

AMERICAN FRIENDS OF THE LOUVRE, INC.

***FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

JUNE 30, 2019

AMERICAN FRIENDS OF THE LOUVRE, INC.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**Board of Directors
American Friends of the Louvre, Inc.
New York, New York**

We have audited the accompanying financial statements of American Friends of the Louvre, which comprise the statement of financial position as of June 30, 2019 and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's 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 organization'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 organization'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 American Friends of the Louvre as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Board of Directors
American Friends of the Louvre, Inc.
New York, New York**

Report on Summarized Comparative Information

We have previously audited American Friends of the Louvre's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 9, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters – Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information for grants on page 16, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
November 20, 2019**

AMERICAN FRIENDS OF THE LOUVRE, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2019 And 2018

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,104,791	\$ 1,215,046
Pledges receivable (<i>Note 2</i>)	<u>125,444</u>	<u>309,208</u>
Total current assets	<u>1,230,235</u>	<u>1,524,254</u>
NON-CURRENT ASSETS		
Pledges receivable (<i>Note 2</i>)	667,642	777,559
Investments (<i>Note 3</i>)	6,147,631	5,889,560
Donated artwork (<i>Note 6</i>)	1,522,500	830,000
Other assets	<u>12,457</u>	<u>7,500</u>
	<u>8,350,230</u>	<u>7,504,619</u>
Total assets	<u>\$9,580,465</u>	<u>\$9,028,873</u>
CURRENT LIABILITIES		
Accounts payable and accrued expense	\$ 18,088	\$ 113,616
Grants payable (<i>Note 4</i>)	209,063	683,565
Deferred revenue	<u>18,500</u>	<u>-</u>
Total current liabilities	<u>245,651</u>	<u>797,181</u>
NON-CURRENT LIABILITIES		
Grants payable (<i>Note 4</i>)	<u>667,642</u>	<u>777,559</u>
Total liabilities	<u>913,293</u>	<u>1,574,740</u>
NET ASSETS		
Without donor restriction		
Unrestricted – Operations	5,184,529	4,787,174
Unrestricted – Artwork	1,522,500	830,000
With donor restrictions (<i>Note 5</i>)	<u>1,960,143</u>	<u>1,836,959</u>
Total net assets	<u>8,667,172</u>	<u>7,454,133</u>
Total liabilities and net assets	<u>\$9,580,465</u>	<u>\$9,028,873</u>

AMERICAN FRIENDS OF THE LOUVRE, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2019 With Summarized Information For 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
Support and Revenue				
Contributions	\$ 172,647	\$ 10,720	\$ 183,367	\$ 1,497,922
Memberships	808,402	-	808,402	925,906
Event income (net of direct expenses of \$39,225 in 2019 and \$25,716 in 2018)	254,120	16,750	270,870	229,064
Investment income designated for current operations (<i>Note 3</i>)	176,680	18,017	194,697	170,413
Other interest income	526	-	526	2,281
Gifts-in-kind (<i>Note 6</i>)	702,500	-	702,500	-
Net assets released from restrictions (<i>Note 5</i>)	<u>35,574</u>	<u>(35,574)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,150,449</u>	<u>9,913</u>	<u>2,160,362</u>	<u>2,825,586</u>
Expenses				
Program	703,459	-	703,459	2,858,203
Management and general	237,007	-	237,007	260,774
Fundraising	<u>218,492</u>	<u>-</u>	<u>218,492</u>	<u>221,437</u>
Total expenses	<u>1,158,958</u>	<u>-</u>	<u>1,158,958</u>	<u>3,340,414</u>
Excess of revenue over expense	986,267	9,913	1,001,404	(514,828)
Other Changes				
Investment return net of amounts designated for current operations (<i>Note 3</i>)	<u>98,364</u>	<u>113,271</u>	<u>211,635</u>	<u>853,830</u>
Change in net assets	1,089,855	123,184	1,213,039	339,002
Net Assets				
Beginning of year	<u>5,617,174</u>	<u>1,836,959</u>	<u>7,454,133</u>	<u>7,115,131</u>
End of year	<u>\$ 6,707,029</u>	<u>\$ 1,960,143</u>	<u>\$ 8,667,172</u>	<u>\$ 7,454,133</u>

AMERICAN FRIENDS OF THE LOUVRE, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2019 And 2018

