

**GALVAN FOUNDATION AND AFFILIATES**

**Consolidated Financial Statements and  
Supplemental Schedules**

**DECEMBER 31, 2014**

# **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 (a nonprofit Foundation), which comprise the consolidated statement of financial position as of December 31, 2014, and the related consolidated statements of activities and change in net assets, 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, 2014, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter**

### ***Supplemental Schedules***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplemental schedules on pages 11 through 12 are presented for purposes of additional analysis and are 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 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole



GELTRUDE & COMPANY, LLC

April 9, 2015  
Nutley, New Jersey

# GALVAN FOUNDATION AND AFFILIATES

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2014

<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	\$ 563,619
Tenants receivable	11,240
Other current assets	15,395
Total Current Assets	<u>590,254</u>
RENTAL PROPERTY	
Buildings	17,482,112
Land	3,240,983
Construction in progress	2,767,344
	<u>23,490,439</u>
Less accumulated depreciation	(524,789)
Total Rental Property	<u>22,965,650</u>
OTHER ASSETS	
Restricted deposits	4,691,600
Loans receivable	6,668,147
Utility deposits	13,905
Automobiles, net of accumulated depreciation	8,927
Total Other Assets	<u>11,382,579</u>
TOTAL ASSETS	<u>\$ 34,938,483</u>
<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 108,543
Security deposit payable	44,520
Total Current Liabilities	<u>153,063</u>
LONG-TERM LIABILITIES	
Mortgages payable	9,700,000
Total Long-Term Liabilities	<u>9,700,000</u>
COMMITMENTS AND CONTINGIENCIES	
NET ASSETS	
Unrestricted	<u>25,085,420</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 34,938,483</u>

# **GALVAN FOUNDATION AND AFFILIATES**

## **CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

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**REVENUES:**

Contributions	\$ 8,726,000
Contributions - properties	1,425,753
Tenant rental income	467,042
Interest income	10,511

Total Revenues 10,629,306

**EXPENSES:**

Charitable donations	1,036,983
Repairs and maintenance	105,445
Depreciation	284,925
Real estate taxes and related costs	243,452
Professional fees	158,109
Administrative expenses	285,073
Personnel and related costs	64,455
Rental expense	98,445
Loss on sale of property	32,408
Bad debt expense	9,091

Total Expenses 2,318,386

CHANGE IN NET ASSETS 8,310,920

NET ASSETS, BEGINNING OF YEAR 16,774,500

NET ASSETS, END OF YEAR \$ 25,085,420

# GALVAN FOUNDATION AND AFFILIATES

## CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED DECEMBER 31, 2014

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#### CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 8,310,920
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	284,925
Contributions of rental property	(1,425,753)
Changes in operating assets and liabilities:	
Tenants receivable	(5,032)
Other current assets	(7,895)
Accounts payable and accrued expenses	93,043
Utility deposits	(13,905)
Security deposit payable	14,355
Net Cash Provided by Operating Activities	<u>7,250,658</u>

#### CASH FLOWS FROM INVESTING ACTIVITIES:

Acquisition of property and equipment	(8,458,339)
Deposits to escrows	(4,685,237)
Net Cash Used In Investing Activities	<u>(13,143,576)</u>

#### CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from mortgages payable	9,700,000
Advances to loans receivable	(6,668,147)
Net Cash Provided By Financing Activities	<u>3,031,853</u>

NET DECREASE IN CASH (2,861,065)

CASH - BEGINNING OF YEAR 3,424,684

CASH - END OF YEAR \$ 563,619

#### SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid during the year for:	
Interest	<u><u>\$ -</u></u>

# GALVAN FOUNDATION AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2014

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### 1. ORGANIZATION AND NATURE OF ACTIVITIES

***Principles of Consolidation*** - The consolidated financial statements of Galvan Foundation Charitable Trust, Galvan Initiatives Foundation and Galvan Civic I, Inc. (collectively known as “Galvan Foundation and Affiliates” and the “Organizations”) have been prepared on the accrual basis of accounting. The Organizations have been consolidated due to the presence of common control and economic interest, as required under accounting principles generally accepted in the United States of America (GAAP). All significant inter-entity balances and transactions between Galvan Foundation Charitable Trust, Galvan Initiatives Foundation and Galvan Civic I, Inc. have been eliminated during consolidation.

