

**Audited Financial Statements**

**THE NATIONAL ITALIAN AMERICAN FOUNDATION, INC.**

**Washington, District of Columbia**

**December 31, 2023 and 2022**

# The National Italian American Foundation, Inc.

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## **INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors  
The National Italian American Foundation, Inc.  
Washington, District of Columbia**

### ***Opinion***

We have audited the accompanying financial statements of The National Italian American Foundation, Inc. (a non-profit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The National Italian American Foundation, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 National Italian American Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 National Italian American Foundation, Inc.'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 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 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 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 National Italian American Foundation, Inc.'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 National Italian American Foundation, Inc.'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.

*CST Group, CPAs, PC*

July 17, 2024

# The National Italian American Foundation, Inc.

## STATEMENTS OF FINANCIAL POSITION as of December 31

	2023	2022
<b>CURRENT ASSETS</b>		
Cash	\$ 879,599	\$ 1,112,555
Investments	8,519,950	7,775,614
Accounts receivable	1,743,604	2,352,171
Prepaid expenses	242,367	174,872
	<b>11,385,520</b>	<b>11,415,212</b>
 <b>PROPERTY AND EQUIPMENT</b>		
Building	1,555,062	1,552,404
Land	344,963	344,963
Equipment	308,096	308,096
Furniture	69,868	69,868
Software	57,792	57,792
	2,335,781	2,333,123
Less: allowance for depreciation	(1,686,121)	(1,630,960)
	<b>649,660</b>	<b>702,163</b>
 <b>OTHER ASSETS</b>		
Cash restricted for Italian Relief Fund, and various restricted funds	199,184	286,657
	<b>\$ 12,234,364</b>	<b>\$ 12,404,032</b>
 <b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 240,011	\$ 223,372
Credit card payable	6,937	2,436
Deferred revenue	63,305	131,500
Current portion of long-term debt	11,383	11,052
	<b>321,636</b>	<b>368,360</b>
 <b>LONG-TERM LIABILITIES</b>		
Loans payable, net of current portion	476,559	487,942
	<b>476,559</b>	<b>487,942</b>
 <b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated	43,271	540,508
Board designated reserves	1,700,467	1,700,467
	1,743,738	2,240,975
With donor restrictions:		
Purpose restricted	7,116,560	6,915,098
Permanent in nature	2,575,871	2,391,657
	9,692,431	9,306,755
	<b>11,436,169</b>	<b>11,547,730</b>
	<b>\$ 12,234,364</b>	<b>\$ 12,404,032</b>

See notes to financial statements

# The National Italian American Foundation, Inc.

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS for Years Ended December 31,

	<u>2023</u>	<u>2022</u>
<b>OPERATING ACTIVITIES</b>		
<b>SUPPORT AND REVENUES WITHOUT DONOR RESTRICTIONS</b>		
Memberships	\$ 793,489	\$ 748,054
Events	1,295,706	1,434,731
Contributions and bequests	1,893,900	2,259,559
Contributions of nonfinancial assets	90,985	79,795
Other	<u>49,641</u>	<u>74,605</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<b>4,123,721</b>	<b>4,596,744</b>
Net assets released from restrictions	<u>678,662</u>	<u>717,552</u>
<b>SUPPORT AND REVENUE FROM OPERATIONS WITHOUT DONOR RESTRICTIONS</b>	<b>4,802,383</b>	<b>5,314,296</b>
<b>EXPENSES</b>		
Programs	3,594,151	2,798,973
Management and general	1,756,537	1,907,859
Fundraising	<u>100,825</u>	<u>79,421</u>
<b>TOTAL EXPENSES FROM OPERATIONS</b>	<b>5,451,513</b>	<b>4,786,253</b>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS WITHOUT DONOR RESTRICTIONS</b>	<b>(649,130)</b>	<b>528,043</b>
<b>SUPPORT AND REVENUE WITH DONOR RESTRICTIONS</b>		
Contributions and bequests	171,068	134,964
Education, scholarships, and grants	302,464	75,000
Net assets released from restrictions	<u>( 678,662)</u>	<u>( 717,552)</u>
<b>TOTAL DECREASE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>( 205,130)</b>	<b>( 507,588)</b>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b>	<b>(854,260)</b>	<b>20,455</b>
<b>NON-OPERATING ACTIVITIES</b>		
Investment income - interest and dividends	240,092	196,774
Investment income - net realized gains (losses)	( 15,588)	75,165
Investment income - net unrealized gains (losses)	582,529	( 1,350,597)
Expenses paid from investments	( 50,254)	( 55,311)
Interest expense	<u>( 14,080)</u>	<u>( 14,414)</u>
<b>TOTAL NON-OPERATING ACTIVITIES</b>	<b>742,699</b>	<b>( 1,148,383)</b>
<b>DECREASE IN NET ASSETS</b>	<b>( 111,561)</b>	<b>( 1,127,928)</b>
Net assets, beginning of year	<u>11,547,730</u>	<u>12,675,658</u>
<b>NET ASSETS, END OF YEAR</b>	<b><u>\$ 11,436,169</u></b>	<b><u>\$ 11,547,730</u></b>

