

FRIENDS OF FONDATION DE FRANCE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019



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, 2020 and 2019, 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 from 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, 2020 and 2019, 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
September 20, 2021

FRIENDS OF FONDATION DE FRANCE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|---|---------------------------|---------------------------|
| Assets | | |
| Cash (Notes 1b and 6) | \$ 327,157 | \$ 438,391 |
| Contributions receivable (Notes 1c and 4) | | |
| Without donor restrictions | 1,981 | 3,564 |
| Prepaid expenses | 4,000 | - |
| Donated assets held for sale (Note 5) | <u>1,320,106</u> | <u>962,998</u> |
| | | |
| Total Assets | <u><u>\$1,653,244</u></u> | <u><u>\$1,404,953</u></u> |
| | | |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accounts payable and accrued expenses | <u>\$ 28,117</u> | <u>\$ 8,000</u> |
| Contingency (Note 8) | | |
| Net Assets | | |
| Without donor restrictions | 698,224 | 558,505 |
| With donor restrictions (Note 3) | <u>926,903</u> | <u>838,448</u> |
| Total Net Assets | <u>1,625,127</u> | <u>1,396,953</u> |
| | | |
| Total Liabilities and Net Assets | <u><u>\$1,653,244</u></u> | <u><u>\$1,404,953</u></u> |

See notes to financial statements.

FRIENDS OF FONDATION DE FRANCE, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|---|---------------------------|---------------------------|
| Changes in Net Assets Without Donor Restrictions | | |
| Revenue and Support | | |
| Contributions (Note 1a) | \$ 144,004 | \$ 80,321 |
| Realized loss on sale of assets held for sale (net of commissions) (Note 5) | (12,577) | (7,425) |
| Realized loss on sale of investments | (21,369) | - |
| Interest and other income (loss) | (1,238) | 3,340 |
| Net assets released from restrictions | | |
| Satisfaction of program restrictions | <u>2,526,961</u> | <u>3,671,376</u> |
| Total Revenue and Support | <u>2,635,781</u> | <u>3,747,612</u> |
| Expenses | | |
| Program Services | | |
| Grants | <u>2,419,987</u> | <u>3,501,294</u> |
| Supporting Services | | |
| Management and General | | |
| Management fees | 47,840 | 46,000 |
| Accounting fees | 13,373 | 10,423 |
| Office expenses | 993 | 983 |
| Meetings and travel | 765 | 19,071 |
| State filing fees and bank charges | 13,104 | 9,917 |
| Total Supporting Services | <u>76,075</u> | <u>86,394</u> |
| Total Expenses | <u>2,496,062</u> | <u>3,587,688</u> |
| Increase in Net Assets Without Donor Restrictions | <u>139,719</u> | <u>159,924</u> |
| Changes in Net Assets With Donor Restrictions | | |
| Contributions (Note 1a) | 2,158,480 | 3,554,977 |
| Donated assets (Note 5) | 482,090 | 526,982 |
| Realized loss on sale of assets held for sale (net of commissions) (Note 5) | (25,154) | (14,854) |
| Net assets released from restrictions | <u>(2,526,961)</u> | <u>(3,671,376)</u> |
| Increase in Net Assets With Donor Restrictions | <u>88,455</u> | <u>395,729</u> |
| Increase in net assets | 228,174 | 555,653 |
| Net assets, beginning of year | <u>1,396,953</u> | <u>841,300</u> |
| Net Assets, End of Year | <u><u>\$1,625,127</u></u> | <u><u>\$1,396,953</u></u> |

See notes to financial statements.

FRIENDS OF FONDATION DE FRANCE, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|--|-------------------------|-------------------------|
| Cash Flows From Operating Activities | | |
| Increase in net assets | \$228,174 | \$555,653 |
| Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities: | | |
| Realized loss on sale of investments | 21,369 | - |
| Donated investments | (53,909) | - |
| Realized loss on sale of assets held for sale, net of commissions | 37,731 | 22,279 |
| Donated assets | (482,092) | (526,982) |
| Decrease in contributions receivable | 1,583 | 2,472 |
| Increase in prepaid expenses | (4,000) | - |
| Increase (decrease) in accounts payable and accrued expenses | 20,117 | (4,363) |
| Net Cash Provided (Used) By Operating Activities | <u>(231,027)</u> | <u>49,059</u> |
| Cash Flows From Investing Activities | | |
| Proceeds from sale of assets held for sale | 87,253 | 90,888 |
| Proceeds from sale of investments | 32,540 | - |
| Net Cash Provided By Investing Activities | <u>119,793</u> | <u>90,888</u> |
| Net increase (decrease) in cash | (111,234) | 139,947 |
| Cash, beginning of year | <u>438,391</u> | <u>298,444</u> |
| Cash, End of Year | <u><u>\$327,157</u></u> | <u><u>\$438,391</u></u> |

See notes to financial statements.

FRIENDS OF FONDATION DE FRANCE, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020 AND 2019****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 2020, the Organization had more than 133 contributors, with two contributors representing approximately 30% of the contribution revenue. In 2019, the Organization had 122 contributors, with two contributors representing approximately 73% 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. Conditional promises to give, that is, those with a measurable performance-related or other barrier and right of return of assets transferred or release of a promisor's obligation to transfer assets in the future - are not recognized until the conditions on which they depend have been met. 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, 2020 AND 2019****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, whereby 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 September 20, 2021, the date that the financial statements are considered available to be issued.

FRIENDS OF FONDATION DE FRANCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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:

| | 2020 | 2019 |
|---|------------------|------------------|
| Financial Assets at Year End: | | |
| Cash | \$327,157 | \$438,391 |
| Contributions receivable | 1,981 | 3,564 |
| Financial Assets Available to Meet General Expenditures within One Year | \$329,138 | \$441,955 |

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, 2020 AND 2019****Note 5 - Donated Assets Held for Resale**

Over the past several years (2018 through 2020), the Organization received contributions of GIA certified diamonds which were recorded at market value at the time of the donation. The diamonds are held by an established broker at a secure location in New York City. The diamonds are held for sale and during 2020 and 2019, five of the diamonds were sold. The net proceeds will be used for grants and operations.

Note 6 - Concentration of Credit Risk

The Organization maintains its cash accounts in two financial institutions in New York City. The balances are insured by the Federal Deposit Insurance Corporation up to certain limits.

Note 7 - Related Parties

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

Note 8 - Risks and Uncertainties

In March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. The Board of the Organization has made budget modifications to reduce travel expenses and continues to evaluate the impact that the resulting economic uncertainties may have on operations.