

**FRIENDS OF FONDATION DE FRANCE, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019 AND 2018**



**LUTZ AND CARR**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Friends of Fondation de France, Inc.

We have audited the accompanying financial statements of Friends of Fondation de France, Inc. (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Fondation de France, Inc. as of December 31, 2019 and 2018, 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.

**Emphasis of Matter**

As discussed in Note 8 to the financial statements, in March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. Our opinion is not modified with respect to this matter.

*Lotz + Carr, LLP*

New York, New York  
June 22, 2020

## FRIENDS OF FONDATION DE FRANCE, INC.

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018 *</u>
<b>Assets</b>		
Cash (Notes 1b and 6)	\$ 438,391	\$298,444
Contributions receivable (Notes 1c and 4)		
Without donor restrictions	3,564	6,036
Donated assets held for sale (Note 5)	<u>962,998</u>	<u>549,183</u>
<b>Total Assets</b>	<u><u>\$1,404,953</u></u>	<u><u>\$853,663</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 8,000</u>	<u>\$ 12,363</u>
Net Assets		
Without donor restrictions	558,505	398,581
With donor restrictions (Note 3)	<u>838,448</u>	<u>442,719</u>
Total Net Assets	<u><u>1,396,953</u></u>	<u><u>841,300</u></u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$1,404,953</u></u>	<u><u>\$853,663</u></u>

\* Certain amounts have been reclassified for comparative purposes.

See notes to financial statements.

## FRIENDS OF FONDATION DE FRANCE, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b>Changes in Net Assets Without Donor Restrictions</b>		
Revenue and Support		
Contributions (Note 1a)	\$ 80,321	\$ 65,195
Realized loss on sale of assets held for sale (net of commissions)	(7,425)	-
Interest and other income	3,340	2,842
Net assets released from restrictions Satisfaction of program restrictions	<u>3,671,376</u>	<u>1,551,467</u>
Total Revenue and Support	<u>3,747,612</u>	<u>1,619,504</u>
Expenses		
Program Services		
Grants	<u>3,501,294</u>	<u>2,561,369</u>
Supporting Services		
Management and General		
Management fees	46,000	46,000
Accounting fees	10,423	10,002
Office expenses	983	913
Meetings and travel	19,071	-
State filing fees and bank charges	9,917	5,109
Total Supporting Services	<u>86,394</u>	<u>62,024</u>
Total Expenses	<u>3,587,688</u>	<u>2,623,393</u>
Increase (Decrease) in Net Assets Without Donor Restrictions	<u>159,924</u>	<u>(1,003,889)</u>
<b>Changes in Net Assets With Donor Restrictions</b>		
Contributions (Note 1a)	3,554,977	1,195,839
Donated assets (Note 5)	526,982	549,183
Realized loss on sale of assets held for sale (net of commissions)	(14,854)	-
Net assets released from restrictions	<u>(3,671,376)</u>	<u>(1,551,467)</u>
Increase in Net Assets With Donor Restrictions	<u>395,729</u>	<u>193,555</u>
Increase (decrease) in net assets	555,653	(810,334)
Net assets, beginning of year	<u>841,300</u>	<u>1,651,634</u>
<b>Net Assets, End of Year</b>	<u><u>\$1,396,953</u></u>	<u><u>\$ 841,300</u></u>

See notes to financial statements.

## FRIENDS OF FONDATION DE FRANCE, INC.

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$555,653	\$ (810,334)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Realized loss on sale of assets held for sale, net of commissions	22,279	-
Donated assets	(526,982)	(549,183)
Decrease in contributions receivable	2,472	74,693
Increase (decrease) in accounts payable and accrued expenses	(4,363)	4,363
Net Cash Provided (Used) By Operating Activities	<u>49,059</u>	<u>(1,280,461)</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of assets held for sale	90,888	-
Proceeds from sale of investments	-	35,182
Net Cash Provided By Investing Activities	<u>90,888</u>	<u>35,182</u>
Net increase (decrease) in cash	139,947	(1,245,279)
Cash, beginning of year	<u>298,444</u>	<u>1,543,723</u>
<b>Cash, End of Year</b>	<u>\$438,391</u>	<u>\$ 298,444</u>

See notes to financial statements.

