

**AMERICAN FRIENDS OF THE LOUVRE, INC.**

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

**JUNE 30, 2021**

# 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, 2021 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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 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  
April 21, 2022**

# AMERICAN FRIENDS OF THE LOUVRE, INC.

## STATEMENTS OF FINANCIAL POSITION

June 30, 2021 And 2020

	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,475,489	\$ 1,334,692
Pledges receivable <i>(Note 2)</i>	2,897,140	336,682
Prepaid expenses	<u>11,500</u>	<u>12,299</u>
<b>Total current assets</b>	<u>4,384,129</u>	<u>1,683,673</u>
<b>NON-CURRENT ASSETS</b>		
Pledges receivable <i>(Note 2)</i>	843,867	1,066,622
Investments <i>(Note 3)</i>	8,588,036	6,582,500
Donated artwork <i>(Note 6)</i>	911,000	1,522,500
Other assets	<u>6,015</u>	<u>4,500</u>
	<u>10,348,918</u>	<u>9,176,122</u>
<b>Total assets</b>	<u>\$14,733,047</u>	<u>\$10,859,795</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expense	\$ 31,877	\$ 11,045
Grants payable <i>(Note 4)</i>	2,925,745	481,022
Deferred revenue	-	14,000
Refundable advance <i>(Note 11)</i>	<u>73,100</u>	<u>73,100</u>
<b>Total current liabilities</b>	<u>3,030,722</u>	<u>579,167</u>
<b>NON-CURRENT LIABILITIES</b>		
Grants payable <i>(Note 4)</i>	<u>782,052</u>	<u>1,051,622</u>
<b>Total liabilities</b>	<u>3,812,774</u>	<u>1,630,789</u>
<b>NET ASSETS</b>		
Without donor restriction		
Operations	6,639,018	5,502,105
Artwork	911,000	1,522,500
Board-designated – Forbes Fund	25,000	-
With donor restrictions <i>(Note 5)</i>	<u>3,345,255</u>	<u>2,204,401</u>
<b>Total net assets</b>	<u>10,920,273</u>	<u>9,229,006</u>
<b>Total liabilities and net assets</b>	<u>\$14,733,047</u>	<u>\$10,859,795</u>

# AMERICAN FRIENDS OF THE LOUVRE, INC.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2021 With Summarized Information For 2020

	Without Donor Restrictions			With Donor Restrictions	2021 Total	2020 Total
	Undesignated	Board Designated	Total			
<b>Support and Revenue</b>						
Contributions	\$ 143,987	\$ 25,000	\$ 168,987	\$ 2,943,908	\$ 3,112,895	\$ 1,057,401
Memberships	657,750	-	657,750	-	657,750	794,500
Grants	73,100	-	73,100	-	73,100	-
Event income (net of direct expenses of \$51,027 in 2021 and \$715 in 2020)	288,577	-	288,577	-	288,577	161,693
Investment income designated for current operations (Note 3)	242,304	-	242,304	23,825	266,129	204,688
Other interest income	657	-	657	-	657	633
Gifts-in-kind (Note 6)	208,500	-	208,500	-	208,500	-
Net assets released from restrictions (Note 5)	<u>2,463,093</u>	<u>-</u>	<u>2,463,093</u>	<u>(2,463,093)</u>	<u>-</u>	<u>-</u>
<b>Total support and revenue</b>	<u>4,077,968</u>	<u>25,000</u>	<u>4,102,968</u>	<u>504,640</u>	<u>4,607,608</u>	<u>2,218,915</u>
<b>Expenses</b>						
Program	4,182,475	-	4,182,475	-	4,182,475	1,563,118
Management and general	240,454	-	240,454	-	240,454	227,615
Fundraising	<u>222,767</u>	<u>-</u>	<u>222,767</u>	<u>-</u>	<u>222,767</u>	<u>265,117</u>
<b>Total expenses</b>	<u>4,645,696</u>	<u>-</u>	<u>4,645,696</u>	<u>-</u>	<u>4,645,696</u>	<u>2,055,850</u>
<b>Excess (deficit) of revenue over expense</b>	(567,728)	25,000	(542,728)	504,640	(38,088)	163,065
<b>Other Changes</b>						
Investment return net of amounts designated for current operations (Note 3)	1,073,068	-	1,073,068	656,287	1,729,355	398,769
Transfer to Undesignated (Note 5)	<u>20,073</u>	<u>-</u>	<u>20,073</u>	<u>(20,073)</u>	<u>-</u>	<u>-</u>
<b>Change in net assets</b>	525,413	25,000	550,413	1,140,854	1,691,267	561,834
<b>Net Assets</b>						
Beginning of year	<u>7,024,605</u>	<u>-</u>	<u>7,024,605</u>	<u>2,204,401</u>	<u>9,229,006</u>	<u>8,667,172</u>
<b>End of year</b>	<u>\$ 7,550,018</u>	<u>\$ 25,000</u>	<u>\$ 7,575,018</u>	<u>\$ 3,345,255</u>	<u>\$ 10,920,273</u>	<u>\$ 9,229,006</u>

See notes to financial statements.