	<u>2019</u>	<u>2018</u>
<i>Cash flows from operating activities</i>		
Change in net assets	\$ 1,213,039	\$ 339,002
Adjustments to reconcile change in net assets to net cash used for operating activities		
Realized/unrealized gain on investments	(358,745)	(1,010,515)
Donated artwork	(692,500)	-
(Increase) decrease in		
Pledges receivable	293,681	811,760
Prepaid expense	-	2,500
Other assets	(4,957)	-
Increase (decrease) in		
Accounts payable and accrued expense	(95,528)	(1,060,011)
Grants payable	(584,419)	(501,740)
Deferred revenue	<u>18,500</u>	<u>-</u>
Net cash used in provided by operating activities	<u>(210,929)</u>	<u>(1,419,004)</u>
<i>Cash flows from investing activities</i>		
Purchases of investments	(400,941)	(822,955)
Proceeds from sale of investment	<u>501,615</u>	<u>727,532</u>
Net cash provided by (used in) investing activities	<u>100,674</u>	<u>(95,423)</u>
Net decrease in cash	(110,255)	(1,514,427)
<i>Cash and cash equivalents</i>		
Beginning of year	<u>1,215,046</u>	<u>2,729,473</u>
End of year	<u>\$ 1,104,791</u>	<u>\$ 1,215,046</u>

AMERICAN FRIENDS OF THE LOUVRE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 And 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ORGANIZATION

American Friends of the Louvre's ("*AFL*") mission includes conducting activities that support or benefit the Louvre Museum ("*Louvre*"); fostering a public appreciation and understanding of art in general and raising public awareness about the Louvre and its extensive collection of works of art in particular; cooperating with other charitable organizations whether local, national, or international, for any of the foregoing purposes; and conducting any other activities that may be necessary, useful, or desirable for the furtherance or the accomplishment of the foregoing purposes.

ACCOUNTING ESTIMATES

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

CASH EQUIVALENTS

Cash equivalents include money market funds which are stated at fair value.

CONCENTRATION OF CREDIT RISK

AFL occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification ("*ASC*") 825, "*Financial Instruments*", identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

INVESTMENTS

Investments in debt and equity securities with readily determinable fair market values are recorded at fair values. Unrealized gains and losses are recorded in the statement of activities.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs, including salaries, benefits, and occupancy expenses, have been allocated based on time and effort among the programs and supporting services benefitted.

CONTRIBUTIONS

To ensure observation of limitations and restrictions placed on the use of resources available to AFL, its accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Unrestricted amounts are those currently available at the discretion of the Board for use in AFL's operations. All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to other legal restrictions.

GRANTS PAYABLE

Unconditional grants are recorded as expense during the year of approval. Grants subject to certain conditions are recorded as expense during the year in which conditions are substantially met or the possibility that the conditions will not be met is remote, as determined by management.

AMERICAN FRIENDS OF THE LOUVRE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2019 And 2018

NET ASSETS

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of AFL are classified and reported as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing mission of AFL.

With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of AFL or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt, including gifts; pledges; and investment returns on “true” endowment funds. Expirations of restrictions of net assets with donor restrictions are reported as net assets released from restriction.

Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by AFL, including gifts wherein donors stipulate that the corpus of the gift be held in perpetuity (primarily gifts for endowment) and that only the income be made available for operations or other purposes.

TAX EXEMPT STATUS

AFL is qualified as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income taxes. The Internal Revenue Service has classified AFL as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code.

Management has reviewed the tax positions for each of the open fiscal tax years (2015 – 2017) or expected to be taken in AFL’s fiscal 2018 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS

In 2019, AFL adopted Accounting Standards Update (ASU) 2016-14, Presentation of the Financial Statements of Not-for-Profit Entities. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity’s liquidity, financial performance and cash flows. The main provisions of this guidance include the presentation of two classes of net assets versus the previously required three. This guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification.

A recap of the net asset reclassifications driven by the adoption of ASU 2016-14 as of June 30, 2018 is as follows:

<u>Net Asset Classifications</u>	<u>ASU 2016-14 Classification</u>		<u>Total Net Assets</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	
As previously presented:			
Unrestricted	\$ 5,617,174	\$ -	\$ 5,617,174
Temporarily Restricted	-	650,260	650,260
Permanently Restricted	-	<u>1,186,699</u>	<u>1,186,699</u>
Net assets as reclassified	<u>\$ 5,617,174</u>	<u>\$ 1,836,959</u>	<u>\$ 7,454,133</u>

AMERICAN FRIENDS OF THE LOUVRE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2019 And 2018

NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year thus the effective date is fiscal years beginning after December 15, 2018. Early adoption is permitted and should be applied retrospectively in the year the ASU is first applied. AFL plans to adopt the new ASU at the required implementation date.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 31, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach. AFL plans to adopt the new ASU at the required implementation date.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and determining whether a transaction is conditional. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018. This ASU should be applied using a modified prospective basis. AFL plans to adopt this new ASU at the required implementation date.

