

# ORT America, Inc.

## Financial Statements

Years Ended December 31, 2023 and 2022

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



# **ORT America, Inc.**

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Financial Statements  
Years Ended December 31, 2023 and 2022

# ORT America, Inc.

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## Independent Auditor's Report

The Board of Directors  
ORT America, Inc.  
New York, New York

### *Opinion*

We have audited the financial statements of ORT America, Inc. (ORT), 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 accompanying financial statements present fairly, in all material respects, the financial position of ORT as of December 31, 2023 and 2022, and the results of its operations 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 ORT 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 ORT'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 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 ORT'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 ORT'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.

*BDO USA, P.C.*

July 19, 2024

**ORT America, Inc.**  
**Statements of Financial Position**

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	\$ 3,728,925	\$ 5,850,646
Investments, at fair value (Notes 2 and 5)	14,847,729	13,960,237
Pledges receivable, net, current portion (Notes 2 and 4)	728,959	1,257,164
Prepaid expenses and other assets	279,132	306,429
<b>Total Current Assets</b>	<b>19,584,745</b>	<b>21,374,476</b>
<b>Pledges Receivable, Net</b> , less current portion (Notes 2 and 4)	<b>168,888</b>	<b>8,016,600</b>
<b>Investments in Real Estate Partnerships</b> , at cost (Note 2)	<b>322,787</b>	<b>322,787</b>
<b>Beneficial Interests in Perpetual Trusts Held by Third Parties</b> (Note 5)	<b>1,492,663</b>	<b>1,394,334</b>
<b>Due from Affiliates</b> (Note 16)	<b>139,075</b>	<b>65,695</b>
<b>Right-of-Use Asset</b> , operating lease (Note 8)	<b>1,322,620</b>	<b>1,657,260</b>
<b>Property and Equipment, Net</b> (Note 2)	<b>11,406</b>	<b>17,362</b>
<b>Total Assets</b>	<b>\$ 23,042,184</b>	<b>\$ 32,848,514</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 764,387	\$ 730,188
Employees' severance payable, current portion (Note 11)	18,842	18,842
Accrued postretirement benefit costs, current portion (Note 10)	35,300	34,500
Grants payable - World ORT, current portion (Note 15)	1,987,500	1,853,748
Operating lease liability, current portion (Note 8)	412,081	387,885
<b>Total Current Liabilities</b>	<b>3,218,110</b>	<b>3,025,163</b>
<b>Employees' Severance Payable</b> , less current portion (Note 11)	<b>37,684</b>	<b>56,527</b>
<b>Accrued Postretirement Benefit Costs</b> , less current portion (Note 10)	<b>248,496</b>	<b>252,136</b>
<b>Accrued Pension Payable</b> (Note 9)	<b>667,872</b>	<b>767,892</b>
<b>Split-Interest Agreement Obligations</b> (Note 12)	<b>1,457,133</b>	<b>1,400,633</b>
<b>Operating Lease Liability</b> , less current portion (Note 8)	<b>1,078,947</b>	<b>1,459,638</b>
<b>Total Liabilities</b>	<b>6,708,242</b>	<b>6,961,989</b>
<b>Commitments and Contingencies</b> (Notes 2, 3, 5, 8, 9, 10, 11, 12, 13, and 14)		
<b>Net Assets</b> (Notes 2, 13, and 14)		
Without donor restrictions	6,791,293	6,371,524
With donor restrictions	9,542,649	19,515,001
<b>Total Net Assets</b>	<b>16,333,942</b>	<b>25,886,525</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 23,042,184</b>	<b>\$ 32,848,514</b>

*See accompanying notes to financial statements.*

# ORT America, Inc.

## Statement of Activities

*Year ended December 31, 2023*

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Public Support, and Other Support</b>			
Contributions (Note 2)	\$ 8,670,747	\$ 176,275	\$ 8,847,022
Grants (Note 2)	1,714,175	-	1,714,175
Membership dues (Note 2)	52,417	-	52,417
Legacies (Note 2)	1,789,169	-	1,789,169
Net investment income (Note 5)	999,137	510,121	1,509,258
Income from real estate partnerships (Note 2)	1,395,482	-	1,395,482
Change in value of split-interest agreements (Note 12)	-	(130,958)	(130,958)
Special events, net of direct cost to donors of \$525,527 (Note 2)	1,083,098	-	1,083,098
Miscellaneous income	212,059	-	212,059
Net assets released from restrictions (Notes 2 and 13)	10,527,790	(10,527,790)	-
<b>Total Revenue, Public Support, and Other Support</b>	<b>26,444,074</b>	<b>(9,972,352)</b>	<b>16,471,722</b>
<b>Expenses</b>			
Program services:			
ORT schools and grants	10,627,206	-	10,627,206
National activities	4,477,364	-	4,477,364
Communications and marketing	607,494	-	607,494
<b>Total Program Services</b>	<b>15,712,064</b>		<b>15,712,064</b>
Supporting services:			
Management and general	1,853,181	-	1,853,181
Fundraising	519,060	-	519,060
<b>Total Supporting Services</b>	<b>2,372,241</b>		<b>2,372,241</b>
<b>Total Expenses</b>	<b>18,084,305</b>	<b>-</b>	<b>18,084,305</b>
<b>Change in Net Assets</b>	<b>8,359,769</b>	<b>(9,972,352)</b>	<b>(1,612,583)</b>
<b>Re-Designation of Restricted Contribution (Note 2)</b>	<b>(7,940,000)</b>	<b>-</b>	<b>(7,940,000)</b>
<b>Change in Net Assets</b>	<b>419,769</b>	<b>(9,972,352)</b>	<b>(9,552,583)</b>
<b>Net Assets, beginning of year</b>	<b>6,371,524</b>	<b>19,515,001</b>	<b>25,886,525</b>
<b>Net Assets, end of year</b>	<b>\$ 6,791,293</b>	<b>\$ 9,542,649</b>	<b>\$ 16,333,942</b>

