

AMERICAN FRIENDS OF THE LOUVRE, INC.

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

JUNE 30, 2020

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, 2020 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, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 20, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 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
February 25, 2021**

AMERICAN FRIENDS OF THE LOUVRE, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2020 And 2019

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,334,692	\$1,104,791
Pledges receivable <i>(Note 2)</i>	336,682	125,444
Prepaid expenses	<u>12,299</u>	<u>-</u>
Total current assets	<u>1,683,673</u>	<u>1,230,235</u>
NON-CURRENT ASSETS		
Pledges receivable <i>(Note 2)</i>	1,066,622	667,642
Investments <i>(Note 3)</i>	6,582,500	6,147,631
Donated artwork <i>(Note 6)</i>	1,522,500	1,522,500
Other assets	<u>4,500</u>	<u>12,457</u>
	<u>9,176,122</u>	<u>8,350,230</u>
Total assets	<u>\$10,859,795</u>	<u>\$9,580,465</u>
CURRENT LIABILITIES		
Accounts payable and accrued expense	\$ 11,045	\$ 18,088
Grants payable <i>(Note 4)</i>	481,022	209,063
Deferred revenue	14,000	18,500
Refundable advance <i>(Note 11)</i>	<u>73,100</u>	<u>-</u>
Total current liabilities	<u>579,167</u>	<u>245,651</u>
NON-CURRENT LIABILITIES		
Grants payable <i>(Note 4)</i>	<u>1,051,622</u>	<u>667,642</u>
Total liabilities	<u>1,630,789</u>	<u>913,293</u>
NET ASSETS		
Without donor restriction		
Unrestricted – Operations	5,502,105	5,184,529
Unrestricted – Artwork	1,522,500	1,522,500
With donor restrictions <i>(Note 5)</i>	<u>2,204,401</u>	<u>1,960,143</u>
Total net assets	<u>9,229,006</u>	<u>8,667,172</u>
Total liabilities and net assets	<u>\$10,859,795</u>	<u>\$9,580,465</u>

AMERICAN FRIENDS OF THE LOUVRE, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2020 With Summarized Information For 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
Support and Revenue				
Contributions	\$ 147,877	\$ 909,524	\$ 1,057,401	\$ 183,367
Memberships	794,500	-	794,500	808,402
Event income (net of direct expenses of \$715 in 2020 and \$39,225 in 2019)	49,974	111,719	161,693	270,870
Investment income designated for current operations (<i>Note 3</i>)	185,641	19,047	204,688	194,697
Other interest income	633	-	633	526
Gifts-in-kind (<i>Note 6</i>)	-	-	-	702,500
Net assets released from restrictions (<i>Note 5</i>)	<u>982,090</u>	<u>(982,090)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,160,715</u>	<u>58,200</u>	<u>2,218,915</u>	<u>2,160,362</u>
Expenses				
Program	1,563,118	-	1,563,118	703,459
Management and general	227,615	-	227,615	237,007
Fundraising	<u>265,117</u>	<u>-</u>	<u>265,117</u>	<u>218,492</u>
Total expenses	<u>2,055,850</u>	<u>-</u>	<u>2,055,850</u>	<u>1,158,958</u>
Excess of revenue over expense	104,865	58,200	163,065	1,001,404
Other Changes				
Investment return net of amounts designated for current operations (<i>Note 3</i>)	<u>212,711</u>	<u>186,058</u>	<u>398,769</u>	<u>211,635</u>
Change in net assets	317,576	244,258	561,834	1,213,039
Net Assets				
Beginning of year	<u>6,707,029</u>	<u>1,960,143</u>	<u>8,667,172</u>	<u>7,454,133</u>
End of year	<u>\$7,024,605</u>	<u>\$2,204,401</u>	<u>\$9,229,006</u>	<u>\$8,667,172</u>

AMERICAN FRIENDS OF THE LOUVRE, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2020 And 2019

