

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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017 AND 2016**



**LUTZ AND CARR**

CERTIFIED PUBLIC ACCOUNTANTS, LLP

551 FIFTH AVENUE - SUITE 400, NEW YORK, NY 10176

212-697-2299 FAX: 212-949-1768

## **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, 2017 and 2016, 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, 2017 and 2016, 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 18, 2018

## FRIENDS OF FONDATION DE FRANCE, INC.

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Cash (Note 6)	\$ 1,543,723	\$ 292,623
Investments (Notes 1c, 1d and 3)	35,182	1,199,029
Unconditional promises to give (Notes 1b and 4)		
Restricted	76,042	98,538
Unrestricted	<u>4,687</u>	<u>7,239</u>
<b>Total Assets</b>	<u><u>\$ 1,659,634</u></u>	<u><u>\$ 1,597,429</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 8,000	\$ 8,000
Refundable contribution (Note 5)	-	1,204,422
Total Liabilities	<u>8,000</u>	<u>1,212,422</u>
Net Assets		
Unrestricted	1,402,470	212,113
Temporarily restricted (Note 2)	<u>249,164</u>	<u>172,894</u>
Total Net Assets	<u>1,651,634</u>	<u>385,007</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 1,659,634</u></u>	<u><u>\$ 1,597,429</u></u>

See notes to financial statements.

## FRIENDS OF FONDATION DE FRANCE, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>Changes in Unrestricted Net Assets</b>		
Revenue and Support		
Contributions (Note 1a)	\$ 1,256,949	\$ 102,272
Interest and other income	7,102	-
Net assets released from restrictions		
Satisfaction of program restrictions	<u>894,378</u>	<u>2,871,583</u>
Total Revenue and Support	<u>2,158,429</u>	<u>2,973,855</u>
Expenses		
Program Services		
Grants	908,410	2,857,955
Supporting Services		
Management and general	<u>59,662</u>	<u>68,760</u>
Total Expenses	<u>968,072</u>	<u>2,926,715</u>
Increase in Unrestricted Net Assets	<u>1,190,357</u>	<u>47,140</u>
<b>Changes in Temporarily Restricted Net Assets</b>		
Contributions (Note 1a)	970,648	2,640,892
Net assets released from restrictions	<u>(894,378)</u>	<u>(2,871,583)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>76,270</u>	<u>(230,691)</u>
Increase (decrease) in net assets	1,266,627	(183,551)
Net assets, beginning of year	<u>385,007</u>	<u>568,558</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 1,651,634</u></u>	<u><u>\$ 385,007</u></u>

See notes to financial statements.

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

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ 1,266,627	\$ (183,551)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
(Increase) decrease in unconditional promises to give	25,048	(44,593)
Increase (decrease) in refundable contribution	<u>(1,204,422)</u>	<u>1,204,422</u>
Net Cash Provided By Operating Activities	<u>87,253</u>	<u>976,278</u>
 <b>Cash Flows From Investing Activities</b>		
Purchase of investments	(717,437)	(1,199,029)
Proceeds from sale of investments	<u>1,881,284</u>	
Net Cash Provided (Used) By Investing Activities	<u>1,163,847</u>	<u>(1,199,029)</u>
 Net increase (decrease) in cash	1,251,100	(222,751)
Cash, beginning of year	<u>292,623</u>	<u>515,374</u>
 <b>Cash, End of Year</b>	<u><u>\$ 1,543,723</u></u>	<u><u>\$ 292,623</u></u>

See notes to financial statements.

**FRIENDS OF FONDATION DE FRANCE, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2017 AND 2016****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 2017, the Organization had more than 125 contributors, with one contributor representing approximately 54% of the contribution revenue. In 2016, the Organization had 450 contributors, with one contributor representing approximately 36% 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.

**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.

**FRIENDS OF FONDATION DE FRANCE, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2017 AND 2016****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****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.

**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 18, 2018, the date that the financial statements are considered available to be issued.



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

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017 AND 2016**

**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:

	<b>2017</b>		<b>2016</b>	
	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>
Common Stocks	\$35,275	\$35,182	\$ -	\$ -
U.S. Treasury Bills	-	-	1,199,226	1,199,029
	<u>\$35,275</u>	<u>\$35,182</u>	<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.

**Note 5 - Refundable Contribution**

During 2016, the Organization received a distribution of approximately \$1,204,000 from a Trust. The distribution was subject to a contingent refund obligation and the trustee reserved the right to ask for a refund if it determined that the money was needed to satisfy costs or expenses of the Trust. The contingent refund obligation terminated at the end of 2017. As of December 31, 2017, the contingent refund obligation period has expired, and the Organization recognized the distribution as contribution income.

**FRIENDS OF FONDATION DE FRANCE, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2017 AND 2016****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 - 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.