

**WORLD MONUMENTS FUND, INC.
AND SUBSIDIARY**

**Consolidated Financial Statements
For the Year Ended
June 30, 2016**

Independent Auditor's Report

To the Board of Trustees of
World Monuments Fund, Inc.

We have audited the accompanying consolidated financial statements of World Monuments Fund, Inc. ("WMF") and Subsidiary (collectively, the "Organization") which comprise the consolidated statement of financial position as of June 30, 2016 and the related consolidated statements of activities and cash flows for the year then ended and the related notes to the consolidated financial statements. We did not audit the financial statements of World Monuments Fund Britain, (the "Subsidiary"), whose financial statements reflect total assets of \$1,615,229 as of June 30, 2016 and total revenue of \$918,747, expenses of \$1,504,551 and other deductions of \$267,901 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the field operations of the Subsidiary, is based solely on the report of the other auditors.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to in the first paragraph on the previous page present fairly, in all material respects, the consolidated financial position of World Monuments Fund, Inc. and Subsidiary as of June 30, 2016 and the results of their consolidated activities and their consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Condon O'Meara McGinty + Donnelly LLP

WORLD MONUMENTS FUND, INC. AND SUBSIDIARY

**Consolidated Statement of Financial Position
June 30, 2016**

Assets

	<u>WMF</u>	<u>Subsidiary</u>	<u>Total</u>
Current assets			
Cash and cash equivalents	\$ 3,067,272	\$ 1,585,703	\$ 4,652,975
Short-term investments, at fair value	6,374,142	-	6,374,142
Accounts receivable	25,110	17,418	42,528
Prepaid expenses	72,712	10,941	83,653
Current portion of contributions receivable, net	<u>8,409,250</u>	<u>-</u>	<u>8,409,250</u>
Total current assets	17,948,486	1,614,062	19,562,548
Long-term investments, at fair value	24,952,950	-	24,952,950
Contributions receivable, net of current portion	1,810,700	-	1,810,700
Property and equipment, net	671,920	1,167	673,087
Security deposits	<u>313,707</u>	<u>-</u>	<u>313,707</u>
Total assets	<u>\$45,697,763</u>	<u>\$ 1,615,229</u>	<u>\$47,312,992</u>

Liabilities and Net Assets

Current liabilities			
Accounts payable and other	\$ 597,739	\$ 34,371	\$ 632,110
Accrued expenses	<u>565,508</u>	<u>334,847</u>	<u>900,355</u>
Total current liabilities	1,163,247	369,218	1,532,465
Deferred rent	<u>114,028</u>	<u>-</u>	<u>114,028</u>
Total liabilities	<u>1,277,275</u>	<u>369,218</u>	<u>1,646,493</u>
Net assets			
Unrestricted – operating	44,159	215,707	259,866
Temporarily restricted	18,974,241	1,030,304	20,004,545
Permanently restricted	<u>25,402,088</u>	<u>-</u>	<u>25,402,088</u>
Total net assets	<u>44,420,488</u>	<u>1,246,011</u>	<u>45,666,499</u>
Total liabilities and net assets	<u>\$45,697,763</u>	<u>\$ 1,615,229</u>	<u>\$47,312,992</u>

See notes to consolidated financial statements.

