

**ARMENIAN ASSEMBLY OF AMERICA, INC.
AND ARMENIAN NATIONAL INSTITUTE**

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

December 31, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Armenian Assembly of America, Inc. and Armenian National Institute.

Opinion

We have audited the accompanying consolidated financial statements of Armenian Assembly of America, Inc. and Armenian National Institute (nonprofit organizations, collectively "the Organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, 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 Armenian National Institute as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

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 Organizations' 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 the Organizations' 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 Organizations' 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.

The image shows a handwritten signature in black ink that reads "Rubino & Company". The signature is written in a cursive, flowing style.

March 20, 2025
Bethesda, Maryland

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND
ARMENIAN NATIONAL INSTITUTE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022**

ASSETS

	<u>2023</u>	<u>2022</u>
Current assets		
Cash and cash equivalents	\$ 1,277,026	\$ 445,253
Prepaid expenses and other current assets	42,267	30,444
Contributions receivable, net	41,173	215,250
Investments	88	127,476
Advances	<u>69,342</u>	<u>65,653</u>
Total current assets	<u>1,429,896</u>	<u>884,076</u>
Non-current assets		
Investments	12,777,112	11,638,571
Property and equipment, net	<u>2,601,220</u>	<u>2,492,267</u>
Total non-current assets	<u>15,378,332</u>	<u>14,130,838</u>
 Total assets	 <u>\$ 16,808,228</u>	 <u>\$ 15,014,914</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Line of credit	\$ 2,152,654	\$ 1,891,426
Economic Injury Disaster Loan, current portion	3,767	3,474
Accounts payable and accrued expenses	11,172	52,804
Accrued salaries and related expenses	<u>163,192</u>	<u>144,942</u>
Total current liabilities	2,330,785	2,092,646
 Economic Injury Disaster Loan, non current portion	 <u>150,967</u>	 <u>151,168</u>
Total liabilities	2,481,752	2,243,814
Net assets		
Without donor restrictions	(3,151,645)	(2,942,365)
With donor restrictions		
Purpose restricted	3,626,456	1,866,800
Endowment funds	<u>13,851,665</u>	<u>13,846,665</u>
Total net assets	<u>14,326,476</u>	<u>12,771,100</u>
Total liabilities and net assets	<u>\$ 16,808,228</u>	<u>\$ 15,014,914</u>

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

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND
ARMENIAN NATIONAL INSTITUTE
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended December 31, 2023**

	<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	\$ 998,126	\$ 3,419,888	\$ 5,000	\$ 4,423,014
Events	125,535	-	-	125,535
Trustees	248,148	-	-	248,148
Net assets released from restrictions	<u>3,553,756</u>	<u>(3,553,756)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>4,925,565</u>	<u>(133,868)</u>	<u>5,000</u>	<u>4,796,697</u>
Program services				
Armenian tree project	2,803,756	-	-	2,803,756
Public affairs	238,031	-	-	238,031
Government affairs & lobbying	171,518	-	-	171,518
Grassroots lobbying	88,351	-	-	88,351
Intern - Washington	67,719	-	-	67,719
ANI - Research	79,697	-	-	79,697
ANI - Outreach	78,264	-	-	78,264
ANI - Education	76,151	-	-	76,151
Advocacy conference	86,825	-	-	86,825
Armenian Genocide Museum & Memorial	782	-	-	782
Total program services	<u>3,691,094</u>	<u>-</u>	<u>-</u>	<u>3,691,094</u>
Supporting services				
Management & general	520,930	-	-	520,930
Trustee affairs	191,783	-	-	191,783
California office	126,837	-	-	126,837
Yerevan central office	150,609	-	-	150,609
Trustee development	133,610	-	-	133,610
Property	<u>319,982</u>	<u>-</u>	<u>-</u>	<u>319,982</u>
Total supporting services	<u>1,443,751</u>	<u>-</u>	<u>-</u>	<u>1,443,751</u>
Total expenses	<u>5,134,845</u>	<u>-</u>	<u>-</u>	<u>5,134,845</u>
Change in net operating assets	(209,280)	(133,868)	5,000	(338,148)
Non-operating activity				
Investment income	<u>-</u>	<u>1,893,524</u>	<u>-</u>	<u>1,893,524</u>
Change in net assets	(209,280)	1,759,656	5,000	1,555,376
Net assets, beginning of year	<u>(2,942,365)</u>	<u>1,866,800</u>	<u>13,846,665</u>	<u>12,771,100</u>
Net (deficit) assets, end of year	<u>\$ (3,151,645)</u>	<u>\$ 3,626,456</u>	<u>\$ 13,851,665</u>	<u>\$ 14,326,476</u>