*See accompanying notes to financial statements.*

# ORT America, Inc.

## Statement of Activities

*Year ended December 31, 2022*

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Public Support, and Other Support</b>			
Contributions (Note 2)	\$ 8,351,947	\$ 124,250	\$ 8,476,197
Grant income (Note 2)	1,767,721	-	1,767,721
Membership dues (Note 2)	50,927	-	50,927
Legacies (Note 2)	7,454,251	-	7,454,251
Net investment loss (Note 5)	(557,307)	(1,091,737)	(1,649,044)
Income from real estate partnerships (Note 2)	2,232,956	-	2,232,956
Change in value of split-interest agreements (Note 12)	-	(146,112)	(146,112)
Special events, net of direct cost to donors of \$617,703 (Note 2)	1,342,537	-	1,342,537
Miscellaneous income	946,042	-	946,042
Net assets released from restrictions (Notes 2 and 13)	584,063	(584,063)	-
<b>Total Revenue, Public Support, and Other Support</b>	<b>22,173,137</b>	<b>(1,697,662)</b>	<b>20,475,475</b>
<b>Expenses</b>			
Program services:			
ORT schools and grants	11,611,180	-	11,611,180
National activities	4,305,272	-	4,305,272
Communications and marketing	649,825	-	649,825
<b>Total Program Services</b>	<b>16,566,277</b>		<b>16,566,277</b>
Supporting services:			
Management and general	1,735,059	-	1,735,059
Fundraising	565,746	-	565,746
<b>Total Supporting Services</b>	<b>2,300,805</b>		<b>2,300,805</b>
<b>Total Expenses</b>	<b>18,867,082</b>	<b>-</b>	<b>18,867,082</b>
<b>Change in Net Assets, before pension and other postretirement-related costs, other than net periodic costs</b>	<b>3,306,055</b>	<b>(1,697,662)</b>	<b>1,608,393</b>
<b>Pension and Other Postretirement-Related Costs, other than net periodic costs</b>	<b>(125,894)</b>	<b>-</b>	<b>(125,894)</b>
<b>Change in Net Assets</b>	<b>3,180,161</b>	<b>(1,697,662)</b>	<b>1,482,499</b>
<b>Net Assets, beginning of year</b>	<b>3,191,363</b>	<b>21,212,663</b>	<b>24,404,026</b>
<b>Net Assets, end of year</b>	<b>\$ 6,371,524</b>	<b>\$ 19,515,001</b>	<b>\$ 25,886,525</b>

*See accompanying notes to financial statements.*



**ORT America, Inc.**  
**Statement of Functional Expenses**

*Year ended December 31, 2023*

	Program Services				Supporting Services			Total
	ORT Schools and Grants	National Activities	Communications and Marketing	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 297,442	\$ 2,185,988	\$ 264,013	\$ 2,747,443	\$ 463,880	\$ 345,429	\$ 809,309	\$ 3,556,752
Payroll taxes and employee benefits	69,572	511,306	61,753	642,631	108,502	80,796	189,298	831,929
<b>Total Salaries and Related Expenses</b>	<b>367,014</b>	<b>2,697,294</b>	<b>325,766</b>	<b>3,390,074</b>	<b>572,382</b>	<b>426,225</b>	<b>998,607</b>	<b>4,388,681</b>
Custody account expense and filing fees	-	3,975	-	3,975	47,190	-	47,190	51,165
Telephone	1,220	27,546	1,078	29,844	2,184	1,128	3,312	33,156
Supplies	230	18,778	203	19,211	4,898	213	5,111	24,322
Printing and publications	24	33,566	61,987	95,577	1,056	22	1,078	96,655
Professional and consulting fees	11,455	152,232	101,419	265,106	64,411	10,586	74,997	340,103
Postage and shipping fees	161	10,782	54,458	65,401	592	149	741	66,142
Occupancy	39,147	478,911	34,588	552,646	70,047	36,174	106,221	658,867
Travel	-	45,290	12	45,302	15,972	6,081	22,053	67,355
Meetings, conferences, and events	1,754	198,870	2,516	203,140	52,351	11,890	64,241	267,381
Computer system and maintenance	8,391	80,628	7,414	96,433	15,014	7,754	22,768	119,201
Local regions and chapters-at-large	-	528,916	-	528,916	-	-	-	528,916
Insurance	5,114	46,363	4,518	55,995	9,150	4,725	13,875	69,870
Equipment lease expense	2,415	36,834	2,133	41,382	7,042	2,231	9,273	50,655
Legal fees	-	-	-	-	408,158	-	408,158	408,158
Depreciation and amortization	416	3,774	368	4,558	745	385	1,130	5,688
Miscellaneous expenses	12,445	113,605	11,034	137,084	31,156	11,497	42,653	179,737
Unrelated business income tax	-	-	-	-	550,833	-	550,833	550,833
	<b>82,772</b>	<b>1,780,070</b>	<b>281,728</b>	<b>2,144,570</b>	<b>1,280,799</b>	<b>92,835</b>	<b>1,373,634</b>	<b>3,518,204</b>
Overseas and domestic program grants	10,177,420	-	-	10,177,420	-	-	-	10,177,420
<b>Total Expenses</b>	<b>\$ 10,627,206</b>	<b>\$ 4,477,364</b>	<b>\$ 607,494</b>	<b>\$ 15,712,064</b>	<b>\$ 1,853,181</b>	<b>\$ 519,060</b>	<b>\$ 2,372,241</b>	<b>\$ 18,084,305</b>

*See accompanying notes to financial statements.*

**ORT America, Inc.**  
**Statement of Functional Expenses**

Year ended December 31, 2022

	Program Services				Supporting Services			Total
	ORT Schools and Grants	National Activities	Communications and Marketing	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 265,751	\$ 2,096,500	\$ 316,506	\$ 2,678,757	\$ 403,685	\$ 380,295	\$ 783,980	\$ 3,462,737
Payroll taxes and employee benefits	63,339	499,676	75,436	638,451	96,213	90,639	186,852	825,303
<b>Total Salaries and Related Expenses</b>	<b>329,090</b>	<b>2,596,176</b>	<b>391,942</b>	<b>3,317,208</b>	<b>499,898</b>	<b>470,934</b>	<b>970,832</b>	<b>4,288,040</b>
Custody account expense and filing fees	-	3,092	-	3,092	42,223	-	42,223	45,315
Telephone	975	27,284	1,394	29,653	1,908	1,301	3,209	32,862
Supplies	162	18,350	231	18,743	2,746	215	2,961	21,704
Printing and publications	34	31,708	48,956	80,698	1,771	45	1,816	82,514
Professional and consulting fees	9,221	174,727	69,371	253,319	28,544	12,298	40,842	294,161
Postage and shipping fees	269	8,923	49,879	59,071	1,069	359	1,428	60,499
Occupancy	33,084	463,690	47,310	544,084	64,741	44,124	108,865	652,949
Travel	-	38,668	961	39,629	16,194	-	16,194	55,823
Meetings, conferences, and events	1,159	187,744	2,336	191,239	35,178	1,546	36,724	227,963
Computer system and maintenance	8,719	93,960	12,468	115,147	17,062	11,629	28,691	143,838
Local regions and chapters-at-large	-	464,584	-	464,584	-	-	-	464,584
Insurance	4,260	42,840	6,092	53,192	8,337	5,682	14,019	67,211
Equipment lease expense	2,112	41,972	3,021	47,105	4,990	2,817	7,807	54,912
Legal fees	-	-	-	-	93,435	-	93,435	93,435
Doubtful accounts	-	-	-	-	87,337	-	87,337	87,337
Depreciation and amortization	318	3,198	455	3,971	622	424	1,046	5,017
Miscellaneous expenses	10,776	108,356	15,409	134,541	21,087	14,372	35,459	170,000
Unrelated business income tax	-	-	-	-	807,917	-	807,917	807,917
	71,089	1,709,096	257,883	2,038,068	1,235,161	94,812	1,329,973	3,368,041
Overseas and domestic program grants	11,211,001	-	-	11,211,001	-	-	-	11,211,001
<b>Total Expenses</b>	<b>\$ 11,611,180</b>	<b>\$ 4,305,272</b>	<b>\$ 649,825</b>	<b>\$ 16,566,277</b>	<b>\$ 1,735,059</b>	<b>\$ 565,746</b>	<b>\$ 2,300,805</b>	<b>\$ 18,867,082</b>

See accompanying notes to financial statements.