WORLD MONUMENTS FUND, INC. AND SUBSIDIARY

Consolidated Statement of Activities
Year Ended June 30, 2016

	Unrestricted			Temporarily Restricted			Total			Eliminating Items	Total
	WMF Operations	WMF Board-Designated Endowment	Subsidiary Operations	WMF Temporarily Restricted	Subsidiary Temporarily Restricted	Total Temporarily Restricted	WMF Permanently Restricted	Subsidiary Permanently Restricted	Total Permanently Restricted		
Support and revenue											
Contributions	\$ 1,758,139	\$ -	\$ 547,203	\$ 5,092,783	\$ 327,664	\$ 5,420,447	\$ 1,658,550	\$ 874,867	\$ 8,509,472	\$ (390,086)	\$ 8,994,253
Special events	905,625	-	279	-	-	-	-	279	905,625	-	905,904
Program	14,274	-	43,601	1,270	-	1,270	-	43,601	15,544	-	59,145
Endowment release											
for appropriations	1,365,104	(135,289)	-	(207,703)	-	(207,703)	(1,022,112)	-	-	-	-
Net assets released from restrictions	12,789,524	(2,650,569)	758,481	(9,172,125)	(758,481)	(9,930,606)	(966,830)	-	-	-	-
Total support and revenue	16,832,666	(2,785,858)	1,349,564	(4,285,775)	(430,817)	(4,716,592)	(330,392)	918,747	9,430,641	(390,086)	9,959,302
Expenses											
Program	12,708,232	-	880,965	-	-	-	-	880,965	12,708,232	(390,086)	13,199,111
Supporting services											
General and administrative	1,912,074	-	579,495	-	-	-	-	579,495	1,912,074	-	2,491,569
Fund-raising	2,263,849	-	44,091	-	-	-	-	44,091	2,263,849	-	2,307,940
Total supporting services	4,175,923	-	623,586	-	-	-	-	623,586	4,175,923	-	4,799,509
Total expenses	16,884,155	-	1,504,551	-	-	-	-	1,504,551	16,884,155	(390,086)	17,998,620
(Decrease) before other addition (deductions)	(51,489)	(2,785,858)	(154,987)	(4,285,775)	(430,817)	(4,716,592)	(330,392)	(585,804)	(7,453,514)	-	(8,039,318)
Other addition (deductions)											
Investment return (loss), net	16,235	-	3,069	(612,467)	-	(612,467)	(1,604,539)	3,069	(2,200,771)	-	(2,197,702)
Foreign currency translation (loss)	-	-	(46,709)	-	(224,261)	(224,261)	-	(270,970)	-	-	(270,970)
(Decrease) in net assets	(35,254)	(2,785,858)	(198,627)	(4,898,242)	(655,078)	(5,553,320)	(1,934,931)	(853,705)	(9,654,285)	-	(10,507,990)
Net assets, beginning of year	79,413	2,785,858	414,334	23,872,483	1,685,382	25,557,865	27,337,019	2,099,716	54,074,773	-	56,174,489
Net assets, end of year	\$ 44,159	\$ -	\$ 215,707	\$ 18,974,241	\$ 1,030,304	\$ 20,004,545	\$ 25,402,088	\$ 1,246,011	\$ 44,420,488	\$ -	\$ 45,666,499

See notes to consolidated financial statements.

WORLD MONUMENTS FUND, INC. AND SUBSIDIARY

**Consolidated Statement of Cash Flows
June 30, 2016**

Cash flows from operating activities	
(Decrease) in net assets	\$ (10,507,990)
Adjustments to reconcile (decrease) in net assets to net cash (used in) operating activities	
Contributions – permanently restricted	(1,658,550)
Donated investments	(680,314)
Sale of donated investments	680,314
Depreciation	204,625
Net realized and unrealized loss on investments	3,271,651
Amortization of deferred rent	(23,710)
(Increase) decrease in assets	
Accounts receivable	128,033
Contributions receivable	5,979,043
Prepaid expenses	42,098
Security deposit	(580)
Increase (decrease) in liabilities	
Accounts payable and other	6,946
Accrued expenses	<u>509,832</u>
Net cash (used in) operating activities	<u>(2,048,602)</u>
Cash flows from investing activities	
Proceeds from sale of investments	13,828,858
Purchase of investments	(12,220,399)
Purchase of property and equipment, net	<u>(242,022)</u>
Net cash provided by investing activities	<u>1,366,437</u>
Cash flows from financing activities	
Contributions – permanently restricted	<u>1,658,550</u>
Net increase (decrease) in cash and cash equivalents	976,385
Cash and cash equivalents, beginning of year	<u>3,676,590</u>
Cash and cash equivalents, end of year	<u>\$ 4,652,975</u>

See notes to consolidated financial statements.