Galvan Foundation Charitable Trust, (the “Trust”) was organized on December 20, 2011 under the laws of the State of New York. The Trust operates under the terms of Section 501(c)(3) of the Internal Revenue Code. The Trust’s activities will be dedicated to supporting charitable organizations operating in the vicinity of the City of Hudson, New York, and will consist solely of making grants to other charitable organizations that are, at the time such grants are made, exempt from federal tax under section 501(c)(3) of the Internal Revenue Code of 1986 and any successor code or section thereto, and are engaged in activities that support the charitable purposes of the Trust.

Galvan Initiatives Foundation, (the “Foundation”) was organized on December 20, 2011 under the laws of the State of New York. The Foundation operates as a *private operating foundation* under the terms of Section 4942 of the Internal Revenue Code. The Foundation has received a favorable determination letter dated November 20, 2012 indicating it is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation is dedicated to preserving the unique heritage of the City of Hudson, New York by acquiring, interpreting, conserving, and maintaining buildings of architectural, historical, and social significance. The Foundation's architectural preservation and conservation projects will strengthen the social fabric of the City of Hudson by promoting the provision of affordable housing, social service, cultural activities, and economic opportunity for residents. The Foundation will pursue these goals by (i) sponsoring, planning, constructing, acquiring, developing, altering, reconstructing, rehabilitating, improving, and operating fee and leasehold interests in historically significant property owned by the Foundation or others or assisting others to do any of the forgoing; (ii) by providing aid, advice, funds, and consultation services in connection with development of all forms of shelter, community, and cultural service; and (iii) by conducting any and all lawful activities which may be useful and desirable in furtherance of the forgoing.

Galvan Civic I, Inc. (“Civic 1”) was organized on March 26, 2014 under the laws of the State of New York. Civic 1 has an application pending with the Internal Revenue Service, to operate under the terms of Section 501(c)(3) of the Internal Revenue Code. Civic 1 was organized to benefit Galvan Foundation Charitable Trust, a New York not-for-profit corporation, which purposes shall include participating in activities that strengthen impoverished communities in the vicinity of the City of Hudson, New York State, by promoting the provision of affordable housing, social services, and economic opportunity for person of low income and other disadvantages, (i) by sponsoring, planning, constructing, acquiring, developing, altering, reconstructing, rehabilitating, improving, operating and owning fee and leasehold interests in property owned by the Organization or others or assisting to do any of the foregoing, (ii) by providing aid, advice, funds, and consultation services in connection with development of all forms of shelter and social services for desirable in furtherance of the foregoing.



# GALVAN FOUNDATION AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2014

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting** - The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expenses are recognized when obligation is incurred.

**Cash and Cash Equivalents** – For purposes of the statement of cash flows, the Organizations consider all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2014. Restricted cash includes a replacement reserve, which shall be used at the borrower's reasonable discretion solely for the purpose of capital improvements with respect to the development of the Galvan Community Center, related to the New Market Tax Program.

**Use of Estimates** – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

**Revenue Recognition** – Contributions and grants and other assets received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions and grants and other assets are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When the restriction expires (that is, when a stipulated time restriction ends or purposes restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of support, revenue and expenses as net assets released from restrictions.

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Foundation and the tenants of the property are operating leases.

**Donated Materials and Services** – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Materials and/or services donated are determined from vendor invoices or statements whenever possible, providing a clearly measurable basis to value the contribution.

**Rental Property** – Rental property is recorded at cost. Expenditures for maintenance, repairs and minor renewals are expensed as incurred. When assets are retired, or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any profit or loss on such disposition is included in operations.

Rental property includes buildings that are currently being rented and buildings that are not rented because they are awaiting renovation. The buildings which are not rented are not being depreciated. At December 31, 2014, rented land and buildings totaled \$10,836,064, and land and buildings awaiting renovation totaled \$9,887,029.

# GALVAN FOUNDATION AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2014

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Depreciation** – Depreciation is provided on the straight-line method to amortize the cost of the various classes of depreciable assets over their estimated useful lives.

