losses. Collateral is not required.

(3) CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable are expected to be collected as follows:

	<u>2023</u>	<u>2022</u>
Less than one year	\$2,642,095	\$3,129,519
One to five years	<u>2,670,000</u>	<u>2,515,000</u>
Total receivables	5,312,095	5,644,519
Less discount to net present value (3.5%)	<u>(219,000)</u>	<u>(219,000)</u>
Net receivables	<u>\$5,093,095</u>	<u>\$5,425,519</u>

(4) INVESTMENTS

Investments at December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 544,915	\$ 544,915	\$ 683,243	\$ 683,243
Exchange traded funds				
Equity	3,604,066	3,609,361	3,302,147	3,467,039
Fixed income	530,749	525,453	507,910	497,995
Mutual funds				
Equity	12,261,928	15,628,723	13,147,923	14,488,108
Fixed income	1,346,546	1,273,253	822,537	728,562
Limited partnerships	<u>16,920,576</u>	<u>22,633,140</u>	<u>16,419,605</u>	<u>20,825,777</u>
	<u>\$35,208,780</u>	<u>\$44,214,845</u>	<u>\$34,883,365</u>	<u>\$40,690,724</u>

EISENHOWER FELLOWSHIPS

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

Investments are measured at fair value using level 1 valuation inputs except limited partnerships. Limited partnerships are measured at fair value using the net asset value per share practical expedient and have not been classified in the fair value hierarchy.

Limited partnerships consisted of the following at December 31, 2023:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Equity long/short funds (a)	\$ 8,687,232	None	End of Month	10 - 90 days
Fixed income funds (b)	2,754,969	None	End of Month	10 - 30 days
Blended funds (c)	1,799,465	None	End of Month	65 - 90 days
International equities funds (d)	6,822,266	None	End of Month	6 - 90 days
Emerging markets equities funds (e)	<u>2,569,208</u>	None	Daily and Quarterly	10 - 90 days
	<u>\$22,633,140</u>			

(a) – This category includes investments in five limited partnerships that primarily invest in both long and short U.S. and non-U.S. equities. The fair values of the investments in this category have been estimated using the net asset value per share. There were no lock-up redemption restrictions on these limited partnerships at December 31, 2023.

(b) – This category includes an investment in a limited partnership that invests primarily in bank loans and high yield bonds. There are no lock-up redemption restrictions on this investment at December 31, 2023. The fair value of the investment in this category has been estimated using the net asset value per share.

(c) – This category includes an investment in a limited partnership that invests in instruments related to any level of an issuer's capital structure (including bank debt, corporate bonds, trade claims, convertible securities, equities, credit default swaps, options and other derivatives, as well as the debt and equity of structured credit products). The fair value of the investment in this category has been estimated using the net asset value per share. There are no lock-up redemption restrictions on this investment at December 31, 2023.

(d) – This category includes investments in limited partnerships that invest primarily in portfolios of international equity securities. The fair value of the investments in this category has been estimated using the net asset value per share. There are no lock-up redemption restrictions on these limited partnerships at December 31, 2023.

(e) – This category includes an investment in three limited partnerships that invest in a diversified portfolio of small and mid-capitalization equity securities of companies located in emerging markets. The fair value of the investment in this category has been estimated using the net asset value per share. There are no lock-up redemption restrictions on two of the limited partnerships at December 31, 2022. The lock-up redemption restriction for one of the limited partnerships expires in April 2024 and has a net asset value of \$777,274.

(5) BENEFICIAL INTEREST IN FEDERAL TRUST FUND

EF is the income beneficiary of a federal trust fund established by Congress pursuant to the Eisenhower Exchange Fellowship Act of 1990, as amended by House Bill H.R. 3019 enacted in March 1996. The income from the trust fund is restricted to fellowship programs and withdrawal of the earnings is subject to an annual Congressional appropriation.

(6) CHANGE IN VALUE OF INVESTMENTS

Change in value of investments was comprised of the following:

EISENHOWER FELLOWSHIPS

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Interest and dividends, net	\$ 716,473	\$ 668,963
Distributions from federal trust fund	-	135,583
Net realized gain	1,692,759	535,853
Net unrealized gain (loss)	3,198,706	(7,633,425)
Change in value of beneficial interest in federal trust fund	<u>334,113</u>	<u>(130,018)</u>
	<u>\$5,942,051</u>	<u>\$(6,423,044)</u>

(7) PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Land	\$ 723,608	\$ 723,608
Building and improvements	2,411,933	2,411,933
Office equipment	540,140	540,140
Furniture and fixtures	<u>216,738</u>	<u>216,738</u>
	3,892,419	3,892,419
Less accumulated depreciation	<u>(1,886,689)</u>	<u>(1,799,943)</u>
	<u>\$ 2,005,730</u>	<u>\$ 2,092,476</u>

(8) NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATED

Board designated net assets consist of the following:

	<u>2023</u>	<u>2022</u>
Endowment fund	\$40,479,918	\$37,200,697
Property and equipment	<u>2,005,730</u>	<u>2,092,476</u>
	<u>\$42,485,648</u>	<u>\$39,293,173</u>

The board-designated endowment fund is to provide income to support EF's operations and fellowship programs.

