

FRIENDS OF FONDATION DE FRANCE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020



LUTZ AND GARR

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2021 and 2020, and the related statements of activities 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 Friends of Fondation de France, Inc. as of December 31, 2021 and 2020, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Friends of Fondation de France, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 9 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.

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 Friends of Fondation de France, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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, including omissions, 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 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 Friends of Fondation de France, Inc.'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 Friends of Fondation de France, Inc.'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.

Lotz + Carr, LLP

FRIENDS OF FONDATION DE FRANCE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash (Notes 1b and 7)	\$ 340,228	\$ 327,157
Contributions receivable (Notes 1c and 4)		
Without donor restrictions	170,775	1,981
Accounts receivable	22,222	-
Prepaid expenses	-	4,000
Property and equipment, at cost, net of accumulated depreciation (Notes 1d and 6)	7,146	-
Donated assets held for sale (Note 5)	<u>1,651,370</u>	<u>1,320,106</u>
Total Assets	<u><u>\$2,191,741</u></u>	<u><u>\$1,653,244</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 24,855</u>	<u>\$ 28,117</u>
Contingency (Note 9)		
Net Assets		
Without donor restrictions	857,663	698,224
With donor restrictions (Note 3)	<u>1,309,223</u>	<u>926,903</u>
Total Net Assets	<u><u>2,166,886</u></u>	<u><u>1,625,127</u></u>
Total Liabilities and Net Assets	<u><u>\$2,191,741</u></u>	<u><u>\$1,653,244</u></u>

See notes to financial statements.

FRIENDS OF FONDATION DE FRANCE, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Changes in Net Assets Without Donor Restrictions		
Revenue and Support		
Contributions (Note 1c)	\$ 109,158	\$ 144,004
Realized loss on sale of assets held for sale (net of commissions) (Note 5)	(7,312)	(12,577)
Interest and other income (loss)	(4,325)	(22,607)
Net assets released from restrictions		
Satisfaction of program restrictions	<u>3,140,561</u>	<u>2,526,961</u>
Total Revenue and Support	<u>3,238,082</u>	<u>2,635,781</u>
Expenses		
Program Services		
Grants	<u>3,001,858</u>	<u>2,419,987</u>
Supporting Services		
Management and General		
Management fees	47,840	47,840
Accounting fees	11,225	13,373
Website maintenance	2,040	-
Office expenses	666	993
Meetings and travel	780	765
State filing fees and bank charges	12,630	13,104
Depreciation	1,604	-
Total Supporting Services	<u>76,785</u>	<u>76,075</u>
Total Expenses	<u>3,078,643</u>	<u>2,496,062</u>
Increase in Net Assets Without Donor Restrictions	<u>159,439</u>	<u>139,719</u>
Changes in Net Assets With Donor Restrictions		
Contributions (Note 1c)	3,078,418	2,158,480
Donated assets (Note 5)	459,108	482,090
Realized loss on sale of assets held for sale (net of commissions) (Note 5)	(14,645)	(25,154)
Net assets released from restrictions	<u>(3,140,561)</u>	<u>(2,526,961)</u>
Increase in Net Assets With Donor Restrictions	<u>382,320</u>	<u>88,455</u>
Increase in net assets	541,759	228,174
Net assets, beginning of year	<u>1,625,127</u>	<u>1,396,953</u>
Net Assets, End of Year	<u><u>\$2,166,886</u></u>	<u><u>\$1,625,127</u></u>

See notes to financial statements.

FRIENDS OF FONDATION DE FRANCE, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Increase in net assets	\$541,759	\$228,174
Adjustments to reconcile increase in net assets to net cash used by operating activities:		
Depreciation	1,604	-
Realized loss on sale of investments	4,475	21,369
Donated investments	(137,150)	(53,909)
Realized loss on sale of assets held for sale, net of commissions	21,957	37,731
Donated assets	(459,108)	(482,092)
(Increase) decrease in contributions receivable	(168,794)	1,583
Increase in accounts receivable	(22,222)	-
Increase (decrease) in accounts payable and accrued expenses	(3,262)	20,117
Net Cash Used By Operating Activities	<u>(220,741)</u>	<u>(227,027)</u>
Cash Flows From Investing Activities		
Proceeds from sale of assets held for sale	105,887	87,253
Proceeds from sale of investments	132,675	32,540
Payment for website costs	(4,750)	(4,000)
Net Cash Provided By Investing Activities	<u>233,812</u>	<u>115,793</u>
Net increase (decrease) in cash	13,071	(111,234)
Cash, beginning of year	<u>327,157</u>	<u>438,391</u>
Cash, End of Year	<u><u>\$340,228</u></u>	<u><u>\$327,157</u></u>

See notes to financial statements.

FRIENDS OF FONDATION DE FRANCE, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2021 AND 2020****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

Friends of Fondation de France, Inc. (the "Organization") 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 2021, the Organization had more than 94 contributors, with three contributors representing approximately 42% of the contribution revenue. In 2020, the Organization had 133 contributors, with two contributors representing approximately 30% 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 a percentage for each contribution, which is used towards management and general expenses.

d - Property and Equipment

Property and equipment are recorded at cost and are being depreciated using the straight-line method over the estimated useful lives of the assets.

FRIENDS OF FONDATION DE FRANCE, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2021 AND 2020****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****e - Financial Statement Presentation**

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States, 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 Organization'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.

f - 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.

g - 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.

h - 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.

i - Subsequent Events

The Organization has evaluated subsequent events through June 10, 2022, the date that the financial statements are considered available to be issued.

FRIENDS OF FONDATION DE FRANCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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:

	2021	2020
Financial Assets at Year End:		
Cash	\$340,228	\$327,157
Contributions receivable	170,775	1,981
Accounts receivable	22,222	-
Financial Assets Available to Meet General Expenditures within One Year	\$533,225	\$329,138

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. The balances largely consist of receivables from a single donor. Uncollectible amounts are expected to be insignificant.

FRIENDS OF FONDATION DE FRANCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

Note 5 - Donated Assets Held for Resale

Over the past several years (2018 through 2021), 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 2021 and 2020, six of the diamonds were sold. The net proceeds will be used for grants and operations.

Note 6 - Property and Equipment

Property and equipment consists of the following as of December 31, 2021:

	<u>Life</u>	<u>Amount</u>
Website	5 years	\$8,750
Less: Accumulated depreciation		<u>(1,604)</u>
		<u>\$7,146</u>

Note 7 - 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 8 - Related Parties

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

Note 9 - 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.