



The Netherland-America Foundation, Inc.

Audited Financial Statements

December 31, 2022

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022, 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, 2022, 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 Responsibility 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 generally accepted auditing standards 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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

The financial statements of the Foundation as of and for the year ended December 31, 2021, were audited by other auditors whose report dated April 29, 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 for which it was 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 on page 17 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.

A handwritten signature in blue ink that reads "Sax CPAs LLP". The signature is stylized and fluid.

New York, NY
May 10, 2023

THE NETHERLAND-AMERICA FOUNDATION, INCORPORATED
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2022
(With comparative totals at December 31, 2021)

	<u>12/31/22</u>	<u>12/31/21</u>
Assets		
Cash and cash equivalents	\$827,600	\$2,040,174
Investments (Note 3)	6,497,980	6,124,136
Contributions receivable	74,759	227,761
Student loans receivable, net (Note 4)	377,219	294,106
Prepaid expenses and other assets	27,372	35,574
Fixed assets, net	1,290	3,871
Operating lease - right-of-use assets (Note 5)	<u>112,229</u>	<u>0</u>
 Total assets	 <u><u>\$7,918,449</u></u>	 <u><u>\$8,725,622</u></u>
 Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$161,437	\$112,045
Deferred revenue	1,350	1,350
Operating lease liabilities (Note 5)	112,430	0
Custodial accounts (Note 6)	<u>19,000</u>	<u>19,000</u>
Total liabilities	<u><u>294,217</u></u>	<u><u>132,395</u></u>
Net assets:		
Without donor restrictions:		
Operations	708,352	940,194
Board designated:		
Friends fund	544,579	416,633
Funds held for long-term investment (including \$445,931 designated for student loans)	<u>4,221,599</u>	<u>4,572,562</u>
Total net assets without donor restrictions	<u><u>5,474,530</u></u>	<u><u>5,929,389</u></u>
With donor restrictions (Notes 7 and 8)	<u><u>2,149,702</u></u>	<u><u>2,663,838</u></u>
 Total net assets	 <u><u>7,624,232</u></u>	 <u><u>8,593,227</u></u>
 Total liabilities and net assets	 <u><u>\$7,918,449</u></u>	 <u><u>\$8,725,622</u></u>

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, 2022
(With comparative totals for the year ended December 31, 2021)

	Without Donor Restrictions					
	Operations	Board Designated Friends Fund	Funds Held for Long Term & Student Loans	Total Without Donor Restrictions	Total With Donor Restrictions	Total 12/31/22
						Total 12/31/21
Support and revenue:						
Contributions, grants and other gifts	\$274,998	\$706,580		\$981,578	\$118,887	\$1,902,944
Forgiveness of Paycheck Protection Program loan (Note 9)				0		91,187
Special events income (net of expenses with a direct benefit to donor) (Note 10)	547,588			547,588	209,266	588,324
Interest and dividends	10,480		\$163,329	173,809	51,948	174,631
Student loan interest	10,891			10,891		7,000
Other	37,513			37,513		0
Bad debt recovery	57,490			57,490		0
Foreign exchange loss	(334)			(334)		(3,137)
	<u>938,626</u>	<u>706,580</u>	<u>163,329</u>	<u>1,808,535</u>	<u>380,101</u>	<u>2,760,949</u>
Net assets released from restrictions (Note 8)	<u>579,358</u>		<u>102,737</u>	<u>682,095</u>	<u>(682,095)</u>	<u>0</u>
Total support and revenue	<u>1,517,984</u>	<u>706,580</u>	<u>266,066</u>	<u>2,490,630</u>	<u>(301,994)</u>	<u>2,760,949</u>
Expenses:						
Program services:						
Educational program	114,554	268,584		383,138		810,366
Cultural and historical program	460,089	310,050		770,139		751,552
Student fellowships program	346,297			346,297		321,180
Internship program	297,696			297,696		111,586
Total program services	<u>1,218,636</u>	<u>578,634</u>	<u>0</u>	<u>1,797,270</u>	<u>0</u>	<u>1,994,684</u>
Supporting services:						
Management and general	187,033			187,033		184,953
Fundraising	343,484			343,484		381,658
Total supporting services	<u>530,517</u>	<u>0</u>	<u>0</u>	<u>530,517</u>	<u>0</u>	<u>566,611</u>
Total expenses	<u>1,749,153</u>	<u>578,634</u>	<u>0</u>	<u>2,327,787</u>	<u>0</u>	<u>2,561,295</u>
Change in net assets from operations	(231,169)	127,946	266,066	162,843	(301,994)	199,654
Non-operating revenue:						
Investment return (Note 3)	(673)		(617,029)	(617,702)	(212,142)	667,211
Change in net assets	(231,842)	127,946	(350,963)	(454,859)	(514,136)	866,865
Net assets - beginning of year	<u>940,194</u>	<u>416,633</u>	<u>4,572,562</u>	<u>5,929,389</u>	<u>2,663,838</u>	<u>7,726,362</u>
Net assets - end 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>\$8,593,227</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, 2022
(With comparative totals for the year ended December 31, 2021)