WORLD MONUMENTS FUND, INC. AND SUBSIDIARY**Notes to Consolidated Financial Statements****June 30, 2016****Note 1 – Nature of organization**

World Monuments Fund, Inc. (“WMF”) was incorporated in 1965 as a not-for-profit organization. WMF was organized to preserve important historic architectural sites and works of art without regard to national boundaries.

Note 2 – Summary of significant accounting policies**Financial statement presentation**

The consolidated financial statements of the Organization include the accounts of its European branch office, and its wholly owned subsidiary World Monuments Fund Britain. WMF has the power to control the financial and operating policies of its subsidiary by exercising control over more than half of the voting rights. Interoffice accounts and transactions have been eliminated in the consolidated financial statements of WMF and its subsidiary. There were no material interoffice accounts or transactions that were required to be eliminated in the consolidated financial statements between WMF and its European branch office.

WMF does not include the accounts of its independent affiliated organizations. All non-controlled affiliated organizations use the World Monuments Fund name and their offices are located in France, India, Italy, Portugal and Spain.

Contributions

The Organization reports contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor stipulation expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily and permanently restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions and endowment release for approved appropriations.

Cash equivalents

The Organization considers highly liquid assets with an original maturity of 90 days or less to be cash equivalents.

Allowance for doubtful accounts

As of June 30, 2016, WMF has provided \$688,423 for an allowance for doubtful accounts for any potentially uncollectible contributions receivable. Such estimate is based on management’s experience, the aging of the receivables, subsequent receipts and current economic conditions.

WORLD MONUMENTS FUND, INC. AND SUBSIDIARY**Notes to Consolidated Financial Statements (continued)****June 30, 2016****Note 2 – Summary of significant accounting policies (continued)**Investments

The investments are recorded in the consolidated financial statements at fair value. Net investment return is allocated between unrestricted, temporarily restricted and permanently restricted net assets. The cost of investments sold is determined on a first-in, first-out basis.

Property and equipment

Property and equipment above a nominal value and with an estimated useful life greater than one year are recorded at cost. Furniture, fixtures and equipment are being depreciated on the straight-line method over the estimated useful lives of the assets ranging from three to ten years. Leasehold improvements are being amortized over the life of the lease.

Allocation of expenses

The costs of providing the various programs have been summarized on a functional basis in the consolidated statement of activities and the costs of the supporting services have been summarized in note 11. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Actual results could differ from these estimates.

Concentrations of credit risk

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, investments and receivables. At times, certain of the Organization's cash balances exceeded the FDIC insurance limit, however, the Organization has not incurred any losses in such accounts to date. The Organization places its cash and cash equivalents with what it believes to be quality financial institutions. Due to the level of uncertainty related to the changes in interest rates, market volatility, liquidity and credit risks, it is reasonably possible that changes in these risks could materially affect the fair value of investments reported in the consolidated statement of financial position at June 30, 2016. The Organization routinely assesses the financial strength of its cash and investment portfolio. The Organization routinely monitors the collectability of its receivables. As a consequence, concentrations of credit risk are believed to be limited.

WORLD MONUMENTS FUND, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (continued)

June 30, 2016

Note 2 – Summary of significant accounting policies (continued)

Foreign currency translation

The consolidated financial statements are presented in U.S. dollars, which is the functional currency of the parent company. In consolidation, assets and liabilities have been translated into U.S. dollars at the closing rate on June 30, 2016. Revenue and expenses have been translated into U.S. dollars at the average rate over the fiscal year.

Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure through October 18, 2016, which is the date the consolidated financial statements were available to be issued.

