

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

**Consolidated Financial Statements
For Years Ended
December 31, 2022
and
December 31, 2021**

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, 2022 and December 31, 2021 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, 2022 and December 31, 2021 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 21, 2023

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES

Consolidated Statement of Financial Position

Assets

	December 31	
	2022	2021
Cash and cash equivalents	\$1,516,051	\$3,764,858
Investments, at fair value	102,963	103,953
Unconditional promises to give	60,000	335,500
Accounts receivable	35,249	85,078
Prepaid expenses and other assets	61,137	48,111
Property and equipment, net	<u>5,167</u>	<u>9,353</u>
Total assets	<u>\$1,780,567</u>	<u>\$4,346,853</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 132,822	\$ 112,015
Deferred revenue	77,043	102,026
Restoration project grants and awards payable	<u>7,500</u>	<u>61,110</u>
Total liabilities	<u>217,365</u>	<u>275,151</u>

Net assets (deficit)

Without donor restrictions	222,897	(61,152)
With donor restrictions	<u>1,340,305</u>	<u>4,132,854</u>
Total net assets	<u>1,563,202</u>	<u>4,071,702</u>

Total liabilities and net assets	<u>\$1,780,567</u>	<u>\$4,346,853</u>
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See notes to consolidated financial statements.

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

Year Ended December 31, 2022

(With summarized comparative information for year ended December 31, 2021)

	2022		2021
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
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 in 2022 and \$230,557 in 2021)	915,007	-	915,007
Government grant	-	-	351,119
Program	6,650	-	79,847
Membership dues	61,807	-	6,350
Interest and other	7,887	-	31,336
Total support and revenue before net assets released from restrictions	1,360,428	159,756	1,520,184
Net assets released from restrictions	2,952,305	(2,952,305)	-
Total support and revenue	4,312,733	(2,792,549)	2,005,568
Expenses			
Program services			
Restoration projects (including grants and awards of \$2,768,060 in 2022 and \$571,146 in 2021)	2,948,477	-	731,221
Cultural exchange and educational programs (including grants and awards of \$67,854 in 2022 and \$28,149 in 2021)	227,674	-	164,709
Membership services	229,416	-	207,013
Total program services	3,405,567	-	1,102,943
Supporting activities			
Management and general	314,365	-	239,354
Fund-raising	289,591	-	270,770
Total supporting activities	603,956	-	510,124
Total expenses	4,009,523	-	1,613,067
Increase (decrease) in net assets before other	303,210	(2,792,549)	392,501
Other			
Foreign-currency translation gain (loss)	(19,161)	-	968
Employee retention tax credits	-	-	85,078
Increase (decrease) in net assets	284,049	(2,792,549)	478,547
Net assets (deficit), beginning of year	(61,152)	4,132,854	3,593,155
Net assets, end of year	\$ 222,897	\$ 1,340,305	\$ 4,071,702

See notes to consolidated financial statements.

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses Year Ended December 31, 2022 (With summarized comparative information for year ended December 31, 2021)

	2022				2021			
	Program Services		Supporting Activities					
	Cultural		Management and		Fundraising and			
	Restoration Projects	Exchange and Educational Programs	Member Services	Total	General	Direct Benefit Costs	Total	Total
Payroll and related	\$ 115,691	\$ 92,160	\$ 123,542	\$ 331,393	\$ 123,542	\$ 152,957	\$ 276,499	\$ 485,103
Salaries								
Payroll taxes and employee benefits	27,801	21,624	32,435	81,860	32,435	40,157	72,592	147,711
Total payroll and related	143,492	113,784	155,977	413,253	155,977	193,114	349,091	632,814
Other								
Grants and awards	2,768,060	67,854	-	2,835,914	-	-	-	2,835,914
Catering, facility, and other costs	789	839	1,135	2,763	9,870	368,691	378,561	381,324
Program materials and hospitality	-	-	-	-	-	486,556	486,556	486,556
Accounting and legal	-	-	-	-	93,169	-	93,169	93,169
Communications and website	3,558	3,781	5,115	12,454	4,448	5,337	9,785	22,239
Postage	844	896	1,213	2,953	1,054	1,265	2,319	5,272
Occupancy	14,924	15,857	21,454	52,235	18,655	22,387	41,042	93,277
Publications	-	-	6,472	6,472	-	-	-	6,472
Office expenses	2,155	2,290	3,098	7,543	2,694	3,233	5,927	13,470
Data processing	1,384	1,470	1,989	4,843	3,299	31,180	34,479	39,322
Promotion	-	6,802	2,268	9,070	-	13,604	13,604	22,674
Staff hotels and travel	3,245	3,448	4,665	11,358	4,056	4,868	8,924	20,282
Depreciation and amortization	740	786	1,063	2,589	924	673	1,597	4,186
Other	9,286	9,867	24,967	44,120	20,219	13,930	34,149	78,269
Total expenses	2,948,477	227,674	229,416	3,405,567	314,365	1,144,838	1,459,203	4,864,770
Less: costs of direct benefit to donors	-	-	-	-	-	855,247	855,247	-
Total expenses per statement of activities	\$2,948,477	\$ 227,674	\$ 229,416	\$3,405,567	\$ 314,365	\$ 289,591	\$ 603,956	\$1,613,067