See notes to financial statements

# The National Italian American Foundation, Inc.

## STATEMENTS OF FUNCTIONAL EXPENSES for Year Ended December 31, 2023 (with summarized totals for 2022)

	Program Services					Total Program Services	Management & General	Fundraising	2023 Total	2022 Total
	Education, Scholarships and Grants	Events	Memberships	Publications	Other Programs					
Scholarships & grants provided to recipients	\$ 793,972	\$ 0	\$ 0	\$ 0	\$ 0	\$ 793,972	\$ 0	\$ 0	\$ 793,972	\$ 720,265
Event venue facility costs & entertainment	505	1,384,932	0	0	2,370	1,387,807	0	13,259	\$ 1,401,066	\$ 1,264,599
Costs of event auction items	0	156,510	0	0	0	156,510	0	0	\$ 156,510	\$ 109,355
In-kind contributions	0	90,985	0	0	0	90,985	0	0	\$ 90,985	\$ 79,795
Professional fees including consultants	250	25,500	15,215	0	6,315	47,280	209,336	75	\$ 256,691	\$ 185,487
General administrative costs	0	42,831	140,086	0	34,371	217,288	319,435	3,150	\$ 539,873	\$ 483,323
Headquarter costs	0	82	0	0	300	382	125,100	0	\$ 125,482	\$ 123,957
Salaries, benefits & payroll taxes	243,071	191,619	130,270	145,172	0	710,132	685,216	83,955	\$ 1,479,303	\$ 1,385,835
Technology services	0	1,827	0	0	0	1,827	227,330	0	\$ 229,157	\$ 184,646
Travel	168,469	1,645	1,596	0	16,258	187,968	134,629	386	\$ 322,983	\$ 190,398
Other	0	0	0	0	0	0	55,491	0	\$ 55,491	\$ 58,593
	<b>\$ 1,206,267</b>	<b>\$ 1,895,931</b>	<b>\$ 287,167</b>	<b>\$ 145,172</b>	<b>\$ 59,614</b>	<b>\$ 3,594,151</b>	<b>\$ 1,756,537</b>	<b>\$ 100,825</b>	<b>\$ 5,451,513</b>	<b>\$ 4,786,253</b>

See notes to financial statements

# The National Italian American Foundation, Inc.

## STATEMENTS OF CASH FLOWS for Years Ended December 31,

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ ( 111,561)	\$ ( 1,127,928)
Changes to income not affecting cash:		
Depreciation and amortization	55,161	58,593
Realized (gain) loss on investments	15,588	( 75,165)
Unrealized (gain) loss on investments	( 582,529)	1,350,597
Effect of changes in revenue and expense accruals:		
Decrease in accounts receivable	608,567	116,784
Increase in prepaid expenses	( 67,495)	( 69,701)
Increase in accounts payable and accrued expenses	21,140	68,081
Increase (decrease) in deferred revenue	( 68,195)	123,500
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>( 129,324)</b>	<b>444,761</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash payments for the purchase of fixed assets	( 2,658)	( 18,723)
Net purchases of investments	( 177,395)	( 640,011)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>( 180,053)</b>	<b>( 658,734)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net payments on loans payable	( 11,052)	( 906)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<b>( 11,052)</b>	<b>( 906)</b>
<b>NET DECREASE IN CASH</b>	<b>( 320,429)</b>	<b>( 214,879)</b>
Cash and restricted cash, beginning of year	1,399,212	1,614,091
<b>CASH AND RESTRICTED CASH, END OF YEAR</b>	<b>\$ 1,078,783</b>	<b>\$ 1,399,212</b>

See notes to financial statements



# The National Italian American Foundation, Inc.

## NOTES TO FINANCIAL STATEMENTS for Years Ended December 31, 2023 and 2022

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### NOTE A - ORGANIZATION

The National Italian American Foundation, Inc. (the Foundation) was incorporated as a non-profit organization in 1975 under the laws of the District of Columbia. The Foundation provides all Italian Americans with a national headquarters dedicated to encouraging and supporting their role in public life.