Note 3 – Contributions receivable

Contributions receivable are unconditional promises from external organizations and individuals to donate to the Organization. As of June 30, 2016, contributions receivable, which are reflected at their present value discounted by approximately \$900,000, at either 4%, 6% or 8%, based on the year of the pledge, are due as follows:

<u>Fiscal year</u>	<u>Total</u>
2017	\$ 8,622,673
2018	915,767
2019	450,726
2020	358,452
2021	296,833
2022 and thereafter	<u>263,922</u>
Sub-total	10,908,373
Less: Allowance for doubtful accounts	<u>(688,423)</u>
Total	10,219,950
Less: Current portion, net of allowance	<u>8,409,250</u>
Long-term portion, net of allowance	<u>\$ 1,810,700</u>

WORLD MONUMENTS FUND, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (continued)

June 30, 2016

Note 4 – Investments

As of June 30, 2016, the Organization's investments consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>
Demand notes and money market funds	\$ 6,692,990	\$ 6,698,849
Fixed income		
Mutual funds	4,277,087	3,280,665
Equity mutual funds	1,741,333	3,370,344
Common stocks	4,729,970	3,287,532
Limited partnerships and other	<u>9,961,821</u>	<u>14,689,702</u>
Total	<u>\$ 27,403,201</u>	<u>\$ 31,327,092</u>

Investments consist of the following at June 30, 2016:

Short-term	\$ 6,374,142
Long-term	<u>24,952,950</u>
Total	<u>\$ 31,327,092</u>

For the year ended June 30, 2016, investment return (loss) consisted of the following:

	<u>WMF</u>	<u>Subsidiary</u>	<u>Total</u>
Interest and dividends	\$ 1,358,354	\$ 3,069	\$ 1,361,423
Foreign currency (loss)	(56,911)	-	(56,911)
Unrealized Foreign currency (loss)	(211,762)	-	(211,762)
Net realized (loss) on investments	(243,122)	-	(243,122)
Unrealized (loss) on investments	(3,028,529)	-	(3,028,529)
Custodial fees	<u>(18,801)</u>	<u>-</u>	<u>(18,801)</u>
Total	<u>\$ (2,200,771)</u>	<u>\$ 3,069</u>	<u>\$ (2,197,702)</u>

WORLD MONUMENTS FUND, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (continued)

June 30, 2016

Note 4 – Investments (continued)

Fair value measurements

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. Fair value measurements are required to be separately disclosed by level within the fair value hierarchy. The three levels of inputs that may be used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets.
- Level 2 – Observable inputs other than Level 1 prices, such as quoted prices of similar assets; quoted prices in markets with insufficient volume or infrequent transactions (less active markets).
- Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets.

The following table summarizes the Organization's investments measured at fair value on a recurring basis as of June 30, 2016:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Demand notes and money market funds	\$ 6,698,849	\$ 6,698,849	\$ -	\$ -
Fixed income mutual funds	3,280,665	3,280,665	-	-
Equity mutual funds	3,370,344	3,370,344	-	-
Common stocks	3,287,532	3,287,532	-	-
Limited partnerships and other	<u>14,689,702</u>	<u>-</u>	<u>-</u>	<u>14,689,702</u>
Total investments	<u>\$ 31,327,092</u>	<u>\$ 16,637,390</u>	<u>\$ -</u>	<u>\$ 14,689,702</u>

The following is a summary of changes in the fair value of the Organization's Level 3 investments for the year ended June 30, 2016:

Balance, June 30, 2015	\$ 16,608,747
Unrealized gain on investments	<u>(1,919,045)</u>
Balance, June 30, 2016	<u>\$ 14,689,702</u>

WORLD MONUMENTS FUND, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (continued)

June 30, 2016

Note 4 – Investments (continued)

Fair value measurements (continued)

The Organization's limited partnerships and other investments are composed of various funds with different investment objectives. These funds have restrictions on withdrawals and transferability. Depending on the fund, withdrawals require written notice to each fund ranging from 30 to 180 days prior to withdrawal, as well as certain other requirements and restrictions, such as minimum withdrawals, fees, etc. The ability of the Organization to withdraw capital from these funds is subject to the ability of these funds to withdraw capital from their underlying investments. Many underlying investments have the right to suspend the payment of redemptions under certain circumstances. Some underlying investments may also be subject to lock-ups, redemption fees, etc.