**ORT America, Inc.**  
**Statements of Cash Flows**

<i>Year ended December 31,</i>	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (9,552,583)	\$ 1,482,499
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,688	5,017
Net realized loss (gain) on investments	(16,622)	106,205
Net unrealized loss (gain) on investments	(1,068,606)	1,550,541
Net realized and unrealized gain on beneficial interests in perpetual trusts held by third parties	(150,752)	(155,984)
Change in value of split-interest agreements	(15,154)	(20,025)
Change in present value of contributions receivable	-	(12,430)
Change in accounting estimate - Write-off of receivable	7,940,000	-
Pension and other post-retirement benefits other than net periodic costs	-	125,894
Non-cash operating lease expense	421,366	413,361
Decrease (increase) in assets:		
Pledges receivables	435,917	702,581
Due to (from) affiliates	(73,380)	828,915
Prepaid expenses and other assets	27,297	(2,891)
Beneficial interests in perpetual trusts held by third parties	(98,329)	326,838
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	34,199	336,155
Accrued pension payable	(100,020)	(44,379)
Accrued postretirement benefit costs	(2,840)	(68,923)
Employees' severance payable	(18,843)	(18,842)
Grants payable, World ORT	133,752	1,023,205
Loans payable	-	(784,320)
Deferred rent payable	-	(198,275)
Principal reduction in operating lease liability	(443,221)	(223,098)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(2,542,131)</b>	<b>5,372,044</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(11,547,785)	(4,913,564)
Purchase of property and equipment	-	(773)
Proceeds from sale of investments	11,896,541	966,870
<b>Net Cash Used in Investing Activities</b>	<b>348,756</b>	<b>(3,947,467)</b>
<b>Cash Flows from Financing Activities</b>		
Split-interest agreement obligation payments	71,654	(125,737)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(2,121,721)</b>	<b>1,298,840</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>5,850,646</b>	<b>4,551,806</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 3,728,925</b>	<b>\$ 5,850,646</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Derecognition of deferred rent	\$ -	\$ (198,275)
Amount paid for taxes	550,833	807,917

*See accompanying notes to financial statements.*

# ORT America, Inc.

## Notes to Financial Statements

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### 1. Nature of Organization

ORT America, Inc. (ORT) was incorporated in New York in 1969. ORT comprises one of the largest nongovernmental education and training organizations in the world, raising funds for a network of ORT schools and programs in the United States and around the world. ORT's worldwide operations help more than 200,000 students and beneficiaries of the programs each year in Israel, Latin America, the former Soviet Union, and other countries. Since its founding in 1880, ORT's programs have been providing individuals with the ability to help themselves by launching successful careers in science, technology, and other disciplines.

ORT is funded primarily by contributions from the general public.

### 2. Summary of Significant Accounting Policies

#### *Basis of Accounting*

The financial statements of ORT have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

#### *Basis of Statement Presentation*

ORT's net assets and its support, revenue, and expenses are based on the existence or absence of donor-imposed restrictions. The amounts are classified in either of the two classes of net assets defined below and displayed in the statements of financial position, and the amounts of change in each of those classes of net assets are displayed in the statements of activities.

*Without Donor Restrictions* - This class consists of net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of ORT. Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donors or by law. Expenses are reported as decreases in net assets without donor restrictions. The net assets without donor restrictions are used to account for all resources over which the Board of Directors has discretionary control.

*With Donor Restrictions* - This class consists of net assets with donor restrictions whose use is limited by donor-imposed time and/or purpose restrictions. ORT reports gifts of cash and other assets as revenue 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—the net assets are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

*Net Assets with Donor Restrictions - Perpetual in Nature* - This class consists of net assets subject to donor-imposed stipulations that must be maintained permanently by ORT. Generally, the donor of these assets would permit ORT to use all or part of the income earned on any related investments for general or specific purposes. Consistent with the terms of the New York Prudent Management of Institutional Funds Act (NYPMIFA), those earnings will initially be classified as with donor restrictions in the accompanying statements of financial position, pending appropriation by the Board of Directors.

# ORT America, Inc.

## Notes to Financial Statements

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Income from investment gains and losses, including unrealized gains and losses, dividends, and interest, are reported as increases (decreases) in net assets without donor restrictions, unless the use of the income received is limited by donor-imposed restrictions.

### *Cash and Cash Equivalents*

Cash balances in banks are insured by the Federal Deposit Insurance Corporation subject to certain limitations. At times, these balances may exceed federally insured limits, and this potentially subjects ORT to a concentration of credit risk. For financial reporting purposes, ORT considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents, with the exception of cash that is managed as part of ORT's long-term investment strategy.

### *Investments and Investment Income*

Investments are reported at fair value based upon quoted market prices, except for the estimated fair value of the alternative investment, which, as a practical expedient, is based on the net asset value (NAV) or equivalent provided by the fund manager. The value is reviewed and evaluated by fund management and agrees with the valuation method and assumptions used in determining NAV or equivalent of this investment. The reported value may differ significantly from the value that would have been used had a ready market value for this investment existed. Investment income (expense) is reported in the statements of activities and consists of interest and dividend income and realized and unrealized gains and losses, less external and direct internal investment expenses.

### *Investment in Real Estate Partnerships*

ORT has an interest in two real estate partnerships, which is recognized on the cost basis of accounting. Income is recognized as additional cash or check is received from distribution of profit.

### *Revenue Recognition*

#### *Revenue from Contracts with Customers*

ORT recognizes revenue when, or as, performance obligations are satisfied associated with contracts with customers. Revenue is measured as the amount of consideration the ORT expects to receive in exchange for providing services. The primary sources of revenue from contracts with customers for ORT are membership dues and special events.

Revenue from contracts with customers is comprised of the following:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Special events	\$ 1,083,098	\$ 1,342,537
Membership dues	52,417	50,927
<b>Total Revenue from Contracts Subject to Accounting Standards Codification (ASC) 606</b>	<b>1,135,515</b>	<b>1,393,464</b>
<b>Total Revenue Not Subject to ASC 606</b>	<b>15,336,207</b>	<b>19,082,011</b>
<b>Total Revenue and Support</b>	<b>\$ 16,471,722</b>	<b>\$ 20,475,475</b>

# ORT America, Inc.

## Notes to Financial Statements

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### *Special Events*

ORT conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participants at the event. Revenue is recognized when events take place. Revenue from special events is reported at the amount that reflects the consideration to which ORT expects to be entitled in exchange for the direct cost of the benefits received by the attendees at the events.

