

The Netherland - America Foundation, Incorporated

Financial Statements

December 31, 2023

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Financial Statements

December 31, 2023

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of The Netherland-America Foundation, Incorporated (the "Foundation"), which comprise the statement of financial position as of December 31, 2023, and the related statements 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 the Foundation as of December 31, 2023, 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.

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 the Foundation 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 these 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 the Foundation'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 the Foundation'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 the Foundation'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

We have previously audited the Foundation's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 10, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Changes in Net Assets with Donor Restrictions 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 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.

Sax CPAs LLP

New York, NY
June 27, 2024

The Netherland - America Foundation, Incorporated

Statement of Financial Position

At December 31, 2023
(With comparative totals at December 31, 2022)

	December 31,	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 2,389,344	\$ 827,600
Investments	6,128,525	6,497,980
Contributions receivable	649,875	74,759
Student loans receivable, net	423,471	377,219
Prepaid expenses and other assets	38,831	27,372
Fixed assets, net	-	1,290
Operating lease - right-of-use assets	78,016	112,229
TOTAL ASSETS	\$ 9,708,062	\$ 7,918,449
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 119,174	\$ 161,437
Deferred revenue	-	1,350
Operating lease liabilities	79,269	112,430
Custodial accounts	19,000	19,000
Total liabilities	217,443	294,217
NET ASSETS		
Without donor restrictions:		
Operations	734,679	708,352
Board designated:		
Friends fund	721,614	544,579
Funds held for long-term investment	4,837,264	4,221,599
Total net assets without donor restrictions	6,293,557	5,474,530
With donor restrictions	3,197,062	2,149,702
Total net assets	9,490,619	7,624,232
TOTAL LIABILITIES AND NET ASSETS	\$ 9,708,062	\$ 7,918,449

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

The Netherland - America Foundation, Incorporated

Statement of Activities

For the Year Ended December 31, 2023

(With comparative totals for the year ended December 31, 2022)

	Without Donor Restrictions						
	Operations	Board Designated Friends Fund	Funds Held For long Term & Student loans	Total Without Donor Restrictions	Total With Donor Restrictions	Total 12/31/23	Total 12/31/22
PUBLIC SUPPORT AND REVENUE							
Contributions, grants and other gifts	\$ 760,661	\$ 939,236	\$ -	\$ 1,699,897	\$ 1,166,778	\$ 2,866,675	\$ 1,100,465
Special events income (net of expenses with a direct benefit to donor)	525,879	-	-	525,879	370,218	896,097	756,854
Interest and dividends	36,575	-	113,522	150,097	31,582	181,679	225,757
Student loan interest	(807)	-	-	(807)	-	(807)	10,891
Other	53,183	-	-	53,183	-	53,183	37,513
Bad debt recovery	-	-	-	-	-	-	57,490
Foreign exchange loss	(4,494)	-	-	(4,494)	-	(4,494)	(334)
	<u>1,370,997</u>	<u>939,236</u>	<u>113,522</u>	<u>2,423,755</u>	<u>1,568,578</u>	<u>3,992,333</u>	<u>2,188,636</u>
Net assets released from restrictions	502,778	-	124,062	626,840	(626,840)	-	-
Total support and revenue	<u>1,873,775</u>	<u>939,236</u>	<u>237,584</u>	<u>3,050,595</u>	<u>941,738</u>	<u>3,992,333</u>	<u>2,188,636</u>
EXPENSES							
Program services:							
Educational program	103,789	304,681	-	408,470	-	408,470	383,138
Cultural and historical program	263,933	457,520	-	721,453	-	721,453	770,139
Student fellowships program	375,320	-	-	375,320	-	375,320	346,297
Internship program	468,523	-	-	468,523	-	468,523	297,696
Total program services	<u>1,211,565</u>	<u>762,201</u>	<u>-</u>	<u>1,973,766</u>	<u>-</u>	<u>1,973,766</u>	<u>1,797,270</u>
Supporting services:							
Management and general	215,089	-	-	215,089	-	215,089	187,033
Fundraising	420,633	-	-	420,633	-	420,633	343,484
Total supporting services	<u>635,722</u>	<u>-</u>	<u>-</u>	<u>635,722</u>	<u>-</u>	<u>635,722</u>	<u>530,517</u>
Total expenses	<u>1,847,287</u>	<u>762,201</u>	<u>-</u>	<u>2,609,488</u>	<u>-</u>	<u>2,609,488</u>	<u>2,327,787</u>
Change in net assets from operations	26,488	177,035	237,584	441,107	941,738	1,382,845	(139,151)
Non-operating revenue:							
Investment return	(161)	-	378,081	377,920	105,622	483,542	(829,844)
Change in net assets	26,327	177,035	615,665	819,027	1,047,360	1,866,387	(968,995)
NET ASSETS, beginning of year	<u>708,352</u>	<u>544,579</u>	<u>4,221,599</u>	<u>5,474,530</u>	<u>2,149,702</u>	<u>7,624,232</u>	<u>8,593,227</u>
NET ASSETS, end of year	<u>\$ 734,679</u>	<u>\$ 721,614</u>	<u>\$ 4,837,264</u>	<u>\$ 6,293,557</u>	<u>\$ 3,197,062</u>	<u>\$ 9,490,619</u>	<u>\$ 7,624,232</u>