Note 5 – Property and equipment

The summary of the property and equipment as of June 30, 2016 is as follows:

	<u>WMF</u>	<u>Subsidiary</u>	<u>Consolidated</u>
Leasehold improvements	\$ 486,284	\$ -	\$ 486,284
Furniture, fixtures and equipment	<u>1,100,303</u>	<u>30,848</u>	<u>1,131,151</u>
Sub-total	1,586,587	30,848	1,617,435
Less: Accumulated depreciation and amortization	<u>914,667</u>	<u>29,681</u>	<u>944,348</u>
Total	<u>\$ 671,920</u>	<u>\$ 1,167</u>	<u>\$ 673,087</u>

Note 6 – Lease agreements

During June 2010, the Organization entered into a ten-year lease agreement, with a commencement date in October 2010, for the rental of office space for its headquarters at the Empire State Building located at 350 Fifth Avenue. In connection with this lease, the Organization was granted a six-month rent abatement. Rent expense for the six-month abatement period is being recognized based on a pro-rata share of the total rent to be paid over the term of the lease. This amount is reflected as deferred rent on the consolidated statement of financial position and is being amortized at the rate of approximately \$23,700 annually over the life of the lease as a reduction of rent expense. The Organization was required to pay a base rent of \$497,920 for the first four and one half years, increasing to \$529,090 after four and one half years through the final year of the agreement. In connection with this lease, the Organization has \$265,429, as security with the landlord.

For the 2016 fiscal year, rent expense under this agreement totaled \$496,842.

WORLD MONUMENTS FUND, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (continued)

June 30, 2016

Note 6 – Lease agreements (continued)

The future minimum annual payments required under the lease agreements for WMF are as follows:

<u>Fiscal year</u>	
2017	\$ 529,040
2018	529,040
2019	529,040
2020	529,040
2021	<u>264,520</u>
Total	<u>\$ 2,380,680</u>

During July 2009, the European branch office entered into a 12-year agreement for the rental of office space for its headquarters at the Hotel de Talleyrand. The Organization is required to pay a base rent of €69,329. The rent shall be paid in quarterly installments in advance and equal to the U.S. dollar equivalent at the exchange rate published in New York in the Wall Street Journal on the business day preceding the date of the payment. In connection with this lease, the Organization has deposited €37,748 or approximately \$47,000 at June 30, 2016 as security with the landlord.

Note 7 – Pension plans

The Organization has a 403(b) plan, which covers all eligible employees. Eligible employees can contribute to the plan, not to exceed annual limits established by the Internal Revenue Code. In addition, the Organization will make contributions up to 5% of an employee's compensation within \$54,000 and up to 9% of compensation above \$54,000. Pension expense for the 2016 fiscal year totaled \$191,085.

In addition, WMF has a 457(b) plan, which covers certain key executive employees. Eligible employees are able to contribute to the plan, not to exceed annual limits established by the Internal Revenue Service. WMF may contribute to the plan annually. Expenses in connection with the plan, for the 2016 fiscal year totaled \$33,926.

In addition, the Organization has a pension plan for its branch office located in France. For the 2016 and 2015 fiscal years, the cost associated with this plan totaled \$6,594 and \$32,465, respectively.

WORLD MONUMENTS FUND, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (continued)

June 30, 2016

Note 8 – Temporarily restricted net assets

Temporarily restricted net assets are available for the following purposes at June 30, 2016:

	<u>WMF</u>	<u>Subsidiary</u>	<u>Consolidated</u>
Programs			
Conservation Projects	\$ 18,599,167	\$ 1,030,304	\$ 19,629,471
Endowment Funds	375,074	-	375,074
Total	<u>\$ 18,974,241</u>	<u>\$ 1,030,304</u>	<u>\$ 20,004,545</u>

Note 9 – Permanently restricted net assets

Permanently restricted net assets of \$25,402,088 at June 30, 2016 are restricted to an endowment. The Organization is permitted to use, in accordance with certain donor limitations, an amount not exceeding five percent of the fair value of the assets based on a rolling five-year average. The amount expended, which is generated from the endowment investments and reflected as unrestricted, temporarily, and permanently restricted revenue, is approved annually by the Board. For the year ended June 30, 2016, the Board approved appropriations of \$1,365,104 of which \$1,022,112 was appropriated from permanently restricted net assets.