	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 12/31/22	Total Expenses 12/31/21
Salaries	\$62,982	\$43,006	\$72,859	\$52,582	\$231,429	\$56,122	\$156,564	\$212,686	\$444,115	\$383,213
Payroll taxes and benefits	12,018	8,205	13,900	10,032	44,155	10,706	29,871	40,577	84,732	82,100
	<u>75,000</u>	<u>51,211</u>	<u>86,759</u>	<u>62,614</u>	<u>275,584</u>	<u>66,828</u>	<u>186,435</u>	<u>253,263</u>	<u>528,847</u>	<u>465,313</u>
Cultural grants	268,584	569,294			837,878			0	837,878	1,347,415
Fellowships			230,321	169,101	399,422			0	399,422	231,988
Essay awards					0			0	0	25,402
Event production and promotion	12,215	52,482	492	355	65,544	379	618,573	618,952	684,496	468,181
Chapter expense	4,000	58,011		27,400	89,411			0	89,411	34,991
Professional fees					0	101,257	33,356	134,613	134,613	115,630
Occupancy	8,364	5,711	9,675	6,983	30,733	7,453	20,791	28,244	58,977	57,568
Other expenses	3,318	27,178	6,968	23,599	61,063	2,959	8,253	11,212	72,275	20,693
Office supplies	1,368	934	1,582	1,142	5,026	1,218	3,400	4,618	9,644	22,591
Postage and shipping	493	336	569	411	1,809	438	1,223	1,661	3,470	3,585
Insurance	1,009	689	1,167	842	3,707	898	2,508	3,406	7,113	7,033
Telephone	834	569	965	696	3,064	743	2,073	2,816	5,880	4,939
Office equipment	3,799	2,595	4,396	3,173	13,963	3,387	9,447	12,834	26,797	14,365
Travel	3,788	879	1,489	1,075	7,231	1,147	3,200	4,347	11,578	2,078
Depreciation	366	250	423	305	1,344	326	910	1,236	2,580	2,580
Bad debt			1,491		1,491			0	1,491	5,270
	<u>383,138</u>	<u>770,139</u>	<u>346,297</u>	<u>297,696</u>	<u>1,797,270</u>	<u>187,033</u>	<u>890,169</u>	<u>1,077,202</u>	<u>2,874,472</u>	<u>2,829,622</u>
Total expenses										
Less: direct event expenses netted with revenue					0		(546,685)	(546,685)	(546,685)	(268,327)
	<u>\$383,138</u>	<u>\$770,139</u>	<u>\$346,297</u>	<u>\$297,696</u>	<u>\$1,797,270</u>	<u>\$187,033</u>	<u>\$343,484</u>	<u>\$530,517</u>	<u>\$2,327,787</u>	<u>\$2,561,295</u>
Total expenses for statement of activities										

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, 2022
(With comparative totals for the year ended December 31, 2021)