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Basis of Accounting***

The financial statements of The National Italian American Foundation, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

#### ***Basis of Presentation***

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

#### ***Cash and Cash Equivalents***

Cash, as used in the accompanying financial statements, includes currency on hand, demand deposits with financial institutions and short term, highly liquid investments purchased with a maturity of three months or less. At December 31, 2023 and 2022 there were no cash equivalents.

#### ***Investments***

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

# The National Italian American Foundation, Inc.

## NOTES TO FINANCIAL STATEMENTS for Years Ended December 31, 2023 and 2022

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### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### ***Accounts Receivable***

The Foundation grants credit terms in the normal course of business to individuals and enterprises throughout the United States and abroad. Accounts receivable are recognized when the service or product is provided. Allowance for bad debts on accounts receivable is made in amounts required to maintain an adequate allowance to cover anticipated bad debts. Accounts receivable are charged against the allowance or revenues when it is determined by the Foundation that payment will not be received. At year-end, the allowance is evaluated by management based on review of the accounts receivable. At December 31, 2023 and 2022, management does not consider an allowance for credit losses necessary. Credit loss expense for the years ended December 31, 2023 and 2022 totaled \$0.

The net present value of contributions to be received included in accounts receivable totals \$1,500,119 and \$1,620,872, respectively, for the years ended December 31, 2023 and 2022. The contribution payments are to be made over the next 18 years with payments of \$50,000 per annum continuing for 18 years, and payments of \$100,000 per annum continuing for 8 years.

#### ***Building and Equipment***

The building and office equipment are recorded at cost and are depreciated using the straight-line method over estimated useful lives of 30 years for the building and three to ten years for the equipment. Expenditures for repairs and maintenance, which do not materially prolong the useful lives of the assets, are charged to expense as incurred. Depreciation expense for the years ended December 31, 2023 and 2022 totaled \$55,161 and \$58,593, respectively.

#### ***Revenue and Revenue Recognition***

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. The Foundation analyzes each transaction to determine if it is non-reciprocal (contribution) or reciprocal (exchange).

#### ***Contributions***

Contributions are recognized in the appropriate category of net assets in the period received. For contributions that are determined to be non-reciprocal transactions under the contribution rules, revenue is recognized upon receipt of the gift or award. Conditional promises to give are recognized when the conditions on which they depend are substantially met or the donor has explicitly released the restriction. Contributions that are unconditional but that have donor restrictions are recognized as “with donor restrictions” and then reclassified to “without donor restrictions” upon satisfaction of the donor-imposed restrictions. Funds received for which restrictions have not been met are shown as net assets with donor restrictions in the accompanying financials statements. In certain instances, NIAF may be a beneficiary under various wills and trust agreements. Any such contributions and bequests pursuant to wills and trusts agreements are recorded when a will is declared valid by a probate court and the proceeds are measurable.

# The National Italian American Foundation, Inc.

## NOTES TO FINANCIAL STATEMENTS for Years Ended December 31, 2023 and 2022

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### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### ***Exchange Transactions***

Items classified as exchange transactions follow ASU 2014-09, Revenue from Contracts with Customers ("Topic 606"). Topic 606 provides a five-step model for recognizing revenue from contracts with customers as follows: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies the performance obligation.

Revenue is measured based on a consideration specified in a contract with a customer. The Foundation recognizes revenue when it satisfies a performance obligation over a period of time as the services are provided. The Foundation's contracts generally contain one performance obligation. The transaction price is the amount of consideration expected to be received in exchange for transferring goods and services to the customer. When a contract has a single performance obligation, the entire transaction price is attributed to that performance obligation. Because the Foundation has the right to invoice its customer in amounts that correspond directly with the value of performance to date, disclosure of further information about remaining performance obligations under service contracts is not required.