	<u>2020</u>	<u>2019</u>
<i>Cash flows from operating activities</i>		
Change in net assets	\$ 561,834	\$1,213,039
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Realized/unrealized gain on investments	(561,446)	(358,745)
Donated artwork	-	(692,500)
(Increase) decrease in		
Pledges receivable	(610,218)	293,681
Prepaid expense	(12,299)	-
Other assets	7,957	(4,957)
Increase (decrease) in		
Accounts payable and accrued expense	(7,043)	(95,528)
Grants payable	655,939	(584,419)
Deferred revenue	(4,500)	18,500
Refundable advance	<u>73,100</u>	<u>-</u>
Net cash provided by (used for) operating activities	<u>103,324</u>	<u>(210,929)</u>
<i>Cash flows from investing activities</i>		
Purchases of investments	(6,462,725)	(400,941)
Proceeds from sale of investment	<u>6,589,302</u>	<u>501,615</u>
Net cash provided by investing activities	<u>126,577</u>	<u>100,674</u>
Net increase (decrease) in cash and cash equivalents	229,901	(110,255)
<i>Cash and cash equivalents</i>		
Beginning of year	<u>1,104,791</u>	<u>1,215,046</u>
End of year	<u>\$ 1,334,692</u>	<u>\$1,104,791</u>

AMERICAN FRIENDS OF THE LOUVRE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 And 2019

(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.

REVENUE RECOGNITION

AFL recognizes contributions when cash, securities or other assets, and unconditional promise to give, or a notification of a beneficial interest is received. Conditional contributions include donor-imposed conditions with one or more barriers that must be overcome before AFL is entitled to the assets transferred or promised and there is a right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets. AFL recognizes the contribution when the conditions are substantially met or explicitly waived. Unconditional contributions are classified as without donor restrictions unless there are donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are then classified to net assets without donor restrictions and reported in the statement of activities as "***net assets released from restrictions.***"

AMERICAN FRIENDS OF THE LOUVRE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2020 And 2019

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.

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 (2017 – 2019) or expected to be taken in AFL’s fiscal 2020 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

ACCOUNTING PRONOUNCEMENTS - ADOPTED

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 was implemented in fiscal 2020 and did not have a material effect on the financial statements.

AMERICAN FRIENDS OF THE LOUVRE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2020 And 2019

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, then further issued ASU 2020-05 in June of 2020 delaying implementation by another year to fiscal years beginning after December 15, 2019. 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 15, 2021. 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.

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, 2019, from which the summarized information was derived.

AMERICAN FRIENDS OF THE LOUVRE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2020 And 2019

(2) PLEDGES RECEIVABLE

Pledges receivable at June 30, 2020 and 2019 are expected to be realized as follows:

	<u>2020</u>	<u>2019</u>
In one year or less	\$ 336,682	\$ 125,444
In one to five years	875,749	579,720
In more than five years	<u>209,292</u>	<u>144,930</u>
	1,421,723	850,094
Less: discount to present value at 0.43% in 2020 and 2.38% in 2019	<u>(18,419)</u>	<u>(57,008)</u>
Total pledges receivable – net	<u>\$1,403,304</u>	<u>\$793,086</u>

(3) INVESTMENTS

Investments at June 30 consisted of the following:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Money Market Funds	\$ 61,568	\$ 61,568	\$ 139	\$ 139
Common Stock	5,459,475	5,913,019	-	-
Corporate Bonds	96,781	97,636	-	-
U.S. Government Bonds	458,243	459,416	-	-
U.S. Government Agency – FNMA	50,957	50,861	-	-
Mutual Funds				
Equity	-	-	3,981,663	5,015,986
Bond	<u>-</u>	<u>-</u>	<u>1,140,256</u>	<u>1,131,506</u>
	<u>\$6,127,024</u>	<u>\$6,582,500</u>	<u>\$5,122,058</u>	<u>\$6,147,631</u>

Investment return and its classification in the statement of activities for the years ended June 30, 2020 and 2019 was as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
Interest and dividends	\$ 30,405	\$ 11,606	\$ 42,011	\$ 47,587
Realized gains	688,603	442,686	1,131,289	376,312
Unrealized loss	<u>(320,656)</u>	<u>(249,187)</u>	<u>(569,843)</u>	<u>(17,567)</u>
Total return on investments	398,352	205,105	603,457	406,332
Investment income designated for current operations	<u>185,641</u>	<u>19,047</u>	<u>204,688</u>	<u>194,697</u>
Investment return net of amounts designated for current operations	<u>\$ 212,711</u>	<u>\$ 186,058</u>	<u>\$ 398,769</u>	<u>\$ 211,635</u>

AMERICAN FRIENDS OF THE LOUVRE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2020 And 2019

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, 2020 and 2019 is as follows:

		Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs
<u>2020</u>	<u>Total</u>			
Money Market Funds	\$ 61,568	\$ 61,568	\$ -	\$ -
Common Stock	5,913,019	5,913,019	-	-
Corporate Bonds	97,636	-	97,636	-
U.S. Government Bonds	459,416	-	459,416	-
U.S. Government Agency – FNMA	50,861	-	50,861	-
	<u>\$6,582,500</u>	<u>\$5,974,587</u>	<u>\$607,913</u>	<u>\$ -</u>
<u>2019</u>				
Money Market Funds	\$ 139	\$ 139	\$ -	\$ -
Mutual Fund – Equity	5,015,986	5,015,986	-	-
Mutual Fund – Bond	1,131,506	1,131,506	-	-
	<u>\$6,147,631</u>	<u>\$6,147,631</u>	<u>\$ -</u>	<u>\$ -</u>

AMERICAN FRIENDS OF THE LOUVRE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2020 And 2019

(4) GRANTS PAYABLE

Grants payable at June 30, 2020 and 2019 are expected to be paid as follows:

	<u>2020</u>	<u>2019</u>
In one year or less	\$ 481,022	\$ 209,063
In one to five years	860,749	579,720
In more than five years	<u>209,292</u>	<u>144,930</u>
	1,551,063	933,713
Less: discount to present value at 0.43% in 2020 and 2.38% in 2019	<u>(18,419)</u>	<u>(57,008)</u>
Total grants payable – net	<u>\$1,532,644</u>	<u>\$876,705</u>

(5) NET ASSETS

Net assets with donor restrictions are available for the following purposes at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for a special purpose:		
Accumulated Endowment Income	\$ 942,782	\$ 755,694
Louvre Collections	-	3,750
Louvre Accessibility	30,000	10,500
Louvre Palace Garden Conservation	-	3,500
Apollo Kitharoidos Acquisition	2,000	-
LA Residency	25,000	-
Education Tours	16,920	-
Outreach Program	<u>1,000</u>	<u>-</u>
	<u>1,017,702</u>	<u>773,444</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>\$2,204,401</u>	<u>\$1,960,143</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, 2020 And 2019

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, 2020 And 2019

Endowment net asset composition by type of fund as of June 30, 2020 and 2019 was as follows:

	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 2,129,481	\$ 2,129,481
Funds functioning as endowment funds	<u>4,460,650</u>	<u>-</u>	<u>4,460,650</u>
Total Funds	<u>\$4,460,650</u>	<u>\$2,129,481</u>	<u>\$6,590,131</u>

	<u>2019</u>		
	<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>

Changes in endowment net assets for the years ended June 30, 2020 and 2019 were as follows:

	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 4,235,247	\$ 1,942,393	\$ 6,177,640
Investment return	398,352	205,105	603,457
Contributions/additions	3,730	-	3,730
Endowment income designated for current operations	<u>(176,679)</u>	<u>(18,017)</u>	<u>(194,696)</u>
	<u>\$4,460,650</u>	<u>\$2,129,481</u>	<u>\$6,590,131</u>

	<u>2019</u>		
	<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>

AMERICAN FRIENDS OF THE LOUVRE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2020 And 2019

During the year ended June 30, 2020, net assets were released from donor restrictions by incurring expenses satisfying the following restricted purpose:

Louvre Collections	\$ 66,350
Louvre Accessibility	11,600
Louvre Palace Garden Conservation	6,721
Louvre Grand Diner	111,719
Kovler Fund for Public and Social Outreach	30,000
Leonardo Exhibition Education Programs	6,000
Apollo Kitharoidos Acquisition	10,075
Outreach - Louvre Collections	5,700
The Dominique Mielle & Juan Carrillo Fund	220,730
Mohammad Ladjevardin	220,000
GRoW Annenberg Fund	275,178
Other Louvre Projects	<u>18,017</u>
	<u>\$ 982,090</u>

(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, 2020.

(7) LEASE COMMITMENT

On June 15, 2016, AFL entered into an updated lease agreement for its New York office which ran 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, 2020 and 2019 was approximately \$34,000 and \$32,000, respectively.