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

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

	Without Donor	With Donor Restrictions		Total
	Restrictions	Purpose Restricted	Endowment Funds	
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 - Education	67,980	-	-	67,980
ANI - Research	67,949	-	-	67,949
ANI - Outreach	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 AMERICAN, INC. AND
ARMENIAN NATIONAL INSTITUTE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023**

	Program Services										
	Armenian Tree Project	Public Affairs	Government Affairs & Lobbying	Grassroots Lobbying	Intern - Washington	ANI Research	ANI Outreach	ANI Education	Advocacy Conference	Armenian Genocide Museum & Memorial	Subtotal
Salaries	\$ 1,149,714	\$ 190,373	\$ 104,507	\$ 42,953	\$ 41,553	\$ 53,863	\$ 53,863	\$ 51,750	\$ -	\$ -	\$ 1,688,576
Payroll taxes	248,508	10,106	9,633	7,492	3,349	4,204	4,205	4,205	-	-	291,702
Employee benefits	52,311	18,088	17,242	13,411	5,995	13,204	13,204	13,204	-	-	146,659
Consultants and temporary workers	476,331	12,000	-	660	-	-	-	-	7,800	-	496,791
Contributions	94,701	-	-	-	-	-	-	-	-	782	95,483
Supplies/small tools	331,841	-	-	-	-	-	-	-	-	-	331,841
Meals & entertainment	27,516	-	2,976	2,716	2,489	-	-	-	39,782	-	75,479
Travel	47,111	86	13,672	10,497	121	-	251	251	17,920	-	89,909
Printing and publications	52,633	-	-	683	-	-	-	-	5,111	-	58,427
Depreciation	29,126	-	-	-	-	-	-	-	-	-	29,126
Insurance	24,459	-	-	-	-	-	-	-	-	-	24,459
Cloud Services	4,681	-	23,376	-	-	465	465	465	-	-	29,452
Accounting fees	2,520	-	-	-	-	-	-	-	-	-	2,520
Equipment expense	46,184	-	-	-	-	-	-	-	-	-	46,184
Fuel	32,030	-	-	-	-	-	-	-	-	-	32,030
Rent	26,040	-	-	-	300	-	-	-	-	-	26,340
Postage and shipping	12,671	-	-	61	-	-	-	-	-	-	12,732
Events	8,800	-	-	270	-	-	-	-	-	-	9,070
Telephone	11,837	-	-	-	-	438	438	438	-	-	13,151
Computer and related expenses	11,209	-	-	-	-	2,401	2,401	2,401	-	-	18,412
Office supplies and materials	12,413	-	112	502	649	2,110	2,110	2,110	-	-	20,006
Utilities	19,463	-	-	-	-	-	-	-	-	-	19,463
Bank charges & fees	11,615	-	-	-	(84)	-	-	-	-	-	11,531
Miscellaneous	7,434	-	-	-	-	-	-	-	432	-	7,866
Condo fees	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	8,902	-	-	-	-	-	8,902
Subscriptions & dues	2,671	-	-	656	-	1,685	-	-	200	-	5,212
Procurement	45,333	-	-	-	-	-	-	-	-	-	45,333
Currency translation expense	4,999	-	-	-	-	-	-	-	-	-	4,999
Recognition	1,354	-	-	-	-	-	-	-	-	-	1,354
Employee recruitment	3,474	-	-	-	-	-	-	-	-	-	3,474
Affirmations	-	3,000	-	4,558	-	-	-	-	-	-	7,558
Legal fees	-	-	-	-	-	-	-	-	-	-	-
Website Services	4,662	4,378	-	-	-	1,327	1,327	1,327	-	-	13,021
Payroll service fees	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Taxes & licenses	115	-	-	-	-	-	-	-	-	-	115
Meetings	-	-	-	3,892	4,145	-	-	-	15,580	-	23,617
Maintenance and repairs	-	-	-	-	300	-	-	-	-	-	300
Professional fees	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 2,803,756</u>	<u>\$ 238,031</u>	<u>\$ 171,518</u>	<u>\$ 88,351</u>	<u>\$ 67,719</u>	<u>\$ 79,697</u>	<u>\$ 78,264</u>	<u>\$ 76,151</u>	<u>\$ 86,825</u>	<u>\$ 782</u>	<u>\$ 3,691,094</u>

