

Salzburg Global Seminar, Inc. and Subsidiaries

**Consolidated Financial Statements
and Independent Auditor's Report**

December 31, 2024 and 2023



Salzburg Global Seminar, Inc. and Subsidiaries

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Independent Auditor's Report

To the Board of Directors
Salzburg Global Seminar, Inc. and Subsidiaries

Opinion

We have audited the consolidated financial statements of Salzburg Global Seminar, Inc. and Subsidiaries (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Salzburg Global Seminar, Inc. and its subsidiaries as of December 31, 2024 and 2023, and the change in their net assets and their 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 the Organization, 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the consolidated 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 audits.



Bethesda, Maryland
June 27, 2025

Salzburg Global Seminar, Inc. and Subsidiaries

**Consolidated Statements of Financial Position
December 31, 2024 and 2023**

Assets

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,314,636	\$ 4,469,019
Accounts receivable	1,079,989	1,467,062
Subsidy receivables	-	332,265
Pledges receivable, net of discount	2,077,743	2,765,880
Investments (\$11,174,940 and \$11,235,770 pledged as collateral for loans as of December 31, 2024 and 2023, respectively)	25,581,783	20,081,415
Other assets	239,525	207,318
Operating leases right-of-use assets, net	188,393	20,692
Property and equipment, net	<u>5,880,992</u>	<u>5,480,323</u>
Total assets	<u>\$ 37,363,061</u>	<u>\$ 34,823,974</u>

Liabilities and Net Assets

Liabilities		
Accounts payable and accrued liabilities	\$ 2,443,168	\$ 2,048,743
Deferred revenue	293,826	334,502
Refundable advances	471,304	406,181
Operating leases liabilities	182,119	20,692
Line of credit	1,855,580	1,847,609
Bank overdraft facilities	4,216,702	4,312,586
Notes payable, net	<u>3,454,775</u>	<u>4,340,121</u>
Total liabilities	<u>12,917,474</u>	<u>13,310,434</u>
Net assets (deficit)		
Without donor restrictions	(4,484,346)	(4,895,708)
With donor restrictions	<u>28,929,933</u>	<u>26,409,248</u>
Total net assets	<u>24,445,587</u>	<u>21,513,540</u>
Total liabilities and net assets	<u>\$ 37,363,061</u>	<u>\$ 34,823,974</u>

See Notes to Consolidated Financial Statements.

Salzburg Global Seminar, Inc. and Subsidiaries

Consolidated Statement of Activities and Change in Net Assets
Year Ended December 31, 2024
(With Comparative Totals for Year Ended December 31, 2023)

	Without donor restrictions	With donor restrictions	2024	2023
Revenues				
Individual	\$ 1,192,810	\$ 3,210,673	\$ 4,403,483	\$ 5,762,287
Corporate	1,500	-	1,500	36,075
Foundation	3,322,175	1,349,608	4,671,783	4,335,919
Government	-	-	-	301,313
Participant funded tuition	544,369	-	544,369	388,786
Hotel	5,257,742	-	5,257,742	4,434,330
Investment return, net	474,634	1,393,338	1,867,972	1,972,144
Government subsidies	107,443	-	107,443	312,284
Contributions of nonfinancial assets	2,259	-	2,259	7,693
Other income	187,328	-	187,328	160,958
Net assets released from restriction	3,432,934	(3,432,934)	-	-
Total revenues	14,523,194	2,520,685	17,043,879	17,711,789
Expenses				
Educational programs and projects	6,016,643	-	6,016,643	5,865,020
Hotel	5,365,238	-	5,365,238	5,036,564
Management and general	2,162,567	-	2,162,567	1,878,298
Fundraising and reporting	360,298	-	360,298	215,776
Total expenses	13,904,746	-	13,904,746	12,995,658
Change in net assets before other loss and adjustments	618,448	2,520,685	3,139,133	4,716,131
Other loss				
Net foreign currency transaction loss	(2,487,766)	-	(2,487,766)	(1,434,235)
Change in net assets before other adjustments	(1,869,318)	2,520,685	651,367	3,281,896
Foreign currency translation adjustments	2,280,680	-	2,280,680	1,449,980
Change in net assets	411,362	2,520,685	2,932,047	4,731,876
Net assets (deficit) at beginning	(4,895,708)	26,409,248	21,513,540	16,781,664
Net assets (deficit) at end	\$ (4,484,346)	\$ 28,929,933	\$ 24,445,587	\$ 21,513,540

See Notes to Consolidated Financial Statements.

Salzburg Global Seminar, Inc. and Subsidiaries

**Consolidated Statement of Activities and Change in Net Assets
Year Ended December 31, 2023**

	Without donor restrictions	With donor restrictions	2023
Revenues			
Individual	\$ 1,329,776	\$ 4,432,511	\$ 5,762,287
Corporate	36,075	-	36,075
Foundation	3,362,151	973,768	4,335,919
Government	301,313	-	301,313
Participant funded tuition	388,786	-	388,786
Hotel	4,434,330	-	4,434,330
Investment return, net	629,142	1,343,002	1,972,144
Government subsidies	312,284	-	312,284
Contributions of nonfinancial assets	7,693	-	7,693
Other income	160,958	-	160,958
Net assets released from restriction	3,378,883	(3,378,883)	-
Total revenues	14,341,391	3,370,398	17,711,789
Expenses			
Educational programs and projects	5,865,020	-	5,865,020
Hotel	5,036,564	-	5,036,564
Management and general	1,878,298	-	1,878,298
Fundraising and reporting	215,776	-	215,776
Total expenses	12,995,658	-	12,995,658
Change in net assets before other loss and adjustments	1,345,733	3,370,398	4,716,131
Other loss			
Net foreign currency transaction loss	(1,434,235)	-	(1,434,235)
Change in net assets before other adjustments	(88,502)	3,370,398	3,281,896
Foreign currency translation adjustments	1,449,980	-	1,449,980
Change in net assets	1,361,478	3,370,398	4,731,876
Net assets (deficit) at beginning	(6,257,186)	23,038,850	16,781,664
Net assets (deficit) at end	\$ (4,895,708)	\$ 26,409,248	\$ 21,513,540

See Notes to Consolidated Financial Statements.