Future minimum rental commitments under this lease are as follows:

2021	\$ 30,600
2022	<u>2,550</u>
	<u>\$ 33,150</u>

AMERICAN FRIENDS OF THE LOUVRE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2020 And 2019

(8) FUNCTIONAL EXPENSES

		<u>Supporting Services</u>		<u>Total Expenses</u>	
		<u>Management</u>	<u>Fund</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>Program</u>	<u>General</u>	<u>Raising</u>	<u>2020</u>	<u>2019</u>
Salaries	\$ 143,423	\$102,445	\$163,912	\$ 409,780	\$ 415,744
Payroll taxes	9,162	6,544	10,471	26,177	26,355
Employee health, retirement, and other benefits	<u>16,289</u>	<u>11,636</u>	<u>18,616</u>	<u>46,541</u>	<u>51,793</u>
Total salaries and related expenses	168,874	120,625	192,999	482,498	493,892
Grants	1,330,696	-	-	1,330,696	338,860
Professional fees	3,563	64,143	3,563	71,269	57,592
Travel, conferences, conventions, and meetings	31,424	22,446	35,914	89,784	159,234
Printing, postage and publication	3,547	2,533	4,054	10,134	10,037
Occupancy	12,743	9,102	14,564	36,409	33,367
Telephone	1,936	1,383	2,212	5,531	7,038
Office supplies	1,236	883	1,412	3,531	4,262
Miscellaneous	<u>9,099</u>	<u>6,500</u>	<u>10,399</u>	<u>25,998</u>	<u>54,676</u>
Total expenses – 2020	<u>\$1,563,118</u>	<u>\$227,615</u>	<u>\$265,117</u>	<u>\$2,055,850</u>	
Total expenses – 2019	<u>\$ 703,459</u>	<u>\$237,007</u>	<u>\$218,492</u>		<u>\$1,158,958</u>

(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, 2020 and 2019 were approximately \$20,800 and \$21,500, respectively.

AMERICAN FRIENDS OF THE LOUVRE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2020 And 2019

(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, 2020 and 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>2020</u>	<u>2019</u>
Financial Assets		
Cash and cash equivalents	\$ 1,334,692	\$ 1,104,791
Investments	6,582,500	6,147,631
Pledges Receivable (due within one year)	<u>336,682</u>	<u>125,444</u>
Total financial assets	8,253,874	7,377,866
Endowment draw	176,679	152,927
Less:		
Net assets with donor restrictions	<u>(2,204,401)</u>	<u>(1,960,143)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 6,226,152</u>	<u>\$ 5,570,650</u>

(11) REFUNDABLE ADVANCE

On May 3, 2020, the AFL received a \$73,100 loan under the Small Business Administration's ("**SBA**") Paycheck Protection Program (the "**PPP Loan**"). AFL considers this to be a conditional contribution and it expects to meet the criteria for loan forgiveness. AFL considers the incurrence of eligible expenses and the acceptance of its application for forgiveness by the SBA to be barriers in the PPP Loan agreement and as such, will recognize contribution income when these conditions are substantially met. If such conditions are not met, AFL is required to repay the PPP Loan in two years from the date of the agreement at a 1% annual interest rate.

(12) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, February 25, 2021, 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, 2020 And 2019

	<u>2020</u>	<u>2019</u>
Grants Made To Musée du Louvre		
International Council Grant for Hittite Exhibition *	\$ 263,340	\$ -
Apollo Kitharoidos Acquisition	10,075	-
Restoration of the Arc de Carrousel	-	17,470
Louvre's Collection of Frames	18,017	17,485
Cercle des Mecenes	-	8,369
Leonardo Exhibition Education	6,000	-
Outreach - Louvre Collections	5,700	-
Gala des Mecenes	-	1,760
International Council Grant for Marquis Campana Exhibition *	-	223,273
Liaisons au Louvre IV: La Dolce Vita for restoration of the Roman Galleries	4,523	-
Christian Mayr Painting	-	10,000
Educational Tours of the Louvre	1,299	5,490
Louvre Grand Diner	122,575	15,000
Grants Made to Louvre Endowment		
Louvre Endowment Education Fund – Accessibility	11,600	5,000
Louvre Endowment Education Fund – Collections	66,350	-
Louvre Endowment Education Fund – Palace Garden Conservation	36,721	-
The Dominique Mielle & Juan Carrillo Fund	220,730	-
Mohammad Ladjevardin	220,000	-
Kovler Fund for Public and Social Outreach	30,000	-
GROW Annenberg Fund	<u>275,178</u>	<u>-</u>
	<u>\$1,292,108**</u>	<u>\$303,847**</u>

* The total grants paid to the Louvre from International Council funds was \$243,340 and \$203,273, for the years ended June 30, 2020 and 2019, respectively. The amounts above do not include deductions for membership dues paid directly to the Museum.

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