# NAF

Financial Statements

December 31, 2025

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

# Independent Auditors' Report

**Board of Directors**
**NAF**

## *Opinion*

We have audited the accompanying financial statements of NAF, which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NAF as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of NAF 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 NAF's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

***Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the 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 NAF'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 NAF's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Report on Summarized Comparative Information**

We have previously audited NAF's December 31, 2024 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

September 25, 2026

**NAF**

Statement of Financial Position
December 31, 2025
(with comparative amounts at December 31, 2024)

| | 2025 | 2024 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 10,957,163 | $ 3,798,450 |
| Contributions and grants receivable, net | 2,287,408 | 799,427 |
| Other receivables, net of allowance of $141,190 in 2025 and $207,904 in 2024 | 616,563 | 1,060,957 |
| Prepaid expenses and other assets | 143,462 | 115,911 |
| Investments | 933,964 | 2,267,002 |
| | $ 14,938,560 | $ 8,041,747 |
| **LIABILITIES AND NET ASSETS** | | |
| Liabilities | | |
| Accounts payable and accrued expenses | $ 452,340 | $ 396,569 |
| Deferred revenue | 450,368 | 497,248 |
| Total Liabilities | 902,708 | 893,817 |
| Net Assets | | |
| Without donor restrictions | 3,874,236 | 2,391,605 |
| With donor restrictions | 10,161,616 | 4,756,325 |
| Total Net Assets | 14,035,852 | 7,147,930 |
| | $ 14,938,560 | $ 8,041,747 |

See notes to financial statements

**NAF**

Statement of Activities
Year Ended December 31, 2025
(with summarized totals for year ended December 31, 2024)

| | 2025 | | | |
|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | 2024 Total |
| **SUPPORT AND REVENUE** | | | | |
| Contributions and grants | $ 11,023,902 | $ 14,295,699 | $ 25,319,601 | $ 17,009,292 |
| Membership fees | 950,579 | - | 950,579 | 1,070,015 |
| Registration fees | 362,640 | - | 362,640 | 386,272 |
| Contract revenue | 331,102 | - | 331,102 | 934,691 |
| Investment return | 18,632 | 70,044 | 88,676 | 72,911 |
| Special events | 886,599 | - | 886,599 | 1,252,260 |
| Contributed non-financial assets | 327,761 | - | 327,761 | 309,901 |
| Net assets released from restrictions | 8,960,452 | (8,960,452) | - | - |
| Total Support and Revenue | 22,861,667 | 5,405,291 | 28,266,958 | 21,035,342 |
| **EXPENSES** | | | | |
| Program services | 15,437,072 | - | 15,437,072 | 15,262,865 |
| Supporting Services | | | | |
| Management and general | 3,553,790 | - | 3,553,790 | 3,634,199 |
| Fundraising | 2,388,174 | - | 2,388,174 | 2,006,356 |
| Total Supporting Services | 5,941,964 | - | 5,941,964 | 5,640,555 |
| Total Expenses | 21,379,036 | - | 21,379,036 | 20,903,420 |
| Change in Net Assets | 1,482,631 | 5,405,291 | 6,887,922 | 131,922 |
| **NET ASSETS** | | | | |
| Beginning of year | 2,391,605 | 4,756,325 | 7,147,930 | 7,016,008 |
| End of year | $ 3,874,236 | $ 10,161,616 | $ 14,035,852 | $ 7,147,930 |

See notes to financial statements

**NAF**

Statement of Functional Expenses
Year Ended December 31, 2025
(with summarized totals for the year ended December 31, 2024)