	<u>12/31/22</u>	<u>12/31/21</u>
Cash flows from operating activities:		
Change in net assets	(\$968,995)	\$866,865
Adjustments to reconcile changes in net assets to net cash (used for)/provided by operating activities:		
Forgiveness of Paycheck Protection Program loan	0	43,112
Realized and unrealized loss/(gain) on investments	794,404	(699,680)
Depreciation	2,580	2,580
Changes in assets and liabilities:		
Contributions receivable	153,002	331,307
Student loans receivable	(83,113)	71,111
Prepaid expenses and other assets	8,202	(9,859)
Operating lease right-of-use asset and liability	201	0
Accounts payable and accrued expenses	49,392	(75,828)
Deferred revenue	0	(8,118)
Net cash (used for)/provided by operating activities	<u>(44,327)</u>	<u>521,490</u>
Cash flows from investing activities:		
Proceeds from sales of investments	2,461,658	8,156,174
Purchase of investments	(3,629,905)	(8,395,257)
Net cash used for investing activities	<u>(1,168,247)</u>	<u>(239,083)</u>
Net (decrease)/increase in cash and cash equivalents	(1,212,574)	282,407
Cash and cash equivalents - beginning of year	<u>2,040,174</u>	<u>1,757,767</u>
Cash and cash equivalents - end of year	<u><u>\$827,600</u></u>	<u><u>\$2,040,174</u></u>
Supplemental data:		
Interest and taxes paid	<u><u>\$0</u></u>	<u><u>\$0</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, 2022

Note 1 - Organization

The Netherlands-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 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

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.

b. Recently Adopted Accounting Standard

Effective January 1, 2022, the Foundation 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. As a result of implementing ASU No. 2016-02, during 2022, the Foundation recognized right-of-use ("ROU") assets totaling \$118,267 and lease liabilities totaling \$118,267 in its statement of financial position. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2022.

Effective January 1, 2022, the Foundation 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 the Foundation's financial statements.

c. Basis of Presentation

The Foundation reports information regarding its 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. 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.

	<u>12/31/22</u>	<u>12/31/21</u>
Friends fund	\$544,579	\$416,633
Student loans	445,931	445,931
Funds held for long term	<u>3,775,668</u>	<u>4,126,631</u>
Total	<u>\$4,766,178</u>	<u>\$4,989,195</u>

- *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.

d. Revenue Recognition

The Foundation follows the requirements of FASB's Accounting Standards Codification ("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 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. At December 31, 2022, all receivables were due within one year.

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 loan receivables was \$21,334 and \$77,574 at December 31, 2022 and 2021, respectively.

e. 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.

f. 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. At times and at year end, balances may exceed federally insured limits. A significant portion of the funds is not insured by the Federal Deposit Insurance Corporation ("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.

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, 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.

h. Leases

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.

i. 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.

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 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.

k. Advertising Costs

Advertising costs are expensed as incurred.

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, 2021**, from which the summarized information was derived.

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 amounts 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, 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 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:

	<u>December 31, 2022</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Certificates of deposit	\$0	\$988,000	\$988,000
Exchange traded funds	5,414,979	0	5,414,979
Equity securities	<u>10,257</u>	<u>0</u>	<u>10,257</u>
Subtotal	5,425,236	988,000	6,413,236
Money market funds and other cash	<u>84,744</u>	<u>0</u>	<u>84,744</u>
Total	<u>\$5,509,980</u>	<u>\$988,000</u>	<u>\$6,497,980</u>

	December 31, 2021		
	Level 1	Level 2	Total
Exchange traded funds	\$5,971,456	\$0	\$5,971,456
Equity securities	<u>10,515</u>	<u>0</u>	<u>10,515</u>
Subtotal	5,981,971	0	5,981,971
Money market funds and other cash	<u>142,165</u>	<u>0</u>	<u>142,165</u>
Total	<u>\$6,124,136</u>	<u>\$0</u>	<u>\$6,124,136</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:

	<u>12/31/22</u>	<u>12/31/21</u>
Realized and unrealized (loss)/gain	(\$794,404)	\$699,680
Investment fees	<u>(35,440)</u>	<u>(32,469)</u>
Total	<u>(\$829,844)</u>	<u>\$667,211</u>

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 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 & Pluygers Fund, and the donor restricted Samuel Freeman Program.

