

The Sallan Foundation, Inc.

Financial Statements

December 31, 2006

Table of Contents

Accountants Review Report	3
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	6
Notes to Financial Statements	7-9

MARC B. FREEDMAN

CERTIFIED PUBLIC ACCOUNTANT, P.C.

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

Accountants' Review Report

We have reviewed the accompanying statements of financial position of The Sallan Foundation, Inc. (a non-profit corporation) as of December 31, 2006 and 2005, and the related statements of activities and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these statements is the representation of the management of The Sallan Foundation, Inc.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Marc B. Freedman

May 18, 2007

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

Assets

	2006	2005
Current Assets		
Cash in Bank Accounts	\$170,079	\$1,439,920
Other Investments (Note 3)	<u>1,228,528</u>	<u>0</u>
Total Current Assets	1,398,607	1,439,920
Fixed Assets		
Organizational Costs	17,459	17,459
Office Furniture and Equipment	<u>5,435</u>	<u>5,088</u>
Total Fixed Assets	22,894	22,547
Accumulated Depreciation	<u>(9,405)</u>	<u>(5,043)</u>
Net Fixed Assets	13,489	17,504
Other Assets		
Security Deposit	<u>2,400</u>	<u>1,600</u>
Total Other Assets	<u>2,400</u>	<u>1,600</u>
Total Assets	<u>1,414,496</u>	<u>1,459,024</u>
Unrestricted Net Assets	<u>1,414,496</u>	<u>\$1,459,024</u>

See Accountant's Review Report and Notes to Financial Statements

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

	2006	2005
<u>Revenue</u>		
Investment Income	\$58,112	\$34,627
<u>Expenses</u>		
Compensation of Officer	58,131	52,748
Rent and Utilities	15,868	12,007
Web Site Design and Maintenance	5,103	5,852
Conference Support and Attendance	1,530	2,825
Depreciation Expense	870	865
Professional fees	2,570	3,854
Writing and design services	6,350	2,177
Portfolio Management Fees	3,726	0
Other Costs	<u>8,492</u>	<u>7,239</u>
Total Expenses	<u>102,640</u>	<u>87,567</u>
Net Decrease in Unrestricted Net Assets	(44,528)	(52,940)
Beginning Unrestricted Net Assets	<u>1,459,024</u>	<u>1,511,964</u>
Closing Unrestricted Net Assets	<u>\$1,414,496</u>	<u>\$1,459,024</u>

See Accountant's Review Report and Notes to Financial Statements

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

	2006	2005
Cash Flows from Operating Activities		
Change in Net Assets	(\$44,528)	(\$52,940)
Adjustments to reconcile Deficit to net cash used by operating activities:		
Depreciation and Amortization	<u>4,362</u>	<u>4,357</u>
Net Cash Used by Operating Activities	(40,166)	(48,583)
Cash Flows from Investing Activities		
Purchase of fixed assets	(347)	0
Additional Start-up Costs	0	0
Increase in Security Deposits	(800)	0
Purchase of Short term investments	<u>(1,228,528)</u>	<u>0</u>
Net Cash Used by Investing Activities	(1,229,675)	0
Net Decrease in Cash	(1,269,841)	(48,583)
Cash – beginning of the year	<u>1,439,920</u>	<u>1,488,503</u>
Cash – End of the Year	<u>\$170,079</u>	<u>\$1,439,920</u>

See Accountant's Review 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 market accounts and short-term debt securities purchased with a maturity of three months or less to be 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 \$100,000. 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, 2006 the Foundation's had no uninsured balance in its bank accounts and had an uninsured balance in its security accounts of \$857,569.

Note 3 – investments

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

The main categories of securities owned - at fair market value - are:	
Certificates of Deposits	\$236,492
Mutual and Closed End Funds	404,784
Corporate Bonds	537,580
Government Bonds	49,672
Cost basis of securities owned	1,223,580
Net unrealized gains-included as a component of the change in unrestricted net assets	4,948

Note 4 – Contingencies

The Foundation rents its office space under a lease which expires in February, 2011. Under the terms of this lease the following minimum lease payments are due:

2007	\$14,900
2008	16,000
2009	16,700
2020	17,800
2011	3,000