Schall & Ashenfarb, CPA's, LLC
25th Anniversary 1990–2015

SCHALL & ASHENFARB Certified Public Accountants, LLC

IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA
MICHAEL L. SCHALL, CPA

The Netherland-America Foundation, Inc.

THE NETHERLAND-AMERICA FOUNDATION, INCORPORATED

Audited Financial Statements

December 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Netherland-America Foundation, Incorporated

Report on the Financial Statements

We have audited the accompanying financial statements of The Netherland-America Foundation, Incorporated (the "Foundation"), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Netherland-America Foundation, Incorporated as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 7, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of changes in temporarily restricted net assets on Page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Schall & Ashenfarb

Schall & Ashenfarb
Certified Public Accountants, LLC

April 13, 2016

THE NETHERLAND-AMERICA FOUNDATION, INCORPORATED
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015
(With comparative totals as of December 31, 2014)

	12/31/15	12/31/14
Assets		
Cash and cash equivalents	$537,547	$540,858
Investments (Note 3)	3,766,036	3,931,342
Contributions receivable	113,718	108,547
Student loans receivable (net of allowance for doubtful accounts) (Note 4)	649,811	728,053
Prepaid expenses and other assets	28,005	22,847
Office equipment (net of accumulated depreciation) (Note 5)	4,055	1,387
Total assets	$5,099,172	$5,333,034
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$99,850	$87,488
Deferred revenue	2,140	2,700
Custodial accounts (Note 6)	19,000	19,000
Total liabilities	120,990	109,188
Net assets:		
Unrestricted:		
Current	207,827	369,650
Funds held for long-term investment	2,306,391	2,260,169
Board designated for student loans	445,931	445,931
Total unrestricted net assets	2,960,149	3,075,750
Temporarily restricted (Note 8)	2,018,033	2,148,096
Total net assets	4,978,182	5,223,846
Total liabilities and net assets	$5,099,172	$5,333,034

The attached notes and auditors' report are an integral part of these financial statements.

THE NETHERLAND-AMERICA FOUNDATION, INCORPORATED
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015
(With comparative totals for the year ended December 31, 2014)

	Unrestricted	Temporarily Restricted	Total 12/31/15	Total 12/31/14
Support and revenue:				
Contributions, grants and other gifts	$1,196,999	$50,000	$1,246,999	$562,056
Special event income				
(net of direct expenses) (Note 9)	412,028	122,500	534,528	553,780
Interest and dividends	28,194	40,549	68,743	75,271
Foreign exchange (loss)/gain	(12,331)		(12,331)	(19,279)
	1,624,890	213,049	1,837,939	1,171,828
Net assets released from restrictions (Note 8)	229,246	(229,246)	0	0
Total support and revenue	1,854,136	(16,197)	1,837,939	1,171,828
Expenses:				
Program services:				
Educational program	346,595		346,595	166,207
Cultural and historical program	857,635		857,635	325,670
Student fellowships program	314,503		314,503	285,546
Washington D.C. program	36,802		36,802	61,034
Total program services	1,555,535	0	1,555,535	838,457
Supporting services:				
Management and general	105,336		105,336	90,203
Fundraising	186,642		186,642	185,773
Total supporting services	291,978	0	291,978	275,976
Total expenses	1,847,513	0	1,847,513	1,114,433
Change in net assets from operations	6,623	(16,197)	(9,574)	57,395
Non-operating revenue:				
Investment (loss)/gain (net of fees) (Note 3)	(122,224)	(113,866)	(236,090)	7,729
Change in net assets	(115,601)	(130,063)	(245,664)	65,124
Net assets - beginning	3,075,750	2,148,096	5,223,846	5,158,722
Net assets - ending	$2,960,149	$2,018,033	$4,978,182	$5,223,846

The attached notes and auditors' report are an integral part of these financial statements.

THE NETHERLAND-AMERICA FOUNDATION, INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015
(With comparative totals for the year ended December 31, 2014)

