

The Sallan Foundation, Inc.

Financial Statements

December 31, 2018

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MARC B. FREEDMAN

CERTIFIED PUBLIC ACCOUNTANT, P.C.

Board of Directors
The Sallan Foundation, Inc.
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Management is responsible for the accompanying financial statements of The Sallan Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Marc B. Freedman

Marc B. Freedman

June 19, 2019

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

Assets

	2018	2017	2016
Current Assets			
Cash in Bank and Money Market Finds	\$77,056	\$101,848	\$124,798
Other Investments (Note 5)	<u>34,326</u>	<u>140,617</u>	<u>239,758</u>
Total Current Assets	111,382	242,465	364,556
Fixed Assets			
Organizational Costs	17,459	17,459	17,459
Office Furniture and Equipment	<u>7,134</u>	<u>7,134</u>	<u>7,134</u>
Total Fixed Assets	24,593	24,593	24,593
Accumulated Amortizations & Depreciation	<u>(24,593)</u>	<u>(24,593)</u>	<u>(24,593)</u>
Net Fixed Assets	0	0	0
Other Assets			
Security Deposit	<u>1,525</u>	<u>1,525</u>	<u>1,525</u>
Total Other Assets	<u>1,525</u>	<u>1,525</u>	<u>1,525</u>
Total Assets	<u>112,907</u>	<u>243,990</u>	<u>366,081</u>
Liabilities			
Payroll Taxes Payable (Note 6)	<u>2,724</u>	<u>660</u>	<u>0</u>
Total Current Liabilities	<u>2,724</u>	<u>660</u>	<u>0</u>
Net Assets			
Unrestricted Net Assets	<u>110,183</u>	<u>243,330</u>	<u>366,081</u>
Total Liabilities and Net Assets	<u>\$112,907</u>	<u>\$243,990</u>	<u>\$366,081</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,

	2018	2017	2016
<u>Revenue</u>			
Investment Income -- (Note 5)	\$2,549	\$11,779	\$9,552
Miscellaneous income	<u>285</u>	<u>665</u>	<u>0</u>
Total Income	2,834	12,444	9,552
<u>Expenses</u>			
Compensation of Officer	96,843	96,885	96,885
Rent and Utilities	11,668	11,692	14,295
Web Site Design and Maintenance	17,635	15,480	10,563
Conference Support and Attendance	167	652	75
Depreciation and Amortization Expense	0	0	170
Professional Fees	3,600	3,400	3,400
Writing and Design Services	1,800	2,100	1,250
Portfolio Management Fees	704	1,261	1,342
Other Costs	<u>3,564</u>	<u>3,725</u>	<u>2,761</u>
Total Expenses	<u>135,981</u>	<u>135,195</u>	<u>130,741</u>
Net Decrease in Unrestricted Net Assets	(133,147)	(122,751)	(121,189)
Beginning Unrestricted Net Assets	<u>243,330</u>	<u>366,081</u>	<u>487,270</u>
Closing Unrestricted Net Assets	<u>\$110,183</u>	<u>\$243,330</u>	<u>\$366,081</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,

	2018	2017	2016
Cash Flows from Operating Activities			
Change in Net Assets	(133,147)	(122,751)	(121,189)
Adjustments to reconcile Deficit to net cash used by operating activities:			
Increase in Accounts Payable	2,064	660	0
Depreciation and Amortization	<u>0</u>	<u>0</u>	<u>170</u>
Net Cash Used by Operating Activities	(131,083)	(122,091)	(121,019)
Cash Flows from Investing Activities			
Unrealized (Gain) Loss on Securities included in change in net assets	8,989	(2,088)	738
Sales of securities	175,636	136,640	166,006
Purchases of Securities	(70,402)	(31,859)	(72,938)
Transfers into (out of) cash net of income and expenses included in operations	<u>(7,932)</u>	<u>(3,552)</u>	<u>(1,244)</u>
Net Cash Provided by Investing Activities	106,291	99,141	92,562
Net Increase (Decrease) in Cash	(24,792)	(22,950)	(28,457)
Cash – Beginning of the Year	<u>101,848</u>	<u>124,798</u>	<u>153,255</u>
Cash – End of the Year	<u>\$77,056</u>	<u>\$101,848</u>	<u>\$124,798</u>
Supplemental Information:			
Excise Taxes Paid During the Year	<u>\$200</u>	<u>\$0</u>	<u>\$0</u>

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

Nature of Organization

The Foundation was incorporated in the State of Delaware on July 19, 2004. It was granted exempt status as a private operating foundation, described in section 4942(j)(3) of the code, under section 501(c)(3) of the Internal Revenue Code 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. The Foundation was originally funded in 2004 and investment returns have been its only source of income since that time.

