

The American Council on Germany, Inc.

Financial Statements

Year Ended December 31, 2022

The American Council on Germany, Inc.

Financial Statements

Year Ended December 31, 2022

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Independent Auditor's Report

Board of Directors
The American Council on Germany, Inc.

Opinion

We have audited the accompanying financial statements of The American Council on Germany, Inc. ("ACG"), which comprise the statement of financial position as of December 31, 2022, the related statement of activities, functional expenses, and cash flows for the year 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 ACG as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ACG and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 ACG'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 ACG'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 ACG's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

The financial statements of ACG as of and for the year ended December 31, 2021, were audited by other auditors whose report dated September 12, 2022, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects with the audited financial statements from which it was derived.

Sax CPAs LLP

New York, NY
August 22, 2023

The American Council on Germany, Inc.

Statement of Financial Position

December 31, 2022

(With Comparative Totals at December 31, 2021)

	December 31,	
	2022	2021
ASSETS		
Cash and cash equivalents	\$ 835,405	\$ 618,889
Investments (Note 3)	12,847,230	14,012,246
Contributions and grants receivable	276,334	124,232
Prepaid expenses and other assets	33,922	3,002
Fixed assets, net (Note 4)	4,460	5,956
Security deposit	94,918	35,974
TOTAL ASSETS	<u>\$ 14,092,269</u>	<u>\$ 14,800,299</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 318,417	\$ 151,123
Fellowship stipends and travel payable	28,235	75,000
Deferred revenue	-	24,500
Total liabilities	<u>346,652</u>	<u>250,623</u>
NET ASSETS		
Net assets without donor restrictions	13,432,750	14,204,077
Net assets with donor restrictions (Note 5)	312,867	345,599
Total net assets	<u>13,745,617</u>	<u>14,549,676</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,092,269</u>	<u>\$ 14,800,299</u>

See Notes to Financial Statements.

The American Council on Germany, Inc.

Statement of Activities

Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 12/31/2022	Total 12/31/2021
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions and grants	\$ 1,152,674	\$ 66,320	\$ 1,218,994	\$ 917,745
Special events (net of expenses with a direct benefit to donors) (Note 6)	671,322	-	671,322	834,328
Membership dues and related contributions	257,631	-	257,631	163,797
Discussion programs, luncheons, and meetings	90,650	-	90,650	56,158
Interest and dividend income	365,634	-	365,634	53,054
In-kind contributions (Note 2j)	-	-	-	1,925
Total revenues, gains, and other support	<u>2,537,911</u>	<u>66,320</u>	<u>2,604,231</u>	<u>2,027,007</u>
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of donor restrictions (Note 5)	99,052	(99,052)	-	-
Net revenues, gains, and other support	<u>2,636,963</u>	<u>(32,732)</u>	<u>2,604,231</u>	<u>2,027,007</u>
FUNCTIONAL EXPENSES				
Program services	1,718,151	-	1,718,151	1,219,074
General and administrative	208,943	-	208,943	192,527
Fundraising	119,756	-	119,756	107,837
Total functional expenses	<u>2,046,850</u>	<u>-</u>	<u>2,046,850</u>	<u>1,519,438</u>
Change in net assets from operating activities	<u>590,113</u>	<u>(32,732)</u>	<u>557,381</u>	<u>507,569</u>
NON-OPERATING ACTIVITIES (Note 2I)				
Net (loss)/gain on investments (Note 3)	(1,335,964)	-	(1,335,964)	1,069,733
Loss on currency exchange (Note 3)	(25,476)	-	(25,476)	(26,590)
Total non-operating activities	<u>(1,361,440)</u>	<u>-</u>	<u>(1,361,440)</u>	<u>1,043,143</u>
Change in net assets	<u>(771,327)</u>	<u>(32,732)</u>	<u>(804,059)</u>	<u>1,550,712</u>
NET ASSETS, beginning of year	<u>14,204,077</u>	<u>345,599</u>	<u>14,549,676</u>	<u>12,998,964</u>
NET ASSETS, end of year	<u>\$ 13,432,750</u>	<u>\$ 312,867</u>	<u>\$ 13,745,617</u>	<u>\$ 14,549,676</u>

See Notes to Financial Statements.

The American Council on Germany, Inc.