	Program Services					Supporting Services				
	Educational Program	Cultural and Historical Program	Student Fellowships Program	Washington D.C. Program	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses 12/31/15	Total Expenses 12/31/14
Salaries	$16,542	$48,412	$59,932	$2,394	$127,280	$20,366	$18,936	$39,302	$166,582	$160,646
Payroll taxes and benefits	3,330	9,747	12,066	482	25,625	4,100	3,812	7,912	33,537	34,708
	19,872	58,159	71,998	2,876	152,905	24,466	22,748	47,214	200,119	195,354
Cultural grants	311,436	756,210			1,067,646	257		257	1,067,903	354,643
Fellowships			211,029		211,029			0	211,029	190,007
Special events (Note 9)					0		153,950	153,950	153,950	156,083
Chapter expense	6,500	6,959		32,668	46,127			0	46,127	83,009
Professional fees					0	40,321		40,321	40,321	38,792
Occupancy	3,114	9,113	11,281	451	23,959	3,834	3,564	7,398	31,357	33,874
Miscellaneous	100	10,882			10,982	20,255		20,255	31,237	26,122
Office supplies	2,104	6,157	7,622	304	16,187	2,591	2,408	4,999	21,186	8,351
Postage and shipping	479	1,402	1,736	69	3,686	590	548	1,138	4,824	5,784
Insurance	647	1,893	2,344	94	4,978	796	741	1,537	6,515	5,601
Telephone	599	1,754	2,171	87	4,611	738	686	1,424	6,035	4,830
Office equipment	1,211	3,544	4,388	176	9,319	1,491	1,386	2,877	12,196	4,219
Travel and entertainment	368	1,078	1,335	53	2,834	454	422	876	3,710	3,827
Bad debts					0	9,339		9,339	9,339	2,678
	346,430	857,151	313,904	36,778	1,554,263	105,132	186,453	291,585	1,845,848	1,113,174
Depreciation	165	484	599	24	1,272	204	189	393	1,665	1,259
Total expenses	$346,595	$857,635	$314,503	$36,802	$1,555,535	$105,336	$186,642	$291,978	$1,847,513	$1,114,433

The attached notes and auditors' report are an integral part of these financial statements.

THE NETHERLAND-AMERICA FOUNDATION, INCORPORATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
(With comparative totals for the year ended December 31, 2014)

	12/31/15	12/31/14
Cash flows from operating activities:		
Change in net assets	($245,664)	$65,124
Adjustments to reconcile changes in net assets		
to net cash used for operating activities:		
Realized and unrealized gain on investments	227,034	(19,179)
Donated stock	(119,193)	0
Depreciation	1,665	1,259
Changes in assets and liabilities:		
Contributions receivable	(5,171)	(24,175)
Student loans receivable, net	78,242	(50,058)
Prepaid expenses and other assets	(5,158)	(13,829)
Accounts payable and accrued expenses	12,362	(50,911)
Deferred revenue	(560)	1,150
Net cash used for operating activities	(56,443)	(90,619)
Cash flows from investing activities:		
Purchase of office equipment	(4,333)	(523)
Proceeds from sales of investments	1,387,873	863,110
Purchase of investments	(1,330,408)	(775,347)
Net cash provided by investing activities	53,132	87,240
Net decrease in cash and cash equivalents	(3,311)	(3,379)
Cash and cash equivalents - beginning of year	540,858	544,237
Cash and cash equivalents - end of year	$537,547	$540,858
Supplemental data:		
Interest paid	$0	$0
Taxes paid	$0	$0

The attached notes and auditors' report are an integral part of these financial statements.

THE NETHERLAND-AMERICA FOUNDATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 - Nature of Organization

The Netherland-America Foundation, Incorporated (the "Foundation") was organized to promote understanding and better relations between the peoples of the United States and The Netherlands through a nationwide program of cultural, educational, and philanthropic activities. As part of its mission, among other things the Foundation issues grants to support Dutch painting and sculpture exhibitions in American galleries and provides fellowships to Dutch students pursuing an education in the United States and to American students pursuing an education in The Netherlands. The Foundation also provides funds to support projects of mutual historical significance.

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and from state and local taxes under comparable laws. It has not been designated as a private foundation.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting
The financial statements of the Foundation have been prepared on the accrual basis of accounting which is the process of recording revenue and expenses based on when they are earned or incurred rather than when received or paid.

b. Net Assets
The Foundation reports information regarding its financial position and activities according to the following classes of net assets:

- *Unrestricted* – represent those resources for which there are no restrictions by donors as to their use.

- *Temporarily restricted* – represent those resources, the use of which has been restricted by donors to specific purposes or the passage of time.

- *Permanently restricted* – accounts for activity restricted by donors that must remain intact in perpetuity. The Foundation had no contributions or net assets of this type during the year.

c. Contributions
Contributions are recorded at the earlier of when cash is received or a donor makes an unconditional promise to give. Contributions are considered available for unrestricted use, unless specifically restricted by the donor, in which case they are recorded as temporarily or permanently restricted. When a restriction is satisfied or expires with the passage of time, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a restricted contribution is satisfied within the same period it has been received, it is recorded as unrestricted.

Contributions expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using a risk adjusted discounted rate. Conditional contributions are recognized as income when the conditions have been substantially met.

d. Cash and Cash Equivalents
Checking and money market accounts with local banks and highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash and cash equivalents.

e. Concentration of Credit Risk
Financial instruments which potentially subject the Foundation to concentration of credit risk consist of cash, investments and student loans receivable.