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

The Netherland - America Foundation, Incorporated

Statement of Functional Expenses

For the Year Ended December 31, 2023

(With comparative totals for the year ended December 31, 2022)

	Program Services					Supporting Services				
	Educational Program	Cultural and Historical Program	Student Fellowships Program	Internship Program	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses 12/31/23	Total Expenses 12/31/22
Salaries	\$ 48,367	\$ 35,090	\$ 75,869	\$ 54,531	\$ 213,857	\$ 77,766	\$ 182,561	\$ 260,327	\$ 474,184	\$ 444,115
Payroll taxes and benefits	7,355	5,336	11,537	8,292	32,520	11,826	27,761	39,587	72,107	84,732
	<u>55,722</u>	<u>40,426</u>	<u>87,406</u>	<u>62,823</u>	<u>246,377</u>	<u>89,592</u>	<u>210,322</u>	<u>299,914</u>	<u>546,291</u>	<u>528,847</u>
Cultural Grants	307,181	619,389	-	-	926,570	-	-	-	926,570	837,878
Fellowships	-	-	229,578	341,794	571,372	-	-	-	571,372	399,422
Event production and promotion	17,630	-	-	-	17,630	-	552,179	552,179	569,809	684,496
Chapter expense	11,139	41,580	-	-	52,719	-	25,363	25,363	78,082	89,411
Professional fees	421	305	660	474	1,860	99,166	68,783	167,949	169,809	134,613
Occupancy	4,422	3,208	6,937	4,986	19,553	7,110	16,691	23,801	43,354	58,977
Other	3,298	10,265	9,143	41,518	64,224	5,303	12,449	17,752	81,976	72,275
Training	714	518	1,120	805	3,157	1,148	2,695	3,843	7,000	-
Dues and subscriptions	529	384	829	596	2,338	850	1,996	2,846	5,184	-
Marketing	255	185	400	7,457	8,297	410	963	1,373	9,670	-
Office supplies	937	680	1,470	1,057	4,144	1,507	3,538	5,045	9,189	9,644
Postage and shipping	379	275	595	428	1,677	610	1,431	2,041	3,718	3,470
Insurance	1,231	893	1,930	1,387	5,441	1,979	4,645	6,624	12,065	7,113
Telephone	441	320	691	497	1,949	708	1,663	2,371	4,320	5,880
Office equipment	3,111	2,257	4,880	3,507	13,755	5,002	11,742	16,744	30,499	26,797
Travel	928	673	25,455	1,046	28,102	1,492	3,501	4,993	33,095	11,578
Depreciation	132	95	206	148	581	212	497	709	1,290	2,580
Bad debt	-	-	4,020	-	4,020	-	-	-	4,020	1,491
Total expense	<u>408,470</u>	<u>721,453</u>	<u>375,320</u>	<u>468,523</u>	<u>1,973,766</u>	<u>215,089</u>	<u>918,458</u>	<u>1,133,547</u>	<u>3,107,313</u>	<u>2,874,472</u>
Less: direct event expenses netted with revenue	-	-	-	-	-	-	(497,825)	(497,825)	(497,825)	(546,685)
Total expenses for statement of activities	<u>\$ 408,470</u>	<u>\$ 721,453</u>	<u>\$ 375,320</u>	<u>\$ 468,523</u>	<u>\$ 1,973,766</u>	<u>\$ 215,089</u>	<u>\$ 420,633</u>	<u>\$ 635,722</u>	<u>\$ 2,609,488</u>	<u>\$ 2,327,787</u>