#### ***Donated Materials and Services***

The Foundation receives donated materials and services. Donated materials and services are recorded as unrestricted revenue and program expense in the period received if an objective basis is available to measure the value of such items. Donated materials and services totaled \$90,985 and \$79,795 for the years ended December 31, 2023 and 2022, respectively.

#### ***Income Taxes***

The Foundation is a nonprofit corporation classified as a 501(c)(3) organization; exempt from federal income tax. However, income from certain activities not directly related to the Foundation's exempt purpose is subject to taxation as unrelated business income. For the years ended December 31, 2023 and 2022, the Foundation had no significant net taxable unrelated business income.

Management has evaluated tax positions that could have a significant effect on the financial statements and determined the Foundation had no uncertain tax positions at December 31, 2023 and 2022, which require disclosure or recognition. Generally, the Foundation's tax returns remain open for three years for federal income tax examination.

#### ***Advertising Costs***

Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2023 and 2022 \$37,664 and \$20,522, respectively.

#### ***Functional Allocation Expenses***

The statement of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and related benefits are allocated to the functions based on employees' responsibilities toward that specific function. Overhead costs, which include equipment rental, office supplies, postage, printing, and telephone, are allocated to the functions based on management's measured and estimated usage of these costs by function.

# The National Italian American Foundation, Inc.

## NOTES TO FINANCIAL STATEMENTS for Years Ended December 31, 2023 and 2022

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### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### ***Foreign Currency***

The U.S. dollar is the functional currency of the Foundation. Transactions in other currencies are translated into dollars at the rates of exchange in effect during the month of the transaction. Assets and liabilities denominated in non-U.S. currency are translated into dollars at the exchange rate in effect at the date of the balance sheet.

#### ***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates that affect the reported amounts and disclosures in the financial statements. Actual amounts could differ from those estimates.

#### ***Fair Value Reporting***

Unless disclosed otherwise, the Foundation estimates that the fair value of all financial and non-financial instruments at December 31, 2023 does not differ materially from the aggregate carrying values recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Foundation using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly the estimates are not necessarily indicative of the amounts that the Foundation could realize in a current market exchange.

#### ***New Accounting Pronouncements Adopted in 2023***

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This ASU and its related amendments (collectively, the "Credit Loss Standard") modified the credit loss model to utilize an expected loss methodology in place of an incurred loss methodology for financial instruments, including trade receivables, contract assets, long-term receivables, and off-balance sheet credit exposures. The Credit Loss Standard requires consideration of a broader range of information to estimate expected credit losses, including historical information, current conditions, and a reasonable forecast period. This ASU requires that the statements of activities reflect the measurement of credit losses for newly recognized financial assets as well as an expected increase or decrease of expected credit losses that have taken place during the period, which may result in earlier recognition. The Foundation adopted the Credit Loss Standard effective January 1, 2023, utilizing a modified retrospective approach and its adoption did not have a material impact on the financial statements.

#### ***Reclassifications***

Certain accounts reported for 2022 have been reclassified for comparative purposes to conform with 2023 presentation. Such reclassifications had no effect on 2022 change in net assets.

# The National Italian American Foundation, Inc.

## NOTES TO FINANCIAL STATEMENTS for Years Ended December 31, 2023 and 2022

### NOTE C - FAIR VALUE MEASUREMENTS AND INVESTMENTS

The Foundation records investments based on fair value on a recurring basis. Financial accounting and reporting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. The standard emphasizes that fair value is a market-based measurement, not an entity specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the standards established a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent from the reporting entity (observable inputs that are classified within Level 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in inactive markets; (c) inputs other than quoted prices that are observable for the asset or liability; and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The determination of the fair value level within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Foundation's assessment of the significance of the particular input to the fair value measurement in its entirety requires judgment and consideration of factors specific to the assets or liabilities.

In determining the appropriate levels, the Foundation performs a detailed analysis of its assets and liabilities.

The following summarizes investments, measured at fair value on a recurring basis, aggregated by the level in the fair value hierarchy within which those measurements fall, as of December 31, 2023.

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and equivalents	\$ 825,338	\$ 825,338	\$ 0	\$ 0
Corporate stocks	3,116,670	3,116,670	0	0
Mutual funds	<u>4,577,942</u>	<u>0</u>	<u>4,577,942</u>	<u>0</u>
<b>Totals</b>	<b><u>\$ 8,519,950</u></b>	<b><u>\$3,942,007</u></b>	<b><u>\$ 4,577,942</u></b>	<b><u>\$ 0</u></b>

See independent auditor's report.

