

Audited Financial Statements

THE NATIONAL ITALIAN AMERICAN FOUNDATION, INC.

Washington, District of Columbia

December 31, 2024 and 2023

The National Italian American Foundation, Inc.

TABLE OF CONTENTS

AUDITED FINANCIAL STATEMENTS

Independent Auditor's Report	1-2
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-19

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, 2024 and 2023, 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, 2024 and 2023, 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

June 27, 2025

The National Italian American Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION as of December 31

	<u>2024</u>	<u>2023</u>
CURRENT ASSETS		
Cash	\$ 431,830	\$ 879,599
Investments	8,632,849	8,519,950
Accounts receivable	1,947,677	1,743,604
Less: allowance for credit losses	(174,475)	0
	<u>1,773,202</u>	<u>1,743,604</u>
Prepaid expenses	<u>258,139</u>	<u>242,367</u>
	11,096,020	11,385,520
PROPERTY AND EQUIPMENT		
Building	1,555,062	1,555,062
Land	344,963	344,963
Equipment	308,096	308,096
Furniture	69,868	69,868
Software	<u>57,792</u>	<u>57,792</u>
	2,335,781	2,335,781
Less: allowance for depreciation	(1,716,440)	(1,686,121)
	619,341	649,660
OTHER ASSETS		
Cash restricted for Italian Relief Fund, and various restricted funds	<u>171,754</u>	<u>199,184</u>
	\$ 11,887,115	\$ 12,234,364
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 384,534	\$ 240,011
Credit card payable	8,394	6,937
Deferred revenue	54,791	63,305
Current portion of long-term debt	<u>11,695</u>	<u>11,383</u>
	459,414	321,636
LONG-TERM LIABILITIES		
Loans payable, net of current portion	<u>465,825</u>	<u>476,559</u>
	465,825	476,559
NET ASSETS		
Without donor restrictions:		
Undesignated	(371,196)	43,271
Board designated reserves	<u>1,700,467</u>	<u>1,700,467</u>
	1,329,271	1,743,738
With donor restrictions:		
Purpose restricted	7,056,734	7,116,560
Permanent in nature	<u>2,575,871</u>	<u>2,575,871</u>
	9,632,605	9,692,431
	10,961,876	11,436,169
	\$ 11,887,115	\$ 12,234,364

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>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
SUPPORT AND REVENUES WITHOUT DONOR RESTRICTIONS		
Memberships	\$ 864,208	\$ 793,489
Events	1,433,418	1,295,706
Contributions and bequests	2,399,443	1,893,900
Contributions of nonfinancial assets	280,955	90,985
Other	<u>86,149</u>	<u>49,641</u>
TOTAL SUPPORT AND REVENUE	5,064,173	4,123,721
Net assets released from restrictions	<u>1,149,220</u>	<u>678,662</u>
SUPPORT AND REVENUE FROM OPERATIONS WITHOUT DONOR RESTRICTIONS	6,213,393	4,802,383
EXPENSES		
Programs	4,688,252	3,594,151
Management and general	1,856,489	1,756,537
Fundraising	<u>234,817</u>	<u>100,825</u>
TOTAL EXPENSES FROM OPERATIONS	6,779,558	5,451,513
DECREASE IN NET ASSETS FROM OPERATIONS WITHOUT DONOR RESTRICTIONS	(566,165)	(649,130)
SUPPORT AND REVENUE WITH DONOR RESTRICTIONS		
Contributions and bequests	53,334	171,068
Education, scholarships, and grants	665,437	302,464
Net assets released from restrictions	<u>(1,149,220)</u>	<u>(678,662)</u>
TOTAL DECREASE IN NET ASSETS WITH DONOR RESTRICTIONS	(430,449)	(205,130)
DECREASE IN NET ASSETS FROM OPERATIONS	(996,614)	(854,260)
NON-OPERATING ACTIVITIES		
Investment income - interest and dividends	258,552	240,092
Investment income - net realized gains (losses)	24,307	(15,588)
Investment income - net unrealized gains (losses)	301,857	582,529
Expenses paid from investments	(48,660)	(50,254)
Interest expense	<u>(13,735)</u>	<u>(14,080)</u>
TOTAL NON-OPERATING ACTIVITIES	522,321	742,699
DECREASE IN NET ASSETS	(474,293)	(111,561)
Net assets, beginning of year	<u>11,436,169</u>	<u>11,547,730</u>
NET ASSETS, END OF YEAR	<u>\$ 10,961,876</u>	<u>\$ 11,436,169</u>

