

GALVAN FOUNDATION AND AFFILIATES

**Consolidated Financial Statements and
Supplemental Schedules**

DECEMBER 31, 2019

GALVAN FOUNDATION AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

Galvan Foundation and Affiliates
New York, New York

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Galvan Foundation and Affiliates (the "Organizations"), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Galvan Foundation and Affiliates as of December 31, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Report on Consolidating Information - Supplemental Schedules

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 16 and 17 is presented for purposes of additional analysis of the consolidated financial statements, rather than to present financial position, results of operations, and cash flows of the individual companies, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information on pages 16 and 17 is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



GELTRUDE & COMPANY, LLC

Nutley, New Jersey
April 27, 2020

GALVAN FOUNDATION AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

ASSETS

CURRENT ASSETS

Cash	\$	51,043
Tenant and subsidy receivable		174,339
Other current assets		6,671
Total Current Assets		<u>232,053</u>

RENTAL PROPERTY

Buildings		36,849,862
Land		3,547,213
Land improvements		276,445
Construction in progress		2,586,722
		<u>43,260,242</u>
Less: accumulated depreciation		<u>(4,087,527)</u>
Total Rental Property		<u>39,172,715</u>

OTHER ASSETS

Restricted deposits and tenant security deposits		146,949
Loans receivable		6,768,147
Related party receivables		223,420
Utility deposits		10,683
Other property and equipment, net of accumulated depreciation of \$142,454		286,649
Total Other Assets		<u>7,435,848</u>

TOTAL ASSETS	\$	<u><u>46,840,616</u></u>
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GALVAN FOUNDATION AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 517,666
Current portion of mortgage payable	46,180
Donations payable, current	272,500
Total Current Liabilities	<u>836,346</u>

LONG-TERM LIABILITIES

Security deposits payable	137,685
Donations payable	303,000
Mortgages payable	13,310,174
Total Long-Term Liabilities	<u>13,750,859</u>

COMMITMENTS AND CONTINGENCIES

NET ASSETS

Without donor restrictions	<u>32,253,411</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 46,840,616</u>
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See Notes to Consolidated Financial Statements

GALVAN FOUNDATION AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2019

REVENUES:

Contributions	\$ 3,868,800
Tenant rental income	1,513,147
Interest income	67,051
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Total Revenues	5,448,998

EXPENSES:

Grants	192,000
Repairs and maintenance	417,867
Real estate taxes	455,822
Insurance	158,304
Professional fees	204,552
Administrative expenses	88,471
Personnel and related costs	356,607
Utilities and other property expenses	109,889
Depreciation	955,328
Interest	170,069
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Total Expenses	3,108,909

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS 2,340,089

NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR

29,913,322

NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR

\$ 32,253,411

GALVAN FOUNDATION AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2019

	Housing Programs	Charitable Program	Management and General	Total
Grants	\$ -	\$ 192,000	\$ -	\$ 192,000
Repairs and maintenance	417,867	-	-	417,867
Real estate taxes	455,822	-	-	455,822
Insurance, property and other	158,304	-	-	158,304
Professional fees other	53,958	-	-	53,958
Legal fees	-	-	110,594	110,594
Accounting fees	-	-	40,000	40,000
Advertising and marketing	4,428	-	-	4,428
Management Fees	-	-	29,000	29,000
Office Supplies and other expenses	3,085	-	51,958	55,043
Salaries and wages	297,360	-	-	297,360
401(k) employer match	5,601	-	-	5,601
Payroll taxes	27,105	-	-	27,105
Employee health insurance	26,541	-	-	26,541
Rental expense	109,889	-	-	109,889
Interest	170,069	-	-	170,069
Expenses before depreciation	1,730,029	192,000	231,552	2,153,581
Depreciation expense	955,328	-	-	955,328
Total Expenses	<u>\$ 2,685,357</u>	<u>\$ 192,000</u>	<u>\$ 231,552</u>	<u>\$ 3,108,909</u>

See Notes to Consolidated Financial Statements

GALVAN FOUNDATION AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 2,340,089
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	955,328
Changes in operating assets and liabilities:	
Tenant and subsidy receivables	(125,270)
Other current assets	6,016
Accounts payable and accrued expenses	358,271
Donations payable	(192,000)
Security deposits payable	19,284
Net Cash Provided by Operating Activities	<u>3,361,718</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Acquisition of rental property	(4,886,524)
Acquisition of other property and equipment	(82,686)
Advances of loans receivable	(100,000)
Advances from related parties	211,961
Net Cash Used In Investing Activities	<u>(4,857,249)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from mortgage payable	1,500,000
Repayments of mortgage payable	(11,012)
Net Cash Provided By Financing Activities	<u>1,488,988</u>

NET CHANGE IN CASH AND RESTRICTED CASH (6,543)

CASH AND RESTRICTED CASH- BEGINNING OF YEAR 204,535

CASH AND RESTRICTED CASH - END OF YEAR \$ 197,992

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for:	
Interest	<u>\$ 180,627</u>

Reconciliation to Cash and Restricted Cash on the Statements of Financial Position

Cash	\$ 51,043
Restricted deposits and tenant security deposits	146,949
Cash and Restricted Cash on the Statement of Cash Flows	<u>\$ 197,992</u>

See Notes to Consolidated Financial Statements