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

The Netherland - America Foundation, Incorporated

Statement of Cash Flows

For the Year Ended December 31, 2023
(With comparative totals for the year ended December 31, 2022)

	December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,866,387	\$ (968,995)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Realized and unrealized (gain)/loss on investments	(517,967)	794,404
Depreciation	1,290	2,580
Changes in assets and liabilities:		
Contributions receivable	(575,116)	153,002
Student loans receivable	(46,252)	(83,113)
Prepaid expenses and other assets	(11,459)	(8,202)
Operating lease right-of-use asset and liability	1,052	(201)
Accounts payable and accrued expenses	(42,263)	(49,392)
Deferred revenue	(1,350)	-
Net cash flows provided by/(used for) operating activities	<u>674,322</u>	<u>(44,327)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	3,884,409	2,461,658
Purchase of investments	(2,996,987)	(3,629,905)
Net cash flows provided by/(used for) investing activities	<u>887,422</u>	<u>(1,168,247)</u>
Net increase/(decrease) in cash and cash equivalents	1,561,744	(1,212,574)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	<u>827,600</u>	<u>2,040,174</u>
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u>\$ 2,389,344</u>	<u>\$ 827,600</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest and taxes	<u>\$ -</u>	<u>\$ -</u>

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

The Netherland - America Foundation, Incorporated

Notes to Financial Statements

December 31, 2023

Note 1 - Organization

The Netherland-America Foundation, Incorporated (the "Foundation") was organized to promote understanding and better relations between the people 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 has the following programs:

Educational Program: Issues grants to support educational institutions in the Netherlands.

Cultural and Historic Program: The program funds a wide range of exhibitions, performances, research and residencies for artists, promoting a high level of artistic and intellectual exchange between the United States and the Netherlands.

Student Fellowship and Internship Programs: The program provides fellowships, educational grants, and interest-free student loans to Dutch students pursuing an education or internship in the United States and to American students pursuing an education or internship in the Netherlands.

The Foundation's primary sources of revenue are contributions and special event revenue.

The Foundation has been notified that it is a not-for-profit organization 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 and Presentation

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 received or paid.

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958 *Presentation of Financial Statement of Not-For-Profit Entities*. FASB ASC 958 requires the Foundation to report information regarding its financial position and activities according to the following specific classes of net assets:

- *Net Assets without Donor Restrictions* - represents those resources for which there are no restrictions by donors as to their use. Included within this class are two categories of board designated unrestricted net assets. The Friends Fund, which consists of cash, was established to support Netherlands-based cultural, educational, and charitable institutions. Additionally, the board has established a reserve for long-term investments, a portion of which is designated for student loans.
- *Net Assets with Donor Restrictions* - relates to contributions of cash and other assets with donor stipulations that make clear the assets' restriction, either due to a program nature or by the passage of time.

The Netherland - America Foundation, Incorporated

Notes to Financial Statements

December 31, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

b. Recently Adopted Accounting Standard

On January 1, 2023, the Foundation adopted the FASB's Accounting Standards Update ("ASU") 2016-13, *Financial Instruments-Credit Losses* ("Topic 326"). Financial assets, which potentially subject the Foundation to credit losses, consisted of student loans receivable, reflected on the statement of financial position. Expected losses are recorded to an allowance for credit losses valuation account that is net against the corresponding asset to present the net amount expected to be collected on the financial asset. The credit loss allowance is determined through analysis of the financial assets and assessments of risk that are based on historical trends and evaluation of the impact of current and projected economic conditions. The adoption of this standard did not have a material impact on the Foundation's financial statements.

c. Revenue Recognition

The Foundation follows the requirements of FASB ASC 958-605 for recording contributions, which are recognized at the time a contribution becomes unconditional in nature. Contributions that do not contain donor restrictions are recorded in the class of net assets without donor restrictions. Contributions that do contain donor restrictions are recorded in the class of net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends, or 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 in the class of net assets without donor restrictions.

Contributions 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 as income once the conditions have been substantially met. Conditional pledges that have not been recognized amounted to \$2,322,698 at December 31, 2023.

Special event revenue is comprised of payments received from third parties to support and/or attend fundraising events. Special event revenue includes an exchange transaction component for the value of the goods or services rendered, which follows revenue recognition guidance under FASB ASC 606. The amount paid by third parties that is above the value of goods or services is considered a contribution. Revenue is recognized at the time the fundraising event occurs.