Statement of Functional Expenses

Year Ended December 31, 2022

(With Comparative Totals for the Year Ended December 31, 2021)

	Program Services	Supporting Services		Total 12/31/2022	Total 12/31/2021
		General and Administrative	Fundraising		
Salaries	\$ 809,575	\$ 88,525	\$ 70,400	\$ 968,500	\$ 905,350
Payroll taxes and employee benefits	169,537	18,539	14,743	202,819	192,385
Fellowship awards	19,739	-	-	19,739	35,000
Professional fees	21,843	67,457	7,900	97,200	95,883
Public policy program (including in-kind) (Note 2j)	62,772	-	-	62,772	2,417
Communications and information technology	56,984	6,230	4,956	68,170	47,870
Occupancy	144,435	15,794	12,560	172,789	182,436
Travel, events, and accommodations	402,138	5,773	156,493	564,404	110,569
Office supplies and equipment	13,776	1,506	1,198	16,480	18,549
Postage and shipping	-	44	1,069	1,113	2,914
Insurance	7,888	862	686	9,436	8,667
Dues and subscriptions	30	417	705	1,152	2,286
Miscellaneous	9,434	1,032	821	11,287	15,622
Depreciation	-	2,764	-	2,764	3,360
Total expenses	1,718,151	208,943	271,531	2,198,625	1,623,308
Less direct special event expenses netted with revenue (Note 6)	-	-	(151,775)	(151,775)	(103,870)
Total functional expenses	\$ 1,718,151	\$ 208,943	\$ 119,756	\$ 2,046,850	\$ 1,519,438

See Notes to Financial Statements.

The American Council on Germany, Inc.

Statement of Cash Flows

Year Ended December 31, 2022

(With Comparative Totals for the Year Ended December 31, 2021)

	December 31,	
	2022	2021
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Change in net assets	\$ (804,059)	\$ 1,550,712
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	2,764	3,360
Realized and unrealized loss/(gain) on investments	1,283,601	(1,102,899)
Changes in assets and liabilities		
Contributions and grants receivable	(152,102)	(75,711)
Prepaid expenses and other assets	(30,920)	11,968
Security deposit	(58,944)	-
Accounts payable and accrued expenses	167,294	14,963
Fellowship stipends and travel payable	(46,765)	31,000
Deferred revenue	(24,500)	6,378
Net cash provided by operating activities	336,369	439,771
CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES		
Purchase of fixed assets	(1,268)	(6,210)
Purchase of investments (including reinvestment of investment income)	(14,733,317)	(867,616)
Sale of investments	14,614,732	337,128
Net cash used for investing activities	(119,853)	(536,698)
Net increase (decrease) in cash and cash equivalents	216,516	(96,927)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	618,889	715,816
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 835,405	\$ 618,889

See Notes to Financial Statements.

The American Council on Germany, Inc.

Notes to Financial Statements

Year Ended December 31, 2022

Note 1 - Organization and Nature of Activities

The American Council on Germany, Inc. ("ACG") is a not-for-profit organization that was formed in February 1952 for the purpose of improving understanding between the United States and the Federal Republic of Germany. ACG's primary sources of revenue are corporate, foundation and individual contributions.

ACG has been notified by the Internal Revenue Service that it is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements of ACG have been prepared on the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than when received or paid.

b. Recently Adopted Accounting Standards

Effective January 1, 2022, ACG adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. ACG elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. During 2022, ACG had one lease for office space that expires within six months of year end, which was not capitalized as it was deemed immaterial.

Effective January 1, 2022, ACG adopted FASB ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures. Adoption of this standard did not have a material impact on ACG's financial statements.

c. Financial Statement Presentation

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

- Net Assets Without Donor Restrictions - Represents those resources for which there are no restrictions by donors as to their use. The board of directors has restricted ACG's investments for long-term purposes, which totaled \$12,847,230 and \$14,012,246 as of December 31, 2022 and 2021, respectively. Withdrawals from the investments for operations for the year ended December 31, 2022 totaled \$200,000. No withdrawals were made for the year ended December 31, 2021.
- Net Assets With Donor Restrictions - Represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor (Note 5).

The American Council on Germany, Inc.

Notes to Financial Statements

Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies - Continued

d. Revenue Recognition

ACG follows FASB's Accounting Standards Codification ("ASC") 606 for recognizing revenue from contracts with customers. ACG has the following types of revenue that fall under ASC 606: membership dues, discussion programs, luncheons, and meetings. Each different source of revenue is analyzed to determine that it has a contract with the customer that identifies both the performance obligation and the transaction price. Revenue is recognized when the performance obligation is complete, which is when the services are provided to the members, or the event takes place.

ACG follows FASB ASC 958-605 for recording contributions, which are recognized at the time they become unconditional in nature. Contributions are recorded in the net asset classes referred to in Note 2c depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

Conditional promises to give may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments or release from obligations and are recognized when the conditions on which they depend are substantially met. Total pledges not recorded because they contain conditions for the years ended December 31, 2022 and 2021 totaled \$476,000 and \$486,000, respectively.

