

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>

See Notes to Consolidated Financial Statements

GALVAN FOUNDATION AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2014

REVENUES:

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

Total Revenues	<u>10,629,306</u>
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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	<u>2,318,386</u>
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CHANGE IN NET ASSETS	8,310,920
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NET ASSETS, BEGINNING OF YEAR	<u>16,774,500</u>
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NET ASSETS, END OF YEAR	<u><u>\$ 25,085,420</u></u>
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See Notes to Consolidated Financial Statements

GALVAN FOUNDATION AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

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>