INDEPENDENT AUDITOR’S REPORT

Financial statements for the year ended December 31, 2017 and 2016
THE AMERICAN LIBRARY IN PARIS, USA FOUNDATION

INDEPENDENT AUDITOR’S REPORT

To the Board of Trustees,

Report on the Financial Statements

We have audited the accompanying financial statements of The American Library in Paris, USA Foundation, which comprise the statement of financial position as at December 31, 2017 and 2016, the statement of comprehensive income and statement of changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The American Library in Paris, USA Foundation, as at December 31, 2017 and 2016, and its financial performance for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Associés

Jean-Claude MARTY

May 09, 2018
THE AMERICAN LIBRARY IN PARIS – USA FOUNDATION

Financial Statements for the Year
ended December 31, 2017
## Statements of Financial Position

### December 31, 2017 and 2016

<table>
<thead>
<tr>
<th>NOTE</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash, equivalents and other investments</td>
<td>5</td>
<td>4,177,481</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Prepaid expenses and deferred charges</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Other receivables and other assets</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>4,177,481</td>
</tr>
<tr>
<td><strong>PROPERTY:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td><strong>Total property</strong></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td><strong>OTHER ASSETS (LONG TERM)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>4,177,481</td>
</tr>
</tbody>
</table>

### Liabilities and Net Assets

| | 2017 | 2016 |
| | | |
| **CURRENT LIABILITIES:** | | |
| Accounts payable | | | |
| Deposit | | 0 | 0 |
| Accrued liabilities: | | |
| Payroll and sales taxes, and 401(k) contributions | | 0 | 0 |
| Deferred revenue | | 0 | 0 |
| Other liabilities | | 62,828 | 23,342 |
| **Total current liabilities** | | 62,828 | 23,342 |
| **NET ASSETS** | | |
| Unrestricted | | 2,543,498 | 2,352,773 |
| Restricted | | 1,571,155 | 1,571,155 |
| **Total net assets** | | 4,114,653 | 3,923,928 |
| **TOTAL** | | 4,177,481 | 3,947,269 |

Notes 1 to 5 are an integral part of these financial statements.
## STATEMENTS OF ACTIVITIES
### YEARS ENDED DECEMBER 31, 2017 and DECEMBER 31, 2016

<table>
<thead>
<tr>
<th>NOTE</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PROFIT AND LOSS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Donations, gifts</td>
<td>163,938</td>
<td>117,983</td>
</tr>
<tr>
<td>Financial income</td>
<td>95,622</td>
<td>93,735</td>
</tr>
<tr>
<td>Exceptional income</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>259,559</td>
<td>211,719</td>
</tr>
</tbody>
</table>

| Expenses:          |       |       |
| Professional fees  | 26,488 | 23,115 |
| Bank charges       | 29,554 | 20,596 |
| Transferred donations | 5,641  | 6,000  |
| Other              | 14    | 0     |

| **Total expenses** | 61,696  | 49,712  |

| **REVENUES IN EXCESS OF EXPENSES** | 197,863 | 162,007  |

| **REALIZED GAINS OR LOSSES ON INVESTMENTS—Net** | 62,845  | 93  |
| **UNREALIZED GAINS OR LOSSES ON INVESTMENTS—Net** | 432,468 | 169,520  |

| Transferred donation | 223,680 | 106,737 |
| Donation to ALP INC  | 278,771 | 157,198 |
| DONATION TO ALP INC | 502,451 | 263,935 |

| **INCREASE (DECREASE) IN NET ASSETS** | 190,725 | 67,685 |

| **NET ASSETS:** |       |       |
| Beginning of year | 3,923,928 | 3,856,243 |
| Change in net assets | 190,724  | 67,685  |

| End of year | 4,114,653 | 3,923,928 |

Notes 1 to 5 are an integral part of these financial statements.
1. **PURPOSE**

   The American Library in Paris, USA Foundation ("USA Foundation") is incorporated in the State of Delaware and recognized as a 501(c) (3) tax-exempt foundation under the United States Internal Revenue Code. It provides gifts to the American Library in Paris, Inc. (the "Library") for capital and operating expenses and other purposes. Generally, such gifts are made as the need arises after a request is received from the Library. The Directors of the USA Foundation retain the discretion to approve the gift and make the transfer.

2. **CURRENCY**

   All funds in the USA Foundation are held in dollars or euros.

3. **FUNDS**

   On January 1, 2017 U.S.A. Foundation assets were held in a variety of financial instruments available to US institutions in accounts at STIFEL.

   At the end of the year, the investments are registered at market value for USD 3 806 786 and their allocation was:
   - Equities: 74 %
   - Fixed Income: 26 %

4. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

   The USA Foundation prepares its financial statements in accordance with generally accepted accounting principles in the United States.

   To be consistent with the tax information that Foundation provides to the U.S. IRS, taxable financial income is recorded as financial income and the other financial income is recorded as realized gains or losses on investments.

   > **Fund Accounting:** Gifts from the USA Foundation to the Library are noted on the financial statements.

   Restrictions on the use of funds are as follows:

   The Annenberg Fund for the Children’s Librarian: Investment proceeds from the principal in this account are used towards the salary, social charges, and other expenses for the Children’s Librarian.

   The Gregory Annenberg Weingarten Fund for the Library Director: Investment proceeds from the principal in this account are used towards the salary, social charges, and other expenses for the Library Director.

Notes 1 to 5 are an integral part of these financial statements.
The Second Century Fund: contributions are for general operating purposes.

- **Cash, equivalents and other investments** include bank deposits and short-term investments with original maturities of three months or less, stocks and bonds.

- **Gifts, Bequests, and Grants** are recorded as income when received.

- **Tax Status**— For Federal income tax purposes, the ALP USA Foundation is a 501(c) (3) tax-exempt organization that is not a private foundation.

### 5. UNREALIZED GAINS OR LOSSES ON INVESTMENTS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cash, equivalents and other investments</td>
<td>4 177 480</td>
</tr>
<tr>
<td>of which portfolio investments</td>
<td>3 806 786</td>
</tr>
<tr>
<td>of which cash and cash equivalents</td>
<td>370 694</td>
</tr>
<tr>
<td><strong>Total PORTFOLIO Investment</strong></td>
<td></td>
</tr>
<tr>
<td>Cost basis (1)</td>
<td>3 374 318</td>
</tr>
<tr>
<td>Unrealized gains or loss on investments - Net (2)</td>
<td>432 468</td>
</tr>
<tr>
<td>Market value December 31, 2017</td>
<td>3 806 786</td>
</tr>
<tr>
<td>(3)=1+2</td>
<td></td>
</tr>
</tbody>
</table>

* * * * *

Notes 1 to 5 are an integral part of these financial statements.