

Altman Foundation

Financial Statements

December 31, 2017 and 2016

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, 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.

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, 2017 and 2016 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 5, 2018

Altman Foundation

Statements of Financial Position

	December 31	
	<u>2017</u>	<u>2016</u>
ASSETS		
Cash in operating account	\$ 144,599	\$ 382,381
Prepaid taxes	3,504	185,257
Prepaid expenses and other assets	348,875	369,825
Investments (Note 4)	262,598,171	239,589,079
Program related investments (Note 5)	957,282	645,308
Investments restricted for pension (Notes 4, 6)	-	639,564
Furniture, equipment and leasehold improvements, net (Note 8)	<u>996,491</u>	<u>1,099,430</u>
	<u>\$ 265,048,922</u>	<u>\$ 242,910,844</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Grants payable (Note 9)	\$ 2,020,000	\$ 2,938,000
Accounts payable and accrued expenses	207,045	148,177
Current federal excise tax liability (Note 3)	57,972	-
Deferred federal excise tax liability (Note 3)	980,986	645,532
Deferred pension liability (Note 6)	-	547,387
Deferred rent and landlord incentive (Note 7)	<u>597,021</u>	<u>599,046</u>
Total Liabilities	3,863,024	4,878,142
Unrestricted net assets	<u>261,185,898</u>	<u>238,032,702</u>
	<u>\$ 265,048,922</u>	<u>\$ 242,910,844</u>

See notes to financial statements

Altman Foundation

Statements of Activities

	Year Ended December 31	
	2017	2016
REVENUE		
Interest, dividends and net partnership revenue	\$ 3,176,090	\$ 3,187,490
Net realized gain on sale of investments	19,464,653	14,712,673
Change in net unrealized appreciation on investments	16,773,319	540,721
Other (loss) income	(3,100)	11,807
Total Revenue	39,410,962	18,452,691
Direct investment expenses	(2,691,393)	(2,390,654)
Current federal excise tax and state taxes (Note 3)	(370,725)	(158,467)
Deferred federal excise tax (Note 3)	(335,454)	(10,815)
Net Revenue	36,013,390	15,892,755
EXPENSES		
Grants authorized	10,084,393	12,254,398
Grant administration	2,040,364	1,916,830
Investment administration	735,437	717,485
Total Expenses	12,860,194	14,888,713
Change in Net Assets	23,153,196	1,004,042
NET ASSETS		
Beginning of year	238,032,702	237,028,660
End of year	\$ 261,185,898	\$ 238,032,702

See notes to financial statements

Altman Foundation

Statements of Cash Flows

	Year Ended December 31	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and dividends received	\$ 254,259	\$ 29,064
Other receipts	4,832	5,121
Payments for federal excise taxes	(131,000)	(290,000)
Payments to vendors	(927,143)	(1,051,966)
Payments for compensation and benefits	(2,297,859)	(1,859,558)
Payments for grants and matching gifts	<u>(10,976,833)</u>	<u>(11,103,433)</u>
Net Cash from Operating Activities	<u>(14,073,744)</u>	<u>(14,270,772)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(317,985)
Partnership distributions	12,714,243	11,354,417
Partnership capital calls	(10,523,502)	(5,003,996)
Net change in money market funds	7,132,414	1,303,619
Disbursement of program related investment	(475,000)	(114,634)
Repayment of program related investment	155,592	1,101,964
Purchases of investments	(32,533,188)	(19,500,000)
Proceeds from redemptions of investments	<u>37,365,403</u>	<u>25,678,209</u>
Net Cash from Investing Activities	<u>13,835,962</u>	<u>14,501,594</u>
Net Change in Cash	(237,782)	230,822
 CASH		
Beginning of year	<u>382,381</u>	<u>151,559</u>
End of year	<u>\$ 144,599</u>	<u>\$ 382,381</u>

