

**ARMENIAN ASSEMBLY OF AMERICA, INC.
AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS
and
INDEPENDENT AUDITORS' REPORT**

December 31, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Armenian Assembly of America

Opinion

We have audited the accompanying consolidated financial statements of Armenian Assembly of America, Inc. and Affiliate (nonprofit organizations), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, 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 Armenian Assembly of America, Inc. and Affiliate as of December 31, 2022 and 2021, 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 Armenian Assembly of America, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the financial statements, Armenian Assembly of America, Inc. adopted Accounting Standards Update No. 2016-02, *Leases*, during the year ended December 31, 2022. Our opinion is not modified with respect to this matter.

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 Armenian Assembly of America, 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 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 Armenian Assembly of America, 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 Armenian Assembly of America, 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.



April 12, 2024
Bethesda, Maryland

ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Current assets		
Cash and cash equivalents	\$ 445,253	\$ 911,799
Prepaid expenses and other current assets	30,444	11,970
Contributions receivable, net	215,250	69,075
Investments	127,476	557,692
Advances	65,653	248,248
Total current assets	884,076	1,798,784
Non-current assets		
Investments	11,638,571	14,377,434
Property and equipment, net	2,492,267	550,748
Total non-current assets	14,130,838	14,928,182
Total assets	\$ 15,014,914	\$ 16,726,966

LIABILITIES AND NET ASSETS

Current liabilities		
Line of credit	\$ 1,891,426	\$ -
Economic Injury Disaster Loan, current portion	3,474	3,917
Note payable, Paycheck Protection Program	-	269,043
Accounts payable and accrued expenses	52,804	33,759
Accrued salaries and related expenses	144,942	89,416
Total current liabilities	2,092,646	396,135
Economic Injury Disaster Loan, non current portion	151,168	154,642
Total liabilities	2,243,814	550,777
Net assets		
Without donor restrictions	(2,942,365)	(3,189,553)
With donor restrictions		
Purpose restricted	1,866,800	5,539,077
Endowment funds	13,846,665	13,826,665
Total net assets	12,771,100	16,176,189
Total liabilities and net assets	\$ 15,014,914	\$ 16,726,966

The accompanying notes are an integral part of these consolidated financial statements.

ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

	<u>Without Donor</u>	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Restrictions</u>	<u>Purpose Restricted</u>	<u>Endowment Funds</u>	
Revenue and support				
Contributions	\$ 143,415	\$ 2,000,095	\$ -	\$ 2,143,510
Events	649,956	-	-	649,956
Trustees	267,162	-	20,000	287,162
Government grants	269,042	-	-	269,042
Net assets released from restrictions	<u>3,310,170</u>	<u>(3,310,170)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>4,639,745</u>	<u>(1,310,075)</u>	<u>20,000</u>	<u>3,349,670</u>
Program services				
Armenian tree project	2,606,670	-	-	2,606,670
Public affairs	227,629	-	-	227,629
Government affairs & lobbying	124,011	-	-	124,011
Grassroots lobbying	91,674	-	-	91,674
Intern - Washington	64,643	-	-	64,643
ANI - Research	67,949	-	-	67,949
ANI - Outreach	67,980	-	-	67,980
ANI - Education	67,980	-	-	67,980
Armenian Genocide Museum & Memorial	1,415	-	-	1,415
Total program services	<u>3,319,951</u>	<u>-</u>	<u>-</u>	<u>3,319,951</u>
Supporting services				
Management & general	289,782	-	-	289,782
Trustee affairs	185,629	-	-	185,629
California office	129,238	-	-	129,238
50th Anniversary	126,434	-	-	126,434
Pelosi Event	111,744	-	-	111,744
Yerevan central office	80,439	-	-	80,439
Gala	66,601	-	-	66,601
Trustee development	53,834	-	-	53,834
Property	20,167	-	-	20,167
Board of Trustees	8,738	-	-	8,738
Total supporting services	<u>1,072,606</u>	<u>-</u>	<u>-</u>	<u>1,072,606</u>
Total expenses	<u>4,392,557</u>	<u>-</u>	<u>-</u>	<u>4,392,557</u>
Change in net operating assets	247,188	(1,310,075)	20,000	(1,042,887)
Non-operating activity				
Investment income	<u>-</u>	<u>(2,362,202)</u>	<u>-</u>	<u>(2,362,202)</u>
Change in net assets	247,188	(3,672,277)	20,000	(3,405,089)
Net assets, beginning of year	<u>(3,189,553)</u>	<u>5,539,077</u>	<u>13,826,665</u>	<u>16,176,189</u>
Net (deficit) assets, end of year	<u>\$ (2,942,365)</u>	<u>\$ 1,866,800</u>	<u>\$ 13,846,665</u>	<u>\$ 12,771,100</u>

The accompanying notes are an integral part of these consolidated financial statements.

ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

	Without Donor	With Donor Restrictions		Total
	Restrictions	Purpose Restricted	Endowment Funds	
Revenue and support				
Contributions	\$ 331,807	\$ 1,940,514	\$ -	\$ 2,272,321
Events	30,510			30,510
Trustees	287,103	-	10,000	297,103
Government grants	269,043	-	-	269,043
Net assets released from restrictions	<u>2,261,720</u>	<u>(2,281,720)</u>	<u>20,000</u>	<u>-</u>
Total revenue and support	<u>3,180,183</u>	<u>(341,206)</u>	<u>30,000</u>	<u>2,868,977</u>
Program services				
Armenian tree project	1,740,054	-	-	1,740,054
Public affairs	360,486	-	-	360,486
Government affairs & lobbying	85,585	-	-	85,585
Grassroots lobbying	66,976	-	-	66,976
ANI - Education	62,648	-	-	62,648
ANI - Research	62,524	-	-	62,524
ANI - Outreach	61,940	-	-	61,940
Intern - Washington	19,562	-	-	19,562
Armenian Genocide Museum & Memorial	3,568	-	-	3,568
Total program services	<u>2,463,343</u>	<u>-</u>	<u>-</u>	<u>2,463,343</u>
Supporting services				
Management & general	301,501	-	-	301,501
Trustee affairs	169,803	-	-	169,803
Trustee development	127,550	-	-	127,550
California office	104,156	-	-	104,156
Yerevan central office	76,717	-	-	76,717
Total supporting services	<u>779,727</u>	<u>-</u>	<u>-</u>	<u>779,727</u>
Total expenses	<u>3,243,070</u>	<u>-</u>	<u>-</u>	<u>3,243,070</u>
Change in net operating assets	(62,887)	(341,206)	30,000	(374,093)
Non-operating activity				
Investment income	<u>-</u>	<u>1,319,578</u>	<u>-</u>	<u>1,319,578</u>
Change in net assets	(62,887)	978,372	30,000	945,485
Net assets, beginning of year	<u>(3,126,666)</u>	<u>4,560,705</u>	<u>13,796,665</u>	<u>15,230,704</u>
Net (deficit) assets, end of year	<u>\$ (3,189,553)</u>	<u>\$ 5,539,077</u>	<u>\$ 13,826,665</u>	<u>\$ 16,176,189</u>