Estimated useful lives are as follows:

	<u>Years</u>
Buildings	27.5
Improvements	27.5
Automobile	5

**Impairment of Long-Lived Assets** – The Foundation reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the Organizations recognize an impairment loss. No impairment losses were recognized during the year ended December 31, 2014.

**Tenant Receivables** – Tenant receivables are reported net of an allowance for doubtful accounts. Management’s estimate of the allowance is based on historical collection and a review of the current status of tenant receivables. It was determined that no allowance was necessary as of December 31, 2014.

**Income Taxes** – The Foundation and Trust are recognized by the Internal Revenue Service as an exempt organization pursuant to Internal Revenue Code Section 501(c)(3). Accordingly, these consolidated financial statements do not reflect a provision for federal or state income taxes.

Civic 1 has an application pending with the Internal Revenue Service to be recognized as an exempt organization pursuant to Internal Revenue Code Section 501(c)(3). Accordingly, these consolidated financial statements do not reflect a provision for federal or state income taxes.

**Uncertain Tax Positions** – Accounting principles generally accepted in the United States of America require the management of the Organizations to evaluate tax positions taken by the Organizations and recognize a tax liability (or asset) if the Organizations have taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organizations, and have concluded that as of December 31, 2014, there are no uncertain positions taken or expected to be taken. The Organizations are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in process.

**Risk and Uncertainties** – The Organizations are subject to various risks and uncertainties in the ordinary course of business that could have adverse impacts on its operating results and financial condition. Future operations could be affected by changes in the economy or other conditions in the geographical area where the property is located or by changes in federal low-income housing subsidies or the demand for such housing.

# GALVAN FOUNDATION AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2014

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### 3. RELATED PARTIES

*Administrative Agreement* – The Foundation has an administrative agreement with Arete Management LLC (“Arete”), an entity affiliated with the Foundation. The Foundation compensates Arete for managing and directing the business of the Foundation and consulting with the Foundation on issues relating to the leasing, development, maintenance and operation of the various properties. The Foundation incurred administrative fees totaling \$240,000 in 2014.

*Construction Management Agreement* – Civic 1 has a construction management agreement with Galvan Partners LLC (“GP”), an entity affiliated with the trustees. Civic 1 compensates GP for managing the construction and development of various properties in Hudson, NY. For the year ended December 31, 2014 payments to GP totaled \$2,333,880 for construction related to the Project. As of December 31, 2014 there was no balance due to GP.

*Related Party Payables* – There have been funds advanced to other entities affiliated with the Organizations. The amounts due are unsecured, noninterest bearing and have no specific repayment terms.

### 4. NON-CASH DONATIONS

During the year ended December 31, 2014, the Foundation received the following non-cash donations of rental real property, which were contributed at the net book value of the donor on the date of contribution; the donations have been reflected in the combined financial statements as follows:

	<u>Buildings</u>		<u>Land</u>		<u>Total</u>
202-204 Warren Street	\$ 217,548	\$	38,000	\$	255,548
364-366 Warren Street	283,870		49,000		332,870
255-259 Union Street	332,987		35,000		367,987
405 Warren Street	401,248		68,100		469,348
<b>Total</b>	<b>\$ 1,235,653</b>	<b>\$</b>	<b>190,100</b>	<b>\$</b>	<b>1,425,753</b>

The donations were made by GP, who owned the above properties. Amounts have been recognized as revenues on the accompanying consolidated financial statements. The assets have been capitalized by the Foundation and will be depreciated based on the above values for 27.5 years on the straight-line basis.

### 5. RESTRICTED DEPOSITS

Under the terms of the construction management agreement, the Organization is required to segregate specific amounts for the improvement of buildings and other capital improvements. Accordingly, the Organization has segregated a total of \$4,691,600 at December 31, 2014.

# **GALVAN FOUNDATION AND AFFILIATES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

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### **6. NOTES RECEIVABLE AND PAYABLE AND NEW MARKET TAX CREDIT TRANSACTIONS**

The New Market Tax Credit Program (“NMTC”) was established by Congress in 2000 to spur investments into operating businesses and real estate projects located in low income communities. The NMTC Program attracts investment capital to low income communities by permitting individual and corporate investors to receive a tax credit against their Federal income tax return in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs).

