

**FRENCH HERITAGE SOCIETY, INC.  
AND SUBSIDIARIES**

**Consolidated Financial Statements  
For Years Ended  
December 31, 2023  
and  
December 31, 2022**

## **Independent Auditor's Report**

To the Board of Directors of  
French Heritage Society, Inc. and Subsidiaries

### ***Opinion***

We have audited the accompanying consolidated financial statements of French Heritage Society, Inc. and Subsidiaries (collectively, "FHS"), which comprise the consolidated statement of financial position as of December 31, 2023 and December 31, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of FHS as of December 31, 2023 and December 31, 2022 and the results of their activities and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FHS and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about FHS's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 FHS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about FHS's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Condon O'Meara McGinty & Donnelly LLP*

September 24, 2024

**FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES**

**Consolidated Statement of Financial Position**

**Assets**

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Current assets</b>		
Cash and cash equivalents	\$2,079,131	\$1,516,051
Investments, at fair value	102,930	102,963
Unconditional promises to give	-	60,000
Accounts receivable	45,247	35,249
Prepaid expenses and other assets	65,100	61,137
Total current assets	2,292,408	1,775,400
<b>Property and equipment, net</b>	14,266	5,167
<b>Right-of-use asset – operating lease</b>	180,078	-
<b>Total assets</b>	<b>\$2,486,752</b>	<b>\$1,780,567</b>

**Liabilities and Net Assets**

<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 67,251	\$ 132,822
Deferred revenue	123,769	77,043
Restoration project grants and awards payable	7,500	7,500
Current maturities of operating lease liability	42,150	-
Total current liabilities	240,670	217,365
<b>Operating lease liability, net of current maturities</b>	137,928	-
Total liabilities	378,598	217,365
<b>Net assets</b>		
Without donor restrictions	297,604	222,897
With donor restrictions	1,810,550	1,340,305
Total net assets	2,108,154	1,563,202
<b>Total liabilities and net assets</b>	<b>\$2,486,752</b>	<b>\$1,780,567</b>

See notes to consolidated financial statements.

**FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES**

**Consolidated Statement of Activities  
Year Ended December 31, 2023**

(With summarized comparative information for year ended December 31, 2022)

	2023		2022	
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
<b>Support and revenue</b>				
Contributions of cash and other financial assets	\$ 440,317	\$ 794,944	\$ 1,235,261	\$ 500,248
Contributions of non-financial assets	55,126	-	55,126	28,585
Special and other fund-raising events (net of costs of direct benefit to donors of \$506,586 in 2023 and \$855,247 in 2022)	504,885	-	504,885	915,007
Program	8,350	-	8,350	6,650
Membership dues	84,788	-	84,788	61,807
Interest and other	60,041	-	60,041	7,887
Total support and revenue before net assets released from restrictions	1,153,507	794,944	1,948,451	1,520,184
Net assets released from restrictions	324,699	(324,699)	-	-
Total support and revenue	<u>1,478,206</u>	<u>470,245</u>	<u>1,948,451</u>	<u>1,520,184</u>
<b>Expenses</b>				
Program services				
Restoration projects (including grants and awards of \$139,470 in 2023 and \$2,768,060 in 2022)	366,728	-	366,728	2,948,477
Cultural exchange and educational programs (including grants and awards of \$65,190 in 2023 and \$67,854 in 2022)	220,865	-	220,865	227,674
Membership services	243,142	-	243,142	229,416
Total program services	<u>830,735</u>	<u>-</u>	<u>830,735</u>	<u>3,405,567</u>
Supporting activities				
Management and general	335,726	-	335,726	314,365
Fund-raising	235,552	-	235,552	289,591
Total supporting activities	<u>571,278</u>	<u>-</u>	<u>571,278</u>	<u>603,956</u>
Total expenses	<u>1,402,013</u>	<u>-</u>	<u>1,402,013</u>	<u>4,009,523</u>
Other				
Increase (decrease) in net assets before other	76,193	470,245	546,438	(2,489,339)
Foreign-currency translation (loss)	(1,486)	-	(1,486)	(19,161)
<b>Increase (decrease) in net assets</b>	<b>74,707</b>	<b>470,245</b>	<b>544,952</b>	<b>(2,508,500)</b>
<b>Net assets, beginning of year</b>	<b>222,897</b>	<b>1,340,305</b>	<b>1,563,202</b>	<b>4,071,702</b>
<b>Net assets, end of year</b>	<b>\$ 297,604</b>	<b>\$ 1,810,550</b>	<b>\$ 2,108,154</b>	<b>\$ 1,563,202</b>

See notes to consolidated financial statements.

**FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES**

**Consolidated Statement of Activities  
Year Ended December 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and revenue</b>			
Contributions of cash and other financial assets	\$ 340,492	\$ 159,756	\$ 500,248
Contributions of non-financial assets	28,585	-	28,585
Special and other fund-raising events (net of costs of direct benefit to donors of \$855,247)	915,007	-	915,007
Program	6,650	-	6,650
Membership dues	61,807	-	61,807
Interest and other	<u>7,887</u>	<u>-</u>	<u>7,887</u>
Total support and revenue before net assets released from restrictions	1,360,428	159,756	1,520,184
Net assets released from restrictions	<u>2,952,305</u>	<u>(2,952,305)</u>	<u>-</u>
Total support and revenue	<u>4,312,733</u>	<u>(2,792,549)</u>	<u>1,520,184</u>
<b>Expenses</b>			
Program services			
Restoration projects (including grants and awards of \$2,768,060)	2,948,477	-	2,948,477
Cultural exchange and educational programs (including grants and awards of \$67,854)	227,674	-	227,674
Membership services	229,416	-	229,416
Total program services	<u>3,405,567</u>	<u>-</u>	<u>3,405,567</u>
Supporting activities			
Management and general	314,365	-	314,365
Fund-raising	289,591	-	289,591
Total supporting activities	<u>603,956</u>	<u>-</u>	<u>603,956</u>
Total expenses	<u>4,009,523</u>	<u>-</u>	<u>4,009,523</u>
Increase (decrease) in net assets before other	303,210	(2,792,549)	(2,489,339)
<b>Other</b>			
Foreign-currency translation (loss)	<u>(19,161)</u>	<u>-</u>	<u>(19,161)</u>
<b>Increase (decrease) in net assets</b>	<b>284,049</b>	<b>(2,792,549)</b>	<b>(2,508,500)</b>
<b>Net assets (deficit), beginning of year</b>	<u>(61,152)</u>	<u>4,132,854</u>	<u>4,071,702</u>
<b>Net assets, end of year</b>	<b>\$ 222,897</b>	<b>\$ 1,340,305</b>	<b>\$ 1,563,202</b>

See notes to consolidated financial statements.

**FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES**

**Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2023**  
 (With summarized comparative information for year ended December 31, 2022)

	2023						2022
	Program Services			Supporting Activities			Total
	Restoration Projects	Cultural Exchange and Educational Programs	Membership Services	Total	Management and General	Fundraising and Direct Benefit Costs	
<b>Payroll and related</b>							
Salaries	\$ 138,230	\$ 87,425	\$ 124,191	\$ 349,846	\$ 129,835	\$ 112,900	\$ 592,581
Payroll taxes and employee benefits	44,777	26,459	44,777	116,013	48,453	40,706	205,172
Total payroll and related	183,007	113,884	168,968	465,859	178,288	153,606	797,753
<b>Other</b>							
Grants and awards	139,470	65,190	-	204,660	-	-	204,660
Catering, facility, and other costs	-	-	-	-	14,848	306,165	321,013
Program materials and hospitality	-	-	-	-	-	200,421	200,421
Accounting and legal	-	-	-	-	88,004	-	88,004
Communications and website	2,559	1,990	3,553	8,102	3,553	2,559	14,214
Postage	1,672	1,300	2,322	5,294	2,322	1,672	9,288
Occupancy	15,763	12,260	21,893	49,916	21,893	15,762	87,571
Publications	285	221	5,403	5,909	396	284	6,589
Office expenses	3,625	2,820	5,036	11,481	5,036	3,625	20,142
Data processing	1,772	1,378	2,461	5,611	4,170	23,382	33,163
Promotion	-	9,247	3,082	12,329	-	18,494	30,823
Staff hotels and travel	4,887	3,801	6,787	15,475	6,787	4,887	27,149
Depreciation and amortization	606	472	842	1,920	842	606	3,368
Other	13,082	8,302	22,795	44,179	9,587	10,675	64,441
Total expenses	366,728	220,865	243,142	830,735	335,726	742,138	1,908,599
Less: costs of direct benefit to donors	-	-	-	-	-	506,586	506,586
<b>Total expenses per statement of activities</b>	<b>\$ 366,728</b>	<b>\$ 220,865</b>	<b>\$ 243,142</b>	<b>\$ 830,735</b>	<b>\$ 335,726</b>	<b>\$ 235,552</b>	<b>\$ 1,402,013</b>
							<b>\$ 4,009,523</b>