See notes to financial statements

Altman Foundation

Statements of Cash Flows *(continued)*

	Year Ended December 31	
	2017	2016
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Change in net assets	\$ 23,153,196	\$ 1,004,042
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	102,939	102,939
Amortization of deferred rent and landlord incentive	(2,025)	(2,025)
Grant cancellation	(50,000)	(75,000)
Net realized gain on investments	(19,464,653)	(14,712,673)
Change in unrealized appreciation of investments	(16,773,319)	(540,721)
Imputed investment management fees	(926,490)	(988,409)
Actuarial adjustment related to pension	-	(63,346)
Deferred federal excise tax	335,454	10,815
Other	7,434	8,752
Net Change in Operating Assets and Liabilities		
Prepaid taxes	181,753	(131,533)
Prepaid expenses and other assets	20,950	19,470
Investments restricted for pension	639,564	(11,421)
Grants payable	(868,000)	1,218,000
Accounts payable and accrued expenses	58,868	(109,662)
Current federal excise tax liability	57,972	-
Deferred pension liability	(547,387)	-
Net Cash from Operating Activities	\$ (14,073,744)	\$ (14,270,772)

See notes to financial statements

Altman Foundation

Notes to Financial Statements
December 31, 2017 and 2016

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 of America ("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, 2017 and 2016, 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, 2017 and 2016

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

The Foundation makes Program Related Investments ("PRIs") to other organizations to achieve charitable purposes in alignment with the Foundation's strategies. These investments are comprised of either direct loans or via participation in a PRI loan portfolio as part of a limited partnership interest.

Direct loan PRIs bear a below-market interest rate. These loans are initially measured at fair value at inception to determine if a contribution element exists. Loans are then recorded on a net basis to reflect a discount on loan receivable if such discount is material to the Foundation's financial statements and the discount is amortized to grant expense over the term of the loan. In addition, a loss reserve estimate is reviewed on an annual basis and adjusted if collectability risk has significantly changed based on the Foundation's understanding of the borrower's financial health and/or payment history.

Investment in loan PRIs as part of a limited partnership interest are recorded at the amount the Partnership expects to collect from outstanding balances. Any loss reserve is recorded at the Partnership level, and the Foundation's interest is adjusted accordingly.

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.

Altman Foundation

Notes to Financial Statements
December 31, 2017 and 2016

2. Summary of Significant Accounting Policies (continued)

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.

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 includes 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 2016 financial statements have been reclassified to conform to the 2017 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 examinations by the applicable taxing jurisdictions for periods prior to 2014.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (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).

Altman Foundation

Notes to Financial Statements
December 31, 2017 and 2016

2. Summary of Significant Accounting Policies (*continued*)

Recent Accounting Pronouncements (continued)

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.

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958-605). This ASU addresses diversity in practice among nonprofits in two key areas: (i) characterizing grants and similar contracts with government agencies and others as either an exchange transaction or a contribution, and (ii) distinguishing between conditional and unconditional contributions. The new guidance also attempts to clarify and simplify the determination of when a contribution is conditional, establishing that, for a donor-imposed condition to exist, it must have both: (i) a right of return of the gift to the donor or a release from the donor's promise to give, and (ii) a measurable performance barrier or other barrier that must be overcome. ASU 2018-08 also eliminates the need to consider whether the likelihood of not satisfying a donor-imposed condition is remote. The Foundation, as a donor/resource provider, will need to consider whether stipulations in its grant agreements, such as objectives and milestones, are measurable performance barriers or simply guidelines and mutually-agreed-upon goals. In addition, it will need to review its grant agreements and address any issues over the right of return of a grant payment or a release from any future payment obligation. The effective date for this ASU for the Foundation will be for the year ending December 31, 2020.

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 2017 and 2016 the Foundation's rate was 2% and 1%, respectively. The Foundation has met its minimum distribution requirement for both years.

Deferred taxes arise from unrealized appreciation of investments held at year end and are recorded using the 2% rate for 2017 and 2016.