Contributions and grants are recognized as revenue at net realizable value if expected to be collected within one year. All contributions and grants receivable at December 31, 2022 are expected to be received within 12 months. Management assesses receivable balances for collectability. Based on a review of several factors, including the credit worthiness of the donor and historical experience, management deems these receivables to be fully collectable and has not established any reserves.

e. Cash and Cash Equivalents

ACG considers cash and liquid investments with an initial maturity of three months or less to be cash and cash equivalents, except for cash held with an investment custodian for long-term purposes.

f. Concentration of Credit Risk

Financial instruments which potentially subject ACG to concentration of credit risk consist of cash accounts and investment securities, which are placed with financial institutions that management deems to be creditworthy. The market value of investments is subject to fluctuation; however, management believes that the investment policy is prudent for the long-term welfare of ACG. At year end and times throughout the year, balances may exceed federally insured limits. ACG has not experienced any losses due to the failure of a financial institution.

g. Investments

Investments are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are recognized in the statement of activities.

The American Council on Germany, Inc.

Notes to Financial Statements

Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies - Continued

h. Fixed Assets

Equipment, furniture and fixtures that have a useful life of more than one year and exceed predetermined amounts are capitalized at cost or at fair value, if donated. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets.

i. Leases

ACG determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use ("ROU") assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. Due to materiality, ACG elected not to recognize ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

j. Contributed Services and Space

Donated services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind. Board members and other volunteers have donated a significant amount of time, but these services have not been recorded because they do not meet the criteria outlined above.

ACG receives donations of catering and space for board meetings, the Young Leader Conference, and other policy and program meetings held, which are valued at the estimated cost the venue charges for catering and space of a similar event. There were no donations of this kind received during the year ended December 31, 2022. During the year ended December 31, 2021, ACG received in-kind catering and space totaling \$1,925. These items have been recorded as an expense to the Public Policy program.

k. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The following costs are allocated using time and effort as the basis for allocation:

- Salaries
- Payroll taxes and employee benefits
- Communications and information technology
- Occupancy
- Office supplies and equipment
- Insurance
- Miscellaneous
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

The American Council on Germany, Inc.

Notes to Financial Statements

Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies - Continued

l. Advertising Costs

Advertising costs are expensed as incurred.

m. Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to ACG's ongoing services. Non-operating activity is limited to investment return and foreign currency exchange gain or loss.

n. Use of Estimates

The preparation of 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, and 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.

o. Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with ACG's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

p. Accounting for Uncertainty of Income Taxes

ACG does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending December 31, 2019 and later are subject to examination by applicable taxing authorities.

Note 3 - Investments

Accounting standards have established a fair value hierarchy, giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted, quoted prices in active markets for identical assets or liabilities that ACG has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are not observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The American Council on Germany, Inc.

Notes to Financial Statements

Year Ended December 31, 2022

Note 3 - Investments - Continued

Level 1 securities are valued at the closing price reported on the active market that they are traded on. Level 2 securities are valued using the values of securities with similar risk parameters. ACG's investments carried at NAV included a partnership of funds that contains real estate investment trusts as of December 31, 2022 and various common stocks as of December 31, 2021.

Those methods produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

The following summarizes the composition of investments:

	December 31,	
	2022	2021
Level 1 securities		
Cash and cash equivalents	\$ 545,907	\$ 794,655
Mutual funds		
U.S. fixed income	2,148,841	-
International equities	2,952,926	-
Short term bond	-	1,088,352
U.S. treasury money market fund	-	3,679,031
U.S. exchange traded funds - indexed equity funds	998,142	-
U.S. equity securities	4,231,698	2,672,638
	<u>10,877,514</u>	<u>8,234,676</u>
Level 2 securities		
U.S. corporate bonds	730,583	-
	<u>730,583</u>	<u>-</u>
Investments measured at net asset value		
Limited partnership - U.S. equity securities	-	2,997,283
Limited partnership - foreign equity securities	-	2,764,476
Limited partnership - cash and cash equivalents	-	15,811
Limited partnership - real estate investment trust	1,239,133	-
	<u>1,239,133</u>	<u>5,777,570</u>
Total	<u>\$ 12,847,230</u>	<u>\$ 14,012,246</u>

The following summarizes net (loss)/gain on investments:

	December 31,	
	2022	2021
Realized gain on sale of investments	\$ 123,010	\$ 86,873
Unrealized (loss)/gain on investments	(1,406,611)	1,016,026
Investment fees	(52,363)	(33,166)
Total	<u>\$ (1,335,964)</u>	<u>\$ 1,069,733</u>

The American Council on Germany, Inc.

Notes to Financial Statements

Year Ended December 31, 2022

Note 3 - Investments - Continued

ACG has foreign bank accounts which are adjusted to market based on the exchange rate. ACG had a loss on currency exchange of \$25,476 and \$26,590 during the years ended December 31, 2022 and 2021, respectively.