Civic 1 has financed three properties referenced above under the NMTC Program. U.S. Bank Community Development Corporation (USBCDC), the community development subsidiary of U.S. Bancorp, is the tax credit investor in all of the NMTC transactions. In each of the NMTC transactions, Civic 1 is the Qualified Active Low Income Community Business (QALICB).

Civic 1 entered into a financial arrangement through the use of the NMTC program, to help fund the development, renovation and construction of certain properties in Hudson, NY, such properties being located at 202-204 Warren Street, 364-366 Warren Street and 51 North Fifth Street. These properties will be further referred to as the (“Project”).

Civic 1 entered into two notes payable agreements with CCM Community Development LXII LLC (“CCM”) totaling \$9,700,000. The notes require quarterly payments of interest only at 1.259% per annum until July 1, 2024. Thereafter, quarterly amortizing payments of principal and interest at 1.259% per annum are due until July 1, 2054, the maturity date. A principal payment of \$300,000 is due on August 7, 2021, along with any unpaid accrued interest. Prepayment of principal is forbidden for the first 7 years of the term of these loans.

The Foundation entered into a loan receivable agreement with Twain Investment Fund 15, LLC (“Twain”), in the amount of \$6,668,147, to finance a portion of the investment in CCM. The loan is evidenced by a promissory note from Twain, carrying an interest rate of 1% per annum, payable quarterly starting on October 1, 2014 and continuing through July 1, 2024. Beginning October 1, 2024 and continuing through July 10, 2042,

Twain shall make quarterly payments of principal and interest, in the amount of \$46,049. Beginning October 10, 2042 and continuing through July 1, 2054, the maturity date, Twain shall make quarterly payments of principal and interest, in the amount of \$96,367. A principal payment of \$300,000 is due on August 7, 2021, along with any unpaid accrued interest. Prepayments of principal may be made in whole or in part at any time without penalty.

In December 2020, the bank that owns the investment structure may put its interest in the investment structure to the Foundation for a put price of \$1,000. If the bank does not exercise its put right, the Foundation may call the bank’s interest in the investment structure for a call price equal to the fair value of the investment. Exercise of the put or the call will provide the Foundation with ownership of the investment structure.

The loan is secured by the security interest and lien in the collateral. Twain Investment Fund is the sole record and beneficial owner and has good title to the collateral, which is comprised of 100% of Twain Investment Funds interest in the property.

# **GALVAN FOUNDATION AND AFFILIATES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2014**

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### **7. UNRESTRICTED NET ASSETS**

None of the Organization's net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as unrestricted net assets.

### **8. COMMITMENTS AND CONTINGIENCES**

*Litigation* - The Foundation has been named in a lawsuit filed by a third party claiming they sustained injuries as a result of an accident due to the conditions of a property located in Hudson, NY. Such litigation is insured by an entity with co-responsibility which performed the services that related to the conditions of the property in the accident. Management believes its ultimate liability, if any, will not materially affect the Foundation's financial condition or results of operations. Accordingly, no loss provision has been made in the combined financial statements.

### **9. CONCENTRATIONS OF CREDIT RISK**

The Organizations financial instruments that are exposed to concentration of credit risk consist primarily of cash and cash equivalents. The Organizations place its cash and temporary cash investments with high credit quality institutions. At times, such investments may be in excess of the FDIC insurance limit.

The Organizations routinely assess the financial strength of its tenants. Although the majority of these tenants are located in City of Hudson, New York, the Foundation does not believe that it is exposed to any significant credit risk in connection with the extension of unsecured credit to its tenants.

Two donors accounted for 100% of the Organization's contributions for the year ended December 31, 2014.

### **10. SUBSEQUENT EVENTS**

The Organizations have evaluated subsequent events through April 9, 2015, the date which the combined financial statements were available to be issued.