Salzburg Global Seminar, Inc. and Subsidiaries

**Consolidated Statement of Functional Expenses
Year Ended December 31, 2024
(With Comparative Totals for Year Ended December 31, 2023)**

	<u>Educational programs and project</u>	<u>Hotel</u>	<u>Management and general</u>	<u>Fundraising and reporting</u>	<u>Total</u>	<u>2023 Total</u>
Expenses						
Wages and benefits	\$ 2,562,594	\$ 3,204,169	\$ 490,543	\$ 257,771	\$ 6,515,077	\$ 5,916,526
Food, beverage and household	1,113,298	162,008	-	-	1,275,306	1,095,715
Maintenance and utilities	134,138	502,228	-	-	636,366	809,992
Professional fees	825,802	179,259	497,665	5,062	1,507,788	1,464,348
Travel and meetings	977,165	40,923	200,672	59,530	1,278,290	1,217,659
Miscellaneous	74,363	612,446	202,471	1,317	890,597	846,373
Depreciation	-	362,003	128,603	-	490,606	409,343
Interest and bank fee	-	159,437	467,646	-	627,083	604,141
Office	329,283	110,974	80,381	36,618	557,256	496,509
Property taxes and other taxes	-	31,791	94,586	-	126,377	135,052
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 6,016,643</u>	<u>\$ 5,365,238</u>	<u>\$ 2,162,567</u>	<u>\$ 360,298</u>	<u>\$ 13,904,746</u>	<u>\$ 12,995,658</u>

See Notes to Consolidated Financial Statements.

Salzburg Global Seminar, Inc. and Subsidiaries

**Consolidated Statement of Functional Expenses
Year Ended December 31, 2023**

	<u>Educational programs and project</u>	<u>Hotel</u>	<u>Management and general</u>	<u>Fundraising and reporting</u>	<u>Total</u>
Expenses					
Wages and benefits	\$ 2,592,285	\$ 2,818,243	\$ 338,185	\$ 167,813	\$ 5,916,526
Food, beverage and household	978,296	117,419	-	-	1,095,715
Maintenance and utilities	115,404	694,588	-	-	809,992
Professional fees	762,128	159,336	538,742	4,142	1,464,348
Travel and meetings	1,014,161	28,001	155,323	20,174	1,217,659
Miscellaneous	79,091	568,575	197,937	770	846,373
Depreciation	-	275,201	134,142	-	409,343
Interest and bank fee	-	182,250	421,891	-	604,141
Office	323,655	103,479	46,498	22,877	496,509
Property taxes and other taxes	<u>-</u>	<u>89,472</u>	<u>45,580</u>	<u>-</u>	<u>135,052</u>
Total expenses	<u>\$ 5,865,020</u>	<u>\$ 5,036,564</u>	<u>\$ 1,878,298</u>	<u>\$ 215,776</u>	<u>\$ 12,995,658</u>

See Notes to Consolidated Financial Statements.

Salzburg Global Seminar, Inc. and Subsidiaries

Consolidated Statements of Cash Flows Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Change in net assets	\$ 2,932,047	\$ 4,731,876
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	490,606	409,343
Amortization of operating leases right-of-use assets	85,903	96,532
Amortization of debt issuance costs	5,834	5,073
Amortization of discount on pledges receivable	(37,917)	(12,015)
Realized and unrealized appreciation of investments	(1,064,093)	(1,416,156)
Foreign currency translation adjustments	(2,280,680)	(1,449,980)
Foreign currency transaction loss	2,487,766	1,434,235
Credit loss and bad debt expense	-	12,433
Contributions restricted for long-term investment	(2,563,663)	(2,573,067)
Interest and dividends restricted for long-term investment	(15,776)	(15,460)
Changes in cash based on change in		
Pledges receivable	726,054	(462,851)
Accounts receivable and other assets	327,323	(702,380)
Subsidy receivables	324,601	801,268
Other assets	(33,521)	(27,429)
Accounts payable and accrued liabilities	512,443	(3,283)
Deferred revenue	(21,495)	180,577
Refundable advances	65,123	(405,790)
Operating leases liabilities	(92,177)	(97,723)
Net cash provided by operating activities	1,848,378	505,203
Cash flows from investing activities		
Purchase of investments	(5,399,716)	(260,937)
Proceeds from sales of investments	655,231	487,565
Purchase of property and equipment	(1,316,278)	(393,406)
Net cash used in investing activities	(6,060,763)	(166,778)
Cash flows from financing activities		
Contributions, interest and dividends restricted for long-term investment	2,579,439	2,588,527
(Payments) on line of credit	-	(867,471)
Advances on line of credit	7,971	-
Advances on bank overdraft facility	168,122	94,744
(Repayments) of notes payable	(661,749)	(113,231)
Net cash provided by financing activities	2,093,783	1,702,569
Effect of exchange rates on cash	(35,781)	(25,614)
Net (decrease) increase in cash and cash equivalents	(2,154,383)	2,015,380
Cash and cash equivalents at beginning	4,469,019	2,453,639
Cash and cash equivalents at end	\$ 2,314,636	\$ 4,469,019
Supplemental data		
Interest paid	\$ 496,245	\$ 499,412
Right-of-use assets in exchange for operating leases obligations	\$ 253,604	\$ -

See Notes to Consolidated Financial Statements.