The accompanying notes are an integral part of these consolidated financial statements.

ARMENIAN ASSEMBLY OF AMERICAN, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022

	Program Services									Subtotal
	Armenian Tree Project	Public Affairs	Government Affairs & Lobbying	Grassroots Lobbying	Intern - Washington	ANI Research	ANI Outreach	ANI Education	Armenian Genocide Museum & Memorial	
Salaries	\$ 1,023,426	\$ 182,870	\$ 78,700	\$ 54,951	\$ 38,590	\$ 46,956	\$ 46,956	\$ 46,956	-	\$ 1,519,405
Payroll taxes	231,888	14,095	6,066	4,235	2,974	3,925	3,925	3,925	-	271,033
Employee benefits	41,279	22,553	9,706	6,777	4,759	10,225	10,225	10,225	-	115,749
Consultants and temporary workers	427,095	-	-	-	5,000	-	-	-	-	432,095
Contributions	239,862	-	-	-	-	-	-	-	1,415	241,277
Supplies/small tools	222,436	-	-	-	-	-	-	-	-	222,436
Meals & entertainment	24,702	133	1,033	1,084	1,016	-	-	-	-	27,968
Travel	39,109	969	8,220	9,997	234	-	1,049	1,049	-	60,627
Printing and publications	48,538	-	-	-	-	-	-	-	-	48,538
Depreciation	43,525	-	-	-	-	-	-	-	-	43,525
Insurance	18,327	-	-	-	-	-	-	-	-	18,327
Cloud Services	3,385	-	18,608	3,883	-	319	319	319	-	26,833
Photographers/video	-	-	-	-	-	-	-	-	-	-
Accounting fees	22,250	-	-	-	-	342	342	342	-	23,276
Equipment expense	36,678	-	-	-	-	-	-	-	-	36,678
Fuel	33,430	-	-	-	-	-	-	-	-	33,430
Rent	25,559	-	-	-	-	-	-	-	-	25,559
Postage and shipping	10,712	-	-	-	-	-	-	-	-	10,712
Events	7,357	-	-	9,245	-	-	-	-	-	16,602
Telephone	11,641	-	-	-	-	386	386	386	-	12,799
Computer and related expenses	14,119	-	-	-	-	1,552	1,552	1,552	-	18,775
Office supplies and materials	11,897	-	-	165	-	1,548	1,548	1,548	-	16,706
Utilities	22,223	-	-	-	-	-	-	-	-	22,223
Bank charges & fees	10,619	-	-	-	-	-	-	-	-	10,619
Miscellaneous	10,961	-	-	-	-	-	-	-	-	10,961
Condo fees	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	12,070	-	-	-	-	12,070
Subscriptions & dues	5,711	-	791	-	-	1,018	-	-	-	7,520
Currency translation expense	7,684	-	-	-	-	-	-	-	-	7,684
Recognition	5,891	-	-	138	-	-	-	-	-	6,029
Employee recruitment	5,704	-	-	100	-	-	-	-	-	5,804
Affirmations	-	3,000	-	989	-	-	-	-	-	3,989
Legal fees	519	-	-	-	-	-	-	-	-	519
Website Services	-	4,009	887	110	-	1,339	1,339	1,339	-	9,023
Payroll service fees	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Taxes & licenses	143	-	-	-	-	-	-	-	-	143
Meetings	-	-	-	-	-	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-	-	-	-	-	-
Professional fees	-	-	-	-	-	339	339	339	-	1,017
Training	-	-	-	-	-	-	-	-	-	-
Public relations	-	-	-	-	-	-	-	-	-	-
	<u>\$ 2,606,670</u>	<u>\$ 227,629</u>	<u>\$ 124,011</u>	<u>\$ 91,674</u>	<u>\$ 64,643</u>	<u>\$ 67,949</u>	<u>\$ 67,980</u>	<u>\$ 67,980</u>	<u>\$ 1,415</u>	<u>\$ 3,319,951</u>

The accompanying notes are an integral part of these consolidated financial statements.

ARMENIAN ASSEMBLY OF AMERICAN, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022