| | Program Services | Supporting Services: Management and General | Supporting Services: Fundraising | Supporting Services: Total Supporting Services | 2025 Total | 2024 Total |
|---|---|---|---|---|---|---|
| Salaries and benefits | $ 8,174,487 | $ 2,287,962 | $ 1,825,872 | $ 4,113,834 | $ 12,288,321 | $ 12,203,788 |
| Travel | 1,579,627 | 167,727 | 44,016 | 211,743 | 1,791,370 | 829,451 |
| Consulting and professional fees | 2,737,651 | 767,141 | 359,406 | 1,126,547 | 3,864,198 | 4,201,988 |
| Facilities rental | 1,067 | 1,803 | 110,926 | 112,729 | 113,796 | 106,189 |
| Scholarships and grants | 1,084,572 | 4,072 | 652 | 4,724 | 1,089,296 | 1,036,726 |
| Software licensing | 955,015 | 51,429 | 16,387 | 67,816 | 1,022,831 | 1,186,055 |
| Marketing and advertising | 243,472 | 4,496 | 55 | 4,551 | 248,023 | 471,378 |
| Other expenses | 661,181 | 269,160 | 30,860 | 300,020 | 961,201 | 866,419 |
| Depreciation | - | - | - | - | - | 1,426 |
| Total Expenses | $ 15,437,072 | $ 3,553,790 | $ 2,388,174 | $ 5,941,964 | $ 21,379,036 | $ 20,903,420 |

See notes to financial statements

**NAF**

Statement of Cash Flows
Year Ended December 31, 2025
(with comparative amounts for year ended December 31, 2024)

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Change in net assets | $ 6,887,922 | $ 131,922 |
| Adjustments to reconcile change in net assets to net cash from operating activities | | |
| Depreciation | - | 1,426 |
| Provision for bad debt | 3,939 | - |
| Provision for credit losses | 152,536 | 165,723 |
| Discount on pledges | 87,279 | (30,983) |
| Net realized and unrealized gains on investments | (65,536) | (30,015) |
| Donated stock | (72,219) | (181,996) |
| Proceeds from sale of donated stock | 69,587 | 180,598 |
| Changes in operating assets and liabilities | | |
| Contributions and grants receivable | (1,579,199) | 1,083,697 |
| Other receivables | 291,858 | (416,197) |
| Prepaid expenses and other assets | (27,551) | 43,901 |
| Accounts payable and accrued expenses | 55,771 | (718,162) |
| Refundable advance | - | (1,200,000) |
| Deferred revenue | (46,880) | 33,885 |
| Net Cash from Operating Activities | 5,757,507 | (936,201) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of investments | (7,901) | (221,676) |
| Proceeds from sale of investments | 1,409,107 | - |
| Net Cash from Investing Activities | 1,401,206 | (221,676) |
| Net Change in Cash and Cash Equivalents | 7,158,713 | (1,157,877) |
| **CASH AND CASH EQUIVALENTS** | | |
| Beginning of year | 3,798,450 | 4,956,327 |
| End of year | $ 10,957,163 | $ 3,798,450 |

See notes to financial statements

## 1. Organization and Tax Status

NAF was incorporated in July 1988 and began operations in 1989 as an educational organization. The purpose of NAF is to strengthen and expand a diverse pool of high school graduates prepared for college and/or careers. NAF supports academies located throughout the United States that primarily specialize in hospitality and tourism, finance, information technology, engineering, and health sciences. NAF establishes program goals, develops curriculum and assessments, provides teacher training and on-site assistance, and connects academies to the business community through paid internships and advisory boards comprised of local professionals.

NAF operates as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes. Accordingly, it is not subject to income taxes, except to the extent it has taxable income from activities that are not related to its exempt purpose.

## 2. Summary of Significant Accounting Policies

### *Basis of Presentation and Use of Estimates*

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which 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. Accordingly, actual results could differ from those estimates.

### *Cash and Cash Equivalents*

Cash and cash equivalents represent highly liquid debt instruments with maturities of three months or less at time of purchase, except for those cash equivalents invested for long-term purposes.

### *Fair Value Measurements*

NAF follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets.

Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

## 2. Summary of Significant Accounting Policies *(continued)*

### *Investments Valuation and Income Recognition*

Investments are carried at fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded when earned and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

### *Net Asset Presentation*

NAF's financial statements distinguish between net assets without donor restrictions and net assets with donor restrictions.

