



The Netherland Club of New York
3 West 51 Street
New York, NY 10019

Josephine Bertrams
President

Edward Heidema
Vice President

Patrick Duynstee
Treasurer

Eveline Honig-Van
Veldhuisen
Secretary

Directors:
Johannes Wolvius
Marius Jungerhans
Pauline Genee

Katherine Vos van
Liempt
General Manager

Subject: Report of the Audit Committee

July 18, 2025

To: Members and The General Meeting of the Netherland Club of New York.

In accordance with Article 19 of the by-laws ("the by-laws") of The Netherland Club of New York ("NLCLUB"), the Audit Committee has reviewed and discussed the financial report of NLCLUB for the Fiscal Year ending December 31, 2024, as prepared by the Board of NLCLUB and its Treasurer, Mr. Patrick Duynstee.

The purpose of the Audit Committee is to assist the General Meeting of Members in its general oversight of NLCLUB's financial reporting. The Board of NLCLUB and its General Managers are responsible for the preparation, presentation and integrity of NLCLUB's financial statements; accounting and financial reporting principles; and internal controls and procedures designed to ensure compliance with accounting standards, the by-laws and other applicable laws and regulations.

The Audit Committee consists of individual NLCLUB members that were elected to perform the procedures noted in this report and act in a personal capacity, representing all members and not any individual sponsor or employer.

Consequently, in carrying out its oversight responsibilities, the Audit Committee is not providing any explicit or implicit expert or special assurance to the NLCLUB financial statements or internal controls. Each member of the Audit Committee is entitled to rely in good faith upon the representations of the Board of NLCLUB and upon such information, opinions, reports or statements presented to the Audit Committee by any of the NLCLUB's officers, employees or committees.

The Audit Committee discussed with the Treasurer and the General Manager the results for the year 2024 compared to budget, the budget process and assumptions for 2025, and the overall financial position of NLCLUB. Cash balances were reconciled to bank statements without material differences and other items included in the balance sheet and P&L were discussed in more detail regarding changes compared to the prior year and deviations from the budget, however those items were not necessarily verified with supporting documentation.

Furthermore, the 2025 budget and financial strategies were discussed.



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Based on the reviews and discussions referred to above, the Audit Committee recommends to the General Meeting, that the enclosed financial statements for the fiscal year ended December 31, 2024, be approved.

Notwithstanding the above, the Audit Committee wishes to highlight some of the key elements of our discussions for the General Meeting's considerations.

- **NLCLUB 2024 Results:** For the year ending December 31, 2024, the NLCLUB generated a net profit of \$2.4k and compared to a budgeted break-even position for the same period and a \$6.6k net loss for the prior year ending December 31, 2023. We note the following items relative to the unfavorable variance:
 - o Sponsorship revenue was \$2.5k below budget mainly due to Carlyle not continuing their support;
 - o Membership revenue exceeded budget by \$3k;
 - o Total net event loss exceeded budget by \$2.6k; and
 - o Operating expenses were favorable to budget by \$4k, mainly due to a couple of months without rent in summer, as the NLCLUB moved from the Salmagundi Club to the 3 West Club. This favorable variance was partly offset by a higher performance-based bonus.
- **Sponsor revenue:** Over 60% of the NLCLUB's income consists of sponsorship income. We note the following historic trend that illustrates that the NLCLUB is becoming less dependable on sponsorships with increasing membership revenue being a larger component of total revenue. The below summarizes the sponsor revenue for the past five years and for the 2025 budget as well as, as a percentage of total annual fee revenue.
 - 2025B-\$72.5k – 54%
 - 2024 – \$77.5k – 61%
 - 2023 – \$72.7k – 62%
 - 2022 – \$48.5k – 60%
 - 2021 – \$58.1k – 85%
 - 2020 – \$70.0k – 82%



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- **Memberships:** As noted in the prior year, NLCLUB's growth in memberships continues to rise, mainly as a result of the restructuring of the fee categories post-pandemic and the attractive events; year-over-year membership revenue increased by 12.2% and showed a slight decline in the first months of 2025.