Salzburg Global Seminar, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2024 and 2023

Note 1 - Summary of significant accounting policies

Activities and organization

The Salzburg Global Seminar, Inc. and Subsidiaries (the "Organization") is an independent, not-for-profit educational organization incorporated in 1947 that holds seminars on topics as diverse as healthcare and education, culture and economics, geopolitics and philanthropy. The purpose of the Organization is the study, at the highest level, of contemporary problems of worldwide scope. The Organization is administered from its office in Washington, D.C. In addition, the Organization has teaching and conference facilities in Austria.

In 2005, Salzburg Global Seminar, Austria was established as an independent Austrian association. Salzburg Global Seminar, Austria and the Organization share some members of management and the Board of Directors.

In 2024, Friends of Schloss Leopoldskron was established as an independent Austrian association. Friends of Schloss Leopoldskron and the Organization share some members of management and the Board of Directors.

The consolidated financial statements include the Salzburg Global Seminar, Inc., Salzburg Global Seminar, Austria, and Friends of Schloss Leopoldskron, collectively called the Organization. The financial statements of each location have been consolidated and all significant intercompany transactions between locations have been eliminated.

Use of estimates

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

Basis of presentation

The accompanying consolidated financial statements have been prepared on the accrual basis and in accordance with the reporting principles of not-for-profit accounting. Accounting standards require that unconditional promises to give ("pledges") be recorded as receivables and revenues within the appropriate net asset category. Authoritative accounting guidance has established standards for general-purpose external financial statements of not-for-profit organizations, including a consolidated statement of financial position, a consolidated statement of activities and change in net assets, a consolidated statement of functional expenses, and a consolidated statement of cash flows. This requires classification of net assets, revenues, expenses, gains and losses into two categories, based on the existence or absence of externally imposed restrictions. Accordingly, net assets of the Organization are classified and defined as follows:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

Salzburg Global Seminar, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2024 and 2023

Net assets with donor restrictions

Net assets whose use is limited by law or donor-imposed stipulations that will either expire with the passage of time or be fulfilled or removed by actions of the Organization. Net assets with donor restrictions also reflect gifts (and in certain circumstances earnings from those gifts), subject to donor-imposed stipulations, which require the corpus to be invested in perpetuity to produce income for general or specific purposes.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash on deposit with financial institutions and money market accounts, excluding cash equivalents held as investments. Highly-liquid instruments purchased with an original maturity of three months or less are classified as cash equivalents.

Accounts receivable and allowance for doubtful accounts

Accounts receivable are carried net of an allowance for doubtful accounts, which is the amount expected to be collected from contracts with customers. The Organization's allowance for doubtful accounts represents its estimate of credit losses expected to arise over the term of the related contract, and based on the Organization's expectations as of the statement of financial position date. To estimate its allowance for doubtful accounts, the Organization leverages information on historical losses, current conditions, and reasonable and supportable forecasts of future conditions.

Accounts receivable are written off when the Organization determines that such accounts are deemed uncollectible. Write-offs are recognized as a deduction from the allowance for doubtful accounts. Expected recoveries of amounts previously written off, not to exceed the aggregate of the amount previously written off, are included in determining the necessary reserve at the statement of financial position date.

For the years ended December 31, 2024 and 2023, credit losses totaled \$0 and \$11,133, respectively. As of December 31, 2024 and 2023, management believes accounts receivable are fully collectible and no allowance for doubtful accounts is deemed necessary.

Pledges receivable and bad debts

Pledges receivable are recorded at the present value of estimated future cash flows using a discount rate equal to the risk free rate of return for U.S. Treasury Bills. Pledges greater than \$5,000 with a time period over one year are discounted. The Organization provides an allowance for uncollectible pledges receivable based on the estimated collectability of pledges. As of December 31, 2024 and 2023, management estimates that no allowance for uncollectible pledges is necessary. It is reasonably possible that management's estimate of the allowance will change. When collection efforts have been exhausted, the account is written off against the established allowance. For the years ended December 31, 2024 and 2023, bad debt expense for pledges receivable was \$0 and \$1,300, respectively.

Investments

Investments in equity and debt securities are reported at fair value. Investment return includes interest and dividends, realized gains or losses, and changes in unrealized appreciation (depreciation), and is presented in the consolidated statements of activities and change in net assets based on donor restrictions. Realized gains/losses and changes in unrealized appreciation (depreciation) are added to or deducted from net assets without donor restrictions and net assets with donor restrictions, as appropriate. The specific cost of investments sold is used to determine the basis for computing realized gains or losses.

Salzburg Global Seminar, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2024 and 2023

Leases

Right-of-use assets and operating lease liabilities are recognized based on the present value of lease payments over the lease term, where the initial term of the lease exceeds twelve months, using an appropriate discount rate. As the rate implicit in the lease is generally not readily determinable, the Organization has elected to use a risk-free rate as the discount rate. The operating lease liability is reduced as cash payments are made under the terms of the leases. Unless the Organization determines that it is reasonably certain that the term of a lease will be terminated early or extended through a renewal option, the term of a lease spans for the duration of the minimum noncancellable contractual term. There are no residual value guarantees.

Property and equipment

Property and equipment, including major renewals and improvements, are carried at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

When major repairs and maintenance are performed, the cost is capitalized if the recognition criteria are satisfied. All other repairs and maintenance costs are charged to expense as incurred. Costs incurred for major renewals and improvements are recorded as construction in progress and are not depreciated until the constructed asset is ready for its intended use.

The carrying amount of assets sold or otherwise disposed of and the related accumulated depreciation are eliminated from the financial statements in the year of disposal, and the resulting gain or loss is credited or charged to the change in net assets and is included in miscellaneous expense in the consolidated statements of functional expenses.

