

Altman Foundation

FINANCIAL STATEMENTS

December 31, 2016 and 2015

Independent Auditors' Report Included



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Independent Auditors' Report

Board of Trustees Altman Foundation

We have audited the accompanying financial statements of the Altman Foundation, which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 auditors' 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. 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 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 referred to above present fairly, in all material respects, the financial position of the Altman Foundation as of December 31, 2016 and 2015 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

PKF O'Connor Davies, LLP

September 12, 2017

Altman Foundation

Statements of Financial Position

	December 31	
	2016	2015
ASSETS		
Cash in operating account	\$ 729,065	\$ 498,243
Prepaid taxes	185,257	53,724
Prepaid expenses	23,141	42,611
Investments (Note 4)	239,589,079	237,179,525
Program related investments (Note 5)	645,308	1,641,390
Investments restricted for pension (Notes 4, 6)	639,564	628,143
Furniture, equipment and leasehold improvements, net (Note 8)	<u>1,099,430</u>	<u>1,202,369</u>
	<u>\$ 242,910,844</u>	<u>\$ 241,246,005</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Grants payable (Note 9)	\$ 2,938,000	\$ 1,795,000
Accounts payable and accrued expenses	148,177	575,824
Deferred federal excise tax liability (Note 3)	645,532	634,717
Deferred pension liability (Notes 4, 6)	547,387	610,733
Deferred rent and landlord incentive (Notes 7)	<u>599,046</u>	<u>601,071</u>
Total Liabilities	4,878,142	4,217,345
Unrestricted net assets	<u>238,032,702</u>	<u>237,028,660</u>
	<u>\$ 242,910,844</u>	<u>\$ 241,246,005</u>

See notes to financial statements

Altman Foundation

Statements of Activities

	Year Ended December 31	
	2016	2015
REVENUE		
Interest, dividends and partnership revenue	\$ 3,187,490	\$ 3,372,965
Net realized gain on sale of investments	14,712,673	8,899,993
Change in net unrealized appreciation on investments	540,721	(10,314,176)
Other income	11,807	21,162
Total Revenue	18,452,691	1,979,944
Direct investment expenses	(2,390,654)	(2,332,094)
Current federal excise tax and state taxes (Note 3)	(158,467)	(171,599)
Deferred federal excise tax (Note 3)	(10,815)	206,284
Net Revenue	15,892,755	(317,465)
 EXPENSES		
Grants authorized	12,254,398	10,501,009
Grant administration	1,916,830	2,341,402
Investment administration	717,485	822,360
Total Expenses	14,888,713	13,664,771
Change in Net Assets	1,004,042	(13,982,236)
 NET ASSETS		
Beginning of year	237,028,660	251,010,896
End of year	\$ 238,032,702	\$ 237,028,660

See notes to financial statements

Altman Foundation

Statements of Cash Flows

	Year Ended December 31	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	\$ 29,064	\$ 34,900
Other receipts	5,121	29,227
Payments for federal excise taxes	(290,000)	(359,273)
Payments to vendors	(1,051,966)	(955,047)
Payments for compensation and benefits	(1,859,558)	(1,760,991)
Payments for grants and matching gifts	<u>(11,103,433)</u>	<u>(11,172,703)</u>
Net Cash from Operating Activities	<u>(14,270,772)</u>	<u>(14,183,887)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(317,985)	(456,774)
Partnership distributions	11,354,417	14,803,203
Partnership capital calls	(5,003,996)	(2,569,483)
Net change in money market funds	1,303,619	816,173
Disbursement of program related investment	(114,634)	(420,465)
Repayment of program related investment	1,101,964	1,123,400
Purchases of investments	(19,500,000)	(37,100,000)
Proceeds from redemptions of investments	<u>25,678,209</u>	<u>37,627,107</u>
Net Cash from Investing Activities	<u>14,501,594</u>	<u>13,823,161</u>
 Net Change in Cash	 230,822	 (360,726)
 CASH		
Beginning of year	<u>498,243</u>	<u>858,969</u>
 End of year	 <u>\$ 729,065</u>	 <u>\$ 498,243</u>