# AMERICAN FRIENDS OF THE LOUVRE, INC.

## STATEMENTS OF CASH FLOWS

Years Ended June 30, 2021 And 2020

	<u>2021</u>	<u>2020</u>
<b><i>Cash flows from operating activities</i></b>		
Change in net assets	\$ 1,691,267	\$ 561,834
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Realized/unrealized gain on investments	(1,957,775)	(561,446)
Donated artwork	611,500	-
(Increase) decrease in		
Pledges receivable	(2,337,703)	(610,218)
Prepaid expense	799	(12,299)
Other assets	(1,515)	7,957
Increase (decrease) in		
Accounts payable and accrued expense	20,832	(7,043)
Grants payable	2,175,153	655,939
Deferred revenue	(14,000)	(4,500)
Refundable advance	-	73,100
<b>Net cash provided by operating activities</b>	<u>188,558</u>	<u>103,324</u>
<b><i>Cash flows from investing activities</i></b>		
Purchases of investments	(2,191,418)	(6,462,725)
Proceeds from sale of investment	<u>2,143,657</u>	<u>6,589,302</u>
<b>Net cash provided by (used for) investing activities</b>	<u>(47,761)</u>	<u>126,577</u>
<b>Net increase in cash and cash equivalents</b>	140,797	229,901
<b><i>Cash and cash equivalents</i></b>		
Beginning of year	<u>1,334,692</u>	<u>1,104,791</u>
<b>End of year</b>	<u>\$ 1,475,489</u>	<u>\$ 1,334,692</u>

# AMERICAN FRIENDS OF THE LOUVRE, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 And 2020

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### (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, 2021 And 2020

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### **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.

**Operating** – include the revenues and expenses associated with the principal mission of AFL.

**Board-designated Forbes Fund** – includes funds designated by the Board to ensure the ongoing solvency of AFL and to ensure the organization has sufficient reserves to address potential crises as well as the ability to rise to take advantage of new or unanticipated opportunities and initiatives. Income earned on this fund is undesignated and Board approval is necessary for any withdrawal of funds from the original corpus.

**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 (2018 – 2020) or expected to be taken in AFL’s fiscal 2021 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 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 to 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. ASU 2014-09 was implemented in fiscal 2021 and did not have a material effect on the financial statements.

# AMERICAN FRIENDS OF THE LOUVRE, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

### NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

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, 2020, from which the summarized information was derived.

## (2) PLEDGES RECEIVABLE

Pledges receivable at June 30, 2021 and 2020 are expected to be realized as follows:

	<u>2021</u>	<u>2020</u>
In one year or less	\$ 2,897,140	\$ 336,682
In one to five years	698,732	875,749
In more than five years	<u>170,719</u>	<u>209,292</u>
	3,766,591	1,421,723
Less: discount to present value at 0.13% in 2021 and 0.43% in 2020	<u>(25,584)</u>	<u>(18,419)</u>
Total pledges receivable – net	<u>\$ 3,741,007</u>	<u>\$ 1,403,304</u>

## (3) INVESTMENTS

Investments at June 30 consisted of the following:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Money Market Funds	\$1,682,681	\$1,682,681	\$ 61,568	\$ 61,568
Common Stock	4,413,190	6,308,944	5,459,475	5,913,019
Corporate Bonds	107,789	111,168	96,781	97,636
U.S. Government Bonds	420,255	416,326	458,243	459,416
U.S. Government Agency – FNMA	<u>70,085</u>	<u>68,917</u>	<u>50,957</u>	<u>50,861</u>
	<u>\$6,694,000</u>	<u>\$8,588,036</u>	<u>\$6,127,024</u>	<u>\$6,582,500</u>