The Organization reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended December 31, 2024 and 2023.

Severance pay

Under Austrian law, Austrian employees, upon retirement or certain other terminations, are entitled up to one year's salary dependent upon length of service. This is valid for employment contracts that were entered into before January 1, 2003. The cost is accrued over the active service period of the employees. The estimated liability has been included in accounts payable and accrued liabilities in the consolidated statements of financial position (see Note 13).

For employment contracts that have been entered after January 1, 2003, the severance payment system in place does not require a provision for severance payments.

Debt issuance costs and amortization

Debt issuance costs, net of accumulated amortization are reported as a direct deduction from the face amount of the notes payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Salzburg Global Seminar, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2024 and 2023

Revenue recognition

Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Organization must overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Organization fails to overcome the barrier. Any funding received prior to overcoming the barrier is recognized as a refundable advance. At December 31, 2024 and 2023, the Organization had refundable advances of \$471,304 and \$406,181, respectively. In 2023, the Organization received a conditional pledge of \$10,000,000, which is recognized as revenue as the conditions are met. Revenue recognized from the pledge through December 31, 2024 and 2023 totaled \$5,012,152 and \$2,500,000, respectively.

Contributions, sponsorships, and bequests are included in revenue when received or pledged. When a donor restriction expires, that is, when the earlier of stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and change in net assets as net assets released from restriction.

Conditional grants are recognized as revenue as the grant conditions are met and are included in foundation revenue and government revenue on the consolidated statements of activities and change in net assets. Grant revenues received prior to fulfilling the grant conditions are recorded as refundable advances.

Participant funded tuition is income from the seminar sessions held by the Organization. This income is recognized when the sessions occur and the performance obligation is satisfied.

Revenues from operations of the hotel are recognized when goods and services are provided and the performance obligations are satisfied, net of any sales, occupancy, or other similar taxes collected from customers. Deposits received for events and meetings are deferred until the year in which the event or meeting is held. Hotel revenue on the consolidated statements of activities and change in net assets consist of room sales, food and beverage sales, and conference and meeting revenue (see Note 11).

Room revenue is generated through short-term contracts with customers whereby customers agree to pay a daily rate for the right to use hotel rooms for one or more nights. The Organization's performance obligations are fulfilled at the end of each night that the customers are provided the rooms and room revenue is recognized daily at the contract rate in effect for each room night.

Food and beverage revenue is generated when customers agree to pay for food and beverage at the hotel or for banquet and catering services at the hotel. The Organization's performance obligations are fulfilled at the time that the food and beverage is provided or when the banquet facilities and related dining and other amenities (e.g., audio visual services) are provided.

Government subsidies income are subsidies from the Austrian government that do not need to be repaid. Government subsidies are recognized as revenue upon approval from the government agency.

Contributed property and equipment, professional services and other contributed nonfinancial assets are recorded at estimated fair value on the date of the gift and have been presented in the consolidated statements of activities and change in net assets as contributed nonfinancial assets and expensed in the appropriate functional category. Gifts of long-lived assets are depreciated using the straight-line method over the estimated useful life of the asset.

Salzburg Global Seminar, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2024 and 2023

Contract balances

The timing of revenue recognition, billings, and cash collections results in billed accounts receivable (contract assets) and customer advances and deposits (contract liabilities) on the consolidated statements of financial position.

As of December 31, 2024, 2023 and 2022, contract balances consist of the following:

	2024	2023	2022
Accounts receivables	\$ 1,079,989	\$ 1,467,062	\$ 740,983
Deferred revenue	293,826	334,502	144,217

Foreign currency translation and transactions

In accordance with accounting guidance for foreign currency translation, the effects of translation rate changes related to net assets denominated in Euros are recorded as foreign currency translation adjustments rather than in revenues and expenses. Transaction gains and losses are included in other income (expense) as foreign currency transaction gains and losses. The functional currency of the Austrian operation is the Euro. The year-end rate used for financial position conversion as of December 31, 2024 and 2023 was 1.1041 and 1.1076, respectively. The weighted average rate used for conversion of the activities during 2024 and 2023 was 1.0820 and 1.0816, respectively.

Taxes

The Organization is exempt from U.S. income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. During the years ended December 31, 2024 and 2023, the Organization earned unrelated business income from its Austria facilities. Accordingly, these consolidated financial statements reflect provisions for unrelated business income as described in Note 8.

The Organization is also subject to certain taxes in Austria and U.S. personal property tax.

Concentration of credit risk

The Organization has cash and cash equivalents and marketable securities which subject the Organization to concentrations of credit risk. At times, amounts on deposit may exceed insured limits. The Organization has not experienced losses in any of these accounts to date. The Organization mitigates this risk by evaluating the capital structure of the financial institutions which hold these deposits.

Economic dependency

The Salzburg Global Seminar, Austria operates the hotel located in Salzburg, Austria. Future operations could be affected by changes in economic or other conditions in that geographical area or the demand for lodging.

A significant portion of the Organization's revenue is derived through contributions from foundations and individuals. The Organization is dependent on these contributions to carry out its operating activities.

Salzburg Global Seminar, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2024 and 2023

Functional allocation of expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the consolidated statement of functional expenses. Costs incurred by a program service or supporting service are charged directly to that service. Other management and general administrative expenses are allocated to the various functional categories based on the total expenses of the various departments compared to total expenses.