See notes to consolidated financial statements.

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses Year Ended December 31, 2021

	Program Services			Supporting Activities		
	Cultural		Member	Management and General	Fundraising and Direct Benefit Costs	Total
	Restoration Projects	Exchange and Educational Programs	Services			
Payroll and related						
Salaries	\$ 92,170	\$ 67,915	\$ 106,723	\$ 82,468	\$ 135,827	\$ 218,295
Payroll taxes and employee benefits	28,065	20,679	32,496	25,111	41,360	66,471
Total payroll and related	120,235	88,594	139,219	107,579	177,187	284,766
Other						
Grants and awards	571,146	28,149	-	-	-	-
Catering, facility, and other costs	-	-	-	7,000	81,335	88,335
Program materials and hospitality	-	-	-	-	149,224	149,224
Accounting and legal	-	-	-	87,582	-	87,582
Communications and website	2,963	3,137	4,358	2,092	4,880	6,972
Postage	533	564	784	376	878	1,254
Occupancy	15,020	15,904	22,089	10,603	24,739	35,342
Publications	-	-	7,277	-	-	-
Office expenses	1,951	2,066	2,869	1,377	3,211	4,588
Data processing	1,717	1,818	2,525	4,079	19,229	23,308
Promotion	-	5,782	1,927	-	11,564	11,564
Staff hotels and travel	657	696	966	6,667	1,082	7,749
Depreciation and amortization	3,137	3,321	4,613	2,214	4,280	6,494
Other	13,862	14,678	20,386	9,785	23,718	33,503
Total expenses	731,221	164,709	207,013	239,354	501,327	740,681
Less: costs of direct benefit to donors	-	-	-	-	230,557	230,557
Total expenses per statement of activities	\$ 731,221	\$ 164,709	\$ 207,013	\$ 239,354	\$ 270,770	\$ 510,124
						\$ 1,613,067

See notes to consolidated financial statements.

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

	Year Ended	
	December 31	
	2022	2021
Cash flows from operating activities		
Increase (decrease) in net assets	\$(2,508,500)	\$ 478,547
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Donated stock	(31,807)	(41,971)
Proceeds from sale of donated stock	30,667	25,614
Unrealized (gain) loss on investments	(312)	9,864
Depreciation and amortization	4,186	17,565
Decrease in unconditional promises to give	275,500	391,954
(Increase) decrease in accounts receivable	49,829	(85,078)
(Increase) decrease in prepaid expenses and other assets	(13,026)	15,671
Increase in accounts payable and accrued expenses	20,807	15,242
Increase (decrease) in deferred revenue	(24,983)	84,490
(Decrease) in restoration project grants and awards payable	<u>(53,610)</u>	<u>(58,450)</u>
Net cash provided by (used in) operating activities	<u>(2,251,249)</u>	<u>853,448</u>
Cash flows from investing activities		
Proceeds from maturities of investments	102,442	189,755
Purchases of investments	(100,000)	(100,000)
Purchases of property and equipment	<u>-</u>	<u>(1,024)</u>
Net cash provided by investing activities	<u>2,442</u>	<u>88,731</u>
Net increase (decrease) in cash and cash equivalents	(2,248,807)	942,179
Cash and cash equivalents, beginning of year	<u>3,764,858</u>	<u>2,822,679</u>
Cash and cash equivalents, end of year	<u>\$ 1,516,051</u>	<u>\$3,764,858</u>

See notes to consolidated financial statements.