Supporting Services

	Management & General	Trustee Affairs	California Office	50th Anniversary	Pelosi Event	Yerevan Central Office	Gala	Trustee Development	Property	Board of Trustees	Subtotal	Total All
Salaries	\$ 136,960	\$ 144,227	\$ 91,000	\$ -	\$ -	\$ 66,746	\$ -	\$ 32,455	\$ -	\$ -	\$ 471,388	\$ 1,990,793
Payroll taxes	10,658	11,116	7,014	-	-	2,738	-	2,501	-	-	34,027	305,060
Employee benefits	20,232	17,788	11,223	-	-	4,381	-	4,002	-	-	57,626	173,375
Consultants and temporary workers	6,458	-	-	-	3,150	-	-	-	-	-	9,608	441,703
Contributions	-	-	-	-	-	-	-	-	-	-	-	241,277
Supplies/small tools	-	-	-	-	-	-	-	-	-	-	-	222,436
Meals & entertainment	124	-	1,690	67,583	72,716	-	43,453	80	-	1,784	187,430	215,398
Travel	170	1,597	7,296	13,702	6,016	2,612	7,247	497	69	3,545	42,751	103,378
Printing and publications	169	-	-	20,948	1,323	86	6,786	6,589	1,658	543	38,102	86,640
Depreciation	10,191	-	-	-	-	-	-	-	-	-	10,191	53,716
Insurance	29,373	-	-	-	-	-	-	-	-	-	29,373	47,700
Cloud Services	6,983	8,924	-	-	-	-	-	3,974	-	-	19,881	46,714
Photographers/video	-	-	-	18,515	21,977	-	4,295	-	-	-	44,787	44,787
Accounting fees	20,593	-	-	-	-	-	-	-	-	-	20,593	43,869
Equipment expense	3,027	-	-	-	-	-	-	-	-	-	3,027	39,705
Fuel	-	-	-	-	-	-	-	-	-	-	-	33,430
Rent	-	-	7,629	-	-	-	-	-	-	-	7,629	33,188
Postage and shipping	12,817	12	54	805	-	-	428	3,598	563	566	18,843	29,555
Events	-	1,386	-	3,395	6,335	-	-	-	-	-	11,116	27,718
Telephone	10,273	-	-	-	-	1,172	-	-	-	-	11,445	24,244
Computer and related expenses	517	-	-	-	-	75	-	-	-	-	592	19,367
Office supplies and materials	1,238	579	1,050	1,537	227	700	736	-	-	168	6,235	22,941
Utilities	-	-	-	-	-	-	-	-	373	-	373	22,596
Bank charges & fees	7,186	-	-	(123)	-	32	-	-	-	-	7,095	17,714
Miscellaneous	(33)	-	49	-	-	-	2,900	-	41	-	2,957	13,918
Condo fees	-	-	-	-	-	-	-	-	12,751	-	12,751	12,751
Housing	-	-	-	-	-	-	-	-	-	-	-	12,070
Subscriptions & dues	438	-	958	-	-	-	-	-	-	-	1,396	8,916
Currency translation expense	-	-	-	-	-	-	-	-	-	-	-	7,684
Recognition	-	-	-	-	-	-	756	-	-	-	756	6,785
Employee recruitment	-	-	-	72	-	-	-	-	-	-	72	5,876
Affirmations	-	-	1,250	-	-	-	-	-	-	-	1,250	5,239
Legal fees	-	-	-	-	-	-	-	-	4,712	-	4,712	5,231
Website Services	446	-	-	-	-	-	-	-	-	-	446	9,469
Payroll service fees	4,443	-	-	-	-	-	-	-	-	-	4,443	4,443
Interest	4,415	-	-	-	-	-	-	-	-	-	4,415	4,415
Taxes & licenses	2,917	-	25	-	-	583	-	-	-	-	3,525	3,668
Meetings	-	-	-	-	-	-	-	-	-	2,132	2,132	2,132
Maintenance and repairs	-	-	-	-	-	1,137	-	-	-	-	1,137	1,137
Professional fees	113	-	-	-	-	-	-	-	-	-	113	1,130
Training	74	-	-	-	-	90	-	138	-	-	302	302
Public relations	-	-	-	-	-	87	-	-	-	-	87	87
	<u>\$ 289,782</u>	<u>\$ 185,629</u>	<u>\$ 129,238</u>	<u>\$ 126,434</u>	<u>\$ 111,744</u>	<u>\$ 80,439</u>	<u>\$ 66,601</u>	<u>\$ 53,834</u>	<u>\$ 20,167</u>	<u>\$ 8,738</u>	<u>\$ 1,072,606</u>	<u>\$ 4,392,557</u>

The accompanying notes are an integral part of these consolidated financial statements.

ARMENIAN ASSEMBLY OF AMERICAN, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

	Program Services									Subtotal
	Armenian Tree Project	Public Affairs	Government Affairs & Lobbying	Grassroots Lobbying	ANI Outreach	ANI Education	ANI Research	Intern - Washington	Armenian Genocide Museum & Memorial	
Salaries	\$ 840,099	\$ 195,770	\$ 46,304	\$ 49,948	\$ 42,750	\$ 42,750	\$ 42,750	\$ 16,451	\$ -	\$ 1,276,822
Payroll taxes	180,661	16,227	3,838	4,140	3,641	3,641	3,641	1,364	-	217,153
Employee benefits	29,521	19,540	4,622	4,985	9,133	9,133	9,133	1,642	-	87,709
Consultants and temporary workers	200,248	30,294	-	-	-	-	-	-	-	230,542
Events	100,128	3,315	-	-	-	-	-	-	-	103,443
Affirmations	-	89,820	-	-	-	-	-	-	-	89,820
Supplies/small tools	77,514	-	-	-	-	-	-	-	-	77,514
Rent	33,927	-	-	-	-	-	-	-	-	33,927
Office supplies and materials	57,823	-	-	377	1,105	1,105	1,105	-	-	61,515
Cloud services	11,819	-	26,380	1,458	-	-	-	-	-	39,657
Postage and shipping	12,868	-	-	-	-	-	-	-	-	12,868
Insurance	7,477	-	-	-	-	-	-	-	-	7,477
Printing and publications	28,828	928	-	-	-	-	-	-	-	29,756
Accounting fees	10,254	-	-	-	695	695	695	-	-	12,339
Equipment expense	29,399	-	-	-	-	-	-	-	-	29,399
Telephone	10,581	-	-	140	305	305	305	-	-	11,636
Travel	13,305	149	999	2,782	-	1,243	-	-	-	18,478
Meals & entertainment	17,460	1,013	5	1,511	-	-	-	-	-	19,989
Fuel	19,601	-	-	-	-	-	-	-	-	19,601
Bank charges & fees	9,777	-	-	-	-	-	-	-	-	9,777
Computer and related expenses	7,909	-	-	-	1,982	1,982	1,982	-	-	13,855
Utilities	14,064	-	-	-	-	-	-	-	-	14,064
Depreciation	5,839	-	-	-	-	-	-	-	-	5,839
Website services	-	3,430	858	1,618	2,137	1,602	1,602	-	-	11,247
Subscriptions & dues	5,166	-	210	17	-	-	1,119	-	-	6,512
Procurement	7,383	-	-	-	-	-	-	-	-	7,383
Currency translation expense	-	-	-	-	-	-	-	-	-	-
Payroll service fees	-	-	-	-	192	192	192	-	-	576
Employee recruitment	3,149	-	1,200	-	-	-	-	105	-	4,454
Contributions	200	-	-	-	-	-	-	-	3,568	3,768
Recognition	3,038	-	-	-	-	-	-	-	-	3,038
Miscellaneous	1,741	-	-	-	-	-	-	-	-	1,741
Maintenance and repairs	-	-	-	-	-	-	-	-	-	-
Seminars/conferences	-	-	1,063	-	-	-	-	-	-	1,063
Legal fees	275	-	-	-	-	-	-	-	-	275
Volunteer groups	-	-	99	-	-	-	-	-	-	99
Training	-	-	-	-	-	-	-	-	-	-
Taxes & licenses	-	-	7	-	-	-	-	-	-	7
	<u>\$ 1,740,054</u>	<u>\$ 360,486</u>	<u>\$ 85,585</u>	<u>\$ 66,976</u>	<u>\$ 61,940</u>	<u>\$ 62,648</u>	<u>\$ 62,524</u>	<u>\$ 19,562</u>	<u>\$ 3,568</u>	<u>\$ 2,463,343</u>