### *Contributions and Grants*

Contributions and grants are recognized when a donor makes a promise to give to ORT and that promise is, in substance, unconditional. Conditional promises to give are recognized as contributions when substantially all conditions are met. Contributions received are measured at their fair value and reported as an increase in net assets at net realizable value. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved. Amortization of the discount is included in contributions revenue.

ORT provides for losses on the receivable using the allowance method, which is based on experience, collection history, and other circumstances that may affect the donor's ability to meet its obligations. It is the policy of ORT to charge off an uncollectible receivable when management determines that the receivable will not be collected.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Pledges primarily represent promises from individuals, while grants represent promises from foundations and other entities. Unconditional promises to give that are expected to be collected in the future years are recorded at fair value discounted with risk-adjusted rates.

### *Provision for Doubtful Accounts*

ORT uses the allowance method to determine uncollectible contributions receivable. Such allowance is based on management's assessment of the creditworthiness of its donors and the age of the receivables, as well as current economic conditions and historical information. ORT has determined that an additional allowance for uncollectible pledges receivable amounted to \$7,310 and \$1,610,000, respectively, as of December 31, 2023 and 2022.

### *Legacies*

Legacies are recorded as revenue at the time that an unassailable right to the gift has been established by the probate court and the proceeds are measurable in amount. The related legacies receivable are included in the statements of financial position as part of pledges receivable, net.

### *Re-Designation of Restricted Contribution*

Subsequent to year end, ORT received a court ruling that a bequest from a major donor, for which ORT was acting as a fiscal agent with variance power has been redesignated. This bequest was previously recorded as a contribution with donor restrictions. This change in accounting estimate resulted in a decrease in net assets as well as release from donor restriction of \$7,940,000 for the year ended December 31, 2023.

# ORT America, Inc.

## Notes to Financial Statements

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### *Property and Equipment, Net*

Property and equipment are stated at cost at the dates of acquisition or their fair values at the dates of donation. Improvements are capitalized while repair and maintenance costs are expensed when incurred. Furniture and equipment are depreciated on the straight-line method over their estimated economic useful lives of five years, while leasehold improvements are amortized over the shorter of the terms of the respective leases or the asset life.

### *Investment Risks*

ORT's investments are concentrated in marketable securities, including equities, money market funds, and corporate and government debt, as well as mutual funds that invest in various types of debt and equity securities. Such investments are subject to various risks, including liquidity, market, and credit risk. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of these investments, it is at least reasonably possible that changes in market conditions in the near term could materially affect the value of investments reported in the financial statements.

### *Fair Value Measurements*

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standard establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

*Level 1* - This level consists of quoted prices in active markets for identical assets or liabilities.

*Level 2* - This level consists of observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

*Level 3* - This level consists of unobservable inputs that are supported by little or no market activity and that are significant to the fair value of assets or liabilities.

The following discussion describes the valuation methodologies used for financial assets measured at fair value. The techniques utilized in estimating the fair values are affected by the assumptions used, including discount rates and estimates of the amount and timing of future cash flows. Care should be exercised in deriving conclusions about ORT's business, its value, or its financial position based on the fair value information of financial assets presented below.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire

# ORT America, Inc.

## Notes to Financial Statements

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holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

### ***Functional Allocation of Expenses***

The costs of providing ORT's programs and supporting services have been summarized on a functional basis and by natural classification in the statements of functional expenses. Some costs are directly charged to each service area as they are clearly identified as program services or supporting services. Indirect costs are allocated to the different programs and supporting service areas benefited based on annual employee time allocations and full-time equivalents that have been calculated and reviewed by management.

Program services are categorized as follows:

*ORT Schools and Grants* - These expenses are associated with remittances and expenses related to the different international and domestic schools and projects.

*National Activities* - These expenses are associated with the events and programs that generate awareness and funds to support the mission of ORT other than ORT schools and grants.

*Communications and Marketing* - This department works simultaneously with national activities and events. It takes care of all publications, promotions, and strategies in delivering and making known ORT's mission, programs, and activities.

Supporting services are categorized as follows:

*Management and General* - These expenses relate to oversight, management, and administration.

*Fundraising* - These expenses relate to business development and maintenance and engagement of donors of major gifts, planned giving, and community campaigns.

### ***Use of Estimates***

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

### ***Income Taxes***

ORT is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and is classified as a publicly supported organization, as described in Section 509(a).

ORT is subject to unrelated business income tax on certain revenue generated by investment activities, which are not considered to be a substantially related activity, at the applicable federal and state corporate tax rates. The unrelated business income tax amounted to \$550,833 and \$807,917, respectively, for the years ended December 31, 2023 and 2022 and is presented in the statements of functional expenses.



# ORT America, Inc.

## Notes to Financial Statements

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Under GAAP, an organization must recognize the financial statement effects of a tax position taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination. ORT does not believe it has taken any materially uncertain tax positions, and accordingly, it has not recorded any liability for unrecognized tax benefits. ORT has filed and received income tax exemptions in the jurisdictions where it is required to do so. For the years ended December 31, 2023 and 2022, there were no interest or penalties recorded or included in the statements of activities. ORT is subject to routine audits by a taxing authority. As of December 31, 2023 and 2022, ORT was not subject to any examination by a taxing authority.

### **Accounting Pronouncements Recently Adopted**

#### *Financial Instruments - Credit Losses (Topic 326)*

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new credit losses standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables; contract assets recognized as a result of applying ASC 606, *Revenue from Contracts with Customers*; loans; and certain other instruments, entities will be required to use new forward-looking expected-loss model that generally will result in earlier recognition of credit losses than under today's incurred loss model. ASU 2016-13 is effective for annual periods beginning after December 15, 2022. ORT adopted the ASU effective January 1, 2023 using the modified retrospective method for all financial assets measured at amortized cost and off-balance sheet credit exposures, which included loans held for investment and commitments to extend credit (loan commitments and stand-by letters of credit), respectively. ORT does not have any securities classified as held to maturity. Results for reporting periods beginning after January 1, 2023 are presented under ASC 326, *Credit Losses*, while prior-period amounts are reported in accordance with previously applicable GAAP. There was no material impact to ORT's financial statements as a result of adopting ASC 326 for the year ended December 31, 2023.

### **3. Liquidity and Availability of Resources**

Financial assets consist of ORT's cash and cash equivalents, investments, and the current portion of net pledges receivable. The following represents ORT's financial assets, reduced by an amount not available for general use within one year because of contractual or donor-imposed restrictions:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 3,728,925	\$ 5,850,646
Investments, at fair value	14,847,729	13,960,237
Pledges receivable, current portion	728,959	1,257,164
<b>Total Assets Available to Management</b>	<b>19,305,613</b>	<b>21,068,047</b>
Less: those unavailable for general expenditures within one year due to contractual, board, or donor-imposed restrictions	(7,558,311)	(9,781,280)
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<b>\$ 11,747,302</b>	<b>\$ 11,286,767</b>

# ORT America, Inc.

## Notes to Financial Statements

As part of ORT's liquidity management, ORT has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. The operating cash balance is monitored so as to not go below three months of the average personnel and operating requirements.