*Net assets without donor restrictions* – consist of resources available for the general support of NAF's operations. Net assets without donor restrictions may be used at the discretion of NAF's management and Board of Directors.

*Net assets with donor restrictions* – represent amounts restricted by donors to be used for specific activities or at some future date, or which require NAF to maintain in perpetuity, including funds that are subject to restrictions or gift instruments requiring that the principal be invested in perpetuity and the income be used for specific or general purposes. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, 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 and gains earned on endowment fund investments are available to be used in the "without donor restrictions" or "with donor restrictions" net asset classes based upon stipulations by the donors. Restricted contributions that are received and expended in the same period are reported as without donor restrictions.

### *Other Receivables and Allowance for Credit Losses*

Other receivables represent membership fees, registration fees, and contract revenue earned but not yet collected. Other receivables are recorded at amortized cost less an allowance for credit losses that are not expected to be recovered. The amount of other receivables and corresponding allowance for credit losses are presented on the statement of financial position. NAF maintains allowances for credit losses resulting from the expected failure or inability of its customers to make required payments. NAF recognizes the allowance for credit losses at inception and reassesses at every reporting date based on the asset's expected collectability.

The allowance is based on multiple factors including historical experiences with uncollectible accounts, the credit quality of the customer base, the aging of such receivables and current macroeconomic conditions as well as expectations of conditions in the future, if applicable. NAF's allowance for credit losses is based on the assessment of the collectability of assets pooled together with similar risk characteristics.

## 2. Summary of Significant Accounting Policies *(continued)*

### *Other Receivables and Allowance for Credit Losses (continued)*

NAF records a provision for expected credit losses using a historical loss-rate method based on the ratio of historical write-offs to its average other receivables. At each reporting period, NAF assesses whether financial assets in a pool continue to display similar risk characteristics. If particular receivables no longer display risk characteristics that are similar to those of the receivables in the pool, NAF may determine that it needs to move those receivables to a different pool or perform an individual assessment of expected credit losses for those specific receivables.

NAF's other receivables are short-term in nature and written off only when all collection attempts have failed in accordance with NAF's accounting policy election.

The following table provides a roll-forward of the allowance for credit losses that is deducted from other receivables to present the net amount expected to be collected for the years ended December 31:

| | 2025 | 2024 |
|---|---|---|
| Balance at beginning of the year | $ 207,904 | $ 177,083 |
| Provision for expected credit losses | 152,536 | 165,723 |
| Amounts written off charged against the allowance | (219,250) | (134,902) |
| Balance at the end of the year | $ 141,190 | $ 207,904 |

### *Contributions and Grants*

Contributions and grants, which include unconditional promises to give, are recognized as revenue in the period received. Unconditional promises to give are recognized as grants and contributions revenue in the period such promises are made by donors. Net realizable value is estimated by giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan.

In subsequent periods, the discount rate is unchanged and the allowance for uncollectible contributions is reassessed and adjusted if necessary. Amortization of the discount is recorded as additional grants and contributions revenue.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

## 2. Summary of Significant Accounting Policies *(continued)*

### *Contributions and Grants (continued)*

As of December 31, 2025 and 2024, NAF had been approved for a number of grants containing donor-imposed conditions that had not yet been fully satisfied. Unearned conditional awards totaled $30,333,550 as of December 31, 2024. During the year ended December 31, 2025, NAF was approved for an additional $20,000,000 of conditional awards and satisfied conditions related to $18,411,050 of conditional awards, which was recognized as revenue. Accordingly, conditional awards not yet earned totaled $31,922,500 as of December 31, 2025 and are expected to be recognized as the related conditions are satisfied.

### *Refundable Advance*

Amounts received related to conditional contributions, if any, are reported as a refundable advance until the conditions have been substantially met.

### *Contributed Non-Financial Assets*

Contributed non-financial assets are recorded as revenue and expense at the time the items are received, which is also the time they are placed into service. Donated services are reported as revenue and expense at their fair value if such services create value or would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing such specialized skills.