Note 2 - Liquidity and availability of resources

As of December 31, 2024 and 2023, financial assets and liquidity resources available in one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, are as follows:

	2024	2023
Financial assets		
Cash and cash equivalents	\$ 2,314,636	\$ 4,469,019
Accounts receivable	1,079,989	1,467,062
Other receivables	-	332,265
Pledges receivable	2,077,743	2,765,880
Investments	25,581,783	20,081,415
	<u>31,054,151</u>	<u>29,115,641</u>
Less those unavailable for contractual or donor-imposed restrictions		
Endowment fund	(22,739,601)	(19,732,600)
Add back: next year endowment payout	950,000	985,000
Other donor restrictions	(6,190,332)	(6,676,648)
Add back: amounts available not subject to donor-specified expenditures in the following year	<u>2,103,920</u>	<u>738,145</u>
	<u>(25,876,013)</u>	<u>(24,686,103)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,178,138</u>	<u>\$ 4,429,538</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and obligations come due. The primary sources of support are contributions and income from investing its endowment. Most of that support is required to be used in accordance with the purpose restrictions imposed by the donors. Donor-restricted support has historically funded the majority of the annual program and supporting activities, with the remainder funded by investment income without donor restrictions and fundraising efforts that are held for the purpose of supporting the Organization's budget.

To help manage unanticipated liquidity needs, the Organization has an established a line of credit with an available credit of approximately \$3,300,000 as of December 31, 2024, which it could draw upon (see Note 10).

Salzburg Global Seminar, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2024 and 2023

Note 3 - Net assets (deficit)

As of December 31, 2024 and 2023, the Organization's net assets (deficit) without donor restrictions consist of the following:

	2024	2023
Without donor restrictions	\$ (20,017,676)	\$ (18,148,358)
Cumulative translation adjustments	15,533,330	13,252,650
	<u>\$ (4,484,346)</u>	<u>\$ (4,895,708)</u>

As of December 31, 2024 and 2023, the Organization's net assets with donor restrictions consist of the following:

	2024	2023
Purpose		
Programs	\$ 3,338,806	\$ 4,142,008
Scholarship	69,676	71,926
Hotel	2,768,104	2,448,968
Endowment income	1,542,914	1,099,576
Time		
General administration	13,746	13,746
	<u>7,733,246</u>	<u>7,776,224</u>
Net assets with donor restrictions - perpetual restrictions	<u>21,196,687</u>	<u>18,633,024</u>
Net assets with donor restrictions	<u>\$ 28,929,933</u>	<u>\$ 26,409,248</u>

During 2024 and 2023, the Organization's net assets released from restrictions consist of the following:

	2024	2023
Purpose		
Programs	\$ 2,128,637	\$ 1,814,628
Scholarship	7,250	47,517
Hotel	309,657	481,114
Endowment income	950,000	985,000
Time		
General administration	37,390	50,624
	<u>\$ 3,432,934</u>	<u>\$ 3,378,883</u>

Salzburg Global Seminar, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2024 and 2023

In a prior year, the Organization received a \$10 million gift from a foundation, of which \$5 million was classified as net assets with donor restrictions and held in perpetuity and \$5 million was classified as net assets with donor restrictions. As the Organization raised \$10 million in matching endowment gifts, the \$5 million of net assets with donor restrictions was reclassified to net assets with donor restrictions and held in perpetuity. During 2023, the Organization reached its \$10 million goal in matching gifts.

Note 4 - Endowment funds

The Organization classifies net assets of donor-restricted endowment funds based on the interpretation of the Law of the Commonwealth of Massachusetts and according to generally accepted accounting principles ("GAAP"). As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Organization interprets the Uniform Prudent Management of Institutional Funds Acts ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowments funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity, is subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The changes in endowment net assets (deficit) for the years ended December 31, 2024 and 2023 consisted of the following:

	2024	2023
Donor restricted endowment net assets at beginning	\$ 19,732,600	\$ 16,801,531
Investment return	1,393,338	1,343,002
Contributions	2,563,663	2,573,067
Appropriation for expenditure	(950,000)	(985,000)
Change in endowment net assets	3,007,001	2,931,069
Donor restricted endowment net assets at end	\$ 22,739,601	\$ 19,732,600

The foreign currency translation relating to the endowment was (\$299,611) and \$172,806 for the years ended December 31, 2024 and 2023, respectively.

Salzburg Global Seminar, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2024 and 2023

Funds with deficiencies

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. At December 31, 2024, funds with original gift values of \$11,973,037, fair values of \$9,528,890 and deficiencies of \$2,444,147 were reported in net assets with donor restrictions. At December 31, 2023, funds with original gift values of \$12,172,881, fair values of \$10,001,960 and deficiencies of \$2,170,921 were reported in net assets with donor restrictions.

Return objectives and risk parameters

The Organization's investment strategy as approved by the Board of Directors is to invest in a mixed portfolio of funds with the objective of principal growth and annual income return. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce a real return (after inflation) of 5% annually on a rolling 12-quarter basis while assuming a minimal amount of risk. The Organization expects its endowment funds, over time, to provide this annual rate of return. Actual returns in any given period may vary from this amount.

Strategies employed for achieving objectives

To satisfy its long-term rate of return investment objectives, the Organization 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). The Organization targets a diversified asset allocation that places an emphasis on income based investments and equity investments to maximize income and to achieve long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy

In 2009, with passage of UPMIFA legislation, the Commonwealth of Massachusetts authorized the use of endowment funds in situations deemed reasonable and prudent by an institution's governing board. As a result of this legislation, the Board of Directors authorized the Organization to spend up to 3% of a 12-quarter rolling average of endowments at fair market value, excluding endowment investments with specified spending rates. This policy will be in effect until endowments exceed historic value. Any endowment that exceeds historic value will also spend a portion of accumulated gains up to a maximum spending rate of 5%. Any spending in excess of the policy is approved by the Board of Directors. During 2024 and 2023, the difference between interest income and dividends and the total amount spent under the policy funded by endowment corpus was \$237,004 and \$574,386, respectively.