Note 1 - Summary of Significant Accounting Policies

Cash and Cash Equivalents

The Foundation considers all money in its checking, savings accounts and in money market funds to be cash or cash equivalents

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, 2018 the Foundation had no uninsured cash balances in its brokerage account and no uninsured balance in its bank accounts.

Note 3 – Contingencies

The Foundation rents its office space on a month-to-month basis.

Note 4 – Subsequent Events

Management has evaluated subsequent events through June 19, 2019, the date on which these financial statements were available to be issued.

Note 5 – Investments and Fair Value

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

FASB ASC 820 provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;

Level 2 • inputs other than quoted prices that are observable for the asset or liability; and
• inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Foundation has to evaluate the appropriate classification for each type of investments securities based upon the Foundation's portfolio and actual fair valuation techniques used.

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.

The Sallan Foundation, Inc.
Notes to Financial Statements

Significant information regarding this account is as follows:

The main categories of securities owned - at market value - are:	2018	2017	2016
Mutual and Closed End Funds	\$9,632	\$65,293	\$139,493
Corporate Bonds	24,694	75,324	100,265
Money Market Funds and Cash	<u>11,690</u>	<u>88,679</u>	<u>109,037</u>
Fair value of securities owned	<u>\$46,016</u>	<u>\$229,296</u>	<u>\$348,795</u>
Cost basis of securities owned	<u>\$46,523</u>	<u>\$220,813</u>	<u>\$345,146</u>
Total proceeds from Securities Sold	<u>\$175,636</u>	<u>\$136,702</u>	<u>\$166,006</u>
Interest, Dividends & Capital Gain Distributions	\$3,605	\$5,725	\$7,522
Realized gains included as a component of the change in unrestricted net assets	1,669	4,081	3,225
Realized (loss) included as a component of the change in unrestricted net assets	(699)	(115)	(457)
Net unrealized gain (loss) included as a component of the change in unrestricted net assets	<u>(2,026)</u>	<u>2,088</u>	<u>(738)</u>
Investment Income from Investment Account	<u>\$2,549</u>	<u>\$11,779</u>	<u>\$9,552</u>

Note 6 – Payroll Taxes Payable

The payroll taxes payable is for payroll paid in December. The taxes are due to the IRS and New York State (at December 31, 2018) and New York State (December 31, 2017) in early January of the following year.

Note 7 – Excise Taxes

As a private operating foundation, the Foundation is subject to a 1% excise tax on its net investment income. For the years ended December 31, 2016, 2017 and 2018, the excise taxes were \$85, \$75 and \$96 respectively.

Note 8 – Tax Status

The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods currently in progress. Management believes it is no longer subject to tax examinations for years prior to 2015.

Note 9 – Schedule of Functional Expenses

	<u>Total</u>	<u>Program Expenses</u>	<u>Management</u>
Compensation of Officer	\$96,885	\$87,197	\$9,688
Rent and Utilities	11,668	10,501	1,167
Web Site Design and Maintenance	17,635	17,635	0
Conference Support and Attendance	167	167	0
Professional Fees	3,600	0	3,600
Writing and Design Services	1,800	1,800	0
Portfolio Management Fees	704	0	704
Other Costs	<u>3,564</u>	<u>3,208</u>	<u>356</u>
Total Expenses	<u>\$136,023</u>	<u>\$120,508</u>	<u>\$15,515</u>

Management has estimated the allocation of expenses between those related to program and those related to management. The organization had no fundraising expenses.

Note 10 – Going Concern

It is likely that the Organization’s assets will be mostly depleted before the end of 2019. Management’s plan is to cut its expenses sufficiently to be able to continue to pay its bills and, for the present, to maintain the Organization as a legal entity while ceasing to engage in its usual on-going operations.