NAF received contributions of non-financial assets and contributed services for the years ended December 31 as follows:

| | 2025 | 2024 | Utilization in Program/Activities | Donor Restrictions | Valuation Techniques and Inputs |
|---|---|---|---|---|---|
| Legal Services | $ 327,761 | $ 309,901 | Management and General | None | Estimated based on current rates of legal services provided by law firm |

### *Membership Fees and Registration Fees*

Membership fees consist of a one-time lump-sum fee for new programs within a school district during the initial year of planning and an annual sliding scale membership fee thereafter based on the number of academies in a district. Registration fees consist of fees for NAF hosted conferences. These fees are recorded as revenue when NAF's performance obligation is satisfied, when the program or conference takes place. Amounts received in advance are recorded as deferred revenue. As of January 1, 2024, contract assets consisted of membership fees receivable of $915,600. As of January 1, 2024, contract liabilities consisted of deferred revenue of $463,363. As of December 31, 2025 and 2024, contract assets consisted of membership fees receivable of $737,754 and $1,033,802.

## 2. Summary of Significant Accounting Policies *(continued)*

### *Contract Revenue*

NAF enters into agreements with school districts to provide additional support in the form of extended services for the implementation of NAF's academy model as requested. This most often takes the form of supplemental training and consulting. These agreements are recorded as revenue when the training and consulting is provided. Amounts received in advance are recorded as deferred revenue.

### *Special Events*

NAF hosts a limited number of special fundraising events, such as the annual gala. Related revenues are recognized when such events take place and are recorded within special events revenue in the statement of activities. Amounts received in advance (if any) are reported as deferred revenue.

### *Functional Allocation of Expenses*

The costs of providing the various program and supporting services have been summarized on a functional basis. Therefore, expenses require allocation on a reasonable basis that is consistently applied. NAF allocated direct costs to program services. Supporting services include management and general and fundraising. Allocated expenses among program services and management and general and fundraising include salaries and benefits, travel, consulting and professional fees, facilities rental, software licensing, and other expenses which are allocated based on time and costs where efforts are made.

### *Reclassification*

Certain information in the prior year's financial statements has been reclassified to conform the current year's presentation.

### *Prior Year Summarized Comparative Information*

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with NAF's financial statements as of and for the year ended December 31, 2024, from which the summarized comparative information was derived.

### *Accounting for Uncertainty in Income Taxes*

NAF recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that NAF has no uncertain tax positions that would require financial statement recognition or disclosure. NAF is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2022.

## 2. Summary of Significant Accounting Policies *(continued)*

### *Subsequent Events Evaluation by Management*

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 25, 2026.

## 3. Concentration of Credit Risk

Financial instruments that potentially subject NAF to concentrations of credit and market risk consist principally of cash and cash equivalents on deposit with financial institutions, and investment holdings with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit and/or Securities Investor Protection Corporation ("SIPC") limit. The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment or group of investments represents a significant concentration of credit risk. Deposits held at financial institutions insured by the FDIC are insured up to $250,000. Investment holdings at financial institutions insured by the SIPC are insured up to $500,000 ($250,000 for cash holdings). As of December 31, 2025, NAF's uninsured cash and cash equivalents on deposit total $10,517,326, and uninsured investment holdings total $313,144. As of December 31, 2024, NAF's uninsured cash and cash equivalents on deposit total $3,684,472, and uninsured investment holdings total $1,266,978. Two donors comprised 96% of contributions and grants receivable and eight donors comprised of 80% of contributions and grants revenue in 2025, whereas two donors comprised 94% of contributions and grants receivable and five donors comprised of 64% of contributions and grants revenue in 2024.

## 4. Contributions and Grants Receivable

Contributions and grants receivable consisted of the following as of December 31:

| | 2025 | 2024 |
|---|---|---|
| Amounts expected to be collected in: | | |
| Less than one year | $ 395,280 | $ 819,100 |
| One to five years | 2,008,180 | - |
| | 2,403,460 | 819,100 |
| Less allowance | (9,100) | - |
| Less discount to present value | (106,952) | (19,673) |
| | $ 2,287,408 | $ 799,427 |

Future years' payments have been discounted to present value at an annual rate of 4.00% in 2025 and 2024.