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2022 and December 31, 2021

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, 2022 and December 31, 2021, the American Friends of the Saint Omer Foundation, LLC had assets of approximately \$19,000 and \$27,000 and income of \$1,100 and \$2,100 which are included in the statement of financial position and statement of activities, respectively. The American Friends of L’Abbaye de Lagrasse, LLC had no assets or income for the years ended December 31, 2022 and December 31, 2021.

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, 2022 and December 31, 2021****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

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

Board-designated - net assets without donor restrictions subject to use at the discretion of the Board and subject to the terms and conditions of the Organization's Operating Reserve Policy. During 2021, the Board of Directors authorized a transfer of \$100,363 from the board-designated operating reserve to the FHS's operating net assets without donor restrictions to reduce the net asset deficit.

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 and pledges

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 when 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 bequest income at the time it 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.

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES**Notes to Consolidated Financial Statements (continued)
December 31, 2022 and December 31, 2021****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 8).

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, 2022 and December 31, 2021, 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 fair 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, 2022 and December 31, 2021****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 statement of financial position date. 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.

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.

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued) December 31, 2022 and December 31, 2021

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

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 2022 and 2021, 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, 2022. 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.

Subsequent events

FHS has evaluated events and transactions for potential recognition or disclosure through May September 21, 2023, 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, 2022 and December 31, 2021, financial assets and liquidity resources available within one year of the consolidated statement of financial position date for general expenditures were as follows:

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash and cash equivalents	\$ 1,516,051	\$ 3,764,858
Investments, at fair value	102,963	103,953
Unconditional promises to give	60,000	335,500
Accounts receivable	<u>35,249</u>	<u>85,078</u>
Total	<u>\$ 1,714,263</u>	<u>\$ 4,289,389</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.

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)
December 31, 2022 and December 31, 2021

Note 3 – Investments, at fair value

The following is a summary of the investments at fair value at December 31, 2022 and December 31, 2021:

	<u>2022</u>	<u>2021</u>
Certificates of deposit	\$ 101,832	\$ 101,802
Common stock	<u>1,131</u>	<u>2,151</u>
Total	<u>\$ 102,963</u>	<u>\$ 103,953</u>

Note 4 – Unconditional promises to give

As of December 31, 2022 and December 31, 2021, all unconditional promises to give are expected to be collected in the subsequent year.

Note 5 – Property and equipment

The summary of the property and equipment as of December 31, 2022 and December 31, 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Computer equipment	\$ 59,262	\$ 62,947
Leasehold improvements	66,572	66,572
Furniture and equipment	<u>5,583</u>	<u>5,583</u>
Sub-total	131,417	135,102
Less: accumulated depreciation and amortization	<u>126,250</u>	<u>125,749</u>
Total	<u>\$ 5,167</u>	<u>\$ 9,353</u>

Note 6 – Restoration project grants and awards payable

At December 31, 2022 and December 31, 2021, grants and awards payable are expected to be paid as follows:

Amounts expected to be paid in:	<u>2022</u>	<u>2021</u>
Less than one year	\$ 7,500	\$ 46,110
One-to-five years	<u>-</u>	<u>15,000</u>
Total	<u>\$ 7,500</u>	<u>\$ 61,110</u>

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued) December 31, 2022 and December 31, 2021

Note 6 – Restoration project grants and awards payable (continued)

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 \$942,000 and \$3,132,000 as of December 31, 2022 and December 31, 2021, 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 \$924,000 and \$3,549,000 as of December 31, 2022 and December 31, 2021, respectively, as contributions designated for such future projects, and such amounts are reported as net assets with donor restrictions.

Note 7 – Net assets with donor restrictions

At December 31, 2022 and December 31, 2021, net assets with donor restrictions consisted of the following:

	<u>2022</u>	<u>2021</u>
Abbaye de Longues	\$ 1,975	\$ 14,564
Abbaye de Souillac	1,200	2,250
American Friends of St Omer	13,290	13,290
Archives Nationales	305,000	305,000
Chapter commitments (10 chapters)	350,818	331,557
Château de Balzac	10,000	-
Château de Breuil Yvain	5,000	5,000
Château de Flaugergues	7,600	15,200
Château de Gizeux	131	183
Château de La Montagne	405	5,280
Château de Sully	25,000	25,000
Château de Van	1,275	-
Château du Clos de Vougeot	4,918	-
Commanderie d'Epailly	-	6,250
Degas House	2,200	2,200
Discretionary	500	-
Eglise Sainte Osmanne	5,085	5,225
Fort de Chartres	6,000	6,000
Future Projects (Bessimer trust)	11,000	11,000
Historic preservation internship program	403,674	574,320
Metropolitan Museum of Art	-	50,000
Mount Vernon	610	110
Notre Dame Fire Fund	-	2,575,311
Petite Plaisance	524	1,014
Philadelphia Museum of Art	100	100
Protestant Church of Saumur	171,500	171,500
Student oriented program	10,000	10,000
Theatre de Chaillot-Amer. Party	2,500	2,500
Total	<u>\$ 1,340,305</u>	<u>\$ 4,132,854</u>