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

**ARMENIAN ASSEMBLY OF AMERICAN, INC. AND
ARMENIAN NATIONAL INSTITUTE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023**

	Supporting Services							
	Management & General	Trustee Affairs	California Office	Yerevan Central Office	Trustee Development	Property	Subtotal	Total All
Salaries	\$ 104,880	\$ 121,531	\$ 93,220	\$ 118,326	\$ 54,342	\$ -	\$ 492,299	\$ 2,180,875
Payroll taxes	8,806	9,796	7,514	3,647	4,380	-	34,143	325,845
Employee benefits	19,069	17,535	13,450	6,528	7,840	-	64,422	211,081
Consultants and temporary workers	8,646	-	-	-	-	-	8,646	505,437
Contributions	254,688	-	-	-	-	-	254,688	350,171
Supplies/small tools	-	-	-	-	-	-	-	331,841
Meals & entertainment	210	7,769	-	-	43,015	148	51,142	126,621
Travel	5	1,608	-	10,715	2,225	1,167	15,720	105,629
Printing and publications	1,709	3,528	-	-	11,026	-	16,263	74,690
Depreciation	6,807	-	-	-	-	63,406	70,213	99,339
Insurance	26,998	-	-	-	-	-	26,998	51,457
Cloud Services	5,649	5,729	-	-	6,587	-	17,965	47,417
Accounting fees	6,885	-	-	-	-	-	6,885	9,405
Equipment expense	3,269	-	-	-	-	-	3,269	49,453
Fuel	-	-	-	982	-	-	982	33,012
Rent	-	-	10,483	-	-	-	10,483	36,823
Postage and shipping	18,132	737	-	-	3,698	-	22,567	35,299
Events	6,300	271	-	6,488	-	-	13,059	22,129
Telephone	13,857	-	-	1,192	-	-	15,049	28,200
Computer and related expenses	800	-	-	-	-	-	800	19,212
Office supplies and materials	7,958	51	-	443	-	-	8,452	28,458
Utilities	-	-	-	-	-	3,331	3,331	22,794
Bank charges & fees	5,473	-	-	922	-	-	6,395	17,926
Miscellaneous	(43)	-	-	-	-	319	276	8,142
Condo fees	-	-	-	-	-	58,287	58,287	58,287
Housing	-	-	-	-	-	-	-	8,902
Subscriptions & dues	528	228	300	-	497	-	1,553	6,765
Procurement	-	-	-	-	-	-	-	45,333
Currency translation expense	-	-	-	-	-	-	-	4,999
Recognition	-	23,000	-	-	-	-	23,000	24,354
Employee recruitment	-	-	-	-	-	-	-	3,474
Affirmations	-	-	1,776	-	-	-	1,776	9,334
Legal fees	-	-	-	-	-	945	945	945
Website Services	442	-	-	-	-	-	442	13,463
Payroll service fees	4,700	-	-	-	-	-	4,700	4,700
Interest	8,668	-	-	-	-	149,214	157,882	157,882
Taxes & licenses	1,960	-	94	1,015	-	43,165	46,234	46,349
Meetings	2,702	-	-	-	-	-	2,702	26,319
Maintenance and repairs	1,832	-	-	294	-	-	2,126	2,426
Professional fees	-	-	-	57	-	-	57	57
	<u>\$ 520,930</u>	<u>\$ 191,783</u>	<u>\$ 126,837</u>	<u>\$ 150,609</u>	<u>\$ 133,610</u>	<u>\$ 319,982</u>	<u>\$ 1,443,751</u>	<u>\$ 5,134,845</u>