Salzburg Global Seminar, Inc. and Subsidiaries

**Notes to Consolidated Financial Statements
December 31, 2024 and 2023**

Note 5 - Pledges receivable

Pledges outstanding at December 31, 2024 and 2023 are summarized as follows:

	<u>2024</u>	<u>2023</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 1,793,488	\$ 1,607,042
One year to five years	295,000	1,192,500
Thereafter	<u>-</u>	<u>15,000</u>
 Total gross pledges	 2,088,488	 2,814,542
 Less: Discount to present value	 <u>(10,745)</u>	 <u>(48,662)</u>
 Total pledges, net	 <u>\$ 2,077,743</u>	 <u>\$ 2,765,880</u>

The discount to present value was calculated using discount factors based on U.S. Treasury Notes rates.

Note 6 - Investments

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

	<u>2024</u>	<u>2023</u>
Money market	\$ 3,059,803	\$ 1,458,008
Equity securities	5,949,030	5,772,778
Mutual funds - equity	10,120,533	10,241,746
Mutual funds - fixed income	395,039	404,366
Exchange traded funds	368,570	323,654
Fixed income securities	5,391,479	1,615,249
Hedge funds	<u>297,329</u>	<u>265,614</u>
 Total fair value of investments	 <u>\$ 25,581,783</u>	 <u>\$ 20,081,415</u>

Money market funds represent money market instruments which are invested in U.S. dollars and Euros.

Total investment return for the years ended December 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Interest income and dividends	\$ 803,879	\$ 555,988
Realized gain	471,904	129,841
Unrealized gain, net	<u>592,189</u>	<u>1,286,315</u>
 Total investment return	 <u>\$ 1,867,972</u>	 <u>\$ 1,972,144</u>

Salzburg Global Seminar, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2024 and 2023

Investment fees amounted to \$69,170 and \$51,284 for the years ended December 31, 2024 and 2023, respectively. Total investment return is net of investment fees.

Note 7 - Property and equipment

Property and equipment at December 31, 2024 and 2023, consisted of the following:

	Estimated useful life in years	2024	2023
Land		\$ 145,052	\$ 154,270
Buildings			
Schloss Leopoldskron	10 - 50	4,003,401	4,051,208
Meierhof	10 - 50	9,663,211	9,516,332
Equipment	4 - 10	1,215,832	1,060,542
		15,027,496	14,782,352
Less accumulated depreciation		(9,146,504)	(9,302,029)
Property and equipment, net		<u>\$ 5,880,992</u>	<u>\$ 5,480,323</u>

A component of the net change in fixed assets from December 31, 2024 and 2023 is the effect of foreign currency translation (see Note 1).

Note 8 - Income taxes

Deferred income taxes are provided using the liability method, whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry-forwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of the changes in tax laws and rates of the date of enactment and are reflected under property taxes and other taxes in the Organization's consolidated statements of functional expenses.

During the years ended December 31, 2024 and 2023, the Organization's net unrelated business loss was (\$1,123,404) and (\$212,288), respectively. As of December 31, 2024 and 2023, the resulting net operating loss ("NOL") carry-forward was \$12,546,466 and \$11,423,062, respectively. The deferred tax asset for these NOL carry-forwards of \$3,743,865 and \$3,408,642 as of December 31, 2024 and 2023, respectively, was based on the new federal tax rates from the 2017 Tax Act and applicable state tax rates. As of each reporting date, management considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. As of December 31, 2024 and 2023, management determined that there is sufficient negative evidence to conclude that it is more likely than not that the benefits of the NOL carry-forward will not be realized. In recognition of this risk, the Organization provided a valuation allowance of \$3,743,865 and \$3,408,642 on the deferred tax asset for the years ended December 31, 2024 and 2023, respectively. As a result, the net deferred tax asset is \$0 on the consolidated statements of financial position as of December 31, 2024 and 2023.

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Notes to Consolidated Financial Statements December 31, 2024 and 2023

The NOL carry-forwards totaling \$12,546,466 as of December 31, 2024 may offset future unrelated business income. The NOL carry-forwards generated for tax years beginning prior to January 1, 2018 will expire in the fiscal years 2027 to 2034 if not previously utilized. NOL carry-forwards generated for tax years beginning January 1, 2018 and later can be carried forward indefinitely but utilization in a particular year is limited to 80% of that year's taxable income.

The Organization evaluates its uncertain tax positions using the provisions of authoritative guidance. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the consolidated financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position, or for all uncertain tax positions in the aggregate, could differ from the amount recognized. The Organization has no uncertain tax positions as of December 31, 2024 and 2023.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the Internal Revenue Service for a period of three years after they were filed. While no tax returns are currently being examined by the Internal Revenue Service, tax years since 2020 remain open. Under Austrian tax law, the Organization's filings may be subject to review by the Austrian tax authorities for a period of up to 10 years. No tax returns are currently being examined by the Austrian tax authorities.

Note 9 - Leases

On October 28, 2020, the Organization entered into a three-year lease agreement for an office suite in Washington, D.C effective December 1, 2020. Rent was paid in monthly installments of \$7,800. In December 2023, the Organization signed a three-year lease agreement for office space. Rent is paid in monthly installments of \$6,785.

The Organization in Salzburg, Austria entered into operating leases that include vehicle and equipment leases. These agreements have lease terms beyond one year.

Minimum future rental payments under these leases as of December 31, 2024 are as follows:

2025	\$	85,844
2026		94,537
2027		5,784
2028		3,856
		190,021
Less imputed interest		(7,902)
Present value of net minimum lease payments	\$	<u>182,119</u>

The undiscounted maturity of the operating lease liabilities as of December 31, 2023 was \$20,692.