Note 4 - Fixed Assets

Fixed assets consist of the following:

	December 31,	
	2022	2021
Computers and equipment (3-7 years)	\$ 128,597	\$ 127,329
Leasehold improvements (life of lease)	140,725	140,725
	<u>269,322</u>	<u>268,054</u>
Less accumulated depreciation	(264,862)	(262,098)
Total fixed assets, net	<u>\$ 4,460</u>	<u>\$ 5,956</u>

Note 5 - Net Assets with Donor Restrictions

The following summarizes the activity of net assets with donor restrictions:

	December 31, 2022			
	Balance 1/1/2022	Restricted Contributions	Released from Restrictions	Balance 12/31/2022
Program restrictions				
Other fellowships	\$ 85,599	\$ -	\$ (60,599)	\$ 25,000
Conferences & speaker programs	250,000	66,320	(28,453)	287,867
Total program restrictions	<u>335,599</u>	<u>66,320</u>	<u>(89,052)</u>	<u>312,867</u>
Time	10,000	-	(10,000)	-
Total	<u>\$ 345,599</u>	<u>\$ 66,320</u>	<u>\$ (99,052)</u>	<u>\$ 312,867</u>

	December 31, 2021			
	Balance 1/1/2021	Restricted Contributions	Released from Restrictions	Balance 12/31/2021
Program restrictions				
Other fellowships	\$ 90,599	\$ 25,000	\$ (30,000)	\$ 85,599
Conferences & speaker programs	-	250,000	-	250,000
Total program restrictions	<u>90,599</u>	<u>275,000</u>	<u>(30,000)</u>	<u>335,599</u>
Time	25,000	10,000	(25,000)	10,000
Total	<u>\$ 115,599</u>	<u>\$ 285,000</u>	<u>\$ (55,000)</u>	<u>\$ 345,599</u>

The American Council on Germany, Inc.

Notes to Financial Statements

Year Ended December 31, 2022

Note 6 - Special Events

ACG holds the annual McCloy Awards Dinner fundraising event. Special event proceeds are summarized as follows:

	December 31,	
	2022	2021
Event income	\$ 823,097	\$ 938,198
Less expenses with a direct benefit to donors	<u>(151,775)</u>	<u>(103,870)</u>
	671,322	834,328
Less other event expenses	<u>(13,336)</u>	<u>(26,645)</u>
Total	<u>\$ 657,986</u>	<u>\$ 807,683</u>

Note 7 - Available Funds and Liquidity

The following reflects ACG's financial assets at December 31, 2022 that are available to meet cash needs for general expenditures within one year:

Financial assets at year end	
Cash and cash equivalents	\$ 835,405
Investments	12,847,230
Contributions and grants receivable	<u>276,334</u>
Total financial assets	<u>13,958,969</u>
Less amounts not currently available for general expenditures	
Funds not currently authorized by board to support operations	(12,847,230)
Donor restricted support	<u>(312,867)</u>
Total amounts not currently available for general expenditures	<u>(13,160,097)</u>
Authorized by the board of directors to support operations	<u>654,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,452,872</u>

ACG's investments are board designated and held for long-term purposes to sustain the organization's operations. As part of its approval of the annual budget, the board approves an amount that may be withdrawn from the investments to cover projected operating deficits, which is \$173,500 for the year ended December 31, 2023. However, the board permits the President to withdraw up to 5% of the average of the total assets of the investments as of December 31 for each of the prior three years to cover actual operating deficits, which are \$654,000, for the year ended December 31, 2023. Board approval is required for the President to withdraw amounts in excess of 5%.

The American Council on Germany, Inc.

Notes to Financial Statements

Year Ended December 31, 2022

Note 8 - Commitments

ACG has a non-cancellable operating lease for office space that expires in June 2023. In December 2022, ACG entered into a lease which will commence in May 2023 for relocation of office space.

Minimum lease commitments for both leases are summarized as follows:

For the years ending December 31,	
2023	\$ 19,648
2024	235,778
2025	235,778
2026	235,778
2027	235,778
Thereafter	1,487,646
Total	<u>\$ 2,450,406</u>

Note 9 - Retirement Plan

ACG offers all employees the option of participating in a 401(k)-retirement plan after 2 months of service and who are at least 21 years old. All eligible employees may elect to defer a portion of their salary and contribute to this plan up to statutory amounts. ACG can make a discretionary safe harbor contribution to the plan which gets allocated based on the employee's position. In order to be eligible to receive the employer contribution, the employee must work at least 1,000 hours in the calendar year. ACG contributed \$34,330 and \$33,300 to the 401(k) plan during the years ended December 31, 2022 and 2021, respectively.

The following vesting periods apply:

<u>Completed Years of Service</u>	<u>Vesting Percentage</u>
1 year	0%
2 years	20%
3 years	40%
4 years	60%
5 years	80%
6 years or more	100%

Note 10 - Subsequent Events

Subsequent events have been evaluated through August 22, 2023, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustment to or disclosure to the financial statements.