Note 10 – Tax status

WMF is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). In addition, WMF has been determined by the Internal Revenue Service to be a publicly supported organization and not a private foundation under the meaning of Section 509(a) of the Code.

WORLD MONUMENTS FUND, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (continued)

June 30, 2016

Note 11 – Functional expenses

The following are the functional expenses for the year ended June 30, 2016:

	WMF			Subsidiary			Consolidated			
	Program	General and Administrative	Fund-raising	Program	General and Administrative	Fund-raising	Program	General and Administrative	Fund-raising	
Personnel costs, payroll taxes and employee benefits	\$ 3,258,426	\$ 940,627	\$ 1,340,401	\$ -	\$ 460,547	\$ -	\$ 3,258,426	\$ 1,401,174	\$ 1,340,401	\$ 6,000,001
Legal	13,630	8,857	30,576	-	-	-	13,630	8,857	8,089	30,576
Accounting	903	30,000	30,903	-	13,694	-	903	43,694	-	44,597
Organizations and consultants	7,759,937	35,451	7,840,751	828,097	2,840	-	8,197,948	38,291	45,363	8,281,602
Office expenses, mailings, printing and field program materials	290,926	27,185	377,103	5,436	17,959	26,414	296,362	45,144	85,406	426,912
Information technology and website	187,744	38,770	344,328	825	26,313	17,471	188,569	65,083	135,285	388,937
Occupancy	515,571	96,488	842,261	-	47,306	-	515,571	143,794	230,202	889,567
Travel	304,205	5,863	320,181	3,905	1,790	206	308,110	7,653	10,319	326,082
Conferences, events and meetings	225,061	25,274	636,537	42,702	-	-	267,763	25,274	386,202	679,239
Depreciation	124,598	21,782	202,093	-	2,532	-	124,598	24,314	55,713	204,625
Insurance	20,680	3,625	33,017	-	6,514	-	20,680	10,139	8,712	39,531
Bad debt	-	671,347	671,347	-	-	-	-	671,347	-	671,347
Other	6,551	6,805	15,604	-	-	-	6,551	6,805	2,248	15,604
Total	\$ 12,708,232	\$ 1,912,074	\$ 2,263,849	\$ 880,965	\$ 579,495	\$ 44,091	\$ 13,199,111	\$ 2,491,569	\$ 2,307,940	\$ 17,998,620
										\$ (390,086)
										\$ 1,504,551

WORLD MONUMENTS FUND, INC. AND SUBSIDIARY**Notes to Consolidated Financial Statements (continued)****June 30, 2016****Note 12 – Endowments**

The Organization reports its restricted net assets in accordance with current accounting standards as well as New York Uniform Prudent Management of Institutional Funds Act (“NYPMIFA”) which governs how not-for-profit organizations administer and manage endowment assets.

The Organization which endowment consists of various individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation

The Organization follows the New York State Not-For-Profit Corporation Law (N-PCL) with respect to donor-restricted contributions. The Organization preserves the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Organization classifies as permanently restricted net assets at the original value of gifts donated to the permanent endowment, the original value of subsequent gifts, and explicit to donor stipulations changes in fair value, to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as unrestricted or temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by N-PCL.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the funds
- (2) The purposes of the Organization and the donor-restricted endowment funds
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) If appropriate and circumstances warrant, alternatives to endowment expenditures
- (8) The investment policies of the Organization

WORLD MONUMENTS FUND, INC. AND SUBSIDIARY**Notes to Consolidated Financial Statements (continued)****June 30, 2016****Note 12 – Endowments (continued)**Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, absent explicit donor stipulations, deficiencies of this nature would be charged to unrestricted net assets. At June 30, 2016, there were no funds with deficiencies.