Student loans receivable at December 31, 2022 and 2021 are due to be collected as follows:

	<u>12/31/22</u>	<u>12/31/21</u>
Year ending:		
December 31, 2022	\$0	\$191,680
December 31, 2023	120,169	60,000
December 31, 2024	94,517	60,000
December 31, 2025	59,931	60,000
December 31, 2026	57,061	0
December 31, 2027	37,917	0
Thereafter	<u>28,958</u>	<u>0</u>
	398,553	371,680
Allowance for doubtful accounts	<u>(21,334)</u>	<u>(77,574)</u>
Student loan receivable – net of allowance	<u>\$377,219)</u>	<u>\$294,106</u>

Note 5 - 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, which was determined to be an operating lease. Additionally, the Foundation has a postage machine lease, which expires on December 15, 2027, which was also 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, 2022 was 4.01%.

As of December 31, 2022, the weighted average remaining lease terms for the Foundation's operating leases was approximately 3.88 years. The lease terms do not include any extension options.

For the year ended December 31, 2022, the total operating lease cost was \$6,895. There were no short-term lease costs during the year ended December 31, 2022.

Cash paid for these operating leases for the year ended December 31, 2022 was \$6,694. There were no noncash investing and financing transactions related to leasing other than the transition entry described in Note 2b. The future payments due under the operating lease as of December 31, 2022 are as follows:

Year ending:	December 31, 2023	\$40,748
	December 31, 2024	52,496
	December 31, 2025	25,389
	December 31, 2026	774
	December 31, 2027	<u>710</u>
Total		120,117
Less: present value discount		<u>(7,687)</u>
Total lease liability at December 31, 2022		<u>\$112,430</u>

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 Foundation's gala awards dinner.

Note 7 - 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 and are also 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:

	<u>12/31/22</u>	<u>12/31/21</u>
With donor restrictions:		
Funds held – beginning of year	\$1,541,059	\$1,405,160
Investment income	51,948	45,631
Net realized and unrealized (loss)/gain on investments	(212,142)	178,058
Appropriation for expenditure	<u>(102,737)</u>	<u>(87,790)</u>
Funds held – end of year	<u>\$1,278,128</u>	<u>\$1,541,059</u>

Note 8 - Net Assets With Donor Restrictions

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

	<u>12/31/22</u>	<u>12/31/21</u>
Reuvers Educational Fund	\$1,278,128	\$1,541,059
Planten & Pluygers Fund	29,447	30,938
Fellowships	609,565	620,723
Carillon Fund	50	132,484
Dekker-Padget	106,923	188,134
Cultural and Historical Programming	100,000	100,000
Podcast	<u>25,589</u>	<u>50,500</u>
Total	<u>\$2,149,702</u>	<u>\$2,663,838</u>

Net assets were released from restriction for the following:

	<u>12/31/22</u>	<u>12/31/21</u>
Reuvers Educational Fund	\$102,737	\$87,790
Planten & Pluygers Fund	1,491	5,270
Fellowships	220,924	128,055
Carillon Fund	132,434	298,405
Dekker-Padget	199,598	77,893
Northstar Fund	<u>24,911</u>	<u>1,740</u>
Total program	682,095	599,153
Time restrictions	<u>0</u>	<u>500,000</u>
Total	<u>\$682,095</u>	<u>\$1,099,153</u>

Note 9 - Paycheck Protection Program Loan

During the year ended December 31, 2020, the Foundation obtained a loan from the Small Business Administration ("SBA") in the amount of \$43,112 through the Paycheck Protection Program ("PPP"). Terms of the loan indicated that if certain conditions were met, which included maintaining average work forces during periods subsequent to receipt of the loan funds that were greater than pre-determined historical periods, that the loan, or a portion thereof, would be forgiven. The Foundation has opted to treat the PPP proceeds as a loan payable in accordance with FASB ASC 470. Under this treatment, the proceeds from the loan remain as a liability until the loan is forgiven by the SBA. The loan forgiveness amount of \$43,112 was approved on March 18, 2021.