**FRIENDS OF FONDATION DE FRANCE, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2019 AND 2018****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

Friends of Fondation de France, Inc. is a not-for-profit organization, classified as a public charity that was incorporated under the laws of the State of New York. The Organization was organized to provide charitable and educational activities within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986. This shall include conducting activities that: (1) Support or benefit Fondation de France, a foreign organization that meets the requirements of Code Section 501(c)(3) and is the equivalent of a U.S. public charity. In performing these functions, the Organization will conduct any activities that may be necessary, useful or desirable for furtherance or accomplishment of the foregoing purposes, including but not limited to the support of education, arts, culture, the environment and relief of the poor and needy, (2) Cooperate with other charitable organizations for any of the foregoing purposes, and (3) May be necessary, useful, and desirable for the furtherance or accomplishment of the foregoing purposes.

In 2019, the Organization had more than 122 contributors, with two contributors representing approximately 73% of the contribution revenue. In 2018, the Organization had 99 contributors, with two contributors representing approximately 39% of the contribution revenue.

Fundraising activities are conducted by the Board of Directors and other volunteers.

**b - Cash**

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid debt instruments, purchased with a maturity of three months or less, to be cash.

**c - Contributions and Contributions Receivable**

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Generally, it is the Organization's policy to withhold 5% for each contribution (up to \$15,000 per payment), which is used towards management and general expenses.

**FRIENDS OF FONDATION DE FRANCE, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2019 AND 2018****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****d - Financial Statement Presentation**

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles, which require 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 Foundation. These net assets may be used at the discretion of the Foundation's management and Board of Directors.

**Net Assets With Donor Restrictions**

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions may be temporary in nature; those restrictions will be met by actions of the Organization or the passage of time. Other donor restrictions may be perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

**e - Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**f - Tax Status**

The Organization is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as a public charity described in Section 509(a)(1) which is not a supporting organization and which is not a private foundation.

**g - Functional Allocation of Expenses**

The financial statements report expenses that are attributable to program and supporting functions. Grants are applied directly to program expenses. Other expenses are directly applied to management and general.

**h - Subsequent Events**

The Organization has evaluated subsequent events through June 22, 2020, the date that the financial statements are considered available to be issued.



**FRIENDS OF FONDATION DE FRANCE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019 AND 2018**

**Note 2 - Information Regarding Liquidity and Availability**

The Organization establishes a budget for each year based on the revenues expected to be available to fund anticipated expenses. The majority of annual revenue is comprised of contribution revenue. The Organization considers general expenditures to consist of all expenses related to its ongoing program activities and general and administrative activities undertaken to support those services.

The Organization regularly monitors liquidity to meet its operating needs and other commitments. Management prepares regular cash flow projections to determine liquidity needs and has a policy to maintain all of its financial assets in cash or cash equivalents so that they are available to cover expenditures as they arise.

The Organization's financial assets available to meet cash needs for general expenditures within one year are summarized as follows:

	<b>2019</b>	<b>2018</b>
Financial Assets at Year End:		
Cash	\$438,391	\$298,444
Contributions receivable	3,564	6,036
Financial Assets Available to Meet General Expenditures within one year	<b>\$441,955</b>	<b>\$304,480</b>

**Note 3 - Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for future grants.

**Note 4 - Contributions Receivable**

Contributions receivable are due in less than one year. Uncollectible amounts are expected to be insignificant.

**FRIENDS OF FONDATION DE FRANCE, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2019 AND 2018****Note 5 - Donated Assets Held for Resale**

In November 2018, the Organization received a contribution of GIA certified diamonds with a value of \$549,183. In November 2019, the Organization received an additional donation of diamonds with a value of \$526,982. The diamonds are held at a storage facility in New York City. The Organization expects to sell the diamonds over the next several years and will pay a 15% commission on the sales. The net proceeds will be used for operations and grants. During 2019, several of the diamonds were sold.

**Note 6 - Concentration of Credit Risk**

The Organization maintains a cash account in one financial institution in New York City. The balance up to certain limits is insured by the Federal Deposit Insurance Corporation.

**Note 7 - Related Parties**

Two Directors of the Organization are also employees of Fondation de France.

**Note 8 - Subsequent Event**

In March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. While management is currently evaluating the potential impact that the resulting economic uncertainties may have on the Organization, it currently believes that it will not have a material adverse effect.