

FRIENDS OF FONDATION DE FRANCE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015



LUTZ AND CARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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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, 2016 and 2015, 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, 2016 and 2015, 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.

Lotz + Carr, LLP

New York, New York
June 12, 2017

FRIENDS OF FONDATION DE FRANCE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash (Note 6)	\$ 292,623	\$ 515,374
Investments (Notes 1c, 1d and 3)	1,199,029	-
Unconditional promises to give (Notes 1b and 4)		
Restricted	98,538	58,125
Unrestricted	<u>7,239</u>	<u>3,059</u>
Total Assets	<u><u>\$1,597,429</u></u>	<u><u>\$ 576,558</u></u>
Liabilities and Net Assets		
Liabilities		
Refundable contribution (Note 5)	\$1,204,422	\$ -
Accounts payable and accrued expenses	<u>8,000</u>	<u>8,000</u>
Total Liabilities	<u><u>1,212,422</u></u>	<u><u>8,000</u></u>
Net Assets		
Unrestricted	212,113	164,973
Temporarily restricted (Note 2)	<u>172,894</u>	<u>403,585</u>
Total Net Assets	<u><u>385,007</u></u>	<u><u>568,558</u></u>
Total Liabilities and Net Assets	<u><u>\$1,597,429</u></u>	<u><u>\$ 576,558</u></u>

See notes to financial statements.

FRIENDS OF FONDATION DE FRANCE, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Changes in Unrestricted Net Assets		
Revenue and Support		
Contributions (Note 1a)	\$ 102,272	\$ 65,307
Net assets released from restrictions		
Satisfaction of program restrictions	<u>2,871,583</u>	<u>1,044,932</u>
Total Revenue and Support	<u>2,973,855</u>	<u>1,110,239</u>
Expenses		
Program Services		
Grants	2,857,955	1,057,949
Supporting Services		
Management and general	<u>68,760</u>	<u>58,263</u>
Total Expenses	<u>2,926,715</u>	<u>1,116,212</u>
Increase (Decrease) in Unrestricted Net Assets	<u>47,140</u>	<u>(5,973)</u>
Changes in Temporarily Restricted Net Assets		
Contributions (Note 1a)	2,640,892	1,234,443
Net assets released from restrictions	<u>(2,871,583)</u>	<u>(1,044,932)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>(230,691)</u>	<u>189,511</u>
Increase (decrease) in net assets	(183,551)	183,538
Net assets, beginning of year	<u>568,558</u>	<u>385,020</u>
Net Assets, End of Year	<u>\$ 385,007</u>	<u>\$ 568,558</u>

See notes to financial statements.

FRIENDS OF FONDATION DE FRANCE, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (183,551)	\$ 183,538
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Increase in unconditional promises to give	(44,593)	(58,804)
Increase in refundable contribution	<u>1,204,422</u>	<u>-</u>
Net Cash Provided By Operating Activities	976,278	124,734
 Cash Flows From Investing Activities		
Purchase of investments	<u>(1,199,029)</u>	<u>-</u>
Net increase (decrease) in cash	(222,751)	124,734
Cash, beginning of year	<u>515,374</u>	<u>390,640</u>
 Cash, End of Year	<u><u>\$ 292,623</u></u>	<u><u>\$ 515,374</u></u>

See notes to financial statements.

FRIENDS OF FONDATION DE FRANCE, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2016 AND 2015****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 2016, the Organization had more than 450 contributors, with one contributor representing approximately 36% of the contribution revenue. In 2015, the Organization had 1,100 contributors, with one contributor representing approximately 20% of the contribution revenue.

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

b - Contributions and Unconditional Promises to Give

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. 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, 2016 AND 2015****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****c - Investments**

The Organization reflects investments at fair value in the statement of financial position. Unrealized gains and losses on investments are reflected in the statement of activities. Interest, dividends, gains and losses on investments are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

d - Fair Value Measurements

The Organization complies with the provisions of the Fair Value Measurements and Disclosure Topic of the FASB Accounting Standards Codification, FASB ASC 820, which establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets. Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available are referred to as Level 2 inputs. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset's fair value measurement within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

e - Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

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.

FRIENDS OF FONDATION DE FRANCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

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 - Subsequent Events

The Organization has evaluated subsequent events through June 12, 2017, the date that the financial statements are considered available to be issued.

Note 2 - Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for pending grants.

Note 3 - Investments

Investments, measured using Level 1 inputs in the fair value hierarchy, consist of the following at December 31, 2016:

	<u>Cost</u>	<u>Fair Value</u>
U.S. Treasury Bills	<u>\$1,199,226</u>	<u>\$1,199,029</u>

Note 4 - Unconditional Promises to Give

Unconditional promises to give are due in less than one year. Uncollectible promises are expected to be insignificant.

FRIENDS OF FONDATION DE FRANCE, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2016 AND 2015****Note 5 - Refundable Contribution**

During 2016, the Organization received a distribution of approximately \$1,204,000 from a Trust. The distribution is subject to a contingent refund obligation and the trustee reserves the right to ask for a refund if it determines that the money is needed to satisfy costs or expenses of the Trust. The contingent refund obligation terminates at the end of 2017. The money received from the distribution is invested in treasury bills until the end of the refund period.

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 Party

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

Note 8 - Functional Allocation of Expenses

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.