

The Sallan Foundation, Inc.

Financial Statements

December 31, 2010

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MARC B. FREEDMAN

CERTIFIED PUBLIC ACCOUNTANT, P.C.

Board of Directors
The Sallan Foundation, Inc.
30 Broad Street, 30th Floor
New York, NY 10004

Independent Accountants' Report

We have compiled the accompanying statements of financial position of The Sallan Foundation, Inc. (a non-profit corporation) as of December 31, 2010 and 2009 and the related statements of activities and cash flows for the years then ended. We have not audited or reviewed the 2010 or 2009 financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting the financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The accompanying 2008 financial statements were previously reviewed by us and we stated that we were not aware of any material modifications that should be made to those statements in order for them to be in conformity with accounting principles generally accepted in the United States of America in our report dated June 12, 2009, but we have not performed any procedures in connection with that review engagement since that date.

Marc B. Freedman

May 13, 2011

The Sallan Foundation, Inc.
Statements of Financial Position
December 31,

Assets

	2010	2009	2008
Current Assets			
Cash in Bank Accounts	\$171,287	\$45,419	\$98,924
Other Investments (Note 5)	<u>861,834</u>	<u>1,064,209</u>	<u>1,001,178</u>
Total Current Assets	1,033,121	1,109,628	1,100,102
Fixed Assets			
Organizational Costs	17,459	17,459	17,459
Office Furniture and Equipment	<u>5,435</u>	<u>5,435</u>	<u>5,435</u>
Total Fixed Assets	22,894	22,894	22,894
Accumulated Depreciation	<u>(22,894)</u>	<u>(22,680)</u>	<u>(18,256)</u>
Net Fixed Assets	0	214	4,638
Other Assets			
Security Deposit	<u>2,400</u>	<u>2,400</u>	<u>2,400</u>
Total Other Assets	<u>2,400</u>	<u>2,400</u>	<u>2,400</u>
Total Assets	<u>1,035,521</u>	<u>1,112,242</u>	<u>1,107,140</u>
Unrestricted Net Assets	<u>\$1,035,521</u>	<u>\$1,112,242</u>	<u>\$1,107,140</u>

See Independent Accountant's Compilation Report and Notes to Financial Statements

The Sallan Foundation, Inc.
Statements of Activities
For the 12 Months Ended December 31,

	2010	2009	2008
<u>Revenue</u>			
Investment Income (Loss)-- (Note 5)	\$40,761	\$124,423	\$(135,414)
<u>Expenses</u>			
Compensation of Officer	77,762	77,616	75,355
Rent and Utilities	20,315	18,728	17,646
Web Site Design and Maintenance	6,758	5,411	7,355
Conference Support and Attendance	867	470	375
Depreciation and Amortization Expense	214	4,424	4,425
Professional Fees	2,800	4,230	5,061
Writing and Design Services	1,700	1,375	21,063
Portfolio Management Fees	908	1,278	4,657
Other Costs	<u>6,158</u>	<u>5,789</u>	<u>5,756</u>
Total Expenses	<u>117,482</u>	<u>119,321</u>	<u>141,693</u>
Net Decrease in Unrestricted Net Assets	(76,721)	5,102	(277,107)
Beginning Unrestricted Net Assets	<u>1,112,242</u>	<u>1,107,140</u>	<u>1,384,247</u>
Closing Unrestricted Net Assets	<u>\$1,035,521</u>	<u>\$1,112,242</u>	<u>\$1,107,140</u>

See Independent Accountant's Compilation Report and Notes to Financial Statements

The Sallan Foundation, Inc
Statements of Cash Flows
For the 12 Months Ended December 31,

	2010	2009	2008
Cash Flows from Operating Activities			
Change in Net Assets	(\$76,721)	\$5,102	(\$277,107)
Adjustments to reconcile Deficit to net cash used by operating activities:			
Depreciation and Amortization	<u>214</u>	<u>4,424</u>	<u>4,425</u>
Net Cash Used by Operating Activities	(76,507)	9,526	(272,682)
Cash Flows from Investing Activities			
Unrealized (Gain) Loss on Securities included in change in net assets	(97,910)	(85,285)	145,776
Transfers into cash net of income and expenses included in operations	<u>300,285</u>	<u>22,254</u>	<u>179,700</u>
Net Cash Used (Realized) by Investing Activities	202,375	(63,031)	325,476
Net Increase (Decrease) in Cash	125,868	(53,505)	52,794
Cash – Beginning of the Year	<u>45,419</u>	<u>98,924</u>	<u>46,130</u>
Cash – End of the Year	<u>\$171,287</u>	<u>\$45,419</u>	<u>\$98,924</u>
Supplemental Information:			
Income Taxes Paid During the Year	<u>\$400</u>	<u>\$560</u>	<u>\$1,082</u>