See notes to financial statements

Altman Foundation

Statements of Cash Flows *(continued)*

	Year Ended December 31	
	2016	2015
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,004,042	\$ (13,982,236)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	102,939	112,431
Amortization of deferred rent and landlord incentive	(2,025)	201,051
Landlord incentive - leasehold improvements	-	(400,020)
Grant cancellation	(75,000)	-
Net realized gain on investments	(14,712,673)	(8,899,993)
Change in unrealized appreciation of investments	(540,721)	10,314,176
Imputed investment management fees	(988,409)	(887,206)
Actuarial adjustment related to pension	(63,346)	373,522
Deferred federal excise tax	10,815	(206,284)
Other	(2,669)	55,654
Net Change in Operating Assets and Liabilities		
Prepaid taxes	(131,533)	(49,470)
Prepaid expenses	19,470	(10,597)
Accounts payable and accrued expenses	(109,662)	(21,711)
Grants payable	1,218,000	(645,000)
Federal excise tax payable	-	(138,204)
	\$ (14,270,772)	\$ (14,183,887)

See notes to financial statements

Altman Foundation

Notes to Financial Statements
December 31, 2016 and 2015

1. Organization

The Altman Foundation (the "Foundation") was established and funded in 1913 by Benjamin Altman, the founder of B. Altman & Co. Under its charter, the Foundation is limited to grants to organizations in New York State. The Foundation concentrates its support to educational institutions, hospitals and health centers, artistic and cultural institutions, and social welfare programs, primarily in the metropolitan New York City area.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Foundation have been prepared in conformity with accounting principles generally accepted in the United States ("US GAAP"). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. At December 31, 2016 and 2015, the net assets of the Foundation were without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

The Foundation follows US GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

The Foundation follows US GAAP guidance which removed the requirements to categorize within the fair value hierarchy all investments for which fair value is measured using the Net Asset Value ("NAV") per share as a practical expedient.

Cash and Cash Equivalents

Cash and cash equivalents represent short-term investments with maturities of three months or less at time of purchase, except for those short-term investments managed by the Foundation's investment managers as part of their long-term investment strategies.

Altman Foundation

Notes to Financial Statements
December 31, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Investments Valuation

Investments are carried at fair value.

Investment Income Recognition

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Program Related Investments

Program related investments (PRIs) consist of loans and are reflected at cost less an allowance for potential impairment in value. Whether a valuation allowance is necessary due to impairment is determined based on various factors, including the debtor's payment performance and other pertinent factors related to the debtor's operations and ability to repay its debts. PRIs are individually monitored to determine net realizable value based on an evaluation of recovery. The Foundation assesses the risk of its PRIs internally as either performing or monitoring. Performing receivables are investments that meet repayment benchmarks on a timely basis. Monitoring receivables are investments that are either behind in their repayment schedules or the overall health of the investee organization is lessened based upon an assessment of the investee. The Foundation considers a PRI past due if an interest or principal payment is more than 30 days overdue. Loans for which interest has not been paid for six months after due date are put into non-accrual status. Interest will no longer be accrued. The discount on PRI loans and the related contribution expense and interest income are not recorded in the financial statements as such amounts are not material.

Furniture, Equipment and Leasehold Improvements

Furniture and equipment, including computer hardware and software, are recorded at cost and depreciated using the straight-line method over periods ranging from five to ten years. Leasehold improvements are recorded at cost and amortized over the term of the lease. The Foundation capitalizes all property and equipment items over \$10,000.

Grants

Grants are recorded when authorized by the Board of Trustees.

Concentration of Credit Risk

The Foundation invests its cash and cash equivalents with a quality financial institution. Throughout the year, balances in this account exceeded the Federal insured limits. The Foundation has a diversified portfolio of investments across multiple asset classes, and routinely assesses the diversification and financial strength of its cash and investment portfolio to limit concentration of credit risk.