Altman Foundation

Notes to Financial Statements December 31, 2017 and 2016

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	2017			Total
	Level 1	Level 2	Investments measured at net asset value per share (*)	
Investments				
Short term money market funds	\$ 2,984,150	\$ -	\$ -	\$ 2,984,150
Domestic equity	53,369,072	-	-	53,369,072
Global equity	-	-	15,201,128	15,201,128
Equity oriented hedge	-	-	20,279,851	20,279,851
Fixed income	8,688,888	-	21,344,582	30,033,470
Fixed income substitute	-	-	18,338,438	18,338,438
International equity	4,764,471	-	40,396,969	45,161,440
Private equity	-	-	42,610,687	42,610,687
Real assets	9,964,270	-	12,067,276	22,031,546
Real estate	-	-	10,752,328	10,752,328
Total Investments at fair value	<u>\$ 79,770,851</u>	<u>\$ -</u>	<u>\$ 180,991,259</u>	260,762,110
Certificate of deposits				1,009,785
Unsettled security trades, net				826,276
Total Investments				<u>\$ 262,598,171</u>
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>

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

Altman Foundation

Notes to Financial Statements
December 31, 2017 and 2016

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

At December 31, 2017 and 2016 approximately 80% and 73% 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, 2017 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Global equity (see "a" below)	\$ 15,201,128	\$ -	Quarterly	30 days
Equity oriented hedge (see "b" below)	20,279,851	-	Monthly/Quarterly	30-45 days
Fixed income (see "c" below)	21,344,582	-	Monthly	10 days
Fixed income substitute (see "d" below)	18,338,438	-	Quarterly	60 days
International equity (see "e" below)	40,396,969	-	Monthly	5-10 days
Private equity (see "f" below)	42,610,687	36,509,575	Locked	Not applicable
Real assets (see "g" below)	12,067,276	6,433,573	Locked	Not applicable
Real estate (see "h" below)	10,752,328	647,193	Quarterly & Locked	45 days-Not applicable
	<u>\$ 180,991,259</u>	<u>\$ 43,590,341</u>		

- 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 two 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. One of the managers have lockup periods where investments cannot be redeemed for 12 months. As of December 31, 2017, none of these investments were subject to any lockup.
- c.) This category includes two 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.

Altman Foundation

Notes to Financial Statements
December 31, 2017 and 2016

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

- d.) This category includes investments with two 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 or 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. Both managers permit quarterly redemptions and there are no lockup requirements.
- 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.
- f.) This category includes 19 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 14 funds will be liquidated over 6-120 months, with the proceeds from liquidation returned to the limited partners. The other five investment funds, representing 17% of this category's total fair value, have either no set liquidation date or have reached the partnership termination date and are continuing until the last investment has been disposed.
- g.) This category includes four 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 10-71 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 50% 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 15-30 months.

Altman Foundation

Notes to Financial Statements
December 31, 2017 and 2016

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 appreciation of 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, 2016, the Foundation had a PRI loan outstanding with a below-market interest rate of 2%. This PRI was outstanding as of December 31, 2017 and was fully repaid during 2018. PRI loans are individually monitored and allowances for collectability are recorded if necessary. At December 31, 2017 and 2016, there were no allowances deemed necessary.

At December 31, 2016, the Foundation maintained an interest in a PRI loan portfolio that contained three investments as part of a limited partnership interest. At December 31, 2017, such portfolio contained five investments. These investments are expected to be redeemed between 2018 and 2022. There is an unfunded commitment of \$489,901 to the limited partnership at December 31, 2017. Allowances for collectability of this PRI loan portfolio are performed at the partnership level and the Foundation's interest is adjusted accordingly.