The accompanying notes are an integral part of these consolidated financial statements.

ARMENIAN ASSEMBLY OF AMERICAN, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

	Supporting Services						Total All
	Management & General	Trustee Affairs	California Office	Trustee Development	Yerevan Central Office	Subtotal	
Salaries	\$ 90,787	\$ 124,979	\$ 78,196	\$ 81,711	\$ 65,839	\$ 441,512	\$ 1,718,334
Payroll taxes	7,558	10,359	6,481	6,773	2,915	34,086	251,239
Employee benefits	12,890	12,474	7,805	8,156	3,510	44,835	132,544
Consultants and temporary workers	10,578	-	-	-	-	10,578	241,120
Events	111	15,863	400	-	-	16,374	119,817
Affirmations	-	-	1,500	-	-	1,500	91,320
Supplies/small tools	-	-	-	-	-	-	77,514
Rent	33,666	-	6,707	-	-	40,373	74,300
Office supplies and materials	2,708	-	862	-	627	4,197	65,712
Cloud services	7,852	1,439	-	14,279	-	23,570	63,227
Postage and shipping	31,224	59	-	5,776	1	37,060	49,928
Insurance	36,045	-	-	-	-	36,045	43,522
Printing and publications	-	322	-	10,198	-	10,520	40,276
Accounting fees	22,755	-	-	-	-	22,755	35,094
Equipment expense	3,368	-	-	657	-	4,025	33,424
Telephone	15,770	-	966	-	1,102	17,838	29,474
Travel	315	4,092	32	-	1,281	5,720	24,198
Meals & entertainment	-	210	207	-	6	423	20,412
Fuel	-	-	-	-	-	-	19,601
Bank charges & fees	6,843	-	-	-	309	7,152	16,929
Computer and related expenses	661	-	-	-	10	671	14,526
Utilities	-	-	-	-	-	-	14,064
Depreciation	7,587	-	-	-	-	7,587	13,426
Website services	-	-	-	-	-	-	11,247
Subscriptions & dues	933	-	1,000	-	-	1,933	8,445
Procurement	-	-	-	-	-	-	7,383
Currency translation expense	5,662	-	-	-	-	5,662	5,662
Payroll service fees	5,012	6	-	-	-	5,018	5,594
Employee recruitment	-	-	-	-	-	-	4,454
Contributions	-	-	-	-	-	-	3,768
Recognition	-	-	-	-	-	-	3,038
Miscellaneous	(228)	-	-	-	72	(156)	1,585
Maintenance and repairs	666	-	-	-	556	1,222	1,222
Seminars/conferences	-	-	-	-	-	-	1,063
Legal fees	-	-	-	-	-	-	275
Volunteer groups	-	-	-	-	-	-	99
Training	74	-	-	-	-	74	74
Taxes & licenses	(1,336)	-	-	-	489	(847)	(840)
	<u>\$ 301,501</u>	<u>\$ 169,803</u>	<u>\$ 104,156</u>	<u>\$ 127,550</u>	<u>\$ 76,717</u>	<u>\$ 779,727</u>	<u>\$ 3,243,070</u>

The accompanying notes are an integral part of these consolidated financial statements.

ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ (3,405,089)	\$ 945,485
Reconciling adjustments		
Depreciation and amortization	53,716	13,426
Realized and unrealized losses (gains)	2,813,837	(1,245,997)
Forgiveness of Payroll Protection Plan Loan	(269,042)	(269,043)
Changes in operating assets and liabilities		
Contributions receivable	(146,175)	(69,075)
Advances	182,595	(115,318)
Prepaid expenses and other current assets	(18,474)	(8,222)
Deposits	-	13,795
Accounts payable	19,045	(39,422)
Accrued salaries and related expenses	55,526	14,460
Deferred rent	-	(28,096)
Net cash used by operating activities	<u>(714,061)</u>	<u>(788,007)</u>
Cash flows from investing activities		
Proceeds from Payroll Protection Loan	-	269,042
Purchase of property and equipment	(1,995,235)	(88,376)
Purchase of investments	(3,567,693)	(2,016,792)
Sales of investments	<u>3,922,933</u>	<u>2,328,666</u>
Net cash (used) provided by investing activities	<u>(1,639,994)</u>	<u>492,540</u>
Cash flows from financing activities		
Net draws on line of credit	1,891,426	-
Payments on EIDL note payable	<u>(3,917)</u>	<u>(1,441)</u>
Net cash provided (used) by financing activities	<u>1,887,509</u>	<u>(1,441)</u>
Net change in cash and cash equivalents	(466,546)	(296,908)
Cash and cash equivalents, beginning of year	<u>911,799</u>	<u>1,208,707</u>
Cash and cash equivalents, end of year	<u>\$ 445,253</u>	<u>\$ 911,799</u>