PRIOR YEAR INFORMATION

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with AFL's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

RECLASSIFICATIONS

Certain reclassifications were made to the 2018 financial statements to conform to the 2019 presentation.

AMERICAN FRIENDS OF THE LOUVRE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2019 And 2018

(2) PLEDGES RECEIVABLE

Pledges receivable at June 30, 2019 and 2018 are expected to be realized as follows:

	<u>2019</u>	<u>2018</u>
In one year or less	\$ 125,444	\$ 309,208
In one to five years	579,720	579,720
In more than five years	<u>144,930</u>	<u>289,860</u>
	850,094	1,178,788
Less: discount to present value at 2.38% in 2019 and 2.86% in 2018	<u>(57,008)</u>	<u>(92,021)</u>
Total pledges receivable – net	<u>\$793,086</u>	<u>\$1,086,767</u>

(3) INVESTMENTS

Investments at June 30 consisted of the following:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Money Market Funds	\$ 139	\$ 139	\$ 122	\$ 122
Mutual Funds				
Equity	3,981,663	5,015,986	3,776,014	4,800,274
Bond	<u>1,140,256</u>	<u>1,131,506</u>	<u>1,090,089</u>	<u>1,089,164</u>
	<u>\$5,122,058</u>	<u>\$6,147,631</u>	<u>\$4,866,225</u>	<u>\$5,889,560</u>

Investment return and its classification in the statement of activities for the years ended June 30, 2019 and 2018 was as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
Interest and dividends	\$ 35,199	\$ 12,388	\$ 47,587	\$ 13,728
Realized gains	266,841	109,471	376,312	475,124
Unrealized gains (loss)	<u>(26,996)</u>	<u>9,429</u>	<u>(17,567)</u>	<u>535,391</u>
Total return on investments	275,044	131,288	406,322	1,024,243
Investment income designated for current operations	<u>176,680</u>	<u>18,017</u>	<u>194,697</u>	<u>170,413</u>
Investment return net of amounts designated for current operations	<u>\$ 98,364</u>	<u>\$113,271</u>	<u>\$211,635</u>	<u>\$ 853,830</u>

AMERICAN FRIENDS OF THE LOUVRE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2019 And 2018

AFL utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that AFL has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an active market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing AFL's own assurance about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The summary of inputs used to value AFL's investments as of June 30, 2019 and 2018 is as follows:

		Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs
<u>2019</u>	<u>Total</u>			
Money Market Funds	\$ 139	\$ 139	\$ -	\$ -
Mutual Fund – Equity	5,015,986	5,015,986	-	-
Mutual Fund – Bond	<u>1,131,506</u>	<u>1,131,506</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,147,631</u>	<u>\$ 6,147,631</u>	<u>\$ -</u>	<u>\$ -</u>
<u>2018</u>				
Money Market Funds	\$ 122	\$ 122	\$ -	\$ -
Mutual Fund – Equity	4,800,274	4,800,274	-	-
Mutual Fund – Bond	<u>1,089,164</u>	<u>1,089,164</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,889,560</u>	<u>\$ 5,889,560</u>	<u>\$ -</u>	<u>\$ -</u>

AMERICAN FRIENDS OF THE LOUVRE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2019 And 2018

(4) GRANTS PAYABLE

Grants payable at June 30, 2019 and 2018 are expected to be paid as follows:

	<u>2019</u>	<u>2018</u>
In one year or less	\$ 209,063	\$ 683,565
In one to five years	579,720	579,720
In more than five years	<u>144,930</u>	<u>289,860</u>
	933,713	1,553,145
Less: discount to present value at 2.38% in 2019 and 2.86% in 2018	<u>(57,008)</u>	<u>(92,021)</u>
Total grants payable – net	<u>\$ 876,705</u>	<u>\$ 1,461,124</u>

(5) NET ASSETS

Net assets with donor restrictions are available for the following purposes at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for a special purpose:		
Accumulated Endowment Income	\$ 755,694	\$ 641,891
Cercle Des Mecenes	-	8,369
Louvre Collections	3,750	-
Louvre Accessibility	10,500	-
Louvre Palace Garden Conservation	<u>3,500</u>	<u>-</u>
	<u>773,444</u>	<u>650,260</u>
Perpetual in nature:		
Lecture and Research Fund	198,153	198,153
Forbes Endowment	<u>988,546</u>	<u>988,546</u>
	<u>1,186,699</u>	<u>1,186,699</u>
	<u>\$ 1,960,143</u>	<u>\$ 1,836,959</u>

ENDOWMENT FUNDS

AFL's endowment funds consist of individual funds established for a variety of purposes. Its endowment funds consist of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP in the United States, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions.

