

**The Sallan Foundation, Inc.**

**Financial Statements**

**December 31, 2011**

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**MARC B. FREEDMAN**

*CERTIFIED PUBLIC ACCOUNTANT, P.C.*

Board of Directors  
The Sallan Foundation, Inc.  
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New York, NY 10004

### ***Independent Accountants' Compilation Report***

We have compiled the accompanying statements of financial position of The Sallan Foundation, Inc. (a non-profit corporation) as of December 31, 2011 and 2010 and the related statements of activities and cash flows for the years then ended. We have not audited or reviewed the 2011 or 2010 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 2009 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 24, 2012

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

**Assets**

	2011	2010	2009
<b>Current Assets</b>			
Cash in Bank Accounts	\$110,366	\$171,287	\$45,419
Other Investments (Note 5)	<u>807,411</u>	<u>861,834</u>	<u>1,064,209</u>
<b>Total Current Assets</b>	<b>917,777</b>	<b>1,033,121</b>	<b>1,109,628</b>
<b>Fixed Assets</b>			
Organizational Costs	17,459	17,459	17,459
Office Furniture and Equipment	<u>7,134</u>	<u>5,435</u>	<u>5,435</u>
<b>Total Fixed Assets</b>	<b>24,593</b>	<b>22,894</b>	<b>22,894</b>
Accumulated Depreciation	<u>(23,064)</u>	<u>(22,894)</u>	<u>(22,680)</u>
<b>Net Fixed Assets</b>	<b>1,529</b>	<b>0</b>	<b>214</b>
<b>Other Assets</b>			
Security Deposit	<u>3,050</u>	<u>2,400</u>	<u>2,400</u>
<b>Total Other Assets</b>	<b><u>3,050</u></b>	<b><u>2,400</u></b>	<b><u>2,400</u></b>
<b>Total Assets</b>	<b><u>922,356</u></b>	<b><u>1,035,521</u></b>	<b><u>1,112,242</u></b>
<b>Current Liabilities</b>			
Payroll Taxes Payable	<u>2,057</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>2,057</u>	<u>0</u>	<u>0</u>
<b>Net Assets</b>			
Unrestricted Net Assets	<u>920,299</u>	<u>1,035,521</u>	<u>1,112,242</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$922,356</u></b>	<b><u>\$1,035,521</u></b>	<b><u>\$1,112,242</u></b>

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,**

	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b><u>Revenue</u></b>			
<b>Investment Income -- (Note 5)</b>	\$9,741	\$40,761	\$124,423
<b><u>Expenses</u></b>			
Compensation of Officer	81,230	77,762	77,616
Rent and Utilities	20,365	20,315	18,728
Web Site Design and Maintenance	9,986	6,758	5,411
Conference Support and Attendance	520	867	470
Depreciation and Amortization Expense	170	214	4,424
Professional Fees	2,800	2,800	4,230
Writing and Design Services	1,350	1,700	1,375
Portfolio Management Fees	3,930	908	1,278
Other Costs	<u>4,612</u>	<u>6,158</u>	<u>5,789</u>
<b>Total Expenses</b>	<b><u>124,963</u></b>	<b><u>117,482</u></b>	<b><u>119,321</u></b>
<b>Net Decrease in Unrestricted Net Assets</b>	<b>(115,222)</b>	<b>(76,721)</b>	<b>5,102</b>
<b>Beginning Unrestricted Net Assets</b>	<b><u>1,035,521</u></b>	<b><u>1,112,242</u></b>	<b><u>1,107,140</u></b>
<b>Closing Unrestricted Net Assets</b>	<b><u>\$920,299</u></b>	<b><u>\$1,035,521</u></b>	<b><u>\$1,112,242</u></b>

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,**

	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Cash Flows from Operating Activities</b>			
Change in Net Assets	(\$115,222)	(\$76,721)	\$5,102
Adjustments to reconcile Deficit to net cash used by operating activities:			
Depreciation and Amortization	170	214	4,424
Increase in Payroll Taxes Payable	<u>2,057</u>	<u>0</u>	<u>0</u>
<b>Net Cash Used by Operating Activities</b>	<b>(112,995)</b>	<b>(76,507)</b>	<b>9,526</b>
<b>Cash Flows from Investing Activities</b>			
Unrealized (Gain) Loss on Securities included in change in net assets	16,934	(97,910)	(85,285)
Purchase of Fixed Assets	(1,699)	0	0
Transfers into cash net of income and expenses included in operations	<u>36,840</u>	<u>300,285</u>	<u>22,254</u>
<b>Net Cash Used (Realized) by Investing Activities</b>	<b>52,075</b>	<b>202,375</b>	<b>(63,031)</b>
<b>Net Increase (Decrease) in Cash</b>	<b>(60,920)</b>	<b>125,868</b>	<b>(53,505)</b>
Cash – Beginning of the Year	<u>171,287</u>	<u>45,419</u>	<u>98,924</u>
<b>Cash – End of the Year</b>	<b><u>\$110,367</u></b>	<b><u>\$171,287</u></b>	<b><u>\$45,419</u></b>
<b>Supplemental Information:</b>			
<b>Income Taxes Paid During the Year</b>	<b><u>\$240</u></b>	<b><u>\$400</u></b>	<b><u>\$560</u></b>

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, 2011 the Foundation had no uninsured balance in its bank accounts and had an uninsured balance in its security accounts of \$307,411.

### **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:

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 24, 2012, 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:	<b>2011</b>	<b>2010</b>	<b>2009</b>
Certificates of Deposits	\$0	\$0	\$135,982
Mutual and Closed End Funds	151,120	242,428	314,313
Corporate Bonds	564,894	572,616	532,774
Money Market Funds and Cash	<u>91,397</u>	<u>46,791</u>	<u>81,140</u>
Fair value of securities owned	<u>807,411</u>	<u>861,835</u>	<u>1,064,209</u>
Cost basis of securities owned	<u>796,640</u>	<u>806,146</u>	<u>1,106,330</u>
Total proceeds from Securities Sold	<u>106,268</u>	<u>254,149</u>	<u>50,000</u>
Interest and Dividend Income	29,917	29,139	38,040
Realized gains included as a component of the change in unrestricted net assets	1,881	4,102	1,098
Realized (loss) included as a component of the change in unrestricted net assets	(5,203)	(90,390)	0
Net unrealized gain (loss) included as a component of the change in unrestricted net assets	<u>(16,854)</u>	<u>97,910</u>	<u>85,285</u>
Investment Income	<u>\$9,741</u>	<u>\$40,761</u>	<u>\$124,423</u>