### 4. Pledges Receivable, Net

ORT received unconditional promises to give, restricted by time. Noncurrent contributions receivable have been discounted over the payment period using discount rates ranging from 2.5% to 3.6%. Outstanding pledges receivable are as follows:

#### *December 31, 2023*

	Legacy		Pledges		Total
Amounts due in:					
Less than one year	\$ 10,000	\$	718,959	\$	728,959
One to five years	-		181,198		181,198
	10,000		900,157		910,157
Less:					
Allowance for uncollectible contributions	-		(7,310)		(7,310)
Discount on multi-year pledges receivable	-		(5,000)		(5,000)
<b>Pledges Receivable, Net</b>	<b>\$ 10,000</b>	<b>\$</b>	<b>887,847</b>	<b>\$</b>	<b>897,847</b>

#### *December 31, 2022*

	Legacy		Pledges		Total
Amounts due in:					
Less than one year	\$ 107,864	\$	1,149,300	\$	1,257,164
One to five years	9,850,000		91,600		9,941,600
	9,957,864		1,240,900		11,198,764
Less:					
Allowance for uncollectible contributions	(1,605,000)		(5,000)		(1,610,000)
Discount on multi-year pledges receivable	(310,000)		(5,000)		(315,000)
<b>Pledges Receivable, Net</b>	<b>\$ 8,042,864</b>	<b>\$</b>	<b>1,230,900</b>	<b>\$</b>	<b>9,273,764</b>

# ORT America, Inc.

## Notes to Financial Statements

### 5. Investments, at Fair Value (Including Beneficial Interests in Perpetual Trusts Held by Third Parties)

Investments, at fair value (including beneficial interests in perpetual trusts held by third parties) consist of the following:

<i>December 31,</i>	2023	2022
Money market funds	\$ 1,455,158	\$ 806,375
Marketable equity securities	8,460,924	7,416,316
Mutual funds	585,290	993,379
Bonds	792,426	673,415
Treasury bonds	3,854,139	4,686,991
Pooled investment funds	203,426	750,232
Alternative investment	258,624	-
Fixed income	357,430	-
Trust fund	332,461	-
State of Israel bonds	33,800	21,036
Investment in life insurance contract	6,714	6,827
<b>Total Investments, at fair value</b>	<b>\$ 16,340,392</b>	<b>\$ 15,354,571</b>

Net investment income (loss) consists of the following:

<i>Year ended December 31,</i>	2023	2022
Interest, dividends, and changes in annuity values	\$ 338,389	\$ 201,645
Realized gain (loss)	65,050	(106,205)
Unrealized gain (loss)	1,170,930	(1,681,932)
Insurance royalties	1,668	1,402
Management fees	(66,779)	(63,954)
	<b>\$ 1,509,258</b>	<b>\$ (1,649,044)</b>

ORT is the named income beneficiary in multiple perpetual trusts, the corpus of which is not controlled by management of ORT. Under these arrangements, ORT has the irrevocable right to receive all or a portion of the income received on the underlying assets held in perpetuity. Accordingly, contribution revenue and related assets are recognized at fair value in the period in which ORT receives notice that the trust agreements convey an unconditional right to receive benefits. Income from the perpetual trusts is unrestricted.

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# ORT America, Inc.

## Notes to Financial Statements

### 6. Investments, at Fair Value

The following tables set forth, by level within the fair value hierarchy, ORT's investments at fair value:

***December 31, 2023***

	Fair Value Measurement at Reporting Date Using			Total
	Level 1	Level 2	Level 3	
Money market funds	\$ 1,455,158	\$ -	\$ -	\$ 1,455,158
Bonds:				
Corporate	13,204	392,161	-	405,365
Government agency	-	387,061	-	387,061
	13,204	779,222	-	792,426
Marketable equity securities:				
Exchange-traded funds	8,274,644	-	-	8,274,644
Common stock	111,089	-	-	111,089
International equities	75,191	-	-	75,191
	8,460,924	-	-	8,460,924
Mutual funds:				
Fixed income	585,290	-	-	585,290
Pooled investment funds	-	33,294	170,132	203,426
Alternative investment	-	258,624	-	258,624
Fixed income	245,284	112,146	-	357,430
Trust fund	38,489	293,972	-	332,461
Treasury bonds	-	3,854,139	-	3,854,139
State of Israel bonds	-	33,800	-	33,800
Investment in life insurance contract	-	-	6,714	6,714
<b>Total Investments, at fair value</b>	<b>\$ 10,798,349</b>	<b>\$ 5,365,197</b>	<b>\$ 176,846</b>	<b>\$ 16,340,392</b>

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# ORT America, Inc.

## Notes to Financial Statements

December 31, 2022

	Fair Value Measurement at Reporting Date Using			Total
	Level 1	Level 2	Level 3	
Money market funds	\$ 806,375	\$ -	\$ -	\$ 806,375
Bonds:				
Corporate	12,234	330,341	-	342,575
Government agency	-	330,840	-	330,840
	12,234	661,181	-	673,415
Marketable equity securities:				
Exchange-traded funds	7,259,651	-	-	7,259,651
Common stock	108,908	-	-	108,908
International equities	47,757	-	-	47,757
	7,416,316	-	-	7,416,316
Mutual funds:				
Fixed income	993,379	-	-	993,379
Pooled investment funds	-	591,877	158,355	750,232
Treasury bonds	-	4,686,991	-	4,686,991
State of Israel bonds	-	21,036	-	21,036
Investment in life insurance contract	-	-	6,827	6,827
<b>Total Investments, at fair value</b>	<b>\$ 9,228,304</b>	<b>\$ 5,961,085</b>	<b>\$ 165,182</b>	<b>\$ 15,354,571</b>

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. ORT'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 ORT to measure different financial instruments at fair value and the level within the fair value hierarchy in which the financial instrument is categorized.

The following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2023 and 2022:

- Marketable equity securities, mutual funds, and money market funds listed on a national securities exchange are stated at the last reported sales or trade price on the day of valuation and are classified as Level 1 in the fair value hierarchy.
- The fair value of bonds is based on the last reported bid price provided by broker-dealers and is classified as Level 2 in the fair value hierarchy.
- The fair value of the life insurance contract is based on anticipated cash inflow and other significant unobservable inputs and is classified as Level 3 in the fair value hierarchy.
- Investments in pooled investment funds are valued at fair value based on the applicable percentage ownership of the investment funds' net assets as of the measurement date, as

# ORT America, Inc.

## Notes to Financial Statements

reported to ORT by the fund. In determining the fair value, ORT utilizes, as a practical expedient, the NAV provided by the fund manager (NAV of funds). The majority of investment funds value securities and other financial instruments on a fair value basis of accounting. 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 fund manager 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 value that would have been used had a ready market existed for these investments. The fair value of ORT's investment pool generally represents the amount that ORT would expect to receive if it were to liquidate its investment in the investment pool, excluding any redemption charges that may apply.