The Foundation places its temporary cash and money market accounts with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. A significant portion of the funds is not insured by the FDIC or related entity; however management feels they have little risk and has not experienced any losses due to bank failure.

The market value of investments is subject to fluctuation; however management believes the investment policy is prudent for the long-term welfare of the Foundation.

Concentration of credit risk with respect to student loans receivable is insignificant because no individual student loan accounts for a significant amount of the outstanding loans.

f. Allowance for Doubtful Accounts
The Foundation bases its allowance for doubtful accounts on its historical loss experience considering the age of the receivables.

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 reflected in the statement of activities.

h. Property and Equipment
Property and equipment that exceed predetermined thresholds and have a useful life greater than one year are capitalized at cost or at their fair value at the date of donation. Depreciation is recorded using the straight-line method over 3 to 5 years.

i. Deferred Revenue
Income is deferred and recognized over the periods to which the revenue relates to.

j. In-kind Support
Donated services are recorded at fair value if they create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would be purchased if not provided by donation.

Although many board members volunteer their time and perform a variety of tasks that assist the Foundation, these services have not been recorded in the financial statements because they do not meet the criteria outlined above.

k. Functional Allocation of Expenses
The costs of providing the Foundation's various programs and supporting services have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited in reasonable ratios determined by management.

l. Summarized Comparative 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 the Foundation's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Certain reclassifications have been made to conform to the current presentation.

m. Use of Estimates
The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

n. Accounting for Uncertainty of Income Taxes
The Foundation does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending December 31, 2012 and later are subject to examination by applicable taxing authorities.

o. Subsequent Events
Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through April 13, 2016, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

Note 3 - Investments

All investments were measured using Level 1 inputs, which are the quoted prices in active markets for identical assets.

The following summarizes the composition of investments as of December 31, 2015:

Description	12/31/15	12/31/14
Money markets	$30,917	$19,011
Equity securities	2,554	261,758
Exchange traded funds	1,690,646	0
Mutual funds – bonds	380,000	461,897
Mutual funds – equities	1,661,919	3,188,676
Total	$3,766,036	$3,931,342

The Foundation's primary investment objective is to preserve and protect its investment assets, subject to the specific guidelines of the investment assets. The overall investment objective for the investment assets is to achieve maximum returns over the long-term, consistent with prudent levels of risk and the objective that the real value of all investment assets (in terms of the funds' ability to support the mission and activities of the Foundation over time) should be preserved. Part of the Foundation's investments assets is managed by an independent investment manager, while the remainder is invested in exchange traded funds. The investment policy requires that the investment manager appropriately diversifies the investment assets so that no single security, class of securities or investment style will be expected to have a disproportionate impact on the overall investment assets performance relative to the objectives. These investments are expected to outperform agreed-upon benchmarks for the applicable asset class or group of asset classes.

Total investment returns were as follows:

	12/31/15	12/31/14
Unrealized loss on investments	($132,495)	($346,557)
Realized (loss)/gain on sale of investments	(94,539)	365,736
Investment (loss)/gain	(227,034)	19,179
Investment fees	(9,056)	(11,450)
Net investment (loss)/gain	($236,090)	$7,729

Note 4 - Student Loans Receivable

The Education Committee of the Foundation makes student loans to qualified individuals. The loans are non-interest bearing, unless they become overdue in which case interest is charged on the unpaid balance. Loans range from $1,200 to $20,000 with a three year term. They are financed by the Maarten van Hengel Board Designated Fund, Mark Pigott Board Designated Fund, the Planten & Pluygers Fund and the Samuel Freeman Program.

Student loans receivable are due to be collected in the following years:

		12/31/15	12/31/14
Year ending:	December 31, 2015	$0	$397,037
	December 31, 2016	456,135	260,500
	December 31, 2017	142,000	142,000
	December 31, 2018	132,500	0
		730,635	799,537
Allowance for doubtful accounts		(80,824)	(71,484)
Student loan receivable – net of allowance		$649,811	$728,053

Note 5 - Property and Equipment

Property and equipment consist of the following:

	12/31/15	12/31/14
Office equipment	$7,701	$12,324
Accumulated depreciation	(3,646)	(10,937)
Total	$4,055	$1,387

Note 6 - Custodial Accounts

In 2005, the Foundation entered into an agreement with The Netherlands American Amity Trust to combine operations in order to further their mission. The agreement requires the Foundation to maintain custodial funds totaling $19,000 and restricts the use of interest earned to support the awards presented at The Netherland-America Foundation Ambassadors' Awards Dinner.