See notes to financial statements

The National Italian American Foundation, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES for Year Ended December 31, 2024 (with summarized totals for 2023)

	Program Services									
	Education, Scholarships and Grants	Events	Memberships	Publications	Other Programs	Total Program Services	Management & General	Fundraising	2024 Total	2023 Total
Scholarships & grants provided to recipients	\$ 969,854	\$ 0	\$ 0	\$ 0	\$ 0	\$ 969,854	\$ 0	\$ 0	\$ 969,854	\$ 793,972
Event venue facility costs & entertainment	0	1,738,227	0	0	0	1,738,227	0	0	\$ 1,738,227	\$ 1,401,066
Costs of event auction items	0	179,563	0	0	0	179,563	0	0	\$ 179,563	\$ 156,510
In-kind contributions	0	103,392	0	0	0	103,392	0	0	\$ 103,392	\$ 90,985
Professional fees including consultants	21,710	38,600	360	42,975	1,720	105,365	203,020	112,500	\$ 420,885	\$ 256,691
General administrative costs	1,768	63,609	66,496	84,966	38,343	255,182	348,258	38,189	\$ 641,629	\$ 539,873
Headquarter costs	0	0	0	0	260	260	134,081	0	\$ 134,341	\$ 125,482
Salaries, benefits & payroll taxes	297,108	143,243	197,920	116,271	0	754,542	761,002	84,128	\$ 1,599,672	\$ 1,479,303
Technology services	0	0	3,898	0	0	3,898	249,753	0	\$ 253,651	\$ 229,157
Travel	4,194	665	1,386	0	391,749	397,994	118,540	0	\$ 516,534	\$ 322,983
Other	0	179,975	0	0	0	179,975	41,835	0	\$ 221,810	\$ 55,491
	<u>\$ 1,294,634</u>	<u>\$ 2,447,274</u>	<u>\$ 270,060</u>	<u>\$ 244,212</u>	<u>\$ 432,072</u>	<u>\$ 4,688,252</u>	<u>\$ 1,856,489</u>	<u>\$ 234,817</u>	<u>\$ 6,779,558</u>	<u>\$ 5,451,513</u>

See notes to financial statements

The National Italian American Foundation, Inc.

STATEMENTS OF CASH FLOWS for Years Ended December 31,

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (474,293)	\$ (111,561)
Changes to income not affecting cash:		
Depreciation and amortization	30,319	55,161
Realized (gain) loss on investments	(24,307)	15,588
Unrealized gain on investments	(301,857)	(582,529)
Effect of changes in revenue and expense accruals:		
Decrease (increase) in accounts receivable	(204,073)	608,567
Increase in allowance for credit losses	174,475	0
Increase in prepaid expenses	(15,772)	(67,495)
Increase in accounts payable and accrued expenses	145,980	21,140
Decrease in deferred revenue	(8,514)	(68,195)
NET CASH USED BY OPERATING ACTIVITIES	(678,042)	(129,324)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash payments for the purchase of fixed assets	0	(2,658)
Cash purchases of investments	(323,210)	(837,685)
Cash proceeds from the sale of investments	<u>536,475</u>	<u>660,290</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	213,265	(180,053)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payments on loans payable	<u>(10,422)</u>	<u>(11,052)</u>
NET CASH USED BY FINANCING ACTIVITIES	(10,422)	(11,052)
NET DECREASE IN CASH	(475,199)	(320,429)
Cash and restricted cash, beginning of year	<u>1,078,783</u>	<u>1,399,212</u>
CASH AND RESTRICTED CASH, END OF YEAR	<u>\$ 603,584</u>	<u>\$ 1,078,783</u>

See notes to financial statements

The National Italian American Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS for Years Ended December 31, 2024 and 2023

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, 2024 and 2023 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, 2024 and 2023

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 credit losses on accounts receivable is made in amounts required to maintain an adequate allowance to cover anticipated credit losses. 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, 2024 and 2023, the allowance for credit losses totaled \$174,475 and \$0, respectively. Credit loss expense for the years ended December 31, 2024 and 2023 totaled \$179,975 and \$0, respectively.