Altman Foundation

Notes to Financial Statements
December 31, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Deferred Rent and Landlord Incentive

Rent expense is being recognized on a straight-line basis over the life of the lease. The difference between rent expense recognized and rental payments, as stipulated in the lease, is included in deferred rent and landlord incentive on the statements of financial position. In addition, deferred rent and landlord incentive include a period of free rent provided by the lease and landlord incentive on a portion of the leasehold improvement cost, both of which are being amortized over the life of the lease.

Reclassifications

Certain amounts in the 2015 financial statements have been reclassified to conform to the 2016 presentation.

Accounting for Uncertainty in Income Taxes

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Foundation had no uncertain tax positions that would require financial statement recognition or disclosure. The Foundation is no longer subject to audits by the applicable taxing jurisdictions for periods prior to 2013.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). Under this ASU, a lessee should report at present value a right-of-use asset and a liability for the obligation to make payments under such leases. (For leases with a term of 12 months or less, the lessee has an option not to record such leases as assets and liabilities). A single lease expense, consisting of interest on the obligation and amortization of the asset, will be calculated so that the lease cost is allocated over the lease term on a straight-line basis. For the Foundation, the effective implementation date is for the 2020 fiscal year, with early application permitted. Although the Foundation has a number of small equipment leases, the most significant effect will be recording an asset and liability relating to its office space (Note 7). The Foundation is currently evaluating the impact of adopting ASU 2016-02.

In August 2016, the FASB issued Phase I of ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, which changes how not-for-profit organizations classify net assets and present information in financial statements pertaining to liquidity, investment return, expense reporting and cash flows. Phase I of this ASU is effective for the Foundation's 2018 fiscal year. Significant changes for the Foundation will be (i) the reporting of expenses by both function and nature, (ii) a net presentation of investment expenses against investment revenue, (iii) disclosure of qualitative information on how the Foundation manages its liquid available resources and its liquidity risk and (iv) information about the level of financial assets at year-end that are available to meet cash needs over the next 12 months. The Foundation is currently evaluating the impact of adopting Phase I of ASU 2016-14.

Altman Foundation

Notes to Financial Statements December 31, 2016 and 2015

3. Federal Excise Taxes

The Foundation is a nonprofit organization exempt from Federal income taxes under the provisions of Sections 501(c)(3) of the Internal Revenue Code (the Code), and is a private foundation as defined in Section 509(a) of the Code. The Foundation is subject to a Federal excise tax of 2% on its net investment income, as defined, for tax purposes. However, the excise tax is reduced to 1% if certain conditions are met. For 2016 and 2015 the Foundation's rate was 1% and 2%, respectively. The Foundation has met its minimum distribution requirement.

Deferred taxes arise from unrealized appreciation of investments held at year end and are recorded using the 2% rate for 2016 and 2015.

4. Assets Measured at Fair Value

The following are major categories of investments measured at fair value on a recurring basis at December 31, grouped by the fair value hierarchy, for those investments subject to categorization within such hierarchy:

Description	2016			Total
	Level 1	Level 2	Investments measured at net asset value per share (*)	
Investments				
Short term money market funds	\$ 9,093,906	\$ -	\$ -	\$ 9,093,906
Domestic equity	35,285,970	-	-	35,285,970
Global equity	-	-	12,066,325	12,066,325
Equity oriented hedge	-	-	25,915,622	25,915,622
Fixed income	-	-	28,128,959	28,128,959
Fixed income substitute	-	-	27,475,103	27,475,103
International equity	-	-	30,673,996	30,673,996
Private equity	-	-	37,720,602	37,720,602
Real assets	9,449,116	-	10,720,996	20,170,112
Real estate	-	-	11,597,263	11,597,263
Total Investments at fair value	<u>\$ 53,828,992</u>	<u>\$ -</u>	<u>\$ 184,298,866</u>	238,127,858
Certificate of deposits				1,003,641
Unsettled security trades, net				457,580
Total Investments				<u>\$ 239,589,079</u>
Investments Restricted For Pension				
Money market funds	\$ 523,696	\$ -	\$ -	\$ 523,696
Cash surrender value of life insurance policy	-	115,868	-	115,868
Total Investments Restricted for Pension	<u>\$ 523,696</u>	<u>\$ 115,868</u>	<u>\$ -</u>	<u>\$ 639,564</u>