We note the following paid membership numbers by type:

Type	<u>December 31, 2021</u>	<u>December 31, 2022</u>	<u>December 31, 2023</u>	<u>December 31, 2024</u>	<u>May 23, 2025</u>
Basic	226	317	372	480	453
Patron	<u>19</u>	<u>60</u>	<u>89</u>	<u>92</u>	<u>96</u>
Total	245	377	461	572	549

In addition, as of December 31, 2024, about 230 members are member via the sponsorship of their employer.

- **Events and event business model:** During 2024 organizing events cost the NLCLUB \$15.9k. A total of 52 events were held, of which the majority were cash flow neutral. The major events with a negative result are related to the 'high-profile' events, some of which are free for members. During 2024 this mainly related to the following events: Sponsor Connect \$(7.0k), Kingsday \$(5.0k), Acda & De Munnik \$(4.8k), New Year's Reception \$(3.4k) and Haring Party \$(2.6k).

The NLCLUB funds these high-profile events for its members out of the annual fee revenue and by organizing events for and/or with others. Some of these events with a positive contribution were: Third Party Events (incl. EURO 2024) \$3.9k and Partner events such as with the New Amsterdam History Center and 't Klokhuis.

- **Cash:** Cash on hand at December 31, 2024 was \$127.1k, which represents a \$20.3k increase over the prior year. We note the funds are held primarily in accounts with Chase, Citibank, TD Bank, Chase and PayPal. We note that no effective/material interest was earned on the cash balances in any of these accounts.
- **2025 Budget:** The budget for fiscal 2025 shows a slight positive result Of \$3.2k. This may be used to add support on a part-time basis to ensure the membership increase experienced in the past years is sustained and the members that we lost in the first months of 2025 are reactivated. For sponsorships the 2025 budget reflects the cancelation of Wonderen Stroopwafels.

Event loss is expected to be lower in 2025 compared to 2024, mainly as a result of higher expected results from events with others, such as contributions for NLCLUB's involvement in the second New York



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Tulip Day, as well as changes in venue for certain events. Total net losses on events are expected to be \$1.5k as compared to \$15.9k in 2024.

Total operating expenses are expected to increase to \$128.8k in 2025 from \$109.8k in 2024, as the NLCLUB will rent the 3 West Club for the full year.

- **Further observations:**

- o Financial Management: We note a consistent and high-level of accuracy and speed in the maintenance and preparation of financial information is prepared. The Audit Committee is highly appreciative of the effort, accuracy, and ownership of the materials provided by the Treasurer as well as timely inputs and clarifications from the General Manager.
- o Recommendations/further observations: During our review we have noted additional items for the Board to consider:
 - Opportunity to earn interest. As noted above, the favorable cash position of NLCLUB is not being leveraged in a manner that would allow for interest income. If one assumes even half of the cash reserves are placed into a high yield interest bearing account at say 5%, the club could enjoy \$2.9k of additional income. In 2025 the NLCLUB transferred an excess cash balance to an FDIC secured Money Market account with Ally Bank.
 - Legal expertise. These items are a carryover from the prior year as it remains an observation. The General Manager and Board of Directors have taken action on some of these items, as outlined below. It is our recommendation that the Board consider engaging legal representation to review two main areas of NLCLUB activity: Current legal entity type and the lease agreement. It would be ideal to identify a current qualified member to provide such services. We will briefly expand on each of these items here:
 - Entity Type. We note the current legal entity structure provides for a 501c7 exemption. We feel it is worthwhile revisiting this structure periodically in case more beneficial arrangements are at hand. The Board of Directors is currently exploring various options to offer income tax deductibility for charitable contributions from donors.
 - Lease agreement at 3 West Club. As with all agreements, the Audit Committee recommends legal review to ensure the organization is aware of the component pieces of each agreement it is executing.
 - Insurance. As a follow-up to the recommendation of the Audit Committee, the NLCLUB's insurance coverage was reviewed by an industry specialist and no discrepancies between expected coverage and actual coverage were noted.



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- Tax expertise. The Audit Committee suggests that it is healthy practice to periodically have all tax filings (federal, state and sales tax filings) reviewed by a tax expert. We did not review any filings as part of our process and feel that such a review provides comfort and potential savings opportunities.
- In closing we would like to thank: the Board, our General Manager, Katherine Vos van Liempt, and our Treasurer, Patrick Duynstee for their work and effort in managing the Netherland Club of New York.

Arjan Dorrestijn
Niels Blom
Mathilde Coenegracht