# AMERICAN FRIENDS OF THE LOUVRE, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

Investment return and its classification in the statement of activities for the years ended June 30, 2021 and 2020 was as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
Interest and dividends	\$ 24,906	\$ 12,803	\$ 37,709	\$ 42,011
Realized gains	342,570	176,645	519,215	1,131,289
Unrealized gains (loss)	<u>947,896</u>	<u>490,664</u>	<u>1,438,560</u>	<u>(569,843)</u>
<b>Total return on investments</b>	1,315,372	680,112	1,995,484	603,457
Investment income designated for current operations	<u>242,304</u>	<u>23,825</u>	<u>266,129</u>	<u>204,688</u>
Investment return net of amounts designated for current operations	<u>\$1,073,068</u>	<u>\$ 656,287</u>	<u>\$1,729,355</u>	<u>\$ 398,769</u>

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, 2021 and 2020 is as follows:

<u>2021</u>	<u>Total</u>	<u>Level 1 Quoted Prices</u>	<u>Level 2 Other Significant Observable Inputs</u>	<u>Level 3 Significant Unobservable Inputs</u>
Money Market Funds	\$1,682,681	\$1,682,681	\$ -	\$ -
Common Stock	6,308,944	6,308,944	-	-
Corporate Bonds	111,168	-	111,168	-
U.S. Government Bonds	416,326	-	416,326	-
U.S. Government Agency – FNMA	<u>68,917</u>	<u>-</u>	<u>68,917</u>	<u>-</u>
	<u>\$8,588,036</u>	<u>\$7,991,625</u>	<u>\$596,411</u>	<u>\$ -</u>

# AMERICAN FRIENDS OF THE LOUVRE, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

<u>2020</u>	<u>Total</u>	<u>Level 1 Quoted Prices</u>	<u>Level 2 Other Significant Observable Inputs</u>	<u>Level 3 Significant Unobservable Inputs</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	<u>50,861</u>	<u>-</u>	<u>50,861</u>	<u>-</u>
	<u>\$6,582,500</u>	<u>\$5,974,587</u>	<u>\$607,913</u>	<u>\$ -</u>

#### (4) GRANTS PAYABLE

Grants payable at June 30, 2021 and 2020 are expected to be paid as follows:

	<u>2021</u>	<u>2020</u>
In one year or less	\$2,925,745	\$ 481,022
In one to five years	636,732	860,749
In more than five years	<u>170,719</u>	<u>209,292</u>
	3,733,196	1,551,063
Less: discount to present value at 0.13% in 2021 and 0.43% in 2020	<u>(25,399)</u>	<u>(18,419)</u>
Total grants payable – net	<u>\$3,707,797</u>	<u>\$1,532,644</u>

#### (5) NET ASSETS

Net assets without donor restrictions include net assets designated by the Board of Directors as the Forbes Fund.

The Forbes Fund was created in fiscal year 2021: in fiscal year 2021, the Board approved a transfer of \$25,000 to be included in the Forbes Fund.

Net assets with donor restrictions are available for the following purposes at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
<b>Subject to expenditure for a special purpose:</b>		
Accumulated Endowment Income	\$1,603,847	\$ 942,782
Tuileries Garden Project	10,000	-
Bahrain Project	30,000	-
Cain Sculptures – Tuileries	73,835	-
Cimabue Restoration	293,176	-
Byblos Exhibition	11,771	-
Louvre Education Initiative – Petite Galerie	100,000	-
Louvre Accessibility	30,000	30,000
Louvre Palace Garden Conservation	1,000	-
Apollo Kitharoidos Acquisition	-	2,000
LA Residency	25,000	25,000
Education Tours	-	16,920
Outreach Program	<u>-</u>	<u>1,000</u>
	<u>2,178,629</u>	<u>1,017,702</u>

# AMERICAN FRIENDS OF THE LOUVRE, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

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	<u>2021</u>	<u>2020</u>
<b>Perpetual in nature:</b>		
Lecture and Research Fund	198,153	198,153
Forbes Endowment	<u>968,473</u>	<u>988,546</u>
	<u>1,166,626</u>	<u>1,186,699</u>
	<u>\$3,345,255</u>	<u>\$2,204,401</u>

In 2021, AFL transferred net assets of \$20,073 that were previously included with net assets with donor restrictions to net assets without donor restriction to properly classify pledge commitments received in prior years.