Altman Foundation

Notes to Financial Statements December 31, 2016 and 2015

4. Assets Measured at Fair Value (continued)

Description	2015			
	Level 1	Level 2	Investments measured at net asset value per share (*)	Total
Investments				
Short term money market funds	\$ 12,555,760	\$ -	\$ -	\$ 12,555,760
Domestic equity	31,028,678	-	-	31,028,678
Global equity	-	-	11,934,917	11,934,917
Equity oriented hedge	-	-	30,142,058	30,142,058
Fixed income	-	-	18,514,597	18,514,597
Fixed income substitute	-	-	37,483,428	37,483,428
International equity	-	-	28,226,707	28,226,707
Private equity	-	-	40,731,875	40,731,875
Real assets	6,721,749	-	7,256,754	13,978,503
Real estate	-	-	12,583,002	12,583,002
Total Investments	<u>\$ 50,306,187</u>	<u>\$ -</u>	<u>\$ 186,873,338</u>	<u>\$ 237,179,525</u>
Investments Restricted For Pension				
Money market funds	\$ 523,685	\$ -	\$ -	\$ 523,685
Cash surrender value of life insurance policy	-	104,458	-	104,458
Total Investments Restricted for Pension	<u>\$ 523,685</u>	<u>\$ 104,458</u>	<u>\$ -</u>	<u>\$ 628,143</u>

(*) As discussed in Note 2, investments that are measured using the practical expedient are not classified within the fair value hierarchy.

At December 31, 2016 and 2015 approximately 73% and 72% of the Foundation's investment portfolio was invested with certain managers that provided equity or equity-like exposure. Management does not anticipate that losses, if any, resulting from such market concentration would materially affect the financial position and operations of the Foundation.

Information regarding alternative investments valued at NAV using the practical expedient at December 31, 2016 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Global equity (see "a" below)	\$ 12,066,325	\$ -	Quarterly	30 days
Equity oriented hedge (see "b" below)	25,915,622	-	Monthly/Quarterly	30-90 days
Fixed income (see "c" below)	28,128,959	-	Monthly	10-30 days
Fixed income substitute (see "d" below)	27,475,103	-	Quarterly/Annually	60-90 days
International equity (see "e" below)	30,673,996	-	Monthly	5-10 days
Private equity (see "f" below)	37,720,602	28,305,046	Locked	Not applicable
Real assets (see "g" below)	10,720,996	7,207,500	Locked	Not applicable
Real estate (see "h" below)	11,597,263	662,500	Quarterly & Locked	45 days-Not applicable
	<u>\$ 184,298,866</u>	<u>\$ 36,175,046</u>		

Altman Foundation

Notes to Financial Statements
December 31, 2016 and 2015

4. Assets Measured at Fair Value *(continued)*

- a.) This category includes a fund that invests in global equity and equity-related securities and includes investments in hedge funds that invest primarily in U.S. equity securities, on a long only basis, predominantly in the form of limited partnerships and similar pooled investment vehicles. This fund was primarily formed with the purpose of achieving long-term growth of capital.
- b.) This category includes seven managers who predominantly invest in equity and equity-related securities of U.S. firms and includes investments in hedge funds that invest primarily in U.S. equity securities, both long and short, predominantly in the form of limited partnerships and similar pooled investment vehicles. These funds were primarily formed with the purpose of achieving long-term growth of capital with reduced volatility by allocating capital among various money managers or strategies. Six of the managers have lockup periods where investments cannot be redeemed for 12 months. As of December 31, 2016, none of these investments were subject to any lockup.
- c.) This category includes three funds that invest predominantly in U.S. and international fixed income securities, including corporate bonds, government bonds, and mortgage-backed securities, predominantly in separately managed accounts and similar pooled investment vehicles. These funds generate return from the payment of interest and from capital gains from the sale of underlying bonds.
- d.) This category includes investments with seven fund managers that invest primarily in U.S. and international fixed income securities, derivative instruments (options, forwards and futures and credit default swaps), and assets that are not securities (for example, bank loans, creditor claims, commercial liens, etc.). These investments are predominantly in the form of limited partnerships and similar pooled investment vehicles that can go long and short and use derivatives. They were formed with the purpose of achieving long-term growth of capital with reduced volatility by allocating capital among various strategies. All managers permit redemptions. Four managers have no lockup requirements and the other three have a lockup requirement of 12-months. As of December 31, 2016, no amounts were subject to lockup.
- e.) This category includes two fund managers who invest in equities issued by companies which have their registered offices or which conduct the bulk of their business activities in countries other than the United States, or which exercise a preponderant part of their economic activities in countries other than the United States, including countries classified as emerging or developing markets, which have their registered office in emerging or developing countries. These funds were primarily formed with the purpose of achieving capital appreciation over the medium to long-term by allocating its capital among various money managers.