Grants and contributions receivable are recorded at their net realizable value, which approximates fair value. The net present value of contributions included in accounts receivable totals \$1,377,203 and \$1,500,119, respectively, for the years ended December 31, 2024 and 2023.

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, 2024 and 2023 totaled \$30,319 and \$55,161, 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, 2024 and 2023

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 \$280,955 and \$90,985 for the years ended December 31, 2024 and 2023, 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, 2024 and 2023, 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, 2024 and 2023, 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, 2024 and 2023 totaled \$76,428 and \$37,664, 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 technology services, 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, 2024 and 2023

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, 2024 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.

Reclassifications

Certain accounts reported for 2023 have been reclassified for comparative purposes to conform with 2024 presentation. Such reclassifications had no effect on 2023 change in net assets.

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.

The National Italian American Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS for Years Ended December 31, 2024 and 2023

NOTE C - FAIR VALUE MEASUREMENTS AND INVESTMENTS (continued)

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, 2024.

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Cash and equivalents	\$ 785,348	\$ 785,348	\$ 0	\$ 0
Corporate stocks	3,155,605	3,155,605	0	0
Mutual funds	<u>4,691,896</u>	<u>0</u>	<u>4,691,896</u>	<u>0</u>
Totals	<u>\$ 8,632,849</u>	<u>\$3,940,953</u>	<u>\$ 4,691,896</u>	<u>\$ 0</u>

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.

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
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>
Totals	<u>\$ 8,519,950</u>	<u>\$ 3,942,008</u>	<u>\$ 4,577,942</u>	<u>\$ 0</u>

See independent auditor's report.

The National Italian American Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS for Years Ended December 31, 2024 and 2023

NOTE C - FAIR VALUE MEASUREMENTS AND INVESTMENTS (continued)

Components of investment income for the years ended December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Interest	\$ 6,459	\$ 19,911
Dividend and capital gain distributions	252,093	220,181
Realized gain (loss)	24,307	(15,588)
Unrealized gain (loss)	<u>301,857</u>	<u>582,529</u>
Total	<u>\$ 584,716</u>	<u>\$ 807,033</u>

Investment costs relating to investment revenues totaled \$48,660 and \$50,254 for the years ended December 31, 2024 and 2023, 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 following represents the Foundation's financial assets at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 431,830	\$ 879,599
Restricted cash	171,754	199,184
Accounts receivable	1,947,677	1,743,604
Allowance for credit losses	(174,475)	0
Investments	<u>8,632,849</u>	<u>8,519,950</u>
	<u>11,009,635</u>	<u>11,342,337</u>

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

Donor-imposed purpose restriction	7,056,734	7,116,560
Donor-imposed restrictions perpetual in nature	2,575,871	2,575,871
Board designated net assets subject to approval of trustees	<u>1,000,000</u>	<u>1,000,000</u>
	<u>10,632,605</u>	<u>10,692,431</u>

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

<u>\$ 377,030</u>	<u>\$ 649,906</u>
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See independent auditor's report.

The National Italian American Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS for Years Ended December 31, 2024 and 2023

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.

