

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

**Consolidated Financial Statements
For Years Ended
December 31, 2024
and
December 31, 2023**



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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, 2024 and December 31, 2023, 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, 2024 and December 31, 2023 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

October 15, 2025

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES

Consolidated Statement of Financial Position

Assets	December 31	
	2024	2023
Current assets		
Cash and cash equivalents	\$ 2,398,796	\$ 2,079,131
Investments, at fair value	-	102,930
Accounts receivable	25,472	45,247
Prepaid expenses and other assets	57,143	65,100
Total current assets	2,481,411	2,292,408
Property and equipment, net	55,297	14,266
Right-of-use asset – operating lease	403,896	180,078
Total assets	\$ 2,940,604	\$ 2,486,752
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 74,294	\$ 67,251
Unearned revenue	117,816	123,769
Restoration project grants and awards payable	7,500	7,500
Current maturities of operating lease liabilities	84,250	42,150
Total current liabilities	283,860	240,670
Operating lease liabilities, net of current maturities	319,646	137,928
Total liabilities	603,506	378,598
Net assets		
Without donor restrictions	354,238	297,604
With donor restrictions	1,982,860	1,810,550
Total net assets	2,337,098	2,108,154
Total liabilities and net assets	\$ 2,940,604	\$ 2,486,752

See notes to consolidated financial statements.

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES
Consolidated Statement of Activities
Year Ended December 31, 2024
(With summarized comparative information for year ended December 31, 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue				
Contributions of cash and other financial assets	\$ 296,045	\$ 844,508	\$ 1,140,553	\$ 1,235,261
Contributions of non-financial assets	135,012	-	135,012	55,126
Special and other fund-raising events (net of costs of direct benefit to donors of \$678,741 in 2024 and \$506,586 in 2023)	560,215	-	560,215	504,885
Program	5,700	-	5,700	8,350
Membership dues	66,802	-	66,802	84,788
Interest and other	116,814	-	116,814	60,041
Total support and revenue before net assets released from restrictions	1,180,588	844,508	2,025,096	1,948,451
Net assets released from restrictions	672,198	(672,198)	-	-
Total support and revenue	1,852,786	172,310	2,025,096	1,948,451
Expenses				
Program services				
Restoration projects (including grants and awards of \$461,199 in 2024 and \$139,470 in 2023)	643,743	-	643,743	366,728
Cultural exchange and educational programs (including grants and awards of \$67,961 in 2024 and \$65,190 in 2023)	171,033	-	171,033	220,865
Membership services	281,327	-	281,327	243,142
Total program services	1,096,103	-	1,096,103	830,735
Supporting activities				
Management and general	377,603	-	377,603	335,726
Fund-raising	298,694	-	298,694	235,552
Total supporting activities	676,297	-	676,297	571,278
Total expenses	1,772,400	-	1,772,400	1,402,013
Increase in net assets before other	80,386	172,310	252,696	546,438
Other				
Foreign-currency translation (loss)	(23,752)	-	(23,752)	(1,486)
Increase in net assets	56,634	172,310	228,944	544,952
Net assets, beginning of year	297,604	1,810,550	2,108,154	1,563,202
Net assets, end of year	\$ 354,238	\$ 1,982,860	\$ 2,337,098	\$ 2,108,154

See notes to consolidated financial statements.

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Contributions of cash and other financial assets	\$ 440,317	\$ 794,944	\$ 1,235,261
Contributions of non-financial assets	55,126	-	55,126
Special and other fund-raising events (net of costs of direct benefit to donors of \$506,586)	504,885	-	504,885
Program	8,350	-	8,350
Membership dues	84,788	-	84,788
Interest and other	<u>60,041</u>	<u>-</u>	<u>60,041</u>
Total support and revenue before net assets released from restrictions	1,153,507	794,944	1,948,451
Net assets released from restrictions	<u>324,699</u>	<u>(324,699)</u>	<u>-</u>
Total support and revenue	<u>1,478,206</u>	<u>470,245</u>	<u>1,948,451</u>
Expenses			
Program services			
Restoration projects (including grants and awards of \$139,470)	366,728	-	366,728
Cultural exchange and educational programs (including grants and awards of \$65,190)	220,865	-	220,865
Membership services	<u>243,142</u>	<u>-</u>	<u>243,142</u>
Total program services	<u>830,735</u>	<u>-</u>	<u>830,735</u>
Supporting activities			
Management and general	335,726	-	335,726
Fund-raising	<u>235,552</u>	<u>-</u>	<u>235,552</u>
Total supporting activities	<u>571,278</u>	<u>-</u>	<u>571,278</u>
Total expenses	<u>1,402,013</u>	<u>-</u>	<u>1,402,013</u>
Increase in net assets before other	76,193	470,245	546,438
Other			
Foreign-currency translation (loss)	<u>(1,486)</u>	<u>-</u>	<u>(1,486)</u>
Increase in net assets	74,707	470,245	544,952
Net assets, beginning of year	<u>222,897</u>	<u>1,340,305</u>	<u>1,563,202</u>
Net assets, end of year	<u>\$ 297,604</u>	<u>\$ 1,810,550</u>	<u>\$ 2,108,154</u>