The accompanying notes are an integral part of these consolidated financial statements.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021**

1. Organization

The Armenian Assembly of America was initially founded as a charitable trust in 1972, and organized in 1989 under the District of Columbia Nonprofit Corporation Act as the Armenian Assembly of America Relief Fund (the Fund). In 1994, the Fund legally changed its name to the Armenian Assembly of America (the Assembly) and succeeded to the charitable trust's operations. The Assembly is organized exclusively for charitable and educational purposes, including, but not limited to providing aid, relief, and humanitarian assistance to alleviate human suffering in Armenia and Armenians worldwide, educating the public about Armenian culture and history, and other issues of concern to the Armenian community. The Assembly's programs include the Armenian Tree Project (ATP), which since its beginning in 1994, has planted more than 7 million trees, established four nurseries and two environmental education centers, and has greened villages, churches, parks, and open spaces throughout Armenia. In the process, the organization has provided employment for hundreds of people and provided vital resources to thousands of villagers.

During 1996, the Board of the Assembly approved the creation of the Armenian National Institute (ANI) a non-profit, non-partisan organization related to the Assembly through certain common Board members. ANI is dedicated to the study, research, affirmation and worldwide recognition of the Armenian Genocide. The Assembly receives contributions on behalf of ANI and deposits the funds in its investment account. Investment return is allocated proportionately, based on the percentage of ANI contributions to total portfolio value.

"ATP" Charitable Foundation was founded in 2003 in accordance with the Legislation of the Republic of Armenia. The aim of the Foundation is to promote development of agriculture, perception of nature protection importance, development of policy, improvement of nature of the country. The Foundation has four nurseries, where seedlings are cultivated and then distributed freely for community tree planting and reforestation projects. The ATP charitable foundation is audited separately in the Republic of Armenia.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Assembly and ANI. All significant intercompany transactions have been eliminated.

ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Assembly have been prepared in accordance with U.S. generally accepted accounting principles, which requires the Assembly to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Assembly. The Assembly's Board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Assembly or by the passage of time. Some restrictions are permanent in nature and relate to the endowment funds established for the perpetuity of the Assembly.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Assembly's ongoing services. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of interest checking and money market accounts held with federally-insured financial institutions. Account balances often exceed insured limits. However, management does not consider this to be a significant concentration of credit risk.

Money market funds and other cash included as part of the investment pool (see Note 5) are excluded from cash equivalents and reported separately.

Investments

The Assembly reports investments at estimated fair values based on quoted market prices provided by investment managers. Investment transactions are recorded on a trade-date basis. All of the Assembly's investment income or loss, including unrealized holding gains and losses, is included in the Statement of Activities as increases or decreases in restricted net assets, due to the restrictions determined by donors.

Endowments

Endowment gifts are recognized as support when received. The principal amount of the gift is maintained intact while the income earned is used for the purpose(s) stated by the donor. The remaining investment income on endowments is recognized as an increase in restricted net assets, unless the income is restricted by donor or law and such restrictions have not been met in the same fiscal year. The Assembly follows the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) reporting. The required disclosures are included in Note 12.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Amortization of the discount is included in donation revenue. An allowance for uncollectible pledges, if necessary, is provided based on management's evaluation of potential uncollectible contributions receivable at year-end.

ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment is stated at cost. Property and equipment is depreciated on a straight-line basis over the estimated useful lives of the related assets, ranging from 5 to 30 years. Leasehold improvements are amortized over the life of the lease or the estimated useful life of the asset, whichever is less. The cost and related accumulated depreciation are removed from the accounts when assets are disposed of, with any gain or loss recognized in the current period. The cost of maintenance and repairs is recorded as expenses are incurred. The Assembly's policy is to capitalize property and equipment with costs exceeding \$1,000.

Advances

Advances consist of amounts paid to foreign offices to fund operations. The Assembly recognizes all revenue and expenses, and related receivables and payables, arising from overseas activities in U.S. dollars, its functional currency. The Assembly recognizes all transactional gains or losses arising from foreign currency transactions in accordance with U.S. generally accepted accounting principles, and they are included in consolidated net income and cash flows for the period in which they arise.

Functional Allocation of Expenses

The costs of the Assembly's various programs and activities have been summarized by function in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, costs have been allocated among the programs and activities directly benefited or based on management's estimate of time incurred by the Assembly's personnel in such functions. General and administrative expenses include those expenses that are not directly identifiable with a specific function, but that provide for the overall support and management of the Assembly.

Revenue Recognition

Earned Revenue

Conference revenue and other program service fees are collected by the Assembly in exchange for providing professional development opportunities through conferences, meetings, events and other activities for the benefit of members. Revenue is recognized as the conferences, meetings, and events occur. Amounts received in advance are deferred and recognized in the period when the event occurs.

ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Income Taxes

The Assembly and ANI are subject to income tax regulations dependent on their respective tax status as determined by the Internal Revenue Code (IRC) or applicable foreign authority.

Organizations exempt from income tax pursuant to IRC Section 501(c)(3) are subject to income tax only on unrelated business income. The financial statement impact of a tax position is recognized when it is more-likely-than-not that the position will be sustained upon examination.

Management has performed an evaluation of uncertain tax positions and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements. The tax returns of the Assembly and ANI are subject to periodic examination by taxing authorities; however, there are currently no examinations in progress. Management believes the Assembly and ANI are no longer subject to income tax examinations for years prior to 2019.

ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

Certain assets are recorded based on fair value on a recurring basis. Accounting and reporting standards establish a framework for measuring fair value and 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 standards emphasize 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 standard establishes 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 as Level 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified as Level 3 of the hierarchy).