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

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

	Program Services									
	Armenian Tree Project	Public Affairs	Government Affairs & Lobbying	Grassroots Lobbying	Intern - Washington	ANI Outreach	ANI Education	ANI Research	Armenian Genocide Museum & Memorial	Subtotal
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	-	-	-	-	-	-	-	-	1,415	1,415
Events	7,357	-	-	9,245	-	-	-	-	-	16,602
Affirmations	-	3,000	-	989	-	-	-	-	-	3,989
Supplies/small tools	222,436	-	-	-	-	-	-	-	-	222,436
Rent	25,559	-	-	-	-	-	-	-	-	25,559
Office supplies and materials	11,897	-	-	165	-	1,548	1,548	1,548	-	16,706
Cloud services	3,385	-	18,608	3,883	-	-	-	-	-	25,876
Postage and shipping	10,712	-	-	-	-	-	-	-	-	10,712
Insurance	18,327	-	-	-	-	-	-	-	-	18,327
Printing and publications	48,538	-	-	-	-	-	-	-	-	48,538
Accounting fees	22,250	-	-	-	-	661	661	661	-	24,233
Equipment expense	36,678	-	-	-	-	-	-	-	-	36,678
Telephone	11,641	-	-	-	-	386	386	386	-	12,799
Travel	39,109	969	8,220	9,997	234	1,049	1,049	-	-	60,627
Meals & entertainment	24,702	133	1,033	1,084	1,016	-	-	-	-	27,968
Fuel	33,430	-	-	-	-	-	-	-	-	33,430
Bank charges & fees	10,619	-	-	-	-	-	-	-	-	10,619
Computer and related expenses	14,119	-	-	-	-	1,552	1,552	1,552	-	18,775
Utilities	22,223	-	-	-	-	-	-	-	-	22,223
Depreciation	43,525	-	-	-	-	-	-	-	-	43,525
Website services	-	4,009	887	110	-	1,339	1,339	1,339	-	9,023
Subscriptions & dues	5,711	-	791	-	-	-	-	1,018	-	7,520
Currency translation expense	7,684	-	-	-	-	-	-	-	-	7,684
Employee recruitment	5,704	-	-	100	-	-	-	-	-	5,804
Contributions	239,862	-	-	-	-	-	-	-	-	239,862
Recognition	5,891	-	-	138	-	-	-	-	-	6,029
Miscellaneous	10,961	-	-	-	-	-	-	-	-	10,961
Condo fees	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	12,070	-	-	-	-	12,070
Maintenance and repairs	-	-	-	-	-	-	-	-	-	-
Professional fees	-	-	-	-	-	339	339	339	-	1,017
Seminars/conferences	-	-	-	-	-	-	-	-	-	-
Legal fees	519	-	-	-	-	-	-	-	-	519
Volunteer groups	-	-	-	-	-	-	-	-	-	-
Training	-	-	-	-	-	-	-	-	-	-
Taxes & licenses	143	-	-	-	-	-	-	-	-	143
	<u>\$ 2,606,670</u>	<u>\$ 227,629</u>	<u>\$ 124,011</u>	<u>\$ 91,674</u>	<u>\$ 64,643</u>	<u>\$ 67,980</u>	<u>\$ 67,980</u>	<u>\$ 67,949</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
ARMENIAN NATIONAL INSTITUTE
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	-	-	-	-	-	-	-	-	-	-	-	1,415
Events	-	-	-	-	-	-	-	-	-	-	-	16,602
Affirmations	124	-	1,250	67,583	72,716	-	43,453	80	-	1,784	186,990	190,979
Supplies/small tools	170	1,597	-	13,702	6,016	2,612	7,247	497	69	3,545	35,455	257,891
Rent	169	-	7,629	20,948	1,323	86	6,786	6,589	1,658	543	45,731	71,290
Office supplies and materials	10,191	-	1,050	-	-	-	-	-	-	-	11,241	27,947
Cloud services	29,373	-	-	-	-	-	-	-	-	-	29,373	55,249
Postage and shipping	6,983	8,924	54	-	-	-	-	3,974	-	-	19,935	30,647
Insurance	-	-	-	18,515	21,977	-	4,295	-	-	-	44,787	63,114