See notes to consolidated financial statements.

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses
Year Ended December 31, 2024
(With summarized comparative information for year ended December 31, 2023)

	2024							2023	
	Program Services				Supporting Activities				
	Restoration Projects	Cultural Exchange and Educational Programs	Membership Services	Total	Management and General	Fundraising	Total	Total	Total
Payroll and related									
Salaries	\$ 113,690	\$ 65,603	\$ 155,766	\$ 335,059	\$ 126,229	\$ 161,777	\$ 288,006	\$ 623,065	\$ 592,581
Payroll taxes and employee benefits	33,052	9,891	45,922	88,865	38,535	47,750	86,285	175,150	205,172
Total payroll and related	146,742	75,494	201,688	423,924	164,764	209,527	374,291	798,215	797,753
Other									
Grants and awards	461,199	67,961	-	529,160	-	-	-	529,160	204,660
Catering, facility, and other costs	-	-	-	-	8,147	404,456	412,603	412,603	321,013
Program materials and hospitality	-	-	-	-	-	274,285	274,285	274,285	200,421
Accounting and legal	-	-	-	-	148,871	-	148,871	148,871	88,004
Communications and website	2,624	1,476	4,592	8,692	3,771	3,936	7,707	16,399	14,214
Postage	587	330	1,027	1,944	842	880	1,722	3,666	9,288
Occupancy	14,602	8,214	25,553	48,369	20,990	21,903	42,893	91,262	87,571
Publications	146	82	255	483	210	219	429	912	6,589
Office expenses	3,171	1,784	5,549	10,504	4,557	4,756	9,313	19,817	20,142
Data processing	1,513	851	2,647	5,011	3,038	22,885	25,923	30,934	33,163
Promotion	-	7,487	2,496	9,983	-	14,974	14,974	24,957	30,823
Staff hotels and travel	4,529	2,547	7,925	15,001	6,511	6,793	13,304	28,305	27,149
Depreciation and amortization	388	218	680	1,286	1,983	583	2,566	3,852	3,368
Other	8,242	4,589	28,915	41,746	13,919	12,238	26,157	67,903	64,441
Total expenses	643,743	171,033	281,327	1,096,103	377,603	977,435	1,355,038	2,451,141	1,908,599
Less: costs of direct benefit to donors net with revenue	-	-	-	-	-	678,741	678,741	678,741	506,586
Total expenses per consolidated statement of activities	\$ 643,743	\$ 171,033	\$ 281,327	\$1,096,103	\$ 377,603	\$ 298,694	\$ 676,297	\$1,772,400	\$1,402,013

See notes to consolidated financial statements.