**GALVAN FOUNDATION AND AFFILIATES**

**DECEMBER 31, 2014**

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*SUPPLEMENTAL SCHEDULES*

# GALVAN FOUNDATION AND AFFILIATES

## CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

DECEMBER 31, 2014

	Galvan Foundation Charitable Trust	Galvan Initiatives Foundation	Galvan Civic I, Inc.	Sub Total	Elimination Entries	Total
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 431	\$ 540,904	\$ 22,284	\$ 563,619	\$ -	\$ 563,619
Tenants receivable	-	11,240	-	11,240	-	11,240
Other current assets	-	15,395	-	15,395	-	15,395
Net rental property	-	16,837,397	6,128,253	22,965,650	-	22,965,650
Restricted deposits	-	578,393	4,113,207	4,691,600	-	4,691,600
Loans receivable	-	6,668,147	-	6,668,147	-	6,668,147
Utility deposits	-	12,505	1,400	13,905	-	13,905
Automobiles, net	-	8,927	-	8,927	-	8,927
<b>TOTAL ASSETS</b>	<b>\$ 431</b>	<b>\$ 24,672,908</b>	<b>\$ 10,265,144</b>	<b>\$ 34,938,483</b>	<b>\$ -</b>	<b>\$ 34,938,483</b>
<b>LIABILITIES:</b>						
Accounts payable and accrued expenses	\$ 13,167	\$ 82,209	\$ 13,167	\$ 108,543	\$ -	\$ 108,543
Intercompany payables	20,000	(15,900)	(4,100)	-	-	-
Security deposit payable	-	39,020	5,500	44,520	-	44,520
Mortgages payable	-	-	9,700,000	9,700,000	-	9,700,000
<b>TOTAL LIABILITIES</b>	<b>33,167</b>	<b>105,329</b>	<b>9,714,567</b>	<b>9,853,063</b>	<b>-</b>	<b>9,853,063</b>
<b>NET ASSETS:</b>						
Unrestricted	(32,736)	24,567,579	550,577	25,085,420	-	25,085,420
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 431</b>	<b>\$ 24,672,908</b>	<b>\$ 10,265,144</b>	<b>\$ 34,938,483</b>	<b>\$ -</b>	<b>\$ 34,938,483</b>

See Notes to Consolidated Financial Statements

# GALVAN FOUNDATION AND AFFILIATES

## CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2014

	Galvan Foundation Charitable Trust	Galvan Initiatives Foundation	Galvan Civic I, Inc.	Sub Total	Elimination Entries	Total
<b>REVENUES:</b>						
Contributions	\$ 902,000	\$ 8,051,000	\$ 550,000	\$ 9,503,000	\$ (777,000)	\$ 8,726,000
Contributions - properties	-	1,425,753	-	1,425,753	-	1,425,753
Tenant rental income	-	445,042	22,000	467,042	-	467,042
Interest income	-	10,511	-	10,511	-	10,511
<b>TOTAL REVENUES</b>	<b>902,000</b>	<b>9,932,306</b>	<b>572,000</b>	<b>11,406,306</b>	<b>(777,000)</b>	<b>10,629,306</b>
<b>OPERATING EXPENSES:</b>						
Charitable donations	1,015,600	798,383	-	1,813,983	(777,000)	1,036,983
Repairs and maintenance	-	105,080	365	105,445	-	105,445
Depreciation	-	277,061	7,864	284,925	-	284,925
Real estate taxes and related costs	-	243,452	-	243,452	-	243,452
Professional fees	21,167	123,775	13,167	158,109	-	158,109
Administrative expenses	75	284,998	-	285,073	-	285,073
Personnel and related costs	-	64,455	-	64,455	-	64,455
Rental expense	-	98,418	27	98,445	-	98,445
Loss on sale of property	-	32,408	-	32,408	-	32,408
Bad debt expense	-	9,091	-	9,091	-	9,091
<b>TOTAL EXPENSES</b>	<b>1,036,842</b>	<b>2,037,121</b>	<b>21,423</b>	<b>3,095,386</b>	<b>(777,000)</b>	<b>2,318,386</b>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<b>(134,842)</b>	<b>7,895,185</b>	<b>550,577</b>	<b>8,310,920</b>	<b>-</b>	<b>8,310,920</b>
<b>NET ASSETS, beginning of year</b>	<b>102,106</b>	<b>16,672,394</b>	<b>-</b>	<b>16,774,500</b>	<b>-</b>	<b>16,774,500</b>
<b>NET ASSETS, end of year</b>	<b>\$ (32,736)</b>	<b>\$ 24,567,579</b>	<b>\$ 550,577</b>	<b>\$ 25,085,420</b>	<b>\$ -</b>	<b>\$ 25,085,420</b>

See Notes to Consolidated Financial Statements