See Independent Accountant's Compilation Report and Notes to Financial Statements

Nature of Organization

The Foundation was incorporated in the State of Delaware July 19, 2004. It was granted exempt status as a private operating foundation by the Internal Revenue Service effective as of its date of incorporation. The Foundation is dedicated to creating and sharing knowledge and information that will improve the New York City urban environment and thereby improve the lives of the people living and or working there.

Note 1 - Summary of Significant Accounting Policies

Cash and Cash Equivalents

The Foundation considers all money in its checking and savings accounts to be cash equivalents. Certificates of Deposits and other funds, whatever their nature, in the Foundations brokerage accounts are considered to be Other Investments.

Depreciation

Property and equipment are carried at cost. Assets are depreciated using the straight-line method based on the estimated useful lives of the various classes of assets as follows:

Office Furniture	7 years
Office Equipment	5 years
Organization Costs	5 years

Support and Revenue

The Foundation has adopted SFAS #116, *Accounting for Contributions received and Contributions Made*. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their expected cash flows. Conditional promises to give are not included in support until the conditions are substantially met. The Foundation reports contributions as restricted support if they are received with donor stipulations limiting the use of the donations or if they are designated for future periods. When donor restrictions expire or the purpose is accomplished, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions of marketable securities are recorded at their fair market value on the date received.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 – Concentration of Credit Risk

The Foundation maintains its bank accounts in a financial institution located in New York City. Bank account cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. Its brokerage accounts are insured by the Securities Investor Protection Corporation (SIPC) up to \$100,000 for cash balances and \$500,000 for securities. At December 31, 2010 the Foundation had no uninsured balance in its bank accounts and had an uninsured balance in its security accounts of \$349,566.

Note 3 – Contingencies

The Foundation rents its office space under a lease which expires in February, 2016. Under the terms of this lease the following minimum lease payments are due:

2011	18,275
2012	19,125
2013	19,750
2014	20,350
2015	20,950
2016	1,750

Note 4 – Subsequent Events

Management has evaluated subsequent events through May 13, 2011, the date on which these financial statements were available to be issued.

Note 5 – Investments and Fair Value

The Foundation maintains an investment account for its financial reserves. All securities in this account are recorded at fair value as of the balance sheet date and are classified as current assets and available for sale.

The Sallan Foundation, Inc.
Notes to Financial Statements

The carrying amounts reflected in the statement of financial position for cash and cash equivalents approximate their fair values due to the short maturities of those instruments. Available-for-sale marketable securities are also recorded at fair value in the statement of financial position. The fair value of all debt and equity securities has been measured on a recurring basis using Level 1 inputs, which are based on unadjusted quoted market prices within active markets. There have been no changes in valuation techniques and related inputs.

Significant information regarding this account is as follows:

The main categories of securities owned - at market value - are:	2010	2009	2008
Certificates of Deposits	\$0	\$135,982	\$81,527
Mutual and Closed End Funds	242,428	314,313	256,327
Corporate Bonds	572,616	532,774	542,682
Money Market Funds and Cash	<u>46,791</u>	<u>81,140</u>	<u>120,642</u>
Fair value of securities owned	<u>861,835</u>	<u>1,064,209</u>	<u>1,001,178</u>
Cost basis of securities owned	806,146	1,106,330	1,133,377
Realized gains included as a component of the change in unrestricted net assets	4,102	1,098	37,397
Realized (loss) included as a component of the change in unrestricted net assets	(90,390)	0	0
Net unrealized gain (loss) included as a component of the change in unrestricted net assets	99,944	85,285	(145,776)
Total proceeds from Securities Sold	\$254,149	\$50,000	\$88,174