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES

**Consolidated Statement of Functional Expenses
Year Ended December 31, 2023**

	<u>Program Services</u>				<u>Supporting Activities</u>			
	<u>Restoration Projects</u>	<u>Cultural Exchange and Educational Programs</u>	<u>Membership Services</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Payroll and related								
Salaries	\$ 138,230	\$ 87,425	\$ 124,191	\$ 349,846	\$ 129,835	\$ 112,900	\$ 242,735	\$ 592,581
Payroll taxes and employee benefits	44,777	26,459	44,777	116,013	48,453	40,706	89,159	205,172
Total payroll and related	<u>183,007</u>	<u>113,884</u>	<u>168,968</u>	<u>465,859</u>	<u>178,288</u>	<u>153,606</u>	<u>331,894</u>	<u>797,753</u>
Other								
Grants and awards	139,470	65,190	-	204,660	-	-	-	204,660
Catering, facility, and other costs	-	-	-	-	14,848	306,165	321,013	321,013
Program materials and hospitality	-	-	-	-	-	200,421	200,421	200,421
Accounting and legal	-	-	-	-	88,004	-	88,004	88,004
Communications and website	2,559	1,990	3,553	8,102	3,553	2,559	6,112	14,214
Postage	1,672	1,300	2,322	5,294	2,322	1,672	3,994	9,288
Occupancy	15,763	12,260	21,893	49,916	21,893	15,762	37,655	87,571
Publications	285	221	5,403	5,909	396	284	680	6,589
Office expenses	3,625	2,820	5,036	11,481	5,036	3,625	8,661	20,142
Data processing	1,772	1,378	2,461	5,611	4,170	23,382	27,552	33,163
Promotion	-	9,247	3,082	12,329	-	18,494	18,494	30,823
Staff hotels and travel	4,887	3,801	6,787	15,475	6,787	4,887	11,674	27,149
Depreciation and amortization	606	472	842	1,920	842	606	1,448	3,368
Other	<u>13,082</u>	<u>8,302</u>	<u>22,795</u>	<u>44,179</u>	<u>9,587</u>	<u>10,675</u>	<u>20,262</u>	<u>64,441</u>
Total expenses	366,728	220,865	243,142	830,735	335,726	742,138	1,077,864	1,908,599
Less: costs of direct benefit to donors net with revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>506,586</u>	<u>506,586</u>	<u>506,586</u>
Total expenses per consolidated statement of activities	<u>\$ 366,728</u>	<u>\$ 220,865</u>	<u>\$ 243,142</u>	<u>\$ 830,735</u>	<u>\$ 335,726</u>	<u>\$ 235,552</u>	<u>\$ 571,278</u>	<u>\$1,402,013</u>

See notes to consolidated financial statements.

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

	Year Ended	
	December 31	
	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Increase in net assets	\$ 228,944	\$ 544,952
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Donated stock	(39,112)	(33,063)
Proceeds from sale of donated stock	40,179	31,780
Unrealized loss on investments	-	515
Depreciation and amortization	3,852	3,368
Amortization of right-of-use asset – operating lease	80,738	27,762
Decrease in unconditional promises to give	-	60,000
(Increase) decrease in accounts receivable	19,775	(9,998)
(Increase) decrease in prepaid expenses and other assets	7,957	(3,963)
Increase (decrease) in accounts payable and accrued expenses	7,043	(65,571)
Increase (decrease) in unearned revenue	(5,953)	46,726
Repayment of operating lease liability	(80,738)	(27,762)
Net cash provided by operating activities	<u>262,685</u>	<u>574,746</u>
Cash flows from investing activities		
Proceeds from maturities of investments	101,863	100,801
Purchases of investments	-	(100,000)
Purchases of property and equipment	(44,883)	(12,467)
Net cash provided by (used in) investing activities	<u>56,980</u>	<u>(11,666)</u>
Net increase in cash and cash equivalents	319,665	563,080
Cash and cash equivalents, beginning of year	<u>2,079,131</u>	<u>1,516,051</u>
Cash and cash equivalents, end of year	<u>\$ 2,398,796</u>	<u>\$ 2,079,131</u>
Supplemental disclosure of cash flows information:		
ROU asset recorded under operating lease agreements	<u>\$ 304,556</u>	<u>\$ 207,840</u>

See notes to consolidated financial statements.

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2024 and December 31, 2023

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. As of December 31, 2024 and December 31, 2023, the American Friends of the Saint Omer Foundation, LLC had assets of approximately \$28,000 and \$18,000 and income of \$14,500 and \$3,500 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, 2024 and December 31, 2023.

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, 2024 and December 31, 2023**

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.

Contributions

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. 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.

Revenue recognition

Dues are recognized in the applicable membership period. Special event revenue received for a future year's event is deferred and recognized in the year an event takes place. Special and other fundraising events revenue is recognized when the event takes place.

Total revenue recognized over time and at a point in time is as follows for the years ended December 31, 2024 and December 31, 2023:

	<u>2024</u>	<u>2023</u>
Revenue recognized over time	\$ 66,802	\$ 84,788
Revenue recognized at a point in time	<u>682,729</u>	<u>573,276</u>
Total	<u>\$ 749,531</u>	<u>\$ 658,064</u>

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES**Notes to Consolidated Financial Statements (continued)
December 31, 2024 and December 31, 2023****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 7).

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 credit losses

As of December 31, 2024 and December 31, 2023, FHS deems that an allowance for credit losses is not necessary. Such estimates is based on management's experience, the aging of receivables, subsequent receipts and current and anticipated future economic conditions. FHS had no additions to the allowance for credit losses during 2024 or 2023. In 2024, FHS had bad debt write-offs of \$2,000 in 2024. There were no bad debt write-offs in 2023.