AMERICAN FRIENDS OF THE LOUVRE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2019 And 2018

INTERPRETATION OF RELEVANT LAW

AFL is incorporated in the state of New York, which has enacted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). UPMIFA governs donor restricted or permanently restricted endowment funds for not-for-profit corporations. AFL has interpreted the applicable state standards and guidelines for the prudent management of an endowment fund as requiring the preservation of the fair value of the original gift as of the gift date of the endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, AFL classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund (i.e. the accumulated realized and unrealized gains/losses) that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by AFL. AFL considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of AFL and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of AFL
- (7) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the institution.
- (8) The investment policies of AFL

RETURN OBJECTIVES AND RISK PARAMETERS

AFL’s investment policy for endowment funds is to earn a return that meets the endowment spending rate with minimum investment risk.

SPENDING POLICY

AFL has a policy that permits annual spending between 3.5% and 6% of the market value of the endowment fund on June 30, preceding the fiscal year in which the distributions are made, based on the annual performance of the funds. This policy is consistent with AFL’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment returns.

AMERICAN FRIENDS OF THE LOUVRE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2019 And 2018

Endowment net asset composition by type of fund as of June 30, 2019 and 2018 was as follows:

	2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 1,942,393	\$ 1,942,393
Funds functioning as endowment funds	<u>4,235,247</u>	<u>-</u>	<u>4,235,247</u>
Total Funds	<u>\$ 4,235,247</u>	<u>\$ 1,942,393</u>	<u>\$ 6,177,640</u>

	2018		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 1,828,590	\$ 1,828,590
Funds functioning as endowment funds	<u>4,102,979</u>	<u>-</u>	<u>4,102,979</u>
Total Funds	<u>\$ 4,102,979</u>	<u>\$ 1,828,590</u>	<u>\$ 5,931,569</u>

Changes in endowment net assets for the years ended June 30, 2019 and 2018 were as follows:

	2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 4,102,979	\$ 1,828,590	\$ 5,931,569
Investment return	275,044	131,288	406,332
Contributions/additions	10,152	-	10,152
Endowment income designated for current operations	<u>(152,928)</u>	<u>(17,485)</u>	<u>(170,413)</u>
	<u>\$ 4,235,247</u>	<u>\$ 1,942,393</u>	<u>\$ 6,177,640</u>

	2018		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 2,951,065	\$ 1,465,917	\$ 4,416,982
Investment return	696,931	327,312	1,024,243
Contributions/additions	563,406	50,000	613,406
Endowment income designated for current operations	<u>(108,423)</u>	<u>(14,639)</u>	<u>(123,062)</u>
	<u>\$ 4,102,979</u>	<u>\$ 1,828,590</u>	<u>\$ 5,931,569</u>

During the year ended June 30, 2019, net assets were released from donor restrictions by incurring expenses satisfying the following restricted purpose:

Cercle des Mecenes	\$ 8,369
Napoleon's Arc	9,720
Other Louvre Projects	<u>17,485</u>
	<u>\$ 35,574</u>

AMERICAN FRIENDS OF THE LOUVRE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2019 And 2018

(6) GIFTS IN-KIND

During the year ended June 30, 2019, AFL received donated artwork valued at \$702,500 and granted donated artwork valued at \$10,000, respectively, to the Louvre. There were no donations or grants of artwork during the year ended June 30, 2018.

(7) LEASE COMMITMENT

On June 15, 2016, AFL entered into an updated lease agreement for its New York office which runs through August 31, 2019. On June 18, 2019, AFL signed a new lease to move their office to another location in New York starting August 1, 2019 which runs through July 31, 2021. Rent expense for the years ended June 30, 2019 and 2018 was approximately \$32,000 and \$31,000, respectively.