Salzburg Global Seminar, Inc. and Subsidiaries

**Notes to Consolidated Financial Statements
December 31, 2024 and 2023**

Other lease information for the year ended December 31, 2024:

Weighted-average annual discount rate operating leases	<u><u>1.30%</u></u>
Weighted-average remaining lease term (years)	<u><u>2.18</u></u>

Other lease information for the year ended December 31, 2023:

Weighted-average annual discount rate operating leases	<u><u>3.91%</u></u>
Weighted-average remaining lease term (years)	<u><u>2.46</u></u>

Rent paid under these leases amounted to \$100,330 and \$106,182 in 2024 and 2023, respectively, and is included in office expenses in the consolidated statements of functional expenses.

Salzburg Global Seminar, Inc. and Subsidiaries

**Notes to Consolidated Financial Statements
December 31, 2024 and 2023**

Note 10 - Notes payable and line of credit

Notes payable at December 31, 2024 and 2023, consisted of the following:

	<u>2024</u>	<u>2023</u>
Note payable (denominated in Euros) to an Austrian bank with principal and interest payments through 2032. Quarterly payments of \$26,694 are due beginning in September 2022. The remaining balance of the loan is due in June 2032. Interest is at the Euribor rate plus 1.5% (4.875% at December 31, 2024 and 5.5% at December 31, 2023). The loan is collateralized by investments and real estate in Austria.*	\$ 2,385,021	\$ 2,647,346
Note payable (denominated in Euros) to an Austrian bank with interest payments through 2027. Interest is at a fixed rate of 2.35% as of 2024. The loan is collateralized by investments and real estate in Austria.*	1,073,264	1,148,344
Note payables (denominated in Euros) to an Austrian bank with payments beginning in April 2022. A note payable of \$276,887 accrued interest at the Euribor rate plus 0.75% (4.75%) and matured on May 2024. Another note payable of \$276,888 accrued interest at the Euribor rate plus 1.0% (5.0%) and matured on January 2025. The notes payable were paid in full during 2024. The notes payable were guaranteed by the Austrian government under a special COVID-19 loan program.	-	553,775
Unamortized debt costs, related to note payable, amortized using an imputed rate of 2.75%.	<u>(3,510)</u>	<u>(9,344)</u>
	<u><u>\$ 3,454,775</u></u>	<u><u>\$ 4,340,121</u></u>

* These loans are collateralized by mutual funds and bonds in Austria with a value of \$4,904,543 and \$5,065,388 for the years ended December 31, 2024 and 2023, respectively.

Salzburg Global Seminar, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2024 and 2023

The principal repayment amounts due over the next five years and thereafter are as follows:

2025	\$	104,137
2026		104,137
2027		104,137
2028		1,177,401
2029		104,137
Thereafter		<u>1,864,336</u>
	\$	<u>3,458,285</u>

During 2012, the Organization entered into a securities-backed lending arrangement with a financial institution. The Organization has available credit equal to 70% - 90% of the fair value of eligible securities held with the financial institution. Interest on the line of credit is at a rate of 30 Day SOFR + 1.375% (6.0% and 6.83% at December 31, 2024 and 2023, respectively), and is collateralized by certain underlying securities in the amount of \$6,270,397 and \$6,170,382 as of December 31, 2024 and 2023, respectively. The balance on the line of credit was \$1,855,580 and \$1,847,609 at December 31, 2024 and 2023, respectively. The Agreement has no maturity date.

The Organization has one overdraft facility in Austria under which it pays interest at a variable rate of positive Euribor plus 1.25% (4.625% at December 31, 2024 and 5.25% at December 31, 2023), and another overdraft facility at positive Euribor plus 1.38% (4.75% at December 31, 2024 and 5.38% at December 31, 2023). At December 31, 2024 and 2023, the overdrafts totaled \$4,216,702 and \$4,312,586, respectively. The written limits on these overdrafts at December 31, 2024 and 2023 are \$6,768,905 and \$7,199,075, respectively.

Debt issuance costs, net of accumulated amortization totaled \$3,510 and \$9,344 at December 31, 2024 and 2023, respectively. Debt issuance costs are related to the note payable denominated and held by an Austrian bank. Debt issuance costs are being amortized at the imputed rate of 2.75%. For the years ended December 31, 2024 and 2023, there was \$5,834 and \$5,073, respectively, of amortized debt issuance costs included in interest and bank fees in the consolidated statements of functional expenses. Included in the change in accumulated amortization are foreign currency losses of \$456 and \$132 for the years ended December 31, 2024 and 2023, respectively.

Interest expense totaled \$504,216 and \$499,412 for the years ended December 31, 2024 and 2023, respectively, and is included in interest and bank fees in the consolidated statements of functional expenses. Accrued interest as of December 31, 2024 and 2023 totaled \$19,253 and \$11,282, respectively, and is included in accounts payable and accrued liabilities in the consolidated statements of financial position.

Salzburg Global Seminar, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2024 and 2023

Note 11 - Hotel revenue

Hotel revenue on the consolidated statements of activities and change in net assets consists of the following:

	2024	2023
Room	\$ 4,148,210	\$ 3,481,180
Food and beverage	488,837	441,142
Conference and meeting	620,695	512,008
	<u>\$ 5,257,742</u>	<u>\$ 4,434,330</u>

Note 12 - Contributions of nonfinancial assets

The Organization received the following contributions of nonfinancial assets for the years ended December 31, 2024 and 2023:

	2024	2023
Donated equipment	\$ -	\$ 559
Contributed other	2,259	7,134
	<u>\$ 2,259</u>	<u>\$ 7,693</u>

The contributed nonfinancial assets classified as other are presented as travel expenses on the consolidated statements of functional expenses. For the years ended December 31, 2024 and 2023, the contributions of nonfinancial assets were utilized by the Organization's programs and support services, and there were no donor-imposed restrictions associated with the contributions of nonfinancial assets.