Investments

The value of 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, 2024 and December 31, 2023****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.

Operating lease

Right-of-use assets and lease liabilities for operating leases are recognized at the lease commencement date based on the future lease payments over the expected lease term. FHS has elected to use a risk-free rate to discount its occupancy leases to its net present value. FHS has elected not to record leases with an initial term of 12 months or less on the consolidated statement of financial position.

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 \$1,838,000 and \$1,542,000 as of December 31, 2024 and December 31, 2023, 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 \$1,827,000 and \$1,539,000 as of December 31, 2024 and December 31, 2023, 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.

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)
December 31, 2024 and December 31, 2023

Note 1 – Nature of organization and summary of significant accounting policies (continued)

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.

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 and receivables. FHS places its cash and cash equivalents with what it believes to be quality financial institutions. During 2024 and 2023, FHS's bank balances exceeded the FDIC insurance limit. FHS has not incurred any losses in its cash accounts to date. 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 and receivables.

Subsequent events

FHS has evaluated events and transactions for potential recognition or disclosure through October 15, 2025, which is the date the consolidated financial statements were available to be issued.

Note 2 – Liquidity and availability and financial assets

As of December 31, 2024 and December 31, 2023, financial assets and liquidity resources available within one year of the consolidated statement of financial position date for general expenditures were as follows:

	<u>2024</u>	<u>2023</u>
Financial assets		
Cash and cash equivalents	\$ 2,398,796	\$ 2,079,131
Investments, at fair value	-	102,930
Accounts receivable	<u>25,472</u>	<u>45,247</u>
Total	<u>\$ 2,424,268</u>	<u>\$ 2,227,308</u>

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)
December 31, 2024 and December 31, 2023

Note 2 – Liquidity and availability and financial assets (continued)

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 – Accounts receivable and unearned revenue

The following is a summary of the FHS's accounts receivable and unearned revenue for the years ended December 31, 2024 and December 31, 2023:

	<u>2024</u>	<u>2023</u>
Accounts receivable, beginning of year	\$ 45,247	\$ 35,249
Accounts receivable, end of year	\$ 25,472	\$ 45,247
Unearned revenue, beginning of year	\$ 123,769	\$ 77,043
Unearned revenue, end of year	\$ 117,816	\$ 123,769

Note 4 – Investments, at fair value

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

Certificates of deposit	\$ 101,863
Common stock	<u>1,067</u>
Total	<u>\$ 102,930</u>

FHS did not have any investments as of December 31, 2024.

Note 5 – Property and equipment

The summary of the property and equipment as of December 31, 2024 and December 31, 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Computer equipment	\$ 63,612	\$ 62,229
Leasehold improvements	76,072	76,072
Website	43,500	-
Furniture and equipment	<u>5,583</u>	<u>5,583</u>
Sub-total	188,767	143,884
Less: accumulated depreciation and amortization	<u>133,470</u>	<u>129,618</u>
Total	<u>\$ 55,297</u>	<u>\$ 14,266</u>

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)
December 31, 2024 and December 31, 2023

Note 6 – Net assets with donor restrictions

As of December 31, 2024 and December 31, 2023, net assets with donor restrictions consisted of the following:

	<u>2024</u>	<u>2023</u>
Abbaye de Boular	\$ 1,074	\$ -
Abbaye de Citeaux	8,589	-
Abbaye de Lerins	10,000	10,000
Abbaye de Longues	2,631	3,099
Abbaye de Souillac	2,043	-
Abbaye du Lucerne	371,061	233,280
American Friends of St. Omer	21,411	13,290
Archives Nationales	305,000	305,000
Chapter commitments (10 chapters)	442,013	414,911
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 Jarnioux	5,000	-
Château de Prye	47,500	95,000
Château de Sully	25,000	25,000
Château de Valleroy	10,000	-
Château de Vaux	-	75
Château du Clos de Vougeot	21,512	21,262
Château du Lude	9,677	2,918
Degas House	2,200	2,200
Discretionary	3,079	500
Education Program	145,911	277,104
Eglise de Flavigny	23,077	23,077
Eglise Sainte Osmanne	-	5,085
En Route to Revolution Cultural Grant (Humans Documentary Films)	5,000	-
Future Projects (Bessimer trust)	11,000	11,000
Grand Palais	-	25,000
Logis de Moullins	5,000	5,000
Musee Andre Breton	9,500	-
Palais du Luxembourg	883	883
Petite Plaisance	12,001	11,565
Philadelphia Museum of Art	100	100
Pieux Etablissements	50,350	-
Prieure du Bourget du Lac	95,000	95,000
Protestant Church of Saumur	171,500	171,500
Reims, American City	9,240	7,632
Richard Morris Hunt Prize (RMHP) Education Program	16,184	-
Sainte Marie Aux Anglais Chapel (2024)	21,755	-
Theatre de Chaillot-Amer. Party	-	2,500
William Kemper Foundation	10,000	10,000
YMCA Paris	15,838	15,838
2025 Grant Projects	<u>70,000</u>	<u>-</u>
Total	<u>\$ 1,982,860</u>	<u>\$ 1,810,550</u>