Altman Foundation

Notes to Financial Statements
December 31, 2016 and 2015

4. Assets Measured at Fair Value (*continued*)

- f.) This category includes 17 funds that make control investments in private, non-listed small and medium-sized companies primarily in the U.S. and Europe. This category includes several private equity funds that invest primarily in international and domestic private equity and venture capital partnerships. These investments cannot be redeemed. Distributions from investments in this category are received through the liquidation of the underlying assets of the fund. Management has estimated that the underlying assets of thirteen funds will be liquidated over 12-176 months, with the proceeds from liquidation returned to the limited partners. The other four investment funds, representing 36% of this category's total fair value, have no set liquidation date.
- g.) This category includes three funds that invest in privately held oil and gas partnerships and in commodities that are traded on futures markets. These managers return invested capital as distributions resulting from liquidation of the underlying assets. It is estimated that the underlying assets of such funds will be liquidated over the next 22-83 months as the underlying properties are sold or refinanced.
- h.) This category includes four real estate funds that invest primarily in U.S. commercial real estate. One manager, representing 43% of this category's total fair value, permits redemptions with 45 days advance notice prior to the end of a quarter. The other three managers return invested capital as distributions resulting from liquidation of the underlying assets and have partnership dissolution dates over the next 27-43 months.

5. Program Related Investments (PRIs)

PRIs, defined in IRC 4944(c), have a primary purpose of advancing the mission of the Foundation without a significant purpose of the production of income or the appreciation of the investment. PRIs are treated as charitable distributions on Internal Revenue Service form 990-PF, the tax and information return filed by private foundations for minimum-distribution requirement purposes.

At December 31, 2015, the Foundation had two PRI loans at below-market interest rates, one at 0.5% and the other at 2.0%; the loan at 0.5% was repaid during 2016. PRI loans are individually monitored and at December 31, 2016 and 2015 were deemed performing receivables. Management has reviewed the collectability of all PRI loans and deemed an allowance to be unnecessary. At December 31, 2016 and 2015, there were no PRI loans past due.

The Foundation's PRI equity portfolio consists of three PRIs in a limited partnership interest, and are expected to be redeemed between 2017-2018 depending on investment performance and activity. There is an additional unfunded commitment of \$964,901 to this limited partnership.

Altman Foundation

Notes to Financial Statements
December 31, 2016 and 2015

5. Program Related Investments (PRIs) (continued)

Expected repayments are as follows:

2017	\$	491,454
2018		<u>153,854</u>
	\$	<u>645,308</u>

6. Retirement Plans

The Foundation provides a 401K plan to eligible employees. Employee contributions are permitted with the Foundation matching one-half of basic contributions up to a maximum of 5% of salary per employee in 2016 and 2015. Employer matching was \$64,763 and \$66,171 for 2016 and 2015, respectively.

The Foundation also maintains a profit sharing plan for eligible employees. For 2016 and 2015, the Foundation's contribution was 8% of salary for all staff and amounted to \$104,332 and \$103,482 for 2016 and 2015, respectively.