Note 7 - Term Endowment

The Foundation was the beneficiary of a term endowment. Contributions were received with restrictions to establish an educational fund. The unused contributions are required to be reinvested with all related income and are also restricted for the educational fund. This activity is reflected in the temporarily restricted class of net assets.

Net assets are released from restriction based on actual spending plus indirect expenses calculated at a rate of 8% of the annual average of the fair value of investments for the prior twelve quarters.

The following outlines the term endowment activity:

	12/31/15	12/31/14
Temporarily Restricted:		
Funds held – beginning of year	$1,671,173	$1,773,467
Investment income	40,549	45,980
Net realized and unrealized loss on investments	(113,866)	(13,013)
Appropriation for expenditure	(138,211)	(135,261)
Funds held – end of year	$1,459,645	$1,671,173

Note 8 - Temporarily Restricted Net Assets

At year-end, net assets were restricted for the following purposes:

	12/31/15	12/31/14
Reuvers Educational Fund	$1,459,645	$1,671,173
Planten & Pluygers Fund	84,579	93,918
Fellowships	469,502	378,236
Awards and others	4,307	4,769
	$2,018,033	$2,148,096

Net assets were released from restriction for the following programs:

	12/31/15	12/31/14
Reuvers Educational Fund	$138,211	$135,261
Planten & Pluygers Fund	9,339	0
Fellowships	81,234	72,396
Awards and others	462	442
	$229,246	$208,099

Note 9 - Special Events Income

Special event activities of the Foundation were comprised of the following:

	December 31, 2015			
	Peter Stuyvesant Ball	NAF Ambassadors' Awards Dinner	Other	Total
Gross revenue	$547,019	$155,090	$48,151	$750,260
Expenses where donor received direct benefit	(146,350)	(39,538)	(29,844)	(215,732)
Net revenue	400,669	115,552	18,307	534,528
Other expenses of event	(99,892)	(33,171)	(20,887)	(153,950)
Net fundraising event	$300,777	$82,381	($2,580)	$380,578

	December 31, 2014			
	Peter Stuyvesant Ball	NAF Ambassadors' Awards Dinner	Other	Total
Gross revenue	$574,335	$129,920	$64,672	$768,927
Expenses where donor received direct benefit	(158,889)	(25,582)	(30,676)	(215,147)
Net revenue	415,446	104,338	33,996	553,780
Other expenses of event	(103,347)	(25,915)	(26,821)	(156,083)
Net fundraising event	$312,099	$78,423	$7,175	$397,697

Note 10 - Operating Lease Commitment

The Foundation leased office space under an agreement that expired in May 2015. Rent payments after May 2015 were on a month to month basis through August 2015. Beginning September 1, 2015, the Foundation entered into a new lease through October 31, 2022. Future minimum payments due on this are as follows:

Year ending:	December 31, 2016	$44,844
	December 31, 2017	46,189
	December 31, 2018	47,575
	December 31, 2019	49,002
	December 31, 2020	50,472
Thereafter		96,166
Total		$334,248

Total rent expense was $31,357 and $33,874 for 2015 and 2014, respectively.

Note 11 - Retirement Plan

The Foundation has a 403(b) plan where employees may contribute pre-tax dollars to a voluntary retirement account. Employees are eligible for inclusion to this plan upon date of hire. The Foundation can make contributions to the plan at the board of directors' discretion although for the years ended December 31, 2015 and 2014, the Foundation had not elected to do so.

THE NETHERLAND-AMERICA FOUNDATION, INCORPORATED
SCHEDULE OF CHANGES IN TEMPORARILY RESTRICTED NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Reuvers Educational Fund	Planten & Pluygers Fund	Fellowships	Awards & Other	Total
Support and revenue:					
Contributions, grants and other gifts			$50,000		$50,000
Special events income			122,500		122,500
Interest and dividends	$40,549		0		40,549
Total	40,549	0	172,500	0	213,049
Satisfaction of program restrictions:					
Student fellowships	100,000		79,959		179,959
Fellowship travel and other expenses	10,795				10,795
Fees and other expenses	27,416	9,339	1,275	462	38,492
Total	138,211	9,339	81,234	462	229,246
Change in temporarily restricted net assets from operations	(97,662)	(9,339)	91,266	(462)	(16,197)
Non-operating revenue:					
Net realized and unrealized loss on investments	(113,866)				(113,866)
Change in net assets	(211,528)	(9,339)	91,266	(462)	(130,063)
Beginning of year	1,671,173	93,918	378,236	4,769	2,148,096
End of year	$1,459,645	$84,579	$469,502	$4,307	$2,018,033

The attached notes and auditors' report are an integral part of these financial statements.