The fair value levels are as follows:

- Level 1: Inputs that utilize unadjusted quoted prices in active markets for identical assets or liabilities that the Assembly has the ability to access at the measurement date.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets or liabilities in active markets, as well as inputs that are observable for the assets or liabilities (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals.
- Level 3: Inputs that are unobservable inputs for the assets or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

Following is a description of the valuation methodologies used for investments measured at fair value and their classification in the valuation hierarchy:

- Investments in *money market funds* are valued at the net asset value (generally \$1) of shares held by the Foundation at year-end reported in the listing of the applicable major exchanges. Such securities are classified within Level 1 of the valuation hierarchy.
- Investments in *equities* are valued at the quoted market price held by the Assembly at year-end as reported in the listing of the applicable major stock exchanges. Such securities are classified within Level 1 of the valuation hierarchy.
- Investments in *mutual funds* are valued at net asset value, reported daily in the active exchanges, of shares held by the Assembly at year-end. Such securities are classified within Level 1 of the valuation hierarchy.
- Investments in *fixed income securities* are valued using the latest bid prices and significant inputs including benchmark yields, broker-dealer quotes, issuer spreads, and measures of volatility provided by independent pricing services. Such securities are classified within Level 2 of the valuation hierarchy.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported as of the end of the reporting period. For the years ended December 31, 2022 and 2021, there were no significant transfers in or out of levels 1, 2 or 3.

Pursuant to GAAP, the fair value hierarchy presented in Note 5 excludes private alternative investments reported by external managers using net asset value (“NAV”).

ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements – Adopted

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). The ASU requires a lessee to recognize a right-of-use (“ROU”) asset and lease liability on the statement of financial position for most lease contracts (which include those leases that are currently classified as operating leases under the current accounting standard). Additional disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from lease contracts. The Assembly adopted the ASU as of January 1, 2022.

The objective of this ASU, along with several related ASUs issued subsequently, is to increase transparency and comparability between organizations that enter into lease agreements. For lessees, the key difference of the new standard from the previous guidance (Topic 840) is the recognition of a right-of-use (ROU) asset and lease liability on the balance sheet. The most significant change is the requirement to recognize ROU assets and lease liabilities for leases classified as operating leases. The standard requires disclosures to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The adoption of the lease standard did not have a material impact on the financial statements. In accordance with Topic 842, the Assembly has elected not to recognize leases on the statement of financial position that have an initial term of twelve months or less.

Distribution of Financial Information

Trustees are granted the right to inspect and copy any of the corporate records required to be maintained by the corporation under law upon written request, and in circumstances upon a showing of proper and relevant purpose. Board Members receive a Statement of Activity, Form 990, audits and annual budgets. Any additional requests for financial information not already made available should be made to the Co-Chairs and tied to a specific Board duty. Requests need to be in writing, specify the duty, and how the materials are related in furtherance of that duty.

Subsequent Events

Management has evaluated subsequent events through April 12, 2024, which is the date the financial statements were available to be issued.

ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

3. Contributions Receivable

Contributions receivable expected to be collected more than one year from the date of the pledge are discounted to present value using a risk-free rate of return, which is the applicable federal rate at the time the unconditional promise is received. At December 31, 2022 and 2021, there were no contributions receivable expected to be collected more than one year beyond contribution date.

The ending balances of \$215,250 and \$69,075 at December 31, 2022 and 2021, respectively were collected subsequent to each respective year-end.

4. Availability and Liquidity

The following reflects the Assembly's financial assets at December 31, 2022 and 2021. financial position date because of donor imposed restrictions and internal board designations. There are amounts not available that include amounts set aside for long-term investing in the endowment funds.

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	\$ 445,253	\$ 911,799
Contributions receivable, net	215,250	69,075
Investments	11,766,047	14,935,126
Total financial assets	12,426,550	15,916,000
Less amounts not available to be used within one year:		
Net assets with donor restrictions		
Purpose restricted	1,866,793	3,217,234
Endowment funds	13,846,665	13,746,665
	15,713,458	16,963,899
Financial assets available to meet cash needs for general expenditures within one year	\$ (3,286,908)	\$ (1,047,899)

As noted above, the Assembly has no assets available to meet immediate cash needs and is reliant on current contributions and other sources of revenue to meet general operating cash requirements.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021**

5. Investments

Investment securities are exposed to market risks and fluctuations. The values of investment securities will, therefore, change in the near term, and such changes could materially affect amounts reported in the financial statements. Additionally, the fair value method described in Note 2 may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

While the Assembly believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. The Assembly has a diversified investment allocation policy to minimize effects caused by undue concentrations of risk.

Investments are comprised of the following as December 31, 2022 and 2021:

	<u>Fair Value Levels</u>	<u>2022</u>	<u>2021</u>
Money market funds	1	\$ 818,813	\$ 858,919
Equities	1	3,814,985	5,433,852
Mutual funds	1	5,669,310	7,259,724
Fixed income	2	<u>756,766</u>	<u>1,382,630</u>
Investments at fair value		11,059,874	14,935,125
Alternative investments at net asset value		<u>706,173</u>	<u>-</u>
Total investments		<u>\$ 11,766,047</u>	<u>\$ 14,935,125</u>

Alternative investments currently consist of a non-exchange traded business development company (“BDC”) that expects to invest at least 80% of its total assets (net assets plus borrowings for investment purposes) in private credit investments (loans, bonds and other credit instruments that are issued in private offerings or issued by private companies).

Alternative investments also include an investment in a Real Estate Investment Trust. The Trust currently invests in rental housing, industrial and real estate loans. Other investments include self-storage and extended-stay hotels.

Both investments include a high level of risk. Distributions are not guaranteed, and such distributions may be funded from sources other than cash flow from operations, including the sale of assets, borrowings, return of capital or offering proceeds, and although distributions are generally expected to be funded from cash flow from operations, limits have not been established on the amounts that may be paid from such sources.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021**

6. Property and Equipment

Property and equipment consist of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Building	\$ 1,823,000	\$ -
Acquisition costs	70,630	-
Computers and office equipment	796,864	695,259
Less: accumulated depreciation	<u>(405,967)</u>	<u>(352,251)</u>
Property and equipment, net	<u>\$ 2,284,527</u>	<u>\$ 343,008</u>

Depreciation expense for the years ended December 31, 2022 and 2021, was \$53,716 and \$13,426, respectively.