- ORT categorized its investments in investment pools in the United Jewish Endowment Fund as a Level 2 fair value measurement because there may be a variety of circumstances in which the United Jewish Endowment Fund, in its discretion, may delay the remittance of funds to ORT after a withdrawal written notice is received from ORT. There is a possibility that ORT would not be able to redeem its investments within 90 days from the date of the redemption request.

The following tables present the reconciliation for Level 3 assets and liabilities measured at fair value:

### *Year ended December 31, 2023*

	Investment in Life Insurance Contract	Pooled Investment Funds
<b>Balance</b> , beginning of year	\$ 6,827	\$ 158,355
Net realized gain	-	21,852
Net unrealized loss	-	(190)
Investment fees	-	(1,440)
Withdrawal of investments	(113)	(8,445)
<b>Balance</b> , end of year	\$ 6,714	\$ 170,132

### *Year ended December 31, 2022*

	Investment in Life Insurance Contract	Pooled Investment Funds
<b>Balance</b> , beginning of year	\$ 6,914	\$ 192,086
Net realized loss	-	(24,035)
Net unrealized gain	-	162
Investment fees	-	(1,418)
Withdrawal of investments	(87)	(8,440)
<b>Balance</b> , end of year	\$ 6,827	\$ 158,355

Management examines all available information regarding the fair value of the individual assets in determining the appropriate level classification of the assets.

# ORT America, Inc.

## Notes to Financial Statements

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### 7. Property and Equipment, Net

Property and equipment consist of the following:

<i>December 31,</i>	<b>2023</b>		<b>2022</b>	
Leasehold improvements	\$	<b>50,973</b>	\$	50,973
Furniture and equipment		<b>130,698</b>		130,698
Property and equipment of branches, net		-		269
		<b>181,671</b>		181,940
Less: accumulated depreciation and amortization		<b>(170,265)</b>		(164,578)
	\$	<b>11,406</b>	\$	17,362

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Depreciation and amortization expense was \$5,688 and \$5,017, respectively, for the years ended December 31, 2023 and 2022 and is presented in the statements of functional expenses.

### 8. Operating Lease

As detailed in Note 2, ORT adopted ASU 2016-02, *Accounting for Leases (Topic 842)*, effective January 1, 2022. ORT leases certain office space and property and equipment under operating leases. Leases are classified as either finance or operating leases based on the underlying terms of the agreement and certain criteria, such as the term of the lease relative to the useful life of the asset and the total lease payments to be made as compared to the fair value of the asset, amongst other criteria. Finance leases result in an accounting treatment similar to an acquisition of the asset.

For leases with initial terms greater than a year (or initially, greater than one year remaining under the lease at the date of adoption of ASU 2016-02), ORT records the related right-of-use assets and liabilities at the present value of the lease payments to be paid over the life of the related lease. ORT's leases may include variable lease payments and renewal options. Variable lease payments are excluded from the amounts used to determine the right-of-use assets and liabilities unless the variable lease payments depend on an index or rate or are, in substance, fixed payments. Lease payments related to periods subject to renewal options are also excluded from the amounts used to determine the right-of-use assets and liabilities unless ORT is reasonably certain to exercise the option to extend the lease. The present value of lease payments is calculated by utilizing the rate stated in the lease, when readily determinable. For leases for which this rate is not readily available, ORT has elected to use a risk-free discount rate determined using a period comparable with that of the lease term. ORT has made an accounting policy election not to separate lease components from non-lease components in contracts when determining its lease payments for all of its asset classes, as permitted by ASU 2016 02. As such, ORT accounts for the applicable non-lease components together with the related lease components when determining the right-of-use assets and liabilities.

ORT has made an accounting policy election not to record leases with an initial term of less than a year as right-of-use assets and liabilities.

**ORT America, Inc.**  
**Notes to Financial Statements**

The following table summarizes information related to the lease assets and liabilities:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Right-of-use assets and liabilities:		
Right-of-use asset, operating lease	\$ 1,322,620	\$ 1,657,260
Operating lease liability:		
Current lease liability <sup>(1)</sup>	\$ 412,081	\$ 387,885
Long-term operating lease liability	1,078,947	1,459,638
<b>Total Right-of-Use Operating Lease Liability</b>	<b>\$ 1,491,028</b>	<b>\$ 1,847,523</b>

<sup>(1)</sup> Current lease liability is included in accounts payable and accrued expenses on the consolidated statements of financial position.

<i>Year ended December 31,</i>	<b>2023</b>	<b>2022</b>
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 443,221	\$ 349,496
Weighted-average remaining lease term - operating leases (years)		
	3.35	3.35
Weighted-average discount rate - operating leases (%)		
	3.50	3.50

For operating leases, right-of-use assets and lease liabilities are recorded in operating lease liabilities in the accompanying consolidated statements of financial position.

***Operating Leases***

The following table reconciles the undiscounted operating lease payments to the lease liabilities recorded on the accompanying consolidated statements of financial position at December 31, 2023:

<i>Year ending December 31,</i>		
2024	\$	456,445
2025		469,049
2026		482,001
2027		171,839
Thereafter		-
<b>Total Lease Payments</b>		<b>1,579,334</b>
Less: imputed interest		(88,306)
<b>Total Operating Lease Liabilities</b>	<b>\$</b>	<b>1,491,028</b>



# ORT America, Inc.

## Notes to Financial Statements

### 9. Accrued Pension Payable

ORT administers three pension plans:

*Employee Pension Plan - American ORT, Inc. and Affiliated Organizations* - The former employees of American ORT, Inc. (AOI) are covered by the Employee Pension Plan of American ORT, Inc. The plan was frozen as a result of the cessation of benefit accruals effective August 31, 2006.

*Defined Contribution Pension Plan* - ORT established a defined contribution pension plan covering substantially all of its employees. Pension expense under this plan was \$113,184 and \$119,417, respectively, for the years ended December 31, 2023 and 2022.