## 5. Investments

The following are the classes and major categories of investments at December 31, grouped by the fair value hierarchy for those investments measured at fair value on a recurring basis:

| | 2025 | |
|---|---|---|
| | Level 1 | Total |
| Common stocks | $ 672,666 | $ 672,666 |
| U.S. government obligations | 20,254 | 20,254 |
| Mutual funds | 29,325 | 29,325 |
| Total Investment at Fair Value | $ 722,245 | 722,245 |
| Temporary cash investments | | 211,719 |
| Total Investments | | $ 933,964 |

| | 2024 | |
|---|---|---|
| | Level 1 | Total |
| Common stocks | $ 619,623 | $ 619,623 |
| U.S. government obligations | 26,899 | 26,899 |
| Mutual funds | 28,371 | 28,371 |
| Fixed income | 758,499 | 758,499 |
| Total Investment at Fair Value | $ 1,433,392 | 1,433,392 |
| Temporary cash investments | | 833,610 |
| Total Investments | | $ 2,267,002 |

## 6. Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes and time restrictions as of December 31:

| | 2025 | 2024 |
|---|---|---|
| Subject to expenditure for specified purpose and time: | | |
| Core Operations | $ 3,646,411 | $ 706,624 |
| Academy Support and Assessment | 2,567,881 | 1,315,988 |
| Work-Based Learning | 337,177 | 693,480 |
| KnoPro | 522,665 | 865,701 |
| Research & Technology | 460,728 | 268,312 |
| New Academy Development | 306,869 | 171,800 |
| NAF Held Events | 376,648 | 114,161 |
| Donor Cultivation & Maintenance | 354,366 | - |
| Strategic Planning & Implementation | 216,945 | - |
| PR, Awareness and Brand Assets | 198,161 | 2,500 |
| Strategic Alliances/Collaborators | 155,412 | 6,733 |
| Talent Management & Development | 120,999 | - |
| Curriculum Support and Design | 127,079 | 18,389 |
| Policy & Advocacy | 105,358 | - |
| Alumni Engagement | 59,019 | 62,637 |
| Product Development | 75,898 | - |
| Total Subject to Expenditure for Specified Purpose and Time | 9,631,616 | 4,226,325 |
| Held as endowment and subject to NAF's spending policy and appropriation: | | |
| Aldo Papone Endowment | 500,000 | 500,000 |
| Jesse Blackman Endowment | 30,000 | 30,000 |
| | 530,000 | 530,000 |
| Total Net Assets with Donor Restrictions | $ 10,161,616 | $ 4,756,325 |

## 6. Net Assets with Donor Restrictions *(continued)*

Endowment fund net assets as of December 31, 2025 and 2024 consist of investments held in perpetuity. NAF's endowment fund net assets comprised the following two funds as of December 31, 2025 and 2024:

The Aldo Papone Endowment was established by the American Express Company in 1991 to provide funds for grant awards to outstanding U.S. academy programs.

The Jesse Blackman Endowment was established in 1994 with a contribution from the American Express Company. The purpose of the Jesse Blackman Endowment is to provide funds for a scholarship to an outstanding student in the Hospitality and Tourism program.

Net assets were released from donor restrictions which satisfied the following restrictions for the years ended December 31:

| | 2025 | 2024 |
|---|---|---|
| Core Operations | $ 4,832,404 | $ 5,156,752 |
| Academy Support and Assessment | 1,480,423 | 2,328,043 |
| KnoPro | 789,620 | 944,905 |
| Work-Based Learning | 640,159 | 2,437,644 |
| Research & Technology | 341,536 | 384,357 |
| NAF Held Events | 226,117 | 129,830 |
| Donor Cultivation & Maintenance | 123,476 | - |
| New Academy Development | 102,882 | 155,100 |
| Curriculum Support and Design | 99,363 | 210,876 |
| Policy & Advocacy | 93,901 | 20,000 |
| Product Development | 77,217 | - |
| PR, Awareness and Brand Assets | 68,888 | 437,192 |
| Alumni Engagement | 39,070 | 154,563 |
| Strategic Alliances/Collaborators | 25,821 | 15,489 |
| Talent Management & Development | 18,733 | - |
| Strategic Planning & Implementation | 842 | - |
| | $ 8,960,452 | $ 12,374,751 |