### 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.

### 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.

# AMERICAN FRIENDS OF THE LOUVRE, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

### 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.

Endowment net asset composition by type of fund as of June 30, 2021 and 2020 was as follows:

	2021		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 2,790,546	\$ 2,790,546
Funds functioning as endowment funds	<u>5,778,552</u>	<u>-</u>	<u>5,778,552</u>
Total Funds	<u>\$ 5,778,552</u>	<u>\$ 2,790,546</u>	<u>\$ 8,569,098</u>

	2020		
	<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>

Changes in endowment net assets for the years ended June 30, 2021 and 2020 were as follows:

	2021		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 4,460,650	\$ 2,129,481	\$ 6,590,131
Investment return	1,315,372	680,112	1,995,484
Contributions/additions	2,530	-	2,530
Endowment income designated for current operations	<u>-</u>	<u>(19,047)</u>	<u>(19,047)</u>
	<u>\$ 5,778,552</u>	<u>\$ 2,790,546</u>	<u>\$ 8,569,098</u>
	2020		
	<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>

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## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

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During the year ended June 30, 2021, net assets were released from donor restrictions by incurring expenses satisfying the following restricted purpose:

Louvre Collections	\$ 100
Grande Allee Restoration	41,700
Studio Project	3,826
St. Esprit Textile Conservation	43,500
Kovler Fund for Public and Social Outreach	25,000
Apollo Kitharoidos Acquisition	2,000
Outreach Programs	11,000
Education Tours	16,920
Elahé Omidyar Mir-Djalali Fund	2,300,000
Other Louvre Projects	<u>19,047</u>
	<u>\$2,463,093</u>

### (6) GIFTS IN-KIND

During the year ended June 30, 2021, AFL received donated artwork valued at \$208,500 and granted donated artwork valued at \$820,000 to the Louvre. There were no donations or grants of artwork during the year ended June 30, 2020.

### (7) LEASE COMMITMENT

On June 18, 2019, AFL entered into a lease agreement in New York starting August 1, 2019 which originally ran through July 31, 2021. In March 2021, the landlord closed AFL's current office location and entered into a new lease agreement voiding the remaining months on their current agreement to move their office to another location in New York starting April 1, 2021 which runs through July 31, 2022. Rent expense for the years ended June 30, 2021 and 2020 was approximately \$26,000 and \$34,000, respectively.

Future minimum rental commitments under this lease are as follows:

2022	\$30,421
2023	<u>2,534</u>
	<u>\$32,955</u>

# AMERICAN FRIENDS OF THE LOUVRE, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

### (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, 2021</u>	<u>June 30, 2020</u>
Salaries	\$ 137,950	\$ 98,536	\$ 157,658	\$ 394,144	\$ 409,780
Payroll taxes	8,936	6,383	10,212	25,531	26,177
Employee health, retirement, and other benefits	<u>14,964</u>	<u>10,689</u>	<u>17,102</u>	<u>42,755</u>	<u>46,541</u>
<b>Total salaries and related expenses</b>	<b>161,850</b>	<b>115,608</b>	<b>184,972</b>	<b>462,430</b>	<b>482,498</b>
Grants	3,986,826	-	-	3,986,826	1,330,696
Professional fees	5,826	104,865	5,826	116,517	71,269
Travel, conferences, conventions, and meetings	3,367	2,405	3,848	9,620	89,784
Printing, postage and publication	3,686	2,633	4,213	10,532	10,134
Occupancy	9,742	6,959	11,134	27,835	36,409
Telephone	1,940	1,386	2,217	5,543	5,531
Office supplies	1,000	714	1,143	2,857	3,531
Miscellaneous	<u>8,238</u>	<u>5,884</u>	<u>9,414</u>	<u>23,536</u>	<u>25,998</u>
<b>Total expenses – 2021</b>	<b><u>\$4,182,475</u></b>	<b><u>\$240,454</u></b>	<b><u>\$222,767</u></b>	<b><u>\$4,645,696</u></b>	
<b>Total expenses – 2020</b>	<b><u>\$1,563,118</u></b>	<b><u>\$227,615</u></b>	<b><u>\$265,117</u></b>		<b><u>\$2,055,850</u></b>

### (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 after a six month waiting period. AFL contributes an amount equal to 7% of the employee's base salary. Contributions charged to operations for the fiscal years ended June 30, 2021 and 2020 were approximately \$17,600 and \$20,800, respectively.