Printing and publications	20,593	-	-	-	-	-	-	-	-	-	20,593	69,131
Accounting fees	3,027	-	-	-	-	-	-	-	-	-	3,027	27,260
Equipment expense	-	-	-	-	-	-	-	-	-	-	-	36,678
Telephone	-	-	-	-	-	-	-	-	-	-	-	12,799
Travel	12,817	12	7,296	805	-	-	428	3,598	563	566	26,085	86,712
Meals & entertainment	-	1,386	1,690	3,395	6,335	-	-	-	-	-	12,806	40,774
Fuel	10,273	-	-	-	-	1,172	-	-	-	-	11,445	44,875
Bank charges & fees	517	-	-	-	-	75	-	-	-	-	592	11,211
Computer and related expenses	1,238	579	-	1,537	227	700	736	-	-	168	5,185	23,960
Utilities	-	-	-	-	-	-	-	-	373	-	373	22,596
Depreciation	7,186	-	-	(123)	-	32	-	-	-	-	7,095	50,620
Website services	(33)	-	-	-	-	-	2,900	-	41	-	2,908	11,931
Subscriptions & dues	-	-	958	-	-	-	-	-	12,751	-	13,709	21,229
Currency translation expense	438	-	-	-	-	-	-	-	-	-	438	8,122
Employee recruitment	-	-	-	-	-	-	756	-	-	-	756	6,560
Contributions	-	-	-	72	-	-	-	-	-	-	72	239,934
Recognition	-	-	-	-	-	-	-	-	-	-	-	6,029
Miscellaneous	-	-	49	-	-	-	-	-	4,712	-	4,761	15,722
Condo fees	446	-	-	-	-	-	-	-	-	-	446	446
Housing	4,443	-	-	-	-	-	-	-	-	-	4,443	16,513
Maintenance and repairs	4,415	-	-	-	-	-	-	-	-	-	4,415	4,415
Professional fees	2,917	-	-	-	-	583	-	-	-	-	3,500	4,517
Seminars/conferences	-	-	-	-	-	-	-	-	-	2,132	2,132	2,132
Legal fees	-	-	-	-	-	1,137	-	-	-	-	1,137	1,656
Volunteer groups	113	-	-	-	-	-	-	-	-	-	113	113
Training	74	-	-	-	-	90	-	138	-	-	302	302
Taxes & licenses	-	-	25	-	-	87	-	-	-	-	112	255
	<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 AMERICA, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 1,555,376	\$ (3,405,089)
Reconciling adjustments		
Depreciation and amortization	99,339	53,716
Realized and unrealized losses (gains)	(1,626,102)	2,813,837
Donated securities	(593,838)	-
Forgiveness of Payroll Protection Plan Loan	-	(269,042)
Changes in operating assets and liabilities		
Contributions receivable	174,077	(146,175)
Advances	(3,689)	182,595
Prepaid expenses and other current assets	(11,823)	(18,474)
Accrued interest on EIDL Loan	3,758	-
Accounts payable	(41,632)	19,045
Accrued salaries and related expenses	18,250	55,526
Net cash used by operating activities	<u>(426,284)</u>	<u>(714,061)</u>
Cash flows from investing activities		
Purchase of property and equipment	(208,293)	(1,995,234)
Purchase of investments	(6,949,127)	(3,567,693)
Sales of investments	8,157,914	3,922,933
Net cash provided (used) by investing activities	<u>1,000,494</u>	<u>(1,639,994)</u>
Cash flows from financing activities		
Net draws on line of credit	261,228	1,891,426
Payments on EIDL note payable	(3,665)	(3,917)
Net cash provided by financing activities	<u>257,563</u>	<u>1,887,509</u>
Net change in cash and cash equivalents	831,773	(466,546)
Cash and cash equivalents, beginning of year	<u>445,253</u>	<u>911,799</u>
Cash and cash equivalents, end of year	<u>\$ 1,277,026</u>	<u>\$ 445,253</u>