On October 11, 2022, the Assembly completed its acquisition of the third-floor space located at 1016 16th Street, NW, Washington, DC at a purchase price of \$1,830,000 to serve as the permanent headquarters for the Armenian Assembly. The property also includes space for the Armenian National Institute and library collection, research and collaborative areas for year-round and Terjenian-Thomas DC summer interns, meeting spaces, and office accommodations for staff, the Legate of the Armenian Diocese, the permanent Nagorno-Karabakh Representative, visiting members and guests.

6. Net Assets with Restrictions

Net assets with restrictions consist of the following:

	<u>2022</u>	<u>2021</u>
Purpose restricted		
Investment income (endowment)	\$ 660,859	\$ 3,703,222
Armenian Tree Project	<u>1,205,934</u>	<u>1,835,848</u>
Total purpose restricted	<u>1,866,793</u>	<u>5,539,070</u>
Endowment funds		
Endowment funds - donor restricted held in perpetuity	<u>13,846,665</u>	<u>13,806,665</u>
Net assets with restrictions	<u>\$ 15,713,458</u>	<u>\$ 19,345,735</u>

Investment income represents earnings from endowment net assets and is to be used to fund program activities as determined by the Board of Trustees. Amounts are released for use in years subsequent to when the income is earned.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021**

7. Lease Commitments

The Assembly retains office space (the Office) within a building sold to the Hirair and Anna Hovnanian Foundation (the Foundation) in 2017 with the right of quiet enjoyment and other customary rights within the property. The approximate value of the Office is \$600,000. The Assembly shall only be responsible for the costs associated with maintaining its own office (e.g. telephone, internet, and electricity) within the four walls of its office. The Foundation shall be responsible for all other costs, including but not limited to management fees, building operational costs, common areas and any taxes, excluding taxes directly related to the Assembly's operations within the Office.

As part of the sale agreement the Foundation grants the Assembly a 99-year lease for the Office. The lease shall be renewable at the Assembly's option for an additional 99-year term upon the same term and costs as in the first 99-year lease. A lease agreement to comply with the Armenian law has been prepared and has been forwarded to the Foundation. Although currently under negotiation, it has not yet been finalized as of _____.

Other leases for office space in California and Massachusetts are one-year leases or are currently on a month-to-month basis. Total rent expense for the years ended December 31, 2022 and 2021 was \$33,188 and \$74,300, respectively.

8. Pension Plan

The Assembly has a 403(b) pension plan in effect for eligible employees who have completed a year of employment and have been credited with at least 1,000 hours of service. Each eligible participant can defer a portion of their salary in accordance with IRS guidelines. The Assembly may contribute matching non-elective contributions at its discretion. The Assembly contributed \$38,885 and \$11,058 (\$21,018 total contribution offset by forfeitures of \$9,960) to the plan during the years ended December 31, 2022 and 2021, respectively.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021**

9. Related Party Transactions

Armenian Genocide Museum and Memorial Project (AGMM)

At December 31, 2003, the Armenian Assembly of America, Inc., spun off its Armenian Genocide Museum and Memorial project. AGMM commenced operations as a separate entity with its own tax-exempt status. As part of its ongoing commitment to facilitate an Armenian Genocide museum in Washington, DC, the Assembly has provided support to AGMM, both by paying expenses on behalf of AGMM and providing advances to support AGMM's operations. Prior to 2020, \$3,085,074 of expenses incurred on behalf of AGMM were deemed uncollectible and expensed in accordance with generally accepted accounting principles. During the years ended December 31, 2022 and 2021, \$1,415 and \$3,568 were recorded as expenses, respectively. The Assembly expenses these support amounts as incurred but AGMM is liable for their repayment.

The Assembly will continue to pursue collection of these amounts to the fullest extent possible, as a portion of the amounts is secured by the non-building assets and intellectual property of AGMM.

10. Financing

Paycheck Protection Program

On May 22, 2020, the Assembly received loan proceeds in the amount of \$269,043 through the Paycheck Protection Program (PPP), as established by the CARES Act, which allows qualifying businesses to obtain federal funding for amounts not to exceed two and a half times average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period.

On July 8, 2021, the Organization met the forgiveness requirements for the PPP note payable and was legally released from the obligation. The forgiveness of the PPP note payable, totaling \$269,043 was recognized as revenue during the year ending December 31, 2021, the year the forgiveness was received.

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10. Financing (continued)

Paycheck Protection Program (continued)

On January 15, 2021, the Assembly received a second PPP loan of \$269,042 through the Small Business Administration. On January 7, 2022, the Assembly received forgiveness for the second PPP loan. The loan forgiveness has been recorded during the year ended December 31, 2022.

Economic Injury Disaster Loan

On June 16, 2020, the Organization executed a secured loan with the U.S. Small Business Administration (SBA) under the Economic Injury Disaster Loan program (EIDL) in the amount \$150,000 with proceeds to be used for working capital purposes. The loan is secured by all tangible and intangible assets of the Organization and is payable over 30 years at an interest rate of 2.75%. Interest accrued on the unpaid balance until June 2021, when interest only payments began with payments through May 2022, with regular principal payments beginning June 2022.

Future payments required under the note payable are as follows:

	Total		
	<u>Payments</u>	<u>Principal</u>	<u>Interest</u>
Year ending December 31, 2023	\$ 7,692	\$ 3,474	\$ 4,218
2024	7,692	3,571	4,121
2025	7,692	3,670	4,022
2026	7,692	3,773	3,919
2027	7,692	3,878	3,814
2028 and thereafter	<u>187,567</u>	<u>136,276</u>	<u>50,967</u>
	<u>\$226,027</u>	<u>\$154,642</u>	<u>\$ 71,061</u>

In addition, the Assembly received \$10,000 from the SBA during 2020, repayment terms and interest accruals are undefined. The balance is included in the loan balance of the statement of financial position.

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10. Financing (continued)

Line of Credit

During 2022, the Assembly established a line of credit agreement with a bank with maximum borrowings of \$5,750,000. The line is secured by a first priority security interest of a portion of the Assembly's investments. The value of the investments pledged as security total \$6,743,742 at December 31, 2022.