The following tables summarize the benefit obligation, fair value of assets, and the funded status:

#### *Year ended December 31, 2023*

	AOI
Benefit obligation	\$ (10,920,027)
Fair value of plan assets	10,252,155
<b>Funded Status, end of year</b>	<b>\$ (667,872)</b>
Amounts recognized as liabilities in the statement of financial position	\$ (667,872)
Amounts recognized as cumulative changes in pension other than net periodic costs:	
Net loss	\$ (5,553,275)
Cumulative employer contributions in excess of net periodic benefit cost	4,885,403
<b>Net Amount Recognized</b>	<b>\$ (667,872)</b>
Components of net periodic benefit costs:	
Interest cost	\$ 526,789
Expected return on assets	(338,395)
Amortization of net loss	304,598
<b>Net Periodic Benefit Cost</b>	<b>\$ 492,992</b>

# ORT America, Inc.

## Notes to Financial Statements

*Year ended December 31, 2022*

	AOI
Benefit obligation	\$ (11,220,785)
Fair value of plan assets	10,452,893
<b>Funded Status, end of year</b>	<b>\$ (767,892)</b>
Amounts recognized as liabilities in the statement of financial position	\$ (767,892)
Amounts recognized as cumulative changes in pension other than net periodic costs:	
Net loss	\$ (6,146,287)
Cumulative employer contributions in excess of net periodic benefit cost	5,378,395
<b>Net Amount Recognized</b>	<b>\$ (767,892)</b>
Components of net periodic benefit costs:	
Interest cost	\$ 344,623
Expected return on assets	(402,267)
Amortization of net loss	277,389
<b>Net Periodic Benefit Cost</b>	<b>\$ 219,745</b>

Changes in pension costs other than net periodic costs are as follows:

*December 31, 2023*

	AOI
Net loss	\$ (288,414)
Amortization of net loss	(304,598)
<b>Net Other Than Periodic Benefits</b>	<b>\$ (593,012)</b>
Accumulated benefit obligation	\$ 10,920,027
Benefits paid	915,585

*December 31, 2022*

	AOI
Net gain	\$ 236,435
Amortization of net loss	(277,389)
<b>Net Other Than Periodic Benefits</b>	<b>\$ (40,954)</b>
Accumulated benefit obligation	\$ 11,220,785
Employer contributions	97,276
Benefits paid	956,872

**ORT America, Inc.**  
**Notes to Financial Statements**

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Weighted-average assumptions to determine benefit obligations:

***December 31, 2023***

	AOI (%)
Discount rate	4.80
Rate of compensation increase	N/A

***December 31, 2022***

	AOI (%)
Discount rate	5.00
Rate of compensation increase	N/A

Weighted-average assumptions to determine net periodic cost are as follows:

***December 31, 2023***

	AOI (%)
Discount rate	5.00
Expected return on plan assets	5.00
Rate of compensation increase	N/A

***December 31, 2022***

	AOI (%)
Discount rate	2.50
Expected return on plan assets	4.50
Rate of compensation increase	N/A

Benefit payments, which reflect the expected future service, as appropriate, are expected to be paid as follows:

***Year ending December 31,***

	AOI
2024	\$ 1,190,000
2025	1,050,000
2026	1,020,000
2027	990,000
2028	940,000
2029-2033	4,080,000

ORT expects to contribute \$0 for AOI in 2024 and 2023.

# ORT America, Inc.

## Notes to Financial Statements

The fair value of the plans' investments by asset category is as follows:

### *December 31, 2023*

	Fair Value Using Quoted Prices in Active Markets for Identical Assets	
	AOI	
	Amount	%
Mutual funds:		
Small cap	\$ 114,760	1
Large value	1,321,273	13
International	622,544	6
Fixed income	8,193,578	80
	\$ 10,252,155	100

### *December 31, 2022*

	Fair Value Using Quoted Prices in Active Markets for Identical Assets	
	AOI	
	Amount	%
Mutual funds:		
Small cap	\$ 173,507	2
Large value	1,993,999	19
International	991,263	9
Fixed income	7,294,124	70
	\$ 10,452,893	100

The plans' investment policies are designed to ensure adequate plan assets are available to provide future payments of pension benefits to eligible participants. Taking into account the expected long-term rate of return on plan assets, plan managers, with advice from the Pension Committee of the Board of Directors, formulate an investment portfolio composed of a combination of equity and debt securities.

The WAO and AOI plans consist of \$0 and \$10,252,156, respectively, of Level 1 investments. The WAO Pension Plan merged with AOI as of December 31, 2022.

## 10. Postretirement Benefit Costs

ORT has accrued for postretirement benefit costs of former AOI employees. Former AOI employees have a contributory postretirement medical and life insurance benefit plan, which covers specified nonunion employees, and their spouses and dependents, who retire after the attainment of age 60 with 15 or more years of service.

# ORT America, Inc.

## Notes to Financial Statements

The following table sets forth the plan's combined unfunded status and amounts recognized in the statements of financial position:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Benefit obligation	\$ (283,796)	\$ (286,743)
Fair value of plan assets	-	-
<b>Funded Status, end of year</b>	<b>\$ (283,796)</b>	<b>\$ (286,743)</b>
Amounts recognized as liabilities in the statements of financial position	\$ (283,796)	\$ (286,743)
Components of net periodic benefit cost:		
Interest cost	\$ 13,340	\$ 8,094
Amortization of transition obligation	-	2,817
Amortization of actuarial gain	(6,992)	-
<b>Net Periodic Benefit Cost</b>	<b>\$ 6,348</b>	<b>\$ 10,911</b>
Changes in pension costs other than net periodic costs:		
Actuarial gain	\$ (327)	\$ (60,991)
Amortization of transition obligation	-	(2,817)
Amortization of actuarial gain	6,992	-
<b>Net Other Than Periodic Benefit</b>	<b>\$ 6,665</b>	<b>\$ (63,808)</b>
Employer contributions	\$ 15,960	\$ 15,919
Benefits paid	(15,960)	(15,919)

Weighted-average assumptions to determine benefit obligations are as follows:

<i>December 31,</i>	<b>2023 (%)</b>	<b>2022 (%)</b>
Discount rate	4.71	4.95

Weighted-average assumptions to determine net periodic benefit cost are as follows:

<i>Year ended December 31,</i>	<b>2023 (%)</b>	<b>2022 (%)</b>
Discount rate	4.95	2.39

Benefit payments, which reflect the expected future service, as appropriate, are expected to be paid as follows:

<i>Year ending December 31,</i>	
2024	\$ 35,300
2025	32,800
2026	30,600
2027	28,500
2028	26,600
2029-2033	107,900

# ORT America, Inc.

## Notes to Financial Statements

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ORT expects to contribute \$35,300 to the plan in 2024 and \$34,500 in 2023, respectively.

### 11. Employees' Severance Payable

ORT has accrued the present value of severance pay for former AOI employees, which provides for a maximum of 24 months for nonunion employees based upon the current year's salary. On March 31, 2004, AOI froze severance benefits for employees. The severance liability as of December 31, 2023 and 2022 was \$56,526 and \$75,369, respectively.

### 12. Split-Interest Agreements Obligations

ORT has numerous split-interest agreements that include charitable remainder trusts and gift annuities where ORT serves as trustee for the benefit of the individual beneficiaries. Under these agreements, ORT controls the donated assets and distributes to the donor or the donor's designee the income generated from those assets or set payments as stated in the agreements.