Return objectives and risk parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under these policies, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 Index while assuming a moderate level of investment risk.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment return is achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places an emphasis on diversified asset managed mutual funds and equities to enhance its long-term return.

Spending policy

The Organization has a policy of spending an amount not exceeding five percent of the fair value of the assets based on a rolling five-year average from its permanently restricted funds allowable under the donor guidelines. This is consistent with the Organization's objectives to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional growth through investment return and new gifts.

WORLD MONUMENTS FUND, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (continued)
June 30, 2016

Note 12 – Endowments (continued)

At June 30, 2016, the activity in WMF's Board-designated, unrestricted named, temporarily and permanently restricted endowment net assets was as follows:

	Unrestricted Board- Designated	Unrestricted Named Funds	Endowment- Related Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 2,785,858	\$ 218,081	\$ 712,950	\$ 27,337,019	\$ 31,053,908
Investment return (loss)					
Interest and dividends	-	-	209,231	990,895	1,200,126
Realized (loss) on sale of investments	-	-	(16,872)	(78,331)	(95,203)
Unrealized (loss) on investments	-	-	(537,327)	(2,501,590)	(3,038,917)
Miscellaneous (expense)	-	-	(3,287)	(15,513)	(18,800)
Total investment (loss)	-	-	(348,255)	(1,604,539)	(1,952,794)
Net assets released from restrictions	(2,650,569)	(218,081)	218,081	(966,830)	(3,617,399)
Contributions	-	-	-	1,658,550	1,658,550
Endowment release for appropriations	(135,289)	-	(207,703)	(1,022,112)	(1,365,104)
(Decrease) in net assets	(2,785,858)	(218,081)	(337,877)	(1,934,931)	(5,276,747)
Endowment net assets, end of year	\$ -	\$ -	\$ 375,073	\$ 25,402,088	\$ 25,777,161
Named fund net assets at June 30, 2016					
General Endowment Fund	\$ 1,848,700				
Jewish Heritage Program Fund	1,267,980				
The Sara Shallenberger Brown Fund	1,764,347				
The David Davies and Jack Weedin Fund	1,023,083				
The Paul Mellon Fund for Architectural Preservation in Great Britain	7,219,004				
The Paul Mellon Education Fund	11,564,879				
WMF Institute Fund	430,286				
Bonnie Burnham Fellowship Fund	658,882				
Total	\$ 25,777,161				
Pledges at net present value included in endowment net assets		\$ 824,212			

WORLD MONUMENTS FUND, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (continued)
June 30, 2016

Note 13 – Charities Aid Foundation

The following are the functionalized expenses for grants received from the Charities Aid Foundation for the year ended June 30, 2016:

	India Osmania		Agra (Mogul) Gardens Project		Total
	Previously Reported	Current Period	Previously Reported	Current Period	
Personnel, salaries, benefits	\$ 81,540	\$ -	\$ 16,079	\$ -	\$ 97,619
Fees to organizations and consultants	131,167	9,761	141,988	(898)	282,018
Staff travel	1,498	-	2,723	-	4,221
	-	105,573	-	898	106,471
Total	<u>\$ 214,205</u>	<u>\$ 115,334</u>	<u>\$ 160,790</u>	<u>\$ -</u>	<u>\$ 490,329</u>

As of June 30, 2016, the activity from the temporarily restricted net assets received from the Charities Aid Foundation is as follows:

	Previously Reported	Current Period	Inception to Date
Contributions received	<u>\$ 245,109</u>	<u>\$ 148,605</u>	<u>\$ 393,714</u>
Disbursements			
Mughal Gardens of Agra Project	160,790	-	160,790
Osmania College Project	214,205	115,334	329,539
Total disbursements	<u>374,995</u>	<u>115,334</u>	<u>490,329</u>
Fund balance (deficit)	<u>\$ (129,886)</u>	<u>\$ 33,271</u>	<u>\$ (96,615)</u>