The line bears interest at a variable base rate that is adjusted weekly plus a "spread rate". The spread rate is fixed at 1.75%. The total interest rate at December 31, 2022 is 6.07%. The line is payable on demand. A draw on the line financed the Assembly's purchase of a building and related improvements to the facility. \$1,891,426 was outstanding at December 31, 2022.

11. Endowment Funds

The Assembly may from time to time establish, hold, invest and administer such endowment fund or funds to be collectively designated the "Armenian Assembly of America Endowment Fund," upon such terms and conditions as the Board of Trustees may from time to time deem advisable. Except as otherwise required under the Internal Revenue Code as amended, only the "net income" therefrom as hereafter defined shall be applied to the programs and activities of the Assembly and the principal of such funds shall be preserved. As used herein, "net income" shall mean net income as determined by sound accounting principles then generally applied. Any such endowment fund or funds may be given such designations as the Board of Trustees may from time to time determine, including, without implied limitation, a designation which will commemorate any donor or person, place, event, or entity designated by any donor. As of December 31, 2022 and 2021, the Assembly's endowment fund principal is \$13,826,665 and \$13,806,665, respectively.

Interpretation of Relevant Law

The Assembly has interpreted the State Prudent Management of Institutional Funds Act (the Act) as requiring the preservation of the fair value of the original gift as the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Assembly classifies as endowment net assets the original value of gifts donated to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified as endowment net assets is classified as net assets with restrictions until those amounts are appropriated for expenditure by the Assembly in a manner consistent with the standard of prudence described by the Act.

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11. Endowment Funds (continued)

In accordance with the Act, the Assembly considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Assembly's and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of the investments;
- (6) Other resources of the Assembly; and
- (7) The investment policies of the Assembly.

Investment Policy

The Assembly has adopted investment and spending policies 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 the endowment assets. Endowment assets include those assets of the donor-restricted funds that the Assembly must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Trustees, the endowment assets are invested in a manner that is intended to provide growth and to preserve or increase the real value of the endowment to meet the future needs of the Assembly. Investments are made with the objective of selecting investment vehicles that are at an appropriate level of risk for a non-profit organization. Actual returns in any given year may vary.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Assembly to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with restrictions. These deficiencies have resulted from unfavorable market conditions and continued appropriation for certain programs that were deemed prudent by the Board of Directors. At December 31, 2022, there was a \$2,188,094 deficiency in the Assembly's funds.

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11. Endowment Funds (continued)

Spending Policy

Investment income from the endowment fund is used for restricted and unrestricted activities in accordance with donor stipulations based upon the demand for these purposes and on the availability of funds during the particular year. Five percent of the average fair market value of the prior year of the unrestricted portion of the Endowment Fund as long as at no time is the fair market value of the fund, after distributions, to drop below the total initial principal of unrestricted contributions within the Fund. Restricted funds shall continue to be distributed as directed by the donors in writing.

The net composition of the endowment is as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Purpose Restricted</u>	<u>Endowment</u>	<u>Purpose Restricted</u>	<u>Endowment</u>
Endowment fund	\$ 660,859	\$ 12,056,223	\$ 3,703,222	\$ 12,036,223
The Edward and Grace Alexanian Fund	-	50,000	-	50,000
Terjenian-Thomas Family Internship Program	-	1,680,442	-	1,680,442
Armenian Renaissance Fund	-	60,000	-	60,000
Total	<u>\$ 660,859</u>	<u>\$ 13,846,665</u>	<u>\$ 3,703,222</u>	<u>\$ 13,826,665</u>

Endowment activity for the years ended December 31, 2022 and 2021 is as follows:

	<u>Purpose</u>		
	<u>Restricted</u>	<u>Endowment</u>	<u>Total</u>
Endowment assets, December 31, 2020	\$ 2,960,160	\$ 13,796,665	\$ 16,756,825
Investment return, net	1,278,062	-	1,278,062
Contributions	-	10,000	10,000
Amounts appropriated for expenditure	<u>(535,000)</u>	<u>20,000</u>	<u>(515,000)</u>
Endowment assets, December 31, 2021	3,703,222	13,826,665	17,529,887
Investment return, net	(2,338,863)	-	(2,338,863)
Contributions	-	20,000	20,000
Amounts appropriated for expenditure	<u>(703,500)</u>	<u>-</u>	<u>(703,500)</u>
Endowment assets, December 31, 2022	<u>\$ 660,859</u>	<u>\$ 13,846,665</u>	<u>\$ 14,507,524</u>

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11. Endowment Funds (continued)

Endowment funds consist of the following:

- An endowment fund was established to provide resources for the Assembly to use to mobilize its efforts as an advocacy group, create new programs and projects, such as ANI, and provide assistance to the citizens of Armenia and Nagorno-Karabakh. Assembly endowment contributions are invested in perpetuity, and income generated by the endowment is to be used for programs so designated by the Board, in accordance with the bylaws.
- The Edward and Grace Alexanian Fund was established in 1993. The yearly interest of the fund is used to lobby for the recognition of the Armenian Genocide of 1915, as well as the critical work of the Armenian National Institute.
- Contributions to The Terjenian-Thomas Family Internship Program that are to be invested in perpetuity. The investment income earned on these funds is to be used to support the internship program. Restricted funds also include the following endowed internships: The Richard Tufenkian Memorial Fund, The John Hanesian Scholarship Fund, The Armen Astarjian Scholarship Fund, The Ohanian Memorial Fund, and major gifts from Ann Hintlian, Ann Nahigian, James and Connie Melikian, The Knights of Vartan, The Estate of Haig J. Boyadjian, and The Estate of George Judge Karabedian (George Kay), as well as generous contributions in memory of Dr. Lionel Galstaun, Peter Kezirian, and John O'Connor.
- The Armenian Renaissance Fund was established in 1999 to help the children in Armenia by supplementing the salaries of school teachers. The interest earned on the original contribution is distributed to the teachers of the Toumanyany School on an annual basis.