See notes to consolidated financial statements.

**FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES**

**Consolidated Statement of Functional Expenses  
Year Ended December 31, 2022**

	Program Services			Supporting Activities		
	Restoration Projects	Cultural Exchange and Educational Programs	Membership Services	Management and General	Fundraising and Direct Benefit Costs	Total
<b>Payroll and related</b>						
Salaries	\$ 115,691	\$ 92,160	\$ 123,542	\$ 123,542	\$ 152,957	\$ 276,499
Payroll taxes and employee benefits	27,801	21,624	32,435	32,435	40,157	72,592
Total payroll and related	<u>143,492</u>	<u>113,784</u>	<u>155,977</u>	<u>155,977</u>	<u>193,114</u>	<u>349,091</u>
<b>Other</b>						
Grants and awards	2,768,060	67,854	-	-	-	2,835,914
Catering, facility, and other costs	789	839	1,135	9,870	368,691	381,324
Program materials and hospitality	-	-	-	-	486,556	486,556
Accounting and legal	-	-	-	93,169	-	93,169
Communications and website	3,558	3,781	5,115	4,448	5,337	22,239
Postage	844	896	1,213	1,054	1,265	5,272
Occupancy	14,924	15,857	21,454	18,655	22,387	93,277
Publications	-	-	6,472	-	-	6,472
Office expenses	2,155	2,290	3,098	2,694	3,233	13,470
Data processing	1,384	1,470	1,989	3,299	31,180	39,322
Promotion	-	6,802	2,268	-	13,604	22,674
Staff hotels and travel	3,245	3,448	4,665	4,056	4,868	20,282
Depreciation and amortization	740	786	1,063	924	673	4,186
Other	9,286	9,867	24,967	20,219	13,930	78,269
Total expenses	2,948,477	227,674	229,416	314,365	1,144,838	4,864,770
Less: costs of direct benefit to donors	-	-	-	-	855,247	855,247
<b>Total expenses per statement of activities</b>	<u>\$2,948,477</u>	<u>\$ 227,674</u>	<u>\$ 229,416</u>	<u>\$ 314,365</u>	<u>\$ 289,591</u>	<u>\$4,009,523</u>

See notes to consolidated financial statements.



**FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES**

**Consolidated Statement of Cash Flows**

	<b>Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets	\$ 544,952	\$ (2,508,500)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Donated stock	(33,063)	(31,807)
Proceeds from sale of donated stock	31,780	30,667
Unrealized (gain) loss on investments	515	(312)
Depreciation and amortization	3,368	4,186
Amortization of right-of-use asset – operating lease	27,762	-
Decrease in unconditional promises to give	60,000	275,500
(Increase) decrease in accounts receivable	(9,998)	49,829
(Increase) in prepaid expenses and other assets	(3,963)	(13,026)
Increase (decrease) in accounts payable and accrued expenses	(65,571)	20,807
Increase (decrease) in deferred revenue	46,726	(24,983)
(Decrease) in restoration project grants and awards payable	-	(53,610)
(Decrease) in operating lease liability	(27,762)	-
Net cash provided by (used in) operating activities	<u>574,746</u>	<u>(2,251,249)</u>
<b>Cash flows from investing activities</b>		
Proceeds from maturities of investments	100,801	102,442
Purchases of investments	(100,000)	(100,000)
Purchases of property and equipment	(12,467)	-
Net cash provided by (used in) investing activities	<u>(11,666)</u>	<u>2,442</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>563,080</b>	<b>(2,248,807)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>1,516,051</u></b>	<b><u>3,764,858</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 2,079,131</u></b>	<b><u>\$ 1,516,051</u></b>
<b>Supplemental disclosure of cash flows information:</b>		
ROU asset recorded under operating lease agreement	\$ 207,840	\$ -

See notes to consolidated financial statements.

## FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements December 31, 2023 and December 31, 2022

#### Note 1 – Nature of organization and summary of significant accounting policies

##### Nature and organization

French Heritage Society, Inc. (the “Organization”), was incorporated as a not-for-profit corporation in the State of New York in 1981. The mission of the Organization is to ensure that the treasures of our shared French architectural and cultural heritage survive to inspire future generations to build, dream and create by:

- preserving the rich French architectural and cultural heritage throughout France and in the United States (the “U.S.”) by raising funds for restoration, preservation and cultural grants;
- transmitting and safeguarding the skills, knowledge and love of the heritage through transatlantic educational programs for students, architects, artisans, art connoisseurs and collectors; and
- fostering Franco-American friendship and cross-cultural exchange through select tours in France and the U.S., lectures, conferences, galas and other events on both sides of the Atlantic.

The Organization's activities are supported through a network of chapters in the U.S. and one in France. The chapters, which are managed through an extensive volunteer network, organize a variety of cultural, social and fundraising events for its members. Net proceeds from chapter fundraising events are designated for specific grants which the Organization's Board of Directors has voted to fund.

American Friends of L'Abbaye de Lagrasse, LLC, created in October 2018, and American Friends of the Saint Omer Foundation, LLC, created in April 2018, were formed as single-member, member-managed, limited liability companies in which the Organization is the single member and manager. Each LLC has been created pursuant to a fiscal sponsorship agreement under which the Organization facilitates the ability of the French non-profit entity that is party to the sponsorship agreement to offer a deduction under the U.S. tax laws to donors contributing funds for the benefit of such French non-profit. At December 31, 2023 and December 31, 2022, the American Friends of the Saint Omer Foundation, LLC had assets of approximately \$18,000 and \$19,000 and income of \$3,500 and \$1,100 which are included in the consolidated statement of financial position and consolidated statement of activities, respectively. The American Friends of L'Abbaye de Lagrasse, LLC had no assets or income for the years ended December 31, 2023 and December 31, 2022.

##### Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Organization, American Friends of L'Abbaye de Lagrasse, LLC and American Friends of the Saint Omer Foundation, LLC (collectively, “FHS”). All material intercompany accounts and transactions have been eliminated upon consolidation.

**FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements (continued)  
December 31, 2023 and December 31, 2022****Note 1 – Nature of organization and summary of significant accounting policies (continued)**Basis of presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

Net assets

The net assets of FHS and the changes therein are classified and reported as follows:

Net assets without donor restrictions

Net assets without donor restrictions that represent those resources that are used to account for the general activities of FHS.

Net assets with donor restrictions

Net assets with donor restrictions are those resources that are subject to donor-imposed restrictions, such as specific purposes and/or the passage of time. Net assets released from restrictions represent the satisfaction of the restricted purposes specified by the donor or the passage of time, and are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Revenue and recognition

Contributions to FHS, other than the contribution portion of payments for special events, are recognized as revenue upon the receipt of cash or other assets, or of unconditional pledges. Contributions are reported as being with donor restrictions if they are received with donor stipulations or time considerations as to their use. Gross proceeds paid by attendees at special events held as fundraising activities represent contribution revenue, as well as the payment of the direct cost of the benefit received by the attendee at the event. Special event income is reported net of the direct benefit to donors. Special event revenue received for a future year's event is deferred and recognized in the year the event takes place. Conditional contributions are recognized when the donor's conditions have been substantially met by requisite actions of FHS's management or necessary events have taken place. FHS records bequests at the time FHS has an established right to a bequest and the proceeds are measurable. Donated securities are recorded at their estimated fair values at the date of donation.

Dues are recognized in the applicable membership period.

**FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements (continued)  
December 31, 2023 and December 31, 2022****Note 1 – Nature of organization and summary of significant accounting policies (continued)**Contributed non-financial assets

Contributed goods are recognized at their fair values on the dates of donation. Contributions of services are recorded as both revenue and expense in the year in which they are received, provided that the services: (i) create or enhance nonfinancial assets; or (ii) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not donated. (See Note 6).

Members of the Board and other volunteers have donated significant amounts of their time and support through fund-raising and organizing and participating in events in furtherance of the Organization's mission. The value of this donated volunteer time is not reported in the accompanying consolidated financial statements as it does not meet the criteria for recognition.

Cash equivalents

FHS considers all highly liquid investments with original maturities of three months or less when acquired to be cash equivalents.

Allowance for doubtful accounts

As of December 31, 2023 and December 31, 2022, FHS deems that an allowance for doubtful accounts is not necessary. Such estimates is based on management's experience, the aging of receivables, subsequent receipts and current economic conditions.

Investments

The value of the certificates of deposit is determined using a cost-basis measure, which is the original cost plus accrued interest, which approximates fair value. Common stock is recorded at fair value which is based on publicly traded quotes. Realized and unrealized gains or losses are reported in the consolidated statement of activities as increases or decreases in net assets.

Fair value measurements

FHS's investments are measured using Level 1 inputs, which are defined as quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date.

**FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements (continued)  
December 31, 2023 and December 31, 2022****Note 1 – Nature of organization and summary of significant accounting policies (continued)**Property and equipment

Property and equipment are stated at their original cost at the dates of acquisition, or, if contributed, at their fair value at the date of donation. FHS capitalizes items of property and equipment that have a cost of \$1,000 or more and a useful life greater than one year, whereas minor costs of repair and maintenance are expensed as incurred. Depreciation of furniture, equipment, and computer equipment is provided using the straight-line method over three to five years, the estimated useful lives of the related assets. Leasehold improvements are amortized over the remaining lease term or the useful lives of the improvements, whichever is shorter. During 2022, FHS disposed of fully depreciated property and equipment no longer in use with an original cost basis of \$3,685.

Restoration project grants and awards payable

Restoration project grants and awards payable represents all unconditional grants that have been authorized prior to the year end, but remain unpaid as of the consolidated statement of financial position date. In addition to restoration-project grants and awards payable, FHS has selected future restoration projects (“future projects”) as potential grantees, the conditions for funding of which have not yet been met by the project sponsors. FHS’s conditional commitments for these future projects totaled approximately \$1,542,000 and \$942,000 as of December 31, 2023 and December 31, 2022, respectively. Following approval of these future projects, and in anticipation of such projects’ meeting the conditions for funding, FHS commenced fund-raising for these projects. As a result of such fund-raising efforts, FHS had available a total of approximately \$1,539,000 and \$924,000 as of December 31, 2023 and December 31, 2022, respectively, as contributions designated for such future projects, and such amounts are reported as net assets with donor restrictions. Conditional grants are considered payable and expensed in the period the conditions are substantially satisfied.

Foreign-currency translations and transactions

Foreign-currency translation gains or losses are the inherent result of the process of translating, into U.S. dollars, the functional currency of the Organization’s Paris office, which is the Euro. For assets and liabilities, such annual translation adjustments are not included in determining the net increase or decrease in assets from operations, but they are instead disclosed as a separate component in the consolidated statement of activities.

Functional allocation of expenses

The expenses of providing the various program services and supporting activities have been summarized on a functional basis in the consolidated statement of functional expenses. Expenses that can be directly identified with a program service or supporting activity are reported within the respective functions accordingly. Expenses which are not readily identified with a particular function or are identified with more than one function, are allocated among program services and supporting activities based on time and effort.

**FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements (continued)  
December 31, 2023 and December 31, 2022****Note 1 – Nature of organization and summary of significant accounting policies (continued)**Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Concentrations of credit risk

FHS's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents, investments and receivables. FHS places its cash and cash equivalents with what it believes to be quality financial institutions. During 2023 and 2022, FHS's bank balances exceeded the FDIC insurance limit. FHS has not incurred any losses in its cash accounts to date. FHS's investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. Due to the level of risk associated with investment securities, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the consolidated statement of financial position as of December 31, 2023. FHS routinely monitors the collectability of its receivables to ensure they are viable. As a result, FHS believes no significant concentrations of credit risk exist with respect to its cash, cash equivalents, investments and receivables.