During the year ended December 31, 2021, the Foundation obtained a second PPP loan in the amount of \$48,075. The terms of the second loan were the same as described above. The loan forgiveness amount of \$48,075 was approved on December 22, 2021.

Note 10 - Special Events Income

Special events activity was comprised of the following:

	December 31, 2022				
	NAF Ball	NAF Gala Awards 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	<u>(313,908)</u>	<u>(53,515)</u>	<u>(131,013)</u>	<u>(48,249)</u>	<u>(546,685)</u>
	495,457	167,879	69,223	24,295	756,854
Less: other event expenses	<u>(39,572)</u>	<u>(24,205)</u>	<u>(7,053)</u>	<u>(66,981)</u>	<u>(137,811)</u>
Net fundraising event	<u>\$455,885</u>	<u>\$143,674</u>	<u>\$62,170</u>	<u>(\$42,686)</u>	<u>\$619,043</u>
	December 31, 2021				
	NAF Ball	NAF Gala Awards Dinner	NAF Friendship Gala	Other	Total
Gross revenue	\$619,278	\$194,325	\$27,971	\$15,077	\$856,651
Less: expenses where donor receives a direct benefit	<u>(212,549)</u>	<u>(40,620)</u>	<u>(6,918)</u>	<u>(8,240)</u>	<u>(268,327)</u>
	406,729	153,705	21,053	6,837	588,324
Less: other event expenses	<u>(85,850)</u>	<u>(32,123)</u>	<u>(1,150)</u>	<u>(80,731)</u>	<u>(199,854)</u>
Net fundraising event	<u>\$320,879</u>	<u>\$121,582</u>	<u>\$19,903</u>	<u>(\$73,894)</u>	<u>\$388,470</u>

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, 2022 and 2021, the Foundation made contributions totaling \$11,127 and \$8,967, respectively.

Note 12 - Liquidity and Availability of Financial Resources

The following reflects the Foundation's financial assets at December 31, 2022, 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	\$827,600	
Investments	6,497,980	
Contributions receivable	74,759	
Student loans receivable, net	<u>377,219</u>	
Total financial assets		\$7,777,558
Less amounts not available to be used within one year:		
Contributions restricted – purpose restrictions	(2,149,702)	
Restricted by board designations	(4,766,178)	
Funds held for custodial accounts	<u>(19,000)</u>	
Total not available to be used within one year:		<u>(6,934,880)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$842,678</u>

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.

Note 13 - Subsequent Events

Subsequent events have been evaluated through May 10, 2023, 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, 2022

	Reuvers Educational Fund	Planten & Pluygers Fund	Fellowships	Carillon Fund	Cultural & Historical Programming	Podcast	Dekker- Padget	Total
Support and revenue:								
Contributions, grants and other gifts			\$500				\$118,387	\$118,887
Special events income, net			209,266					209,266
Interest and dividends	\$51,948							51,948
Total support and revenue	51,948	0	209,766	0	0	0	118,387	380,101
Satisfaction of program restrictions:								
Student fellowships	81,250		139,334				159,880	380,464
Student loans		1,491						1,491
Friends fund grants				132,434				132,434
Fees and other expenses	21,487		81,590			24,911	39,718	167,706
Total program restrictions	102,737	1,491	220,924	132,434	0	24,911	199,598	682,095
Change in net assets with donor restrictions	(50,789)	(1,491)	(11,158)	(132,434)	0	(24,911)	(81,211)	(301,994)
Non-operating revenue:								
Investment return, net	(212,142)							(212,142)
Change in net assets	(262,931)	(1,491)	(11,158)	(132,434)	0	(24,911)	(81,211)	(514,136)
Net assets - beginning of year	1,541,059	30,938	620,723	132,484	100,000	50,500	188,134	2,663,838
Net assets - end of year	\$1,278,128	\$29,447	\$609,565	\$50	\$100,000	\$25,589	\$106,923	\$2,149,702