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)
December 31, 2024 and December 31, 2023

Note 6 – Net assets with donor restrictions (continued)

During the years ended December 31, 2024 and December 31, 2023, net assets released from restrictions were as follows:

	<u>2024</u>	<u>2023</u>
Abbaye de Longues	\$ 2,968	\$ -
Abbaye de Souillac	-	8,255
Abraham Lincoln Statue in Paris	5,000	-
Basilica of Ste Anne de Detroit, US	15,000	-
Bolduc House	18,160	-
Chapter excess	39,270	-
Château de Bourmont	-	7,500
Château de Breuil Yvain	7,500	-
Château de By	-	16,500
Château de Canon	15,000	-
Château de Carneville	-	-
Château de Castries Gardens	7,000	-
Château de Donjeux Gardens	10,000	-
Château de Fontariol	-	7,500
Château de Magnas	-	7,500
Château de Miromesnil	7,500	-
Château de la Montagne	-	15,405
Château de Ponce	7,500	-
Château de Prye	47,500	-
Château de Purnon	5,500	-
Château de Rametz	-	5,000
Château de la Roche	12,500	-
Château de Rochefort	-	5,000
Château de la Rongère	-	7,500
Château de Sambucy	-	5,000
Château de Varenne	15,000	-
Château de Vaux	75	11,200
Domaine de Cheronne	-	10,000
Education Program	142,759	186,229
Eglise Notre Dame de Carentan	10,000	-
Eglise Sainte Osmanne	5,085	-
En Route to Revolution Cultural Grant (Humanus Documentary Films)	5,000	-
Fort de Chartres	-	12,000
French Sculpture	-	8,500
Grand Palais	130,000	-
Moulin de Penthievre	-	4,000
Mount Vernon	-	7,610
Musee du Louvre (2024)	142,256	-
Stonemason Scholarships	5,000	-
Theatre de Chaillot-Amer. Party	2,500	-
Village of Bourbonnais	1,000	-
William Vernon House	13,125	-
Total	<u>\$ 672,198</u>	<u>\$ 324,699</u>

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)
December 31, 2024 and December 31, 2023

Note 7 – Contributed non-financial assets

For the years ended December 31, 2024 and December 31, 2023, FHS received the following donated goods and services:

	2024	2023
Donated goods – event	\$ 67,720	\$ 55,126
Donated services – legal	67,292	-
Total	\$ 135,012	\$ 55,126

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. Contributed services are composed of legal fees from attorneys on administrative issues. Contributed services are valued and reported at the estimated fair value based on current rates for similar legal services.

Note 8 – 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 \$19,460 and \$21,882 to the Plan for the years ended December 31, 2024 and December 31, 2023, respectively.

Note 9 – Operating leases

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 lease for the Paris office expired in September 2023. In October 2024, FHS and the landlord agreed to extend the lease for a period of nine years starting retroactively from October 1, 2023 and ending on September 30, 2032. The lease calls for quarterly payments of \$10,210 for the duration of the lease.

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

Year	Total
2025	\$ 84,250
2026	85,558
2027	86,902
2028	64,210
2029	40,840
2030 and thereafter	112,312
Sub-total	474,072
Less: present value discount	70,176
Total	403,896
Less: current maturities	84,250
Long-term portion	\$ 319,646

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)
December 31, 2024 and December 31, 2023

Note 9 – Operating leases (continued)

The following is a summary of operating lease information for the years ended December 31, 2024 and December 31, 2023:

Occupancy cost in 2024	\$ 91,262
Occupancy cost in 2023	\$ 87,571
Weighted-average remaining lease term	
2024	5.6 years
2023	4.3 years
Weighted average discount rate in 2024	3.85%
Discount rate in 2023	3.64%

Note 10 – 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.