Conditional promises to give that are expected to be received in less than one year are recorded at net realizable value. Those that are due in greater than one year are recorded at fair value, which is calculated using risk adjusted present value techniques. Long-term promises to give are treated as time restricted until the period they are due, at which time they will be released from restriction and counted towards operations.

The Foundation bases its allowance for doubtful accounts on its historical loss experience considering the age of the receivables. Based on this review, no allowance was deemed necessary for pledges receivable and the allowance for doubtful student loans receivable was \$8,244 and \$21,334 at December 31, 2023 and 2022, respectively.

The Netherland - America Foundation, Incorporated

Notes to Financial Statements

December 31, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

d. Cash and Cash Equivalents

Checking and money market accounts with banks and highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash and cash equivalents, except for cash held with an investment custodian for long-term purposes.

e. Concentration of Credit Risk

Financial instruments which potentially subject the Foundation to a 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. The Foundation maintains its cash balances in financial institutions which are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 each. At times and at year end, 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. 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, net of investment fees, are reflected in the statement of activities.

Donated securities are recorded at fair value on the date of the gift and are immediately sold by the Foundation, unless otherwise required by the donor. Since it is the Foundation's policy to sell the donated securities upon receipt, the contributions are classified as operating activities in the statement of cash flows unless the donor restricts resources to long-term purposes, in which case those cash receipts are classified as cash flows from investing activities.

g. Leases

On January 1, 2022, the Foundation adopted FASB ASU No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Foundation elected transition relief that allows entities, in the period of adoption, to present the current period under FASB ASC 842 and the comparative period under FASB ASC 840. The Foundation also 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. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2022.

The Netherland - America Foundation, Incorporated

Notes to Financial Statements

December 31, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

g. Leases - Continued

The Foundation determines if an arrangement is or contains a lease at inception. Leases are included in 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. The Foundation does not report 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. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option.

h. 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 expenses were allocated using time and effort as the basis:

- Salaries
- Payroll taxes and benefits
- Occupancy
- Office supplies
- Postage and shipping
- Insurance
- Telephone
- Office Equipment
- Travel
- Depreciation

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

i. 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 in-kind.

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

j. Advertising Costs

Advertising costs are expensed as incurred.

The Netherland - America Foundation, Incorporated

Notes to Financial Statements

December 31, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

k. 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 amounts of assets, liabilities, revenues, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

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, 2022, from which the summarized information was derived.

m. 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, 2020 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 the Foundation 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 following summarizes the composition of investments:

	December 31, 2023		
	Level 1	Level 2	Total
Exchange traded funds	\$ 6,001,447	\$ -	\$ 6,001,447
Money market funds and other cash	127,078	-	127,078
Total	<u>\$ 6,128,525</u>	<u>\$ -</u>	<u>\$ 6,128,525</u>

The Netherland - America Foundation, Incorporated

Notes to Financial Statements

December 31, 2023

Note 3 - Investments - Continued

	December 31, 2022		
	Level 1	Level 2	Total
Certificates of deposit	\$ -	\$ 988,000	\$ 988,000
Exchange traded funds	5,414,979	-	5,414,979
Equity securities	10,257	-	10,257
Subtotal	5,425,236	988,000	6,413,236
Money market funds and other cash	84,744	-	84,744
Total	<u>\$ 5,509,980</u>	<u>\$ 988,000</u>	<u>\$ 6,497,980</u>

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. The investment policy requires that the investments are appropriately diversified 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.

Investment return consists of the following:

	December 31,	
	2023	2022
Realized and unrealized gain/(loss)	\$ 517,967	\$ (794,404)
Investment fees	(34,425)	(35,440)
Total	<u>\$ 483,542</u>	<u>\$ (829,844)</u>

Note 4 - Contributions Receivable

Contributions receivable at December 31, 2023 and 2022 are due to be collected as follows:

	December 31,	
	2023	2022
Year ending:		
December 31, 2023	\$ -	\$ 74,759
December 31, 2024	244,457	-
December 31, 2025	200,000	-
December 31, 2026	200,000	-
December 31, 2027	-	-
December 31, 2028	15,000	-
Thereafter	30,000	-
	<u>689,457</u>	<u>74,759</u>
Less: present value discount	(39,582)	-
Total	<u>\$ 649,875</u>	<u>\$ 74,759</u>

The Netherland - America Foundation, Incorporated

Notes to Financial Statements

December 31, 2023

Note 5 - 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 up 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 donor restricted Planten & Plugers Fund, and the donor restricted Samuel Freeman Program.