Donor purpose-restricted net assets at years ended December 31, 2024 and 2023 are available for the following purposes:

	<u>2024</u>	<u>2023</u>
Voyage of Discovery	\$ 2,126,315	\$ 2,186,781
General Scholarship Fund	1,953,184	2,050,041
Inglese Scholarship Fund	1,083,816	1,131,286
Filomena Peloro Fund	426,679	420,740
Campitelli Endowment	382,842	357,152
Italian American Relief Fund	287,632	317,632
Pellegri Endowment	190,767	194,598
Ciongoli Endowment	131,144	134,997
DiLella Fellows	122,774	0
Other Funds	291,481	275,876
Restricted Grants	<u>60,100</u>	<u>47,457</u>
Total purpose-restricted net assets	<u>\$ 7,056,734</u>	<u>\$ 7,116,560</u>

The National Italian American Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS for Years Ended December 31, 2024 and 2023

NOTE E - RESTRICTIONS ON NET ASSETS (continued)

Donor restricted net assets that are permanent in nature at December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
General scholarship fund	\$ 1,066,237	\$ 1,066,237
Voyage of Discovery	1,025,420	1,025,420
Catanese Endowment	284,214	284,214
Guarini Public Policy Forum	150,000	150,000
Lamantia Family Scholarship	<u>50,000</u>	<u>50,000</u>
	<u>\$ 2,575,871</u>	<u>\$ 2,575,871</u>

Board designated net assets that are to provide financing for operating expenditures of the Foundation at December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Endowment Trust Fund	\$ 700,467	\$ 700,467
Victoria J. Mastrobuono Fund	500,000	500,000
Pellegrini Endowment	<u>500,000</u>	<u>500,000</u>
	<u>\$ 1,700,467</u>	<u>\$ 1,700,467</u>

Changes in net assets as of December 31, 2024 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	\$ 43,271	\$ 1,700,467	\$ 7,116,560	\$ 2,575,871	\$11,436,169
Contributions and income	5,064,173	0	718,771	0	5,782,944
Investment gain	214,093	0	370,623	0	584,716
Expenditures	<u>(5,692,733)</u>	<u>0</u>	<u>(1,149,220)</u>	<u>0</u>	<u>(6,841,953)</u>
Net assets, end of year	<u>\$(371,196)</u>	<u>\$ 1,700,467</u>	<u>\$ 7,056,734</u>	<u>\$ 2,575,871</u>	<u>\$10,961,876</u>

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>
Net assets, end of year	<u>\$ 43,271</u>	<u>\$ 1,700,467</u>	<u>\$ 7,116,560</u>	<u>\$ 2,575,871</u>	<u>\$11,436,169</u>

See independent auditor's report.

The National Italian American Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS for Years Ended December 31, 2024 and 2023

NOTE E - RESTRICTIONS ON NET ASSETS (continued)

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.

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.

The National Italian American Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS for Years Ended December 31, 2024 and 2023

NOTE E - RESTRICTIONS ON NET ASSETS (continued)

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.

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.

The National Italian American Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS for Years Ended December 31, 2024 and 2023

NOTE E - RESTRICTIONS ON NET ASSETS (continued)

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.

DiLella Fellows

The DiLella Fellows program is an all-expenses paid strategic business tour in Italy for young Italian American and Italophile professionals between the ages of 25-40. Through this seven-day experience the NIAF DiLella Fellows Program aims to orient young professionals in the Italian political and economic system and cultivate the next generation of leaders in the Italian American community.

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, 2024 and 2023 totaled \$8,394 and \$6,937, 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. The outstanding balance at December 31, 2024 and 2023 was \$477,520 and \$487,942, respectively.

The National Italian American Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS for Years Ended December 31, 2024 and 2023

NOTE F - LOANS PAYABLE (continued)

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

2025	\$ 11,695
2026	12,044
2027	12,405
2028	12,776
Thereafter	<u>428,600</u>
	<u>\$ 477,520</u>

NOTE G - LINE OF CREDIT

The Foundation's \$500,000 revolving line of credit with Fulton Bank expired on March 1, 2025. As of the date of the financial statements the Foundation is currently in process of obtaining a new line of credit. The outstanding balance at December 31, 2024 and 2023 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, 2024 and 2023 totaled \$113,648 and \$107,690, respectively.

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 \$13,735 and \$14,080 for the years ended December 31, 2024 and 2023, respectively. Cash payments for DC franchise taxes were \$250 each year for the years ended December 31, 2024 and 2023.

The National Italian American Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS for Years Ended December 31, 2024 and 2023

NOTE L - SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions for potential recognition or disclosure through June 27, 2025, which is the date the financial statements were available to be issued.