Future minimum rental commitments under this lease are as follows:

2020	\$ 33,355
2021	30,600
2022	<u>2,550</u>
	<u>\$ 66,505</u>

(8) FUNCTIONAL EXPENSES

	<u>Program</u>	<u>Supporting Services</u>		<u>Total Expenses</u>	
		<u>Management And General</u>	<u>Fund Raising</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Salaries	\$ 145,510	\$103,936	\$166,298	\$ 415,744	\$ 371,422
Payroll taxes	9,224	6,589	10,542	26,355	22,926
Employee health, retirement, and other benefits	<u>18,128</u>	<u>12,948</u>	<u>20,717</u>	<u>51,793</u>	<u>48,864</u>
Total salaries and related expenses	172,862	123,473	197,557	493,892	443,212
Grants	338,860	-	-	338,860	2,550,029
Professional fees	-	50,866	6,726	57,592	65,140
Travel, conferences, conventions, and meetings	125,879	31,056	2,299	159,234	191,953
Printing, postage and publication	966	9,071	-	10,037	7,272
Occupancy	13,725	12,252	7,390	33,367	33,600
Telephone	2,463	1,760	2,815	7,038	6,592
Office supplies	1,492	1,065	1,705	4,262	3,857
Miscellaneous	<u>47,212</u>	<u>7,464</u>	<u>-</u>	<u>54,676</u>	<u>38,759</u>
Total expenses – 2019	<u>\$ 703,459</u>	<u>\$237,007</u>	<u>\$218,492</u>	<u>\$ 1,158,958</u>	
Total expenses – 2018	<u>\$ 2,858,203</u>	<u>\$260,774</u>	<u>\$221,437</u>		<u>\$ 3,340,414</u>

AMERICAN FRIENDS OF THE LOUVRE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2019 And 2018

(9) RETIREMENT PLAN

AFL participates in the TIAA-CREF Educational Retirement Plan, which is a contributory plan covering eligible employees. Under the plan, all eligible personnel participate and vest in all benefits purchased immediately. AFL contributes an amount equal to 7% of the employee's base salary. Contributions charged to operations for the fiscal years ended June 30, 2019 and 2018 were approximately \$21,500 and \$21,000, respectively.

(10) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

AFL strives to maintain liquid financial assets to be available as its general expenditures, liabilities and other obligations become due. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments. As part of the AFL's liquidity management, it has a practice to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

The following table reflects AFL's financial assets as of June 30, 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions. Amounts not available to meet general expenditures within one year may include net assets with donor and/or contractual restrictions.

	<u>2019</u>
Financial Assets	
Cash and cash equivalents	\$ 1,104,791
Investments	6,147,631
Pledges Receivable (due within one year)	<u>125,444</u>
Total financial assets	7,377,866
2020 Endowment draw	152,927
Less:	
Net assets with donor restrictions	<u>(1,960,143)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 5,570,650</u>

(11) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, November 20, 2019, have been evaluated in the preparation of the financial statements.

SUPPLEMENTAL INFORMATION

AMERICAN FRIENDS OF THE LOUVRE, INC.

SCHEDULE OF GRANTS

Years Ended June 30, 2019 And 2018

	<u>2019</u>	<u>2018</u>
Grants Made To Musée du Louvre		
14 th International Conference on Nubian Studies	\$ -	\$ 23,000
Louis XV Portrait	-	17,700
Restoration of the Arc de Carrousel	17,470	-
Louvre's Collection of Frames	17,485	-
Cercle des Mecenes	8,369	10,131
Diner des Mecenes	-	15,005
Gala des Mecenes	1,760	1,892
International Council Grant for Francois I Exhibition	-	282,280
International Council Grant for Marquis Campana Exhibition *	223,273	-
Christian Mayr Painting	10,000	-
Educational Tours of the Louvre	5,490	14,657
Label Translation	-	175,000
Book of Hours **	-	13,945
Louvre Grand Diner	15,000	1,747
Preslav Exhibition Catalog	-	14,638
Pastel du Louvre Catalogues	-	530
Anne of Austria Apartment Restoration & Translation of Louvre's Labels	-	902,085
Grants Made to Louvre Endowment		
Louvre Endowment Education Fund – Accessibility	5,000	-
Kovler Fund for Public and Social Outreach	-	10,000
Susan D. Diskin, Ph.D. Endowment Fund	-	<u>1,067,419</u>
	<u>\$ 303,847</u> ***	<u>\$ 2,550,029</u>

* The total grants paid to the Louvre from International Council funds was \$203,273 and \$262,280, for the years ended June 30, 2019 and 2018, respectively. The amounts above do not include deductions for membership dues paid directly to the Museum.

** During 2019, the Executive Committee approved the re-allocation of this grant to the Arc du Carrousel.

*** Amount does not include the change in value of the discount on grants payable (*Note 4*).