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

**ARMENIAN ASSEMBLY OF AMERICA, INC.
AND ARMENIAN NATIONAL INSTITUTE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022**

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 Inc. (the Fund). In 1994, the Fund legally changed its name to the Armenian Assembly of America Inc. (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 8.8 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 Inc. (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. ANI is also a District of Columbia non-profit corporation. 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 Armenian Assembly of America, Inc. and Armenian National Institute. All significant intercompany transactions have been eliminated.

**ARMENIAN ASSEMBLY OF AMERICA, INC.
AND ARMENIAN NATIONAL INSTITUTE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022**

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of Armenian Assembly of America, Inc. and Armenian National Institute (collectively “the Organization”). have been prepared in accordance with U.S. generally accepted accounting principles, which requires the Organization 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 Organization. The Organization’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 Organization or by the passage of time. Some restrictions are permanent in nature and relate to the endowment funds established for the perpetuity of the Organization.

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 Organization’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 ARMENIAN NATIONAL INSTITUTE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022**

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 Organization 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 Organization'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 Organization 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 credit losses, if necessary, is provided based on management's evaluation of potential uncollectible contributions receivable at year-end.

**ARMENIAN ASSEMBLY OF AMERICA, INC.
AND ARMENIAN NATIONAL INSTITUTE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022**

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 Organization'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 Organization recognizes all revenue and expenses, and related receivables and payables, arising from overseas activities in U.S. dollars, its functional currency. The Organization 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 Organization'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 Organization'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 Organization.

Revenue Recognition

Earned Revenue

Conference revenue and other program service fees are collected by the Organization 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 ARMENIAN NATIONAL INSTITUTE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022**

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 2020.

Fair Value Measurements

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.

**ARMENIAN ASSEMBLY OF AMERICA, INC.
AND ARMENIAN NATIONAL INSTITUTE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022**

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

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 Organization 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 ARMENIAN NATIONAL INSTITUTE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022**

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 Organization 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 Organization 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 Organization 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, 2023 and 2022, 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 ARMENIAN NATIONAL INSTITUTE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022**

2. Summary of Significant Accounting Policies (continued)

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 March 20, 2025, which is the date the financial statements were available to be issued. In 2024, the line of credit balance (see note 11), was reduced by \$1,387,414.

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, 2023 and 2022, there were no contributions receivable expected to be collected more than one year beyond contribution date.

The ending balances of \$41,173 and \$215,250 at December 31, 2023 and 2022, respectively were collected subsequent to each respective year-end.

**ARMENIAN ASSEMBLY OF AMERICA, INC.
AND ARMENIAN NATIONAL INSTITUTE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022**

4. Availability and Liquidity

The following reflects the Organization’s financial assets at December 31, 2023 and 2022, reduced by amounts not available for general use within one year of the consolidated 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.

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,277,026	\$ 445,253
Contributions receivable, net	41,173	215,250
Investments	12,777,200	11,766,047
Total financial assets	14,095,399	12,426,550
Less amounts not available to be used within one year:		
Net assets with donor restrictions		
Purpose restricted	3,626,456	1,866,800
Endowment funds	13,851,665	13,846,665
	17,478,121	15,713,465
Financial assets available to meet cash needs for general expenditures within one year	\$ (3,382,722)	\$ (3,286,915)

As noted above, the Organization 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.

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 Organization 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 Organization has a diversified investment allocation policy to minimize effects caused by undue concentrations of risk.

**ARMENIAN ASSEMBLY OF AMERICA, INC.
AND ARMENIAN NATIONAL INSTITUTE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022**

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**ARMENIAN ASSEMBLY OF AMERICA, INC.
AND ARMENIAN NATIONAL INSTITUTE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022**

5. Investments

Investments are comprised of the following as December 31, 2023 and 2022:

	<u>Fair Value Levels</u>	<u>2023</u>	<u>2022</u>
Money market funds	1	\$ 76,579	\$ 818,814
Equities	1	637,154	3,814,985
Mutual funds	1	11,391,865	5,669,310
Fixed income	2	<u>-</u>	<u>756,766</u>
Investments at fair value		12,105,598	11,059,875
Alternative investments, at net asset value		<u>671,602</u>	<u>706,172</u>
Total investments		<u>\$ 12,777,200</u>	<u>\$ 11,766,047</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 ARMENIAN NATIONAL INSTITUTE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022**

6. Property and Equipment

Property and equipment consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Building	\$ 1,823,000	\$ 1,823,000
Building improvements	153,993	5,430
Acquisition costs	65,200	65,200
Computers and office equipment	<u>913,552</u>	<u>1,004,604</u>
	2,955,745	2,898,234
Less: accumulated depreciation	<u>(354,525)</u>	<u>(405,967)</u>
Property and equipment, net	<u>\$ 2,601,220</u>	<u>\$ 2,492,267</u>

Depreciation expense for the years ended December 31, 2023 and 2022, was \$99,339 and \$53,716, 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, visiting members and guests. (See note 11 for additional information on the line of credit.)