(9) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes and periods:

	<u>Balance December 31, 2022</u>	<u>Additions (Subtractions)</u>	<u>Releases</u>	<u>Balance December 31, 2023</u>
Subject to expenditure for specified purposes or periods				
Future periods	\$ 3,881,000	\$ 200,000	\$(513,000)	\$ 3,568,000
Net assets to be maintained indefinitely				
Beneficial interest in federal trust, whose income is restricted for fellowship programs	7,944,055	334,113	-	8,278,168
Endowments, whose income is restricted for fellowship programs	<u>5,509,239</u>	<u>439,550</u>	<u>(20,800)</u>	<u>5,927,989</u>
	<u>13,453,294</u>	<u>773,663</u>	<u>(20,800)</u>	<u>14,206,157</u>
	<u>\$17,334,294</u>	<u>\$ 973,663</u>	<u>\$(533,800)</u>	<u>\$17,774,157</u>

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December 31, 2023 and 2022

	<u>Balance December 31, 2021</u>	<u>Additions (Subtractions)</u>	<u>Releases</u>	<u>Balance December 31, 2022</u>
Subject to expenditure for specified purposes or periods				
Future periods	\$ 4,136,461	\$ 76,000	\$(331,461)	\$ 3,881,000
Net assets to be maintained indefinitely				
Beneficial interest in federal trust, whose income is restricted for fellowship programs	8,074,073	(130,018)	-	7,944,055
Endowments, whose income is restricted for fellowship programs	<u>4,259,239</u>	<u>1,250,000</u>	<u>-</u>	<u>5,509,239</u>
	<u>12,333,312</u>	<u>1,119,982</u>	<u>-</u>	<u>13,453,294</u>
	<u>\$16,469,773</u>	<u>\$1,195,982</u>	<u>\$(331,461)</u>	<u>\$17,334,294</u>

Donors of the endowment require EF to retain permanently the historic-dollar-value of the endowment.

(10) ENDOWMENT FUND

An accounting standard was issued which provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("**UPMIFA**"). EF is not subject to this guidance since Pennsylvania has not enacted a version of UPMIFA. The standard also required additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

In accordance with Pennsylvania statutes, EF has adopted investment and spending policies for its endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of these endowment assets over the long-term. EF's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

In 2005, Eisenhower Fellowship's Board approved a spending policy for purposes of controlling annual withdrawals from the Endowment to support operations. The current policy permits a maximum 4.5% draw, based on the value of the endowment principal over the twelve quarters preceding the beginning of the fiscal year. This 4.5% distribution is not to be exceeded on average over any given three-year period, without the explicit consent of the Executive Committee.

Changes in the endowment assets for the years ended December 31, 2023 and 2022 are as follows:

<u>2022</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment assets, beginning of year	\$45,983,503	\$12,333,312	\$58,316,815
Contributions	100,000	1,250,000	1,350,000
Change in value of investments	(6,293,026)	(130,018)	(6,423,044)
Spending policy distribution	(3,044,393)	-	(3,044,393)
Transfers	<u>454,613</u>	<u>-</u>	<u>454,613</u>
Endowment assets, end of year	<u>\$37,200,697</u>	<u>\$13,453,294</u>	<u>\$50,653,991</u>

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<u>2023</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment assets, beginning of year	\$37,200,697	\$13,453,294	\$50,653,991
Contributions	-	400,000	400,000
Change in value of investments	5,568,388	373,663	5,942,051
Spending policy distribution	(2,888,913)	(20,800)	(2,909,713)
Transfers	599,746	-	599,746
Endowment assets, end of year	<u>\$40,479,918</u>	<u>\$14,206,157</u>	<u>\$54,686,075</u>

(11) RETIREMENT PLAN

EF sponsors an employee retirement plan (the "**Plan**") qualified under Section 403(b) of the Internal Revenue Code covering substantially all employees. The Plan provides for employer contributions equal to 5% of employees' compensation. Employer contributions were \$104,656 for 2023 and \$110,256 for 2022.

(12) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects EF's financial assets as of the statements of financial position date, which have been reduced by financial assets not available within one year.

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,383,212	\$ 983,821
Contributions and grants receivable, net	5,093,095	5,425,519
Investments	<u>44,214,845</u>	<u>40,690,724</u>
Total financial assets	50,691,152	47,100,064
Less: financial assets not available for general operations within one year		
Restricted by donor for specific purposes or periods	(3,568,000)	(3,881,000)
Restricted by donor to be maintained indefinitely	(5,927,989)	(5,509,239)
Board-designated endowment fund	<u>(40,479,918)</u>	<u>(37,200,697)</u>
Total financial assets available within one year	<u>\$ 715,245</u>	<u>\$ 509,128</u>

Liquidity Management

EF regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. EF has various sources of liquidity at its disposal, including cash, money market funds and marketable debt and equity securities.

(13) SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 7, 2024, the date on which the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2023 that require recognition or disclosure in the financial statements.