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued) December 31, 2022 and December 31, 2021

Note 7 – Net assets with donor restrictions (continued)

Reclassification

During 2021, through research and documentation, it was determined that the Organization misclassified \$245,638 of restricted Chapter commitment support and revenue that was internally recorded as being without donor restrictions. These amounts should have been classified as net assets with donor restrictions. As a result, this amount is being reclassified to net assets with donor restrictions and is included in Chapter commitments in the table on the previous page.

During the years ended December 31, 2022 and December 31, 2021, net assets released from restrictions were as follows:

	2022	2021
Abbaye de Lagrasse	\$ -	\$ 53,633
Abbaye de Longues	14,564	4,560
Abbaye de Souillac	4,250	-
Château de Bouzols	-	10,000
Château de Carneville	20,000	-
Château de Commarque	-	30,000
Château de Flaugergues	7,600	-
Château de Gizeux	158	-
Château de Goudourville	5,000	-
Château de Jumihac	10,000	-
Château de la Montagne	14,875	-
Château de la Turrette	-	5,800
Château de la Verrerie	-	20,000
Château de Millets	14,000	-
Château de Panloy	-	7,500
Château de Ponce	7,500	-
Château de Rametz	5,000	-
Château de Rochefort	5,000	-
Château de Sambucy	5,000	-
Château du Passage	-	20,000
Château du Taillis	-	7,500
Chatillon-DeMenil House	2,500	2,500
Commanderie d'Epailly	6,250	6,250
Eglise Sainte Osmane	140	-
Historic preservation internship program	182,458	121,802
La Monnaie de Paris	-	32,500
Legion of Honor Museum	-	23,750
Metropolitan Museum of Art	50,000	50,000
Mount Vernon Ladies Association	5,000	7,110
Musee de l'Armee	-	35,000
Notre Dame Fire Fund	2,577,996	-
Petite Plaisance	1,014	-
Philadelphia Museum of Art	-	7,000
Priory du Mont Saint Michel	1,000	-
Protestant Church of Saumur	-	171,500
Resources USA Inc.	-	1,045
Village of Bourbonnais	13,000	-
Ville de Paris – Bagatelle	-	75,000
Total	\$ 2,952,305	\$ 692,450

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued) December 31, 2022 and December 31, 2021

Note 8 – Contributed non-financial assets

During the years ended December 31, 2022 and December 31, 2021, FHS received the following donated goods and services:

	<u>2022</u>	<u>2021</u>
Donated goods		
Event goods	\$ 28,585	\$ 15,342
Donated services		
Legal	-	15,000
Total	<u>\$ 28,585</u>	<u>\$ 30,342</u>

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 9 – 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 \$23,294 and \$3,878 to the Plan for the years ended December 31, 2022 and December 31, 2021, respectively.

Note 10 – Commitments

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 is due to expire in September 2023.

The approximate future annual minimum lease payments as of December 31, 2022 were \$51,000 for 2023.

Note 11 – Paycheck protection program

During 2021, FHS was approved for and received \$79,847 under the Paycheck Protection Program (the “PPP Loan”). The PPP Loan was created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration (“SBA”). FHS had the loan forgiven in its entirety during 2021 and recorded the proceeds as government grant revenue in the 2021 consolidated statement of activities.

FRENCH HERITAGE SOCIETY, INC. AND SUBSIDIARIES**Notes to Consolidated Financial Statements (continued)
December 31, 2022 and December 31, 2021****Note 12 – Employee retention payroll tax credits**

In response to the coronavirus emergency, the Coronavirus Aid, Relief and Economic Security Act and subsequent legislation (the “Acts”) provided, among other things, refundable payroll tax credits through September 30, 2021. In connection therewith, such tax credits for the year ended December 31, 2021 totaled \$85,078 which are recorded as an other addition on the consolidated statement of activities.

Note 13 – 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.