Operating lease liabilities

Effective January 1, 2022, FHS adopted FASB ASC 842, *Leases*. The standard established a right of use ("ROU") model that requires a lessee to record an ROU asset, which represents the right to use a respective asset (i.e., office space) for the lease term, and a lease liability on the consolidated statement of financial position for unrelated party leases for leases with terms longer than 12 months. FHS has elected to use a risk-free rate to discount its occupancy lease to its net present value. The risk-free rate at the time the lease was entered into was 3.64%.

Subsequent events

FHS has evaluated events and transactions for potential recognition or disclosure through September 24, 2024, which is the date the consolidated financial statements were available to be issued.

**FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements (continued)**  
**December 31, 2023 and December 31, 2022**

**Note 2 – Liquidity and availability and financial assets**

As of December 31, 2023 and December 31, 2022, financial assets and liquidity resources available within one year of the consolidated statement of financial position date for general expenditures were as follows:

	<u>2023</u>	<u>2022</u>
Financial assets		
Cash and cash equivalents	\$ 2,079,131	\$ 1,516,051
Investments, at fair value	102,930	102,963
Unconditional promises to give	-	60,000
Accounts receivable	<u>45,247</u>	<u>35,249</u>
Total	<u>\$ 2,227,308</u>	<u>\$ 1,714,263</u>

As part of the FHS's liquidity management, it attempts to maintain a sufficient level of operating cash to be available as its general expenditures (including grants, liabilities, and other obligations) come due.

**Note 3 – Investments, at fair value**

The following is a summary of the investments at fair value at December 31, 2023 and December 31, 2022:

	<u>2023</u>	<u>2022</u>
Certificates of deposit	\$ 101,863	\$ 101,832
Common stock	<u>1,067</u>	<u>1,131</u>
Total	<u>\$ 102,930</u>	<u>\$ 102,963</u>

**Note 4 – Property and equipment**

The summary of the property and equipment as of December 31, 2023 and December 31, 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Computer equipment	\$ 62,229	\$ 59,262
Leasehold improvements	76,072	66,572
Furniture and equipment	<u>5,583</u>	<u>5,583</u>
Sub-total	143,884	131,417
Less: accumulated depreciation and amortization	<u>129,618</u>	<u>126,250</u>
Total	<u>\$ 14,266</u>	<u>\$ 5,167</u>

**FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements (continued)**  
**December 31, 2023 and December 31, 2022**

**Note 5 – Net assets with donor restrictions**

At December 31, 2023 and December 31, 2022, net assets with donor restrictions consisted of the following:

	<u>2023</u>	<u>2022</u>
Abbaye de Lerins	\$ 10,000	\$ -
Abbaye de Longues	3,099	1,975
Abbaye de Souillac	-	1,200
Abbaye du Lucerne	233,280	-
American Friends of St Omer	13,290	13,290
Archives Nationales	305,000	305,000
Bolduc House	10,000	-
Chapter commitments (10 chapters)	414,911	350,818
Château de Balzac	10,000	10,000
Château de Breuil Yvain	5,000	5,000
Château de Flaugergues	7,600	7,600
Château de Gizeux	131	131
Château de La Montagne	-	405
Chateau de Prye	95,000	-
Château de Sully	25,000	25,000
Château de Vaux	75	1,275
Château du Clos de Vougeot	21,262	4,918
Chateau du Lude	2,918	-
Degas House	2,200	2,200
Discretionary	500	500
Eglise de Flavigny	23,077	-
Eglise Sainte Osmanne	5,085	5,085
Fort de Chartres	-	6,000
Future Projects (Bessimer trust)	11,000	11,000
Grand Palais	25,000	-
Historic preservation internship program	267,104	403,674
Logis de Moullins	5,000	-
Mount Vernon	-	610
Palais du Luxembourg	883	-
Petite Plaisance	11,565	524
Philadelphia Museum of Art	100	100
Prieure du Bourget du Lac	95,000	-
Protestant Church of Saumur	171,500	171,500
Reims, American City	7,632	-
Student oriented program	10,000	10,000
Theatre de Chaillot-Amer. Party	2,500	2,500
YMCA Paris	15,838	-
Total	<u>\$ 1,810,550</u>	<u>\$ 1,340,305</u>



**FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements (continued)**  
**December 31, 2023 and December 31, 2022**

**Note 5 – Net assets with donor restrictions (continued)**

During the years ended December 31, 2023 and December 31, 2022, net assets released from restrictions were as follows:

	<u>2023</u>	<u>2022</u>
Abbaye de Longues	\$ -	\$ 14,564
Abbaye de Souillac	8,255	4,250
Château de Bourmont	7,500	-
Château de By	16,500	-
Château de Carneville	-	20,000
Château de Flaugergues	-	7,600
Château de Fontariol	7,500	-
Château de Gizeux	-	158
Château de Goudourville	-	5,000
Château de Jumihac	-	10,000
Château de Magnas	7,500	-
Château de la Montagne	15,405	14,875
Château de Millets	-	14,000
Château de Ponce	-	7,500
Château de Rametz	5,000	5,000
Château de Rochefort	5,000	5,000
Château de la Rongère	7,500	-
Château de Sambucy	5,000	5,000
Chateau de Vaux	11,200	-
Chatillon-DeMenil House	-	2,500
Commanderie d'Epailly	-	6,250
Domaine de Cheronne	10,000	-
Eglise Sainte Osmanne	-	140
Fort de Chartres	12,000	-
French Sculpture	8,500	-
Historic preservation internship program	186,229	182,458
Metropolitan Museum of Art	-	50,000
Moulin de Penthievre	4,000	-
Mount Vernon	7,610	5,000
Notre Dame Fire Fund	-	2,577,996
Petite Plaisance	-	1,014
Priory du Mont Saint Michel	-	1,000
Village of Bourbonnais	-	13,000
Total	<u>\$ 324,699</u>	<u>\$2,952,305</u>

**FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements (continued)**  
**December 31, 2023 and December 31, 2022**

**Note 6 – Contributed non-financial assets**

During the years ended December 31, 2023 and December 31, 2022, FHS received the following donated goods and services:

	2023	2022
Donated goods – event	\$ 55,126	\$ 28,585

FHS recognizes contributed nonfinancial assets within support and revenue, including contributed services and event goods. Contributed nonfinancial assets do not have donor-imposed restrictions. Contributed event goods are used for fundraising events and galas. The event goods were valued based on estimates of retail values that would be received for selling similar products.

**Note 7 – 401(k) plan**

FHS maintains a 401(k) plan (the “Plan”), under which FHS matches up to 3% of each eligible participant’s compensation. FHS contributed \$21,882 and \$23,294 to the Plan for the years ended December 31, 2023 and December 31, 2022, respectively.

**Note 8 – Operating lease**

FHS leases office space in New York and Paris under operating leases. The lease for the New York office was due to expire April 30, 2023. In April 2023, FHS and the landlord agreed to extend the lease through June 30, 2028. The new lease calls for monthly payments of \$3,461 in the first year of the lease with annual increases thereafter to \$3,895 per month in the final year. FHS received two months of free rent as part of the lease extension (May 2023 and June 2023). The Paris lease expired in September 2023 and is currently month-to-month.

Future annual lease payments under the operating lease agreement are as follows:

Year	Total
2024	\$ 42,150
2025	43,410
2026	44,718
2027	46,062
2028	23,370
Sub-total	199,710
Less: present value discount	19,632
Total	\$ 180,078

**FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements (continued)  
December 31, 2023 and December 31, 2022****Note 9 – Tax status**

The Organization has been determined by the Internal Revenue Service to be a charitable organization as defined by Section 501(c)(3) of the U.S. Internal Revenue Code (the “Code”) and, accordingly, is exempt from federal income taxes under Section 501(a) of the Code. American Friends of L’Abbaye de Lagrasse, LLC and American Friends of the Saint Omer Foundation, LLC are treated as disregarded entities for corporate tax filing purposes and all of their balances and transactions are reflected on the information tax returns of the Organization.