The Foundation has also established a non-qualified retirement plan for a select group of management determined by the Board of Trustees, to which contributions to qualified pension plans are limited. Assets associated with this plan are assets of the Foundation, and are included in the statements of financial position. An amount to represent the funds due to the plan participants is included in the statements of financial position as a liability. Actuarial valuations of the liability at December 31, 2016 and 2015 resulted in a reduction of pension expense of \$63,346 in 2016 and a pension expense of \$373,522 in 2015.

Altman Foundation

Notes to Financial Statements
December 31, 2016 and 2015

7. Commitments and Contingencies

Office Leases

The Foundation's operating lease for office space at 521 Fifth Avenue, New York City expired on July 31, 2015. In lieu of a security deposit, the Foundation maintained an open letter of credit in the amount of \$68,409, which was closed upon expiration of the lease. Rent expense under this lease, which included utilities, office maintenance and real estate taxes was \$209,416 for 2015.

The Foundation entered into a non-cancellable operating lease for new office space at 8 West 40th Street, New York City, beginning June 1, 2015. In lieu of a security deposit, the Foundation maintains an open letter of credit in the amount of \$346,864, which has automatic annual extensions. This 187 month lease requires minimum annual rental payments with escalations through the lease expiration date. In addition, the lease requires payment of utilities, real estate taxes and other expenses. Rent expense for this lease was \$368,535 and \$209,227 for 2016 and 2015, respectively.

At December 31, 2016, the liability for deferred rent and landlord incentive of \$599,046 included unamortized amounts for deferred rent of \$239,670 and landlord incentive of \$359,376. At December 31, 2015, such liability was \$601,071 and consisted of unamortized deferred rent of \$216,025 and landlord incentive of \$385,046.

Minimum lease payments by fiscal year are as follows:

	<u>Total</u>
2017	\$ 346,684
2018	346,684
2019	346,684
2020	380,819
2021	380,819
Thereafter	<u>3,622,581</u>
	<u>\$ 5,424,271</u>

Lines of Credit

The Foundation has an unsecured revolving line of credit agreement with a bank for \$1,000,000, expiring December 6, 2017. There were no borrowings against the line during 2016 and 2015. The interest rate on the line was 3.5% through December 14, 2016 and 3.75% effective December 15, 2016.

In July 2015, the Foundation entered into a secured revolving line of credit agreement with a bank for \$10,000,000, expiring on June 26, 2018. There were no borrowings against the line during 2016 and 2015. The line bears interest as defined in the agreement. Any borrowings are secured by certain assets of the Foundation.

Altman Foundation

Notes to Financial Statements
December 31, 2016 and 2015

7. Commitments and Contingencies (*continued*)

Unfunded Investment and PRI Commitments

As described in Note 4 to the financial statements, the Foundation has unfunded commitments to certain investment managers of approximately \$36.2 million as of December 31, 2016.

As described in Note 5 to the financial statements, the Foundation has unfunded PRI commitments of approximately \$965,000 as of December 31, 2016.

8. Furniture, Equipment and Leasehold Improvements

At December 31, 2016 and 2015, furniture, equipment and leasehold improvements at the Foundation were as follows:

	<u>2016</u>	<u>2015</u>
Leasehold improvements	\$ 973,821	\$ 973,821
Furniture and equipment	195,809	195,809
Computer hardware and software	<u>135,673</u>	<u>135,673</u>
	1,305,303	1,305,303
Less accumulated depreciation	<u>205,873</u>	<u>102,934</u>
	<u>\$ 1,099,430</u>	<u>\$ 1,202,369</u>

Depreciation expense for 2016 and 2015 was \$102,939 and \$122,431 respectively.

9. Grants Payable

The Foundation has entered into grant commitments to certain organizations. Payments to these organizations at December 31, 2016 and 2015 are to be made as follows:

	<u>2016</u>	<u>2015</u>
Less than one year	\$ 2,738,000	\$ 1,695,000
One to two years	<u>200,000</u>	<u>100,000</u>
Total grants payable	<u>\$ 2,938,000</u>	<u>\$ 1,795,000</u>

10. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which is September 12, 2017.

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