# The National Italian American Foundation, Inc.

## NOTES TO FINANCIAL STATEMENTS for Years Ended December 31, 2023 and 2022

### NOTE C - FAIR VALUE MEASUREMENTS AND INVESTMENTS (continued)

The following summarizes investments, measured at fair value on a recurring basis, aggregated by the level in the fair value hierarchy within which those measurements fall, as of December 31, 2022.

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and equivalents	\$ 901,086	\$ 901,086	\$ 0	\$ 0
Corporate stocks	2,744,338	2,744,338	0	0
Mutual funds	4,130,190	0	4,130,190	0
<b>Totals</b>	<b>\$ 7,775,614</b>	<b>\$ 3,645,424</b>	<b>\$ 4,130,190</b>	<b>\$ 0</b>

Components of investment income for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Interest	\$ 19,911	\$ 8,685
Dividend and capital gain distributions	220,181	188,089
Realized gain (loss)	(15,588)	75,165
Unrealized gain (loss)	582,529	(1,350,597)
<b>Total</b>	<b>\$ 807,033</b>	<b>\$(1,078,658)</b>

Investment costs relating to investment revenues totaled \$50,254 and \$55,311 for the years ended December 31, 2023 and 2022, respectively.

### NOTE D - AVAILABILITY AND LIQUIDITY

The Foundation is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used for a particular manner, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Therefore, financial assets may not be available for general expenditures. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations become due. In June 2018, the Endowment Trust Fund of \$700,467 was amended to allow its use for general expenditures. In addition, the remaining board designated reserves of \$1,000,000 could be made available for general expenditures, subject to approval by the three trustees which are all current board members.

# The National Italian American Foundation, Inc.

## NOTES TO FINANCIAL STATEMENTS for Years Ended December 31, 2023 and 2022

### NOTE D - AVAILABILITY AND LIQUIDITY (continued)

The following represents the Foundation's financial assets at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 879,599	\$ 1,112,555
Restricted cash	199,184	286,657
Accounts receivable	1,743,604	2,352,171
Investments	<u>8,519,950</u>	<u>7,775,614</u>
	<b>11,342,337</b>	<b>11,526,997</b>

Less those unavailable for general expenditures within one year due to:

Donor-imposed purpose restriction	7,116,560	6,915,098
Donor-imposed restrictions perpetual in nature	2,575,871	2,391,657
Board designated net assets subject to approval of trustees	<u>1,000,000</u>	<u>1,000,000</u>
	<b>10,692,431</b>	<b>10,306,755</b>

Financial assets available to meet general expenditures  
over the next twelve months

**\$ 649,906**      **\$ 1,220,242**

### NOTE E - RESTRICTIONS ON NET ASSETS

The Foundation maintains donor restricted net assets established for a variety of purposes. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation maintains the whole dollar value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as donor restricted net assets at the original value of gifts donated plus any subsequent gifts to the donor restricted net assets. Interest, dividends, and net appreciation (net earnings) of the donor restricted endowment funds are classified according to donor stipulations, if any.

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

See independent auditor's report.

# The National Italian American Foundation, Inc.

## NOTES TO FINANCIAL STATEMENTS for Years Ended December 31, 2023 and 2022

### NOTE E - RESTRICTIONS ON NET ASSETS (continued)

Donor purpose-restricted net assets (deficit) at years ended December 31, 2023 and 2022 are available for the following purposes:

	<b>2023</b>	<b>2022</b>
Voyage of Discovery	\$ 2,178,293	\$ 2,189,937
General Scholarship Fund	2,050,041	1,929,486
Inglese Scholarship Fund	1,131,286	1,197,778
Filomena Peloro Fund	420,740	399,019
Campitelli Endowment	357,152	396,848
Italian American Relief Fund	317,632	317,632
Ciongoli Endowment	134,997	139,448
Pellegrini Endowment	194,598	134,498
Other Funds	284,363	137,472
Restricted Grants	47,457	72,980
<b>Total purpose-restricted net assets</b>	<b><u>\$ 7,116,560</u></b>	<b><u>\$ 6,915,098</u></b>

Donor restricted net assets that are permanent in nature at December 31, 2023 and 2022 are as follows:

	<b>2023</b>	<b>2022</b>
General scholarship fund	\$ 1,066,237	\$ 1,066,237
Voyage of Discovery	1,025,420	1,025,420
Guarini Public Policy Forum	150,000	150,000
Catanese Endowment	284,214	100,000
Lamantia Family Scholarship	50,000	50,000
	<b><u>\$ 2,575,871</u></b>	<b><u>\$ 2,391,657</u></b>

Board designated net assets that are to provide financing for operating expenditures of the Foundation at December 31, 2023 and 2022 are as follows:

	<b>2023</b>	<b>2022</b>
Victoria J. Mastrobuono Fund	\$ 500,000	\$ 500,000
Endowment Trust Fund	700,467	700,467
Pellegrini Endowment	500,000	500,000
	<b><u>\$ 1,700,467</u></b>	<b><u>\$ 1,700,467</u></b>

See independent auditor's report.



# The National Italian American Foundation, Inc.

## NOTES TO FINANCIAL STATEMENTS for Years Ended December 31, 2023 and 2022

### NOTE E - RESTRICTIONS ON NET ASSETS (continued)

Changes in net assets as of December 31, 2023 are as follows:

	<u>Undesignated</u>	<u>Board Designated</u>	<u>Purpose Restricted</u>	<u>Permanent in Nature</u>	<u>Total Net Assets</u>
Net assets, beginning of year	\$ 540,508	\$ 1,700,467	\$ 6,915,098	\$ 2,391,657	\$ 11,547,730
Contributions and income	4,123,720	0	289,319	184,214	4,597,253
Investment gain	216,228	0	590,805	0	807,033
Expenditures	<u>(4,837,185)</u>	<u>0</u>	<u>( 678,662)</u>	<u>0</u>	<u>( 5,515,847)</u>
<b>Net assets, end of year</b>	<b>\$ 43,271</b>	<b>\$ 1,700,467</b>	<b>\$ 7,116,560</b>	<b>\$ 2,575,871</b>	<b>\$ 11,436,169</b>

Changes in net assets as of December 31, 2022 are as follows:

	<u>Undesignated</u>	<u>Board Designated</u>	<u>Purpose Restricted</u>	<u>Permanent in Nature</u>	<u>Total Net Assets</u>
Net assets, beginning of year	\$ 311,115	\$ 1,700,467	\$ 8,282,419	\$ 2,381,657	\$ 12,675,658
Contributions and income	4,596,745	0	199,964	10,000	4,806,709
Investment loss	( 228,925)	0	(849,733)	0	(1,078,658)
Expenditures	<u>(4,138,427)</u>	<u>0</u>	<u>(717,552)</u>	<u>0</u>	<u>( 4,855,979)</u>
<b>Net assets, end of year</b>	<b>\$ 540,508</b>	<b>\$ 1,700,467</b>	<b>\$ 6,915,098</b>	<b>\$ 2,391,657</b>	<b>\$ 11,547,730</b>

#### ***Filomena C. Peloro Scholarship Fund***

The Filomena C. Peloro Scholarship Fund's purpose is to fund scholarships for qualified students in any field of study at an accredited U.S. university. The selection of the recipients of the scholarships is at the discretion of the Foundation's Education Committee.

#### ***General Scholarship Fund***

The Scholarship Fund's purpose is to encourage higher education for qualifying students of Italian heritage. For contributions to this fund, only the income derived from the principal can be used to fund scholarships and internships granted by the Foundation on behalf of the donors.

#### ***Salvatore Catanese Scholarship Fund***

The Salvatore Catanese Scholarship Fund's purpose is to support scholarships for Italian American incoming freshman who will be attending a US-based university as an undergraduate student. This student must demonstrate financial need and have a GPA of 3.5 or higher. Preference is given to students with Sicilian heritage. This scholarship is renewable for up to 4 years. 25% of the fund has been earmarked for students graduating from a Clark County, Nevada high school, with the remaining 75% being open to students from across the United States.

#### ***Restricted Grants***

Restricted grants represent various restricted donations received by the Foundation.

#### ***Guarini Public Policy Forum***

The Honorable Frank J. Guarini Public Forum's purpose is to fund the Foundation's future government affairs and activities.