## 7. Endowments

### *General*

NAF maintains donor-restricted funds whose purpose is to provide long term support for its programs. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors looks to the explicit direction of the donor and provisions of the New York Prudent Management of Institutional Funds Act ("NYPMIFA") when classifying such funds.

### *Interpretation of Law*

NAF has interpreted NYPMIFA as requiring the preservation of the value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary and except in those cases where the law allows appropriation for spending of the original gift amounts. As a result of this interpretation, NAF classifies as investments held in perpetuity (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the investments held in perpetuity, and (c) accumulations of investment returns to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as held in perpetuity is subject to expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by NYPMIFA.

### *Investment Strategy and Procedure*

Investments held in perpetuity are those given to NAF with a donor-imposed restriction that the funds are not to be expended but are to be invested for the purpose of generating investment income (as defined by each gift instrument) for the support of NAF. The principal of the funds is to be maintained in perpetuity. The donor may place restrictions on the purpose(s) for which the investment income may be expended. NAF's Board of Directors has a fiduciary responsibility to comply with the restrictions imposed by the donors of these funds.

NAF's investment and spending procedure for endowment assets are in accordance with the request of the donor. Endowment assets include those assets of donor-restricted funds that NAF must hold in perpetuity.

In accordance with these procedures, as approved by the Board of Directors, the endowment assets are invested in a manner to provide that sufficient assets are available as a source of liquidity for the intended use of the funds, achieve the optimal return possible within the specified risk parameters, prudently invest assets in a high-quality diversified manner and adhere to established guidelines.

## 7. Endowments *(continued)*

### *Investment Strategy and Procedure (continued)*

Changes in endowment net assets for the years ended December 31, are as follows:

| | 2025 | | |
|---|---|---|---|
| | With Donor Restrictions | | |
| | Cumulative Earnings | Original Gift Amount | Total |
| Endowment net assets, beginning of year | $ 258,129 | $ 530,000 | $ 788,129 |
| Interest and dividends, net | 15,993 | - | 15,993 |
| Net realized and unrealized gain | 54,051 | - | 54,051 |
| Appropriation | (114,100) | - | (114,100) |
| Endowment net assets, end of year | $ 214,073 | $ 530,000 | $ 744,073 |

| | 2024 | | |
|---|---|---|---|
| | With Donor Restrictions | | |
| | Cumulative Earnings | Original Gift Amount | Total |
| Endowment net assets, beginning of year | $ 201,872 | $ 530,000 | $ 731,872 |
| Interest and dividends, net | 15,512 | - | 15,512 |
| Net realized and unrealized gain | 40,745 | - | 40,745 |
| Endowment net assets, end of year | $ 258,129 | $ 530,000 | $ 788,129 |

### *Spending Policy*

NAF has a policy of appropriating endowment assets for distribution each year in accordance with the endowment donor specifications. Such appropriated assets are granted to students as part of the scholarship program guidelines established by the donors.

### *Funds with Deficiencies*

Due to unfavorable market fluctuations, from time to time, the fair value of assets associated with individual donor-restricted endowment funds may decline below historic dollar value of the donor's original contribution to be held in perpetuity. When this occurs, U.S. GAAP requires that such excess losses be absorbed by the net assets with donor restrictions of NAF. NAF is not aware of any funds with deficiencies as of December 31, 2025 and 2024.