### (10) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects AFL's financial assets as of June 30, 2021 and 2020, 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>2021</u>	<u>2020</u>
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 1,475,489	\$ 1,334,692
Investments	8,588,036	6,582,500
Pledges Receivable (due within one year)	<u>2,897,140</u>	<u>336,682</u>
Total financial assets	12,960,665	8,253,874
Endowment draw	-	176,679
Less:		
Board designated – Forbes Fund	(25,000)	-
Net assets with donor restrictions	<u>(3,345,255)</u>	<u>(2,204,401)</u>
Financial assets available to meet general expenditures within one year	<b><u>\$ 9,590,410</u></b>	<b><u>\$ 6,226,152</u></b>

# AMERICAN FRIENDS OF THE LOUVRE, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

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### (11) REFUNDABLE ADVANCE

In December 2019, a novel strain of the coronavirus (“COVID-19”) was reported in China. The World Health Organization has declared COVID-19 to constitute a “Public Health Emergency of International Concern”. This outbreak has affected virtually every industry and has created volatility in stock markets throughout the world. Many federal and state governments have implemented numerous restrictions, mandated various closures and quarantine requirements in connection with the COVID-19 outbreak. The extent of the impact of COVID-19 on AFL’s operational and financial performance will depend on future developments, including the duration and spread of the outbreak and the impact on AFL’s funders, donors, employees and vendors, all of which are uncertain and cannot be predicted.

In May 2020, AFL received \$73,100 in funds from the federal Paycheck Protection Program (PPP). The PPP loan was designed to provide a direct incentive for small businesses to keep their workers on the payroll. The Small Business Administration (SBA) will forgive loans if all employees are kept on the payroll for a specific period of time and the money is used for certain allowable costs. Any amounts not forgiven at the end of the program period convert into a loan with 1% interest, payable over 24 months. The AICPA released guidance on recording options and AFL has decided to record these funds under the government grant model (FASB ASC 958-605). The cash received under the PPP is recorded as a liability until the conditions are substantially met. When AFL has substantially met the conditions of the program and qualifying expenses are incurred, the cancellation of the liability is recorded as revenue. As of June 30, 2021, AFL had met conditions and incurred expense in the amount of \$73,100 and this amount was included in the Statement of Activities and Changes in Net Assets as grant revenue. On April 9, 2021, AFL was notified by the SBA that the loan was forgiven.

On February 17, 2021, AFL received a \$73,100 loan under the Small Business Administration’s (“SBA”) Paycheck Protection Program Second Draw Loan (“**PPP Second Draw Loan**”) under the Consolidated Appropriations Act 2021, Additional Coronavirus Response and Relief provisions. PPP Second Draw Loans are eligible for forgiveness if AFL incurs qualifying expenses over a period of time not to exceed 24 weeks. The period of time in which qualifying expenses may be incurred commences upon receipt of the loan. Any portion of the loan not forgiven is payable over a 5-year period at an interest rate of 1%. AFL considers the incurrence of eligible expenses and the acceptance of its application for forgiveness to be barriers in the PPP Second Draw Loan agreement and as such, will recognize contribution income when these conditions are substantially met. As of June 30, 2021, AFL had recorded \$73,100 as a refundable advance.

### (12) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, April 21, 2022, 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, 2021 And 2020

	<u>2021</u>	<u>2020</u>
<b>Grants Made To Musée du Louvre</b>		
International Council Grant for Hittite Exhibition *	\$ 202,469	\$ 263,340
Apollo Kitharoidos Acquisition	-	10,075
St. Esprit Research Project	43,500	-
Louvre's Collection of Frames	-	18,017
The Napoleon III Museum at the Palace of Industry: An Ephemeral Museum	19,047	-
Tous Mecenes Campaign	2,000	-
Leonardo Exhibition Education	-	6,000
Outreach - Louvre Collections	1,000	5,700
Studio Project	512,071	-
Liaisons au Louvre IV: La Dolce Vita for restoration of the Roman Galleries	-	4,523
Jean-Antoine Watteau Painting	500,000	-
Francois Le Moyne Drawing	60,000	-
James Northcote Painting	200,000	-
Benjamin West Drawing	60,000	-
Educational Tours of the Louvre	16,920	1,299
Louvre Grand Diner	-	122,575
Grande Allée in the Tuileries Garden	41,700	-
<b>Grants Made to Louvre Endowment</b>		
Louvre Endowment Education Fund – Accessibility	10,000	11,600
Louvre Endowment Education Fund – Collections	100	66,350
Louvre Endowment Education Fund – Palace Garden Conservation	-	36,721
The Dominique Mielle & Juan Carrillo Fund	-	220,730
Mohammad Ladjevardian	-	220,000
Kovler Fund for Public and Social Outreach	25,000	30,000
GRoW Annenberg Fund	-	275,178
Elahé Omidyar Mir-Djalali Fund	<u>2,300,000</u>	<u>-</u>
	<u>\$3,993,807**</u>	<u>\$1,292,108**</u>

\* The total grants paid to the Louvre from International Council funds was \$182,469 and \$243,340, for the years ended June 30, 2021 and 2020, 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*).