Note 13 - Employee benefits

Included in wages and benefits on the consolidated statements of functional expenses is severance pay expense (income) for Austrian employees. The related accrual is included in accounts payable and accrued liabilities in the consolidated statements of financial position.

The following is a schedule that details the activity of the Austrian employees' severance liability:

	2024	2023
Beginning severance accrual	\$ 206,709	\$ 190,328
Current year provision expense	20,559	9,288
Foreign currency effect	(12,352)	7,093
	<u>\$ 214,916</u>	<u>\$ 206,709</u>

Salzburg Global Seminar, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2024 and 2023

The Organization sponsors a defined contribution plan which covers substantially all United States employees. The Organization contributes a fixed percentage of the employees' wages. The expense related to this plan was \$32,702 and \$17,949 in 2024 and 2023, respectively, and is included in wages and benefits in the consolidated statements of functional expenses.

Note 14 - Related party

The Organization holds investments in various mutual funds managed by the Capital Group. Three senior executives of the Capital Group were members of the Board of Directors of the Organization during 2024. The Board of Directors of the Organization approved the initial and continuing investment in all investment funds. The market value of these mutual funds for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Bond Fund of America	\$ 385,040	\$ 394,929
Income Fund of America	1,794,455	1,671,582
Euro Pacific Growth Fund	1,493,819	1,467,174
Capital Income Builder Fund	1,426,038	1,538,334
	<u>\$ 5,099,352</u>	<u>\$ 5,072,019</u>

During 2024 and 2023, members of the Board of Directors and affiliated organizations contributed or pledged to the Organization the amounts totaling \$4,121,760 and \$12,815,519, respectively, the unconditional portion of which are included in individual, corporate, and foundation revenue in the consolidated statements of activities and change in net assets. As of December 31, 2024 and 2023, accounts and pledge receivables related to these unconditional gifts were \$1,040,917 and \$1,320,806, respectively, (see Note 5).

Note 15 - Fair value measurement

The Organization has adopted accounting guidance establishing a framework for measuring fair value and expanding disclosures regarding related fair value measurements for its financial assets and liabilities. The guidance emphasizes that fair value is a market-based measurement, not an entity specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing an asset or liability.

The fair values of investments are based on either quoted market prices per share, observable data such as ongoing redemption and subscription activity, or net asset values ("NAV") per share provided by investment managers.

Salzburg Global Seminar, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2024 and 2023

The guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable input be used when available. Observable inputs are inputs that the market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is measured in three levels based on the reliability of inputs:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Quoted prices for similar assets or liabilities, or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data. Level 2 includes investments valued at quoted prices adjusted for legal or contractual restrictions specific to the assets or liabilities.

Level 3 - Pricing inputs are unobservable for the asset or liability, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability.

Under ASU 2015-07, investments that are measured at fair value using NAV as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

In instances where the determination of fair value measurement is based on inputs from different levels of the fair value hierarchy, the fair value measurement will fall within the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents the fair value of assets measured on a recurring basis at December 31, 2024:

	Total	Net asset value	Level 1	Level 2	Level 3
Money market	\$ 3,059,803	\$ -	\$ 3,059,803	\$ -	\$ -
Equity securities	5,949,030	-	5,949,030	-	-
Mutual funds - equity	10,120,533	-	10,120,533	-	-
Mutual funds - fixed income	395,039	-	395,039	-	-
Exchange traded funds	368,570	-	368,570	-	-
Fixed income securities	5,391,479	-	5,391,479	-	-
Hedge funds	297,329	297,329	-	-	-
Total	<u>\$ 25,581,783</u>	<u>\$ 297,329</u>	<u>\$ 25,284,454</u>	<u>\$ -</u>	<u>\$ -</u>

Salzburg Global Seminar, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2024 and 2023

The following table presents the fair value of assets measured on a recurring basis at December 31, 2023:

	Total	Net asset value	Level 1	Level 2	Level 3
Money market	\$ 1,458,008	\$ -	\$ 1,458,008	\$ -	\$ -
Equity securities	5,772,778	-	5,772,778	-	-
Mutual funds - equity	10,241,746	-	10,241,746	-	-
Mutual funds - fixed income	404,366	-	404,366	-	-
Exchange traded funds	323,654	-	323,654	-	-
Fixed income securities	1,615,249	-	1,615,249	-	-
Hedge funds	265,614	265,614	-	-	-
Total	<u>\$ 20,081,415</u>	<u>\$ 265,614</u>	<u>\$ 19,815,801</u>	<u>\$ -</u>	<u>\$ -</u>

Note 16 - Commitments and contingencies

During 2024 the Organization contracted with a third-party construction manager to complete approximately \$2,245,000 of renovation projects, including the Meierhof lobby and heat pump system. As of December 31, 2024, approximately \$806,000 of costs have been incurred. The renovation is expected to be completed in 2025.

The Organization recognizes grant revenue from government agencies based on actual costs incurred and reimbursable expenses from the granting agencies. These costs are subject to review by the officials of the European Union and U.S. government, and ultimate realization of revenue recognized is contingent upon the outcome of such review. In the opinion of management, adequate provisions have been made in the accompanying consolidated financial statements for adjustments, if any, which may result from review.

The Organization may be subject to various legal proceedings and claims that arise in the ordinary course of business. While the resolution of these matters, if any, cannot be predicted with certainty, management believes that the final outcomes of such matters will not have a material adverse effect on the financial position, results of operations or cash flows of the Organization.

Note 17 - Subsequent events

Events that occur after the consolidated statement of financial position date but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. Management evaluated the activity of the Organization through June 27, 2025 (the date the consolidated financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosures in the notes to the consolidated financial statements.



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