7. Net Assets with Restrictions

Net assets with restrictions consist of the following:

	<u>2023</u>	<u>2022</u>
Purpose restricted		
Investment income (endowment)	\$ 1,795,053	\$ 660,859
Armenian Tree Project	1,043,952	1,205,941
Capital Campaign	<u>787,451</u>	<u>-</u>
Total purpose restricted	<u>3,626,456</u>	<u>1,866,800</u>
Endowment funds		
Endowment funds - donor restricted held in perpetuity	<u>13,851,665</u>	<u>13,846,665</u>
Net assets with restrictions	<u>\$ 17,478,121</u>	<u>\$ 15,713,465</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 ARMENIAN NATIONAL INSTITUTE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022**

8. Lease Commitments

The Assembly retains office space (the Office) within a building sold to the Hirair and Anna Hovnanian Foundation (the Hovnanian Foundation) in 2017 with the right of quiet enjoyment and other customary rights within the property. The approximate value of the Office in 2017 was \$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 Hovnanian 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. The lease is still under negotiation.

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, 2023 and 2022 was \$36,523 and \$33,188, respectively.

9. Pension Plan

The Organization 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 Organization may contribute matching non-elective contributions at its discretion. The Organization contributed \$78,680 and \$38,885 to the plan during the years ended December 31, 2023 and 2022, respectively.

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10. 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 Organization has provided support to AGMM, both by paying expenses on behalf of AGMM and providing advances to support AGMM's operations. Prior to 2022, \$3,092,290 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, 2023 and 2022, \$782 and \$1,415 were recorded as expenses, respectively. The Organization expenses these support amounts as incurred but AGMM is liable for their repayment.

The Organization 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.

11. Financing

Paycheck Protection Program

On January 15, 2021, the Organization received loan proceeds in the amount of \$269,042 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 January 7, 2022, the Organization received forgiveness for the PPP loan. The loan forgiveness has been recorded during the year ended December 31, 2022.

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11. Financing (continued)

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, 2024	\$ 7,692	\$ 3,767	\$ 3,925	
2025	7,692	3,872	3,820	
2026	7,692	3,980	3,712	
2027	7,692	4,091	3,601	
2028	7,692	4,205	3,487	
2029 and thereafter	<u>184,952</u>	<u>134,819</u>	<u>50,133</u>	
	<u>\$223,412</u>	<u>\$154,734</u>	<u>\$ 68,678</u>	

In addition, the Organization 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.

Line of Credit

During 2022, the Organization 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 \$11,427,262 at December 31, 2023.

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, 2023 is 7.191%. 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. At December 31, 2023 and 2022, \$2,152,654 and \$1,891,426, was outstanding, respectively. See note 2 for additional information on the line of credit.

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12. Endowment Funds

The Organization 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 Organization 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, 2023 and 2022, the Organization's endowment fund principal is \$13,851,665 and \$13,846,665, respectively.

Interpretation of Relevant Law

The Organization 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 Organization 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 Organization in a manner consistent with the standard of prudence described by the Act.

In accordance with the Act, the Organization 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 Organization; and
- (7) The investment policies of the Organization.

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12. Endowment Funds (continued)

Investment Policy

The Organization 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 Organization 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 Organization. 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 Organization 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, 2023, there was approximately a \$1,075,000 deficiency in the Organization's funds.

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.

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12. Endowment Funds (continued)

The net composition of the endowment is as follows:

	<u>2023</u>		<u>2022</u>	
	Purpose		Purpose	
	<u>Restricted</u>	<u>Endowment</u>	<u>Restricted</u>	<u>Endowment</u>
Endowment fund	\$ 1,795,053	\$ 12,056,223	\$ 660,859	\$ 12,056,223
The Edward and Grace Alexanian Fund	-	50,000	-	50,000
Terjenian-Thomas Family Internship Program	-	1,685,442	-	1,680,442
Armenian Renaissance Fund	-	60,000	-	60,000
Total	<u>\$ 1,795,053</u>	<u>\$ 13,851,665</u>	<u>\$ 660,859</u>	<u>\$ 13,846,665</u>

Endowment activity for the years ended December 31, 2023 and 2022 is as follows:

	Purpose		
	<u>Restricted</u>	<u>Endowment</u>	<u>Total</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	660,859	13,846,665	14,507,524
Investment return, net	1,884,194	-	1,884,194
Contributions	-	5,000	5,000
Amounts appropriated for expenditure	<u>(750,000)</u>	<u>-</u>	<u>(750,000)</u>
Endowment assets, December 31, 2023	<u>\$ 1,795,053</u>	<u>\$ 13,851,665</u>	<u>\$ 15,646,718</u>

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12. 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 Hanessian 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 Toumanyan School on an annual basis.