## 7. Endowments *(continued)*

### *Return Objectives and Risk Parameters*

NAF has adopted investment and spending policies that attempt to provide a predictable stream of funding programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that NAF must hold in perpetuity or for a donor-specified period(s). To satisfy its long-term rate-of-return objectives, NAF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

## 8. Retirement Plans

Effective January 1, 2023, NAF participates in a single qualified plan, a 401(k) plan. NAF employees are eligible to participate if they are 21 years of age and have completed 1,000 hours of service in a one-year computation period. Employees are permitted to make voluntary contributions to this plan, without any additional employer match. A qualified non-elective contribution is made to the 401(k) plan for each payroll period equal to 3% of an eligible member's compensation, unless NAF elects a greater contribution percentage, up to 6%.

The related total expense under this plan for the years ended December 31, 2025 and 2024 was $746,722 and $739,140.

## 9. Liquidity and Availability of Financial Assets

The following reflects NAF's financial assets as of December 31, reduced by amounts not available for general use within one year of that date because of contractual or donor-imposed restrictions:

| | 2025 | 2024 |
|---|---|---|
| Financial Assets: | | |
| Cash and cash equivalents | $10,957,163 | $ 3,798,450 |
| Contributions and grants receivable, net | 2,287,408 | 799,427 |
| Other receivables, net | 616,563 | 1,060,957 |
| Investments | 933,964 | 2,267,002 |
| Total Financial Assets | 14,795,098 | 7,925,836 |
| Less: amounts unavailable for general expenditures due to: | | |
| Contributions and grants receivable - Due in future years | 1,901,228 | - |
| Restricted by donor with time or purpose restrictions | 7,516,315 | 3,968,196 |
| Donor restricted endowment funds | 744,073 | 788,129 |
| | 10,161,616 | 4,756,325 |
| Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year | $ 4,633,482 | $ 3,169,511 |

## 9. Liquidity and Availability of Financial Assets *(continued)*

As part of NAF's liquidity management strategy, NAF structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. NAF's working capital and cash flows have cyclical variations during the year attributable to the cash receipts of contributions and grants, and membership fees.

## 10. Related Party Transactions

On September 12, 2025, NAF entered into an Affiliation Agreement and Grant Agreement with Massachusetts Higher Education Assistance Corporation d/b/a American Student Assistance ("ASA"), a Massachusetts charitable nonprofit organization. The Affiliation Agreement is intended to establish ASA as a Type II supporting organization of NAF. NAF and ASA remain separate legal entities, and NAF does not have the ability to appoint a majority of ASA's Board of Directors or otherwise direct ASA's management and policies. Accordingly, ASA is not consolidated in NAF's financial statements.

Under the Grant Agreement, ASA approved an initial conditional grant to NAF of $5,000,000, payable in two annual installments of $2,500,000. During the year ended December 31, 2025, NAF met the conditions related to the first installment, recognized contribution revenue of $2,500,000, and received payment in full. The remaining $2,500,000 installment had not been earned as of December 31, 2025 and will be recognized as contribution revenue when the related conditions are substantially met.

ASA also approved an annual matching grant through December 31, 2032, equal to 40% of qualifying new donations and new service revenue, subject to an annual cap of $2,000,000. During the year ended December 31, 2025, NAF recognized contribution revenue of $2,000,000 under the matching grant, which is included in contributions and grants receivable as of December 31, 2025.

During the year ended December 31, 2025, NAF recognized total contribution revenue from ASA of $4,500,000, received cash from ASA of $2,500,000, and had contributions and grants receivable from ASA of $2,000,000 as of December 31, 2025.

## 11. Subsequent Event

On January 6, 2026, NAF entered into a line of credit agreement with Chase Bank for $1,000,000. Interest is to be calculated on the basis of the actual number of days elapsed in a year of 360 days at the Adjusted Secured Overnight Financing Rate ("Adjusted SOFR Rate"). The Adjusted SOFR Rate is the sum of 4.932% Per Annum plus the SOFR Rate. Upon the occurrence of any default, the bank may calculate interest at the rate of 3.00% Per Annum, above the Adjusted SOFR Rate. This credit line expires on January 6, 2027.

* * * * *