# The National Italian American Foundation, Inc.

## NOTES TO FINANCIAL STATEMENTS for Years Ended December 31, 2023 and 2022

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### NOTE E - RESTRICTIONS ON NET ASSETS (continued)

#### ***Dr. A. Kenneth Ciongoli Colloquium Endowment***

The Dr. A. Kenneth Ciongoli Colloquium Endowment's purpose is to focus on the global contributions of Western civilization. On campuses of higher education, it will examine our culture, heritage, and history. The Endowment will fund and host events at eight Ivy League colleges, together with other select universities throughout the U.S. It will fund speakers, panel discussions, and debates on issues of governance, science, economics, and the arts.

#### ***Voyage of Discovery Endowment***

The Voyage of Discovery is an educational and cultural exchange program for young Italian American college students between the ages of 18 and 23. The purpose of the Voyage of Discovery is to strengthen the Italian American identity by bonding young Italian Americans to the country, culture, and heritage of Italy, to help them gain an understanding of their heritage and a pride in preserving that heritage for the next generation and to understand the historical significance of Italy and the current contribution Italy is making to the U.S. and the World. The program is an all expenses paid trip covering round-trip airfare between Italy and America and 10 days of programs.

In December 2021, the Foundation received two generous charitable gifts from the Peter and Joan Secchia Family, Inc. a/k/a The Secchia Family Charitable Trust ("Secchia Family").

Gift 1 on December 2, 2021, One Million Dollars (\$1,000,000) pledge payable in annual installments to the NIAF of \$50,000 for 20 years.

Gift 2 on December 6, 2021, One Million Dollars (\$1,000,000) pledge payable in annual installments to the NIAF of \$100,000 for 10 years.

Both gifts are restricted to be utilized by the Foundation for the purpose of the "Ambassador Peter F. Secchia Voyage of Discovery Program" previously established by Ambassador Secchia at the Foundation. Both gifts contain specific requirements outlined in the agreement including annual record keeping and reporting requirements. If the Foundation fails to satisfy the restrictions and conditions precedent to the gift pledge agreements, the Donor has the right to terminate all outstanding (unpaid) future gifts pledged to the Foundation. The gifts shall be governed by the "Ambassador Peter F. Secchia Voyage of Discovery Program" 3-person board of directors comprised of:

- One person designated by the Secchia Family;
- One person designated by the Foundation; and
- One person who is a member of the Leandro Rizzuto Family (or is appointed by the Rizzuto family to be designated by the Foundation's Board of Directors).

#### ***Campitelli Endowment***

The Anthony Campitelli Endowed Fund's purpose, named in honor of Anthony Campitelli, is to support various projects and establishments in the province of Chieti in Abruzzo Italy and in the town of Castel Frentano. The Fund will be used for annual donations to support nursing homes for the elderly, local schools and churches or other projects in the Chieti province.

# The National Italian American Foundation, Inc.

## NOTES TO FINANCIAL STATEMENTS for Years Ended December 31, 2023 and 2022

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### NOTE E - RESTRICTIONS ON NET ASSETS (continued)

#### ***Italian American Relief Fund***

The Italian American Relief Fund's purpose is an effort to unite Italian American organizations, corporations, and individuals with a single objective of assisting Italy in times of need. The coordinated effort will provide immediate response whenever natural catastrophes and other disasters occur in Italy.

#### ***The NIAF Ernest Pellegrini Endowed Fund***

The NIAF Ernest Pellegrini Endowed Fund's purpose is to support College and University students of Italian American heritage who are studying the Latin language and the history of the Roman Empire.

#### ***The Victoria J. Mastrobuono Bequest***

The Victoria J. Mastrobuono Bequest fund's purpose is for several Foundation programs including The Victoria J. Mastrobuono Education Luncheon in perpetuity during the Foundation Convention Weekend; The Victoria J. Mastrobuono Fellowship in the Arts for students pursuing academics in Italy; The Victoria J. Mastrobuono Challenge Grant for Advanced Placement (AP) of Italian for the continued funding of the College Board's AP Italian Program; The Victoria J. Mastrobuono Distinguished Speakers Series in the Arts, Literature and Music featuring leading experts in their respective fields; The Victoria J. Mastrobuono Digital Archive at the Foundation, a public, online index of the Foundation's history and The Victoria J. Mastrobuono Engagement Initiative, an online education, communication and outreach program utilizing new media.

#### ***Endowment Trust Fund***

The National Italian American Foundation Endowment Trust Fund (Endowment Trust) is an irrevocable trust fund created for the purpose of encouraging donations to the Foundation and to ensure continued financing of the operating expenses of the Foundation. Only the income derived from the principal maintained within the Endowment Trust can be used to finance the operating expenses of the Foundation. The Endowment Trust was amended in June 2018 to allow for the broad use of both principal and interest for operating purposes, consistent with any lawful purpose of the Foundation as a non-profit entity and at the discretion of three trustees of the Endowment.