Student loans receivable at December 31, 2023 and 2022 are due to be collected as follows:

		December 31,	
		2023	2022
Year ending:			
	December 31, 2023	\$ -	\$ 120,169
	December 31, 2024	93,664	94,517
	December 31, 2025	91,401	59,931
	December 31, 2026	93,783	57,061
	December 31, 2027	81,616	37,917
	December 31, 2028	59,376	28,958
Thereafter		11,875	-
		431,715	398,553
Allowance for doubtful accounts		(8,244)	(21,334)
Student loan receivable - net of allowance		\$ 423,471	\$ 377,219

Note 6 - Operating Lease Right-of-Use Asset and Operating Lease Liability

The Foundation evaluated current contracts to determine which met the criteria of a lease. The Foundation leases office space in New York, NY under an agreement that began on November 1, 2022 that runs through October 31, 2025. The Foundation has a postage machine lease, which expires on December 15, 2027. Additionally, the Foundation has a storage space lease, which expires on October 31, 2025. All current contracts were determined to be an operating lease.

The ROU asset represents the Foundation's right to use the underlying asset for the lease term and the lease liabilities represent the Foundation's obligation to make lease payments arising from this lease. The ROU assets and lease liabilities were calculated based on the present value of future lease payments over the lease terms. The Foundation has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2023 was 4.15%.

As of December 31, 2023, the weighted average remaining lease terms for the Foundation's operating leases were approximately 3.92 years. The lease terms do not include any extension options.

Cash paid for these operating leases for the year ended December 31, 2023 was \$42,398. There were no noncash investing and financing transactions related to leasing.

The Netherland - America Foundation, Incorporated

Notes to Financial Statements

December 31, 2023

Note 6 - Operating Lease Right-of-Use Asset and Operating Lease Liability - Continued

The future payments due under the operating lease as of December 31, 2023 are as follows:

Year ending:

December 31, 2024	\$ 43,797
December 31, 2025	37,525
December 31, 2026	774
December 31, 2027	774
Total	<u>82,870</u>
Less: present value discount	<u>(3,601)</u>
Total lease liability at December 31, 2023	<u>\$ 79,269</u>

Note 7 - 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 Foundation's gala awards dinner.

Note 8 - Term Endowment - Reuvers Educational Fund

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 restricted for the educational fund. This activity is reflected in the with donor restrictions 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:

	December 31,	
	2023	2022
With donor restrictions:		
Funds held - beginning of year	\$ 1,278,128	\$ 1,541,059
Investment income	31,582	51,948
Net realized and unrealized gain/(loss) on investments	105,622	(212,142)
Appropriation for expenditure	(124,062)	(102,737)
Funds held - end of year	<u>\$ 1,291,270</u>	<u>\$ 1,278,128</u>

The Netherland - America Foundation, Incorporated

Notes to Financial Statements

December 31, 2023

Note 9 - Net Assets With Donor Restrictions

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

	December 31,	
	2023	2022
Reuver Educational Fund	\$ 1,291,270	\$ 1,278,128
Planten & Pluygers Fund	25,427	29,447
Fellowships and internships	1,661,351	609,565
Carillon Fund	50	50
Dekker-Padget	101,247	106,923
Cultural and Historical Programming	100,000	100,000
Podcast	17,717	25,589
Total	<u>\$ 3,197,062</u>	<u>\$ 2,149,702</u>

Net assets were released from restriction for the following:

	December 31,	
	2023	2022
Reuver Educational Fund	\$ 124,062	\$ 102,737
Planten & Pluygers Fund	2,020	1,491
Fellowships	174,508	220,924
Carillon Fund	-	132,434
Dekker-Padget	318,378	199,598
Podcast	7,872	-
Northstar Fund	-	24,911
Total program	<u>626,840</u>	<u>682,095</u>
Time restrictions	-	-
Total	<u>\$ 626,840</u>	<u>\$ 682,095</u>

Note 10 - Special Events Income

Special events activity was comprised of the following:

	December 31, 2023				
	NAF Ball	NAF Ambassador Award Dinner	NAF Friendship Gala	Other	Total
Gross revenue	\$ 896,353	\$ 256,096	\$ 146,803	\$ 94,670	\$ 1,393,922
Less: expenses where donor receives a direct benefit	(311,893)	(67,498)	(93,069)	(25,365)	(497,825)
	584,460	188,598	53,734	69,305	896,097
Less: other event expenses	(53,992)	(20,782)	(22,575)	(52,718)	(150,067)
Net fundraising event	<u>\$ 530,468</u>	<u>\$ 167,816</u>	<u>\$ 31,159</u>	<u>\$ 16,587</u>	<u>\$ 746,030</u>

The Netherland - America Foundation, Incorporated

Notes to Financial Statements

December 31, 2023

Note 10 - Special Events Income - Continued

	December 31, 2022				
	NAF Ball	NAF Ambassador Award Dinner	NAF Friendship Gala	Other	Total
Gross revenue	\$ 809,365	\$ 221,394	\$ 200,236	\$ 72,544	\$ 1,303,539
Less: expenses where donor receives a direct benefit	(313,908)	(53,515)	(131,013)	(48,249)	(546,685)
	495,457	167,879	69,223	24,295	756,854
Less: other event expenses	(39,572)	(24,205)	(7,053)	(66,981)	(137,811)
Net fundraising event	\$ 455,885	\$ 143,674	\$ 62,170	\$ (42,686)	\$ 619,043

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 their date of hire. The Foundation can make contributions to the plan at the board of directors' discretion. For the years ended December 31, 2023 and 2022, the Foundation made contributions totaling \$11,842 and \$11,127, respectively.

Note 12 - Liquidity and Availability of Financial Resources

The following reflects the Foundation's financial assets at December 31, 2023, reduced by amounts that have donor-imposed or board-designated restrictions within one year of the statement of financial position date:

Cash and cash equivalents	\$ 2,389,344	
Investments	6,128,525	
Contributions receivable	649,875	
Student loans receivable, net	423,471	
Total financial assets		\$ 9,591,215
Less amounts not available to be used within one year:		
Contributions restricted - purpose restrictions	(3,197,062)	
Restricted by board designations	(5,558,878)	
Funds held for custodial accounts	(19,000)	
Total not available to be used within one year		(8,774,940)
Financial assets available to meet cash needs for general expenditures within one year		\$ 816,275

As part of its liquidity management, the Foundation strives to operate its programs within a balanced budget and maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. Cash in excess of these requirements is invested in mutual funds.

The Netherland - America Foundation, Incorporated

Notes to Financial Statements

December 31, 2023

Note 13 - Subsequent Events

Subsequent events have been evaluated through June 27, 2024, the date the financial statements were available to be issued. There were no material events that have occurred that required adjustment to or disclosure to the financial statements.

The Netherland - America Foundation, Incorporated

Schedule of Changes in Net Assets With Donor Restrictions

For the Year Ended December 31, 2023

	Reuvers Educational Fund	Planten & Pluygers Fund	Fellowships/ Internships/ Student Loans	Carillon Fund	Cultural & Historical Programming	Podcast	Dekker- Padget	Time	Total
Support and revenue:									
Contributions, grants and other gifts	\$ -	\$ -	\$ 297,576	\$ -	\$ -	\$ -	\$ 269,202	\$ 600,000	\$ 1,166,778
Special events income, net	-	-	326,718	-	-	-	43,500	-	370,218
Interest and dividends	31,582	-	-	-	-	-	-	-	31,582
Total support and revenue	31,582	-	624,294	-	-	-	312,702	600,000	1,568,578
Satisfaction of program restrictions:									
Student fellowships	105,500	-	115,404	-	-	-	267,474	-	488,378
Fees and other expenses	18,562	4,020	57,104	-	-	7,872	50,904	-	138,462
Total satisfaction of program restrictions	124,062	4,020	172,508	-	-	7,872	318,378	-	626,840
Change in net assets with donor restrictions	(92,480)	(4,020)	451,786	-	-	(7,872)	(5,676)	600,000	941,738
Non-operating revenue:									
Investment return, net	105,622	-	-	-	-	-	-	-	105,622
Change in net assets	13,142	(4,020)	451,786	-	-	(7,872)	(5,676)	600,000	1,047,360
Net assets - beginning of year	1,278,128	29,447	609,565	50	100,000	25,589	106,923	-	2,149,702
Net assets - end of year	\$ 1,291,270	\$ 25,427	\$ 1,061,351	\$ 50	\$ 100,000	\$ 17,717	\$ 101,247	\$ 600,000	\$ 3,197,062

See Independent Auditor's Report.