Expected repayments are as follows:

2018	\$	468,740
2019		54,167
2020		-
2021		-
2022		<u>434,375</u>
	\$	<u>957,282</u>

6. Retirement Plans

The Foundation provides a 401(k) plan and a profit sharing plan to eligible employees. Under the 401(k) provisions, employee contributions are permitted with the Foundation matching one-half of basic contributions up to a maximum of 5% of salary per employee in 2017 and 2016. Employer matching was \$66,560 and \$64,763 for 2017 and 2016, respectively.

Under the profit sharing provisions, the amount of the discretionary employer contribution is determined according to a formula determined each year by the managing body of the Foundation. For 2017 and 2016, the Foundation's contribution was 8% of salary for all staff and amounted to \$106,585 and \$104,332 for 2017 and 2016, respectively.

Altman Foundation

Notes to Financial Statements
December 31, 2017 and 2016

6. Retirement Plans *(continued)*

The Foundation has a non-qualified Section 457(b) retirement plan for a select group of employees. Employee contributions are on a pre-tax basis in amounts not to exceed Internal Revenue Code limits. The Foundation may make contributions on behalf of participants. In 2017 and 2016 there were no employer contributions.

The Foundation has 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. The amount due to the plan participants is included in the statements of financial position as a liability. The actuarial valuation of the liability at December 31, 2016 resulted in a pension benefit of \$63,346 in 2016. In 2017, the remaining amount due to the sole participant was distributed in accordance with the plan document.

7. Commitments and Contingencies

Office Leases

The Foundation has a non-cancellable operating lease through December 2030 for office space in New York City. 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 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 \$371,194 and \$368,535 for 2017 and 2016, respectively.

At December 31, 2017, the liability for deferred rent and landlord incentive of \$597,021 included unamortized amounts for deferred rent of \$263,314 and landlord incentive of \$333,707. At December 31, 2016, such liability was \$599,046 and consisted of unamortized deferred rent of \$239,670 and landlord incentive of \$359,376.

Minimum lease payments by fiscal year are as follows:

	<u>Total</u>
2018	\$ 346,684
2019	346,684
2020	380,819
2021	380,819
2022	380,819
Thereafter	<u>3,241,762</u>
	<u>\$ 5,077,587</u>

Altman Foundation

Notes to Financial Statements
December 31, 2017 and 2016

7. Commitments and Contingencies (*continued*)

Lines of Credit

The Foundation has an unsecured revolving line of credit agreement with a bank for \$1,000,000, which expired December 6, 2017 and was renewed with a maturity date of January 5, 2019. There were no borrowings against the line during 2017 and 2016. At December 31, 2017 and 2016, the interest rates on the line were 5.50% and 3.75%, respectively.

The Foundation has a secured revolving line of credit agreement with a bank for \$10,000,000, which expired on June 26, 2018 and was renewed for an additional year. There were no borrowings against the line during 2017 and 2016. The line bears interest as defined in the agreement. Any borrowings are secured by certain assets of the Foundation.

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 \$43.6 million as of December 31, 2017.

As described in Note 5 to the financial statements, the Foundation has unfunded PRI commitments of approximately \$490,000 as of December 31, 2017.

8. Furniture, Equipment and Leasehold Improvements, Net

At December 31, 2017 and 2016, furniture, equipment and leasehold improvements at the Foundation were as follows:

	<u>2017</u>	<u>2016</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>308,812</u>	<u>205,873</u>
	<u>\$ 996,491</u>	<u>\$ 1,099,430</u>

Depreciation expense for 2017 and 2016 was \$102,939.

Altman Foundation

Notes to Financial Statements
December 31, 2017 and 2016

9. Grants Payable

The Foundation has entered into grant commitments to certain organizations. Payments to these organizations at December 31, 2017 and 2016 are to be made as follows:

	<u>2017</u>	<u>2016</u>
Less than one year	\$ 1,945,000	\$ 2,738,000
One to two years	<u>75,000</u>	<u>200,000</u>
Total grants payable	<u>\$ 2,020,000</u>	<u>\$ 2,938,000</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 5, 2018.

* * * * *