#### ***Emanuele and Emelia Inglese Memorial Scholarship Fund***

Emanuele and Emelia Inglese Memorial Scholarship Fund's purpose is to administer scholarships, educational grants, academic grants or grants to other scholarship gifting or educational organizations with broad criteria. Recipients of the scholarship should meet one or more of a broad set of criteria including Italian American or Lombardese ancestry, being a first-generation college student, a 3.5 GPA or above or demonstrate financial need.

#### ***LaMantia Family Scholarship***

The LaMantia Family Scholarship's purpose, is to support scholarships for Italian American students studying computer science or STEM technology at a US-based university as an undergraduate or graduate student. This student must have a GPA of 3.5 or higher.

# The National Italian American Foundation, Inc.

## NOTES TO FINANCIAL STATEMENTS for Years Ended December 31, 2023 and 2022

### NOTE F - LOANS PAYABLE

The Foundation has a borrowing facility with American Express. The borrowing facility provides a limit of \$50,000. The outstanding balance at December 31, 2023 and 2022 totaled \$6,937 and \$2,436, respectively.

In June 2020, the Foundation entered into a loan with the SBA in an aggregate amount of \$500,000, pursuant to the Economic Injury Disaster Loan ("EIDL") under Section 7(b) of the Small Business Act. The EIDL loan is evidenced by a promissory note ("EIDL Note"). Subject to the terms of the EIDL Note, the EIDL loan bears interest at a fixed rate of 2.75% per annum. Installment payments, including principal and interest, of \$2,136 monthly, will begin twelve (12) months from the date of the promissory note. The balance of the principal and interest will be payable thirty (30) years from the date of the promissory note.

The EIDL loan proceeds are used solely as working capital to alleviate economic injury caused by the COVID disaster which occurred in the month of January 2020 and thereafter. A Uniform Commercial Code ("UCC") lien filing fee and a third-party UCC handling charge of \$100 was deducted from the loan amount. The outstanding balance at December 31, 2023 and 2022 was \$487,942 and \$498,994, respectively.

The following is a summary of principal maturities of long-term debt during the next five years:

2024	\$ 11,383
2025	11,723
2026	12,074
2027	12,435
Thereafter	<u>440,327</u>
	<b><u>\$ 487,942</u></b>

### NOTE G - LINE OF CREDIT

The Foundation has a \$500,000 revolving line of credit with Republic Bank reviewed for renewal annually. The current renewal expiration date is August 1, 2024. Interest on the line is a variable interest rate, the current interest rate is 8.00%. The outstanding balance at December 31, 2023 and 2022 totaled \$0 for both years.

### NOTE H - RETIREMENT PLAN

The Foundation maintains a defined contribution pension plan for its eligible full-time employees. The plan requires an annual employer contribution equal to a maximum of 10% of each participating employee's salary and is funded currently. In addition, employees may elect to individually defer up to 20% of their salary, not to exceed IRS set limits, as an annual contribution to the plan. Pension expense for the years ended December 31, 2023 and 2022 totaled \$107,690 and \$81,599, respectively.

See independent auditor's report.

# The National Italian American Foundation, Inc.

## NOTES TO FINANCIAL STATEMENTS for Years Ended December 31, 2023 and 2022

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### **NOTE I - CONCENTRATIONS OF CREDIT RISK**

The Foundation maintains cash and investment balances that, at times, exceed federally insured limits. Management does not believe this results in any significant credit risk.

### **NOTE J - COMMITMENTS**

The Foundation holds meetings in various hotels and convention centers in the United States, which are contracted in advance. In the event the Foundation is required to cancel a meeting, it may be liable for cancellation fees.

### **NOTE K - CASH FLOW INFORMATION**

Cash payments for interest totaled \$14,080 and \$14,414 for the years ended December 31, 2023 and 2022, respectively. Cash payments for DC franchise taxes were \$250 each year for the years ended December 31, 2023 and 2022.

### **NOTE L - SUBSEQUENT EVENTS**

The Foundation has evaluated events and transactions for potential recognition or disclosure through July 17, 2024, which is the date the financial statements were available to be issued.