At the time of the gift, and adjusted annually, ORT records contribution revenue and a liability for amounts payable to beneficiaries using an actuarial calculation based on estimated mortality rates and other assumptions. Gains and 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 statements of activities. The discount rate used in the calculation is 120% of the Applicable Federal Midterm Rate, rounded to the nearest 0.2% based on the commencement date of each annuity.

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

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Statements of activities:		
Change in value of split-interest agreements	\$ (130,958)	\$ (146,112)
Statements of financial position:		
Investments		
Liabilities under split-interest agreements	<b>1,457,133</b>	<b>1,400,633</b>

Management has determined the asset balance at December 31, 2023 and 2022 exceeded the reserve requirements of the New York State Insurance Commission, as well as the reserve requirements of the relevant regulatory bodies in all other states that require a reserve fund and in which ORT issues gift annuities. Reserves are included in liabilities under split-interest agreement obligations on the accompanying statements of financial position.

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# ORT America, Inc.

## Notes to Financial Statements

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### 13. Net Assets

#### *With Donor Restrictions*

Net assets with donor restrictions are restricted for the following time and purpose:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Donor-imposed time and purpose restrictions	\$ 4,385,610	\$ 9,555,922
Subject to appropriation and satisfaction of donor restrictions	7,809,328	4,761,368
Restricted in perpetuity	5,197,711	5,197,711
<b>Sub-Total</b>	<b>17,392,649</b>	<b>9,555,922</b>
Less: re-designation of restricted contribution	(7,940,000)	-
<b>Total</b>	<b>\$ 9,452,649</b>	<b>\$ 19,515,001</b>

During the years ended December 31, 2023 and 2022, net assets with donor restrictions in the amount of \$10,527,790 and \$584,063, respectively, were released from restrictions by satisfying the restricted purposes for education.

#### *Without Donor Restrictions*

Net assets without donor restrictions are as follows:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Board-designated net assets	\$ 1,874,517	\$ 825,604
Undesignated	4,916,776	5,545,920
	<b>\$ 6,791,293</b>	<b>\$ 6,371,524</b>

### 14. Endowment and Board-Designated Funds

*The Endowment* - ORT's endowment consists of approximately 24 individual special-purpose funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions or Board-designated net assets.

*Interpretation of Relevant Law* - NYPMIFA became law in September 2010. The Board of Directors will continue to adhere to NYPMIFA's requirement relating to ORT seeking to maintain the purchasing power of the endowment.

*Return Objectives and Risk Parameters* - ORT has adopted investment and spending policies for endowment and Board-designated assets that attempt to provide a relatively predictable stream of funding to programs supported by its endowment while seeking to maintain the long-term, real purchasing power of endowment assets. Endowment assets include those assets of donor-restricted funds that ORT must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve a balanced return of current income and modest growth of principal, consistent with preservation of the purchasing power of the funds after satisfying any liquidity needs and expenses.

# ORT America, Inc.

## Notes to Financial Statements

*Strategies Employed for Achieving Objectives* - To satisfy its long-term rate-of-return objectives, ORT 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). ORT targets a diversified asset allocation that places a greater emphasis on equity-based investments specific to each investment pool to achieve its long-term return objectives within prudent risk constraints. Returns are compared to a blended benchmark for the overall portfolio and category-specific benchmarks corresponding to investment strategies used.

*Spending Policy and How Investment Objectives Relate to Spending Policy* - Expenditures from the Board-designated net assets are released as approved by ORT's Board of Directors. The earnings on the net assets held in perpetuity are released from restricted funds and are used in accordance with donor stipulations, as described in Note 13.

ORT's endowment net assets had the following activity:

	Without Donor Restrictions (Board- Designated)	With Donor Restrictions	Total
<b>Endowment Net Assets, January 1, 2022</b>	\$ 1,025,860	\$ 13,361,459	\$ 14,387,319
Investment return:			
Investment income	10,991	97,982	108,973
Investment fee	(2,604)	(23,218)	(25,822)
Net change in asset value (realized and unrealized)	(73,702)	(657,035)	(730,737)
<b>Total Investment Return</b>	(65,315)	(582,271)	(647,586)
Contributions	76,187	54,250	130,437
Appropriation of endowment assets for expenditure	(211,128)	(125,316)	(336,444)
<b>Changes in Net Assets</b>	(200,256)	(653,337)	(853,593)
<b>Endowment Net Assets, December 31, 2022</b>	825,604	12,708,122	13,533,726
Investment return:			
Investment income	33,415	153,553	186,968
Investment fee	(6,062)	(27,004)	(33,066)
Net change in asset value (realized and unrealized)	396,249	343,497	739,746
<b>Total Investment Return</b>	423,602	470,046	893,648
Contributions	634,901	53,138	688,039
Appropriation of endowment assets for expenditure	(9,590)	(224,266)	(233,856)
<b>Changes in Net Assets</b>	1,048,913	298,918	1,347,831
<b>Endowment Net Assets, December 31, 2023</b>	\$ 1,874,517	\$ 13,007,040	\$ 14,881,557



# ORT America, Inc.

## Notes to Financial Statements

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### 15. Grants Payable - World ORT

As of December 31, 2023 and 2022, ORT has received \$1,987,500 and \$1,853,748, respectively, in contributions that are restricted to World ORT. Amounts received that are restricted to World ORT are deemed a commitment and paid to World ORT.

### 16. Related Party Transactions

On October 10, 2011, ORT and Women's American ORT Foundation (WAOF) entered into an exclusive license agreement as part of the trademark assignment and option agreement entered into by both parties on the same day. WAOF granted ORT the rights to continue to use the "ORT" trademark in its daily activities in exchange for a license fee. ORT is to pay WAOF a 3% royalty fee based on all gross donations received by ORT in the United States of America, with the annual royalty fee not to exceed \$170,000 and not to be less than \$84,000. The term of the license agreement is for 99 years, unless terminated earlier by either party as stipulated in the agreement. ORT recognized \$170,000 of royalty fees for the years ended December 31, 2023 and 2022.

ORT charges WAOF for its share in certain audit and accounting services. For the years ended December 31, 2023 and 2022, WAOF's allocated share is \$13,000 and \$16,000, respectively. As of December 31, 2023 and 2022, ORT had due to its affiliate, WAOF, \$78,182 and \$229,974, respectively.

ORT received \$167,139 and \$282,722, respectively, in contributions from WAOF for the years ended December 31, 2023 and 2022.

As of December 31, 2023 and 2022, ORT had due from its World ORT affiliate \$217,257 and \$295,669, respectively, in relation to reimbursements for settlements and other operational costs.

### 17. Commitments

#### *Litigation*

Various lawsuits against ORT may arise in the ordinary course of business. Contingent liabilities arising from such litigation and other matters are not expected to be material in relation to the financial position of ORT.

### 18. Subsequent Events

ORT has evaluated events and transactions occurring subsequent to December 31, 2023 for items that could potentially be recognized or disclosed in these financial statements. This evaluation was conducted through July 19, 2024, the date these financial statements were available to be issued.