

**Salvadori Center, Ltd.  
Financial Statements  
June 30, 2015**

Index

<b>Independent Auditor's Report</b>	1
<b>Financial Statements</b>	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
<b>Notes to Financial Statements</b>	6 - 10

Independent Auditor's Report

To the Board of Directors of  
Salvadori Center, Ltd.

I have audited the accompanying financial statements of Salvadori Center, Ltd., which comprise the Statement of Financial Position as of June 30, 2015, the related Statements of Activities, Cash Flows, and Functional Expenses for the year 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.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 auditor's 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, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Salvadori Center, Ltd., as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

I have previously audited the Salvadori Center, Ltd.'s June 30, 2014 financial statements and in my report dated October 24, 2014 expressed an unmodified opinion on those financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

November 4, 2015



**Salvadori Center, Ltd.**  
**Statement of Financial Position**  
**June 30, 2015**  
**(With Summarized Financial Information for 2014)**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 95,224	\$ 140,617
Prepaid expenses	2,238	3,505
Investments in marketable securities	1,616,317	1,655,591
Program fees receivable	222,947	64,165
Grants and pledges receivable	86,535	64,355
Interest and dividends receivable	1,184	-
<b>Total Current Assets</b>	<b>2,024,445</b>	<b>1,928,233</b>
<b>Other Assets</b>		
Property and equipment, net	-	3,672
Security deposit	4,720	4,720
<b>Total Other Assets</b>	<b>4,720</b>	<b>8,392</b>
<b>Total Assets</b>	<b>\$ 2,029,165</b>	<b>\$ 1,936,625</b>
 <b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 45,615	\$ 50,004
Liability for accrued vacation	12,650	11,830
Other liability	-	8,000
<b>Total Current Liabilities</b>	<b>58,265</b>	<b>69,834</b>
<b>Net Assets</b>		
Unrestricted	1,970,900	1,866,791
<b>Total Net Assets</b>	<b>1,970,900</b>	<b>1,866,791</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,029,165</b>	<b>\$ 1,936,625</b>

See independent auditor's report and accompanying notes to the financial statements.

**Salvadori Center, Ltd.  
Statement of Activities  
For the Year Ended June 30, 2015  
(With Summarized Financial Information for 2014)**

	<u>2015</u>	<u>2014</u>
<b>Support and Revenue</b>		
Contributions	\$ 596,118	\$ 520,762
Less: Direct costs of special events	(58,636)	(60,064)
	537,482	460,698
Grants	290,120	198,475
Program service fees	388,724	286,746
Investment income	37,936	38,716
Realized gain (loss) on marketable securities	(9,020)	(3,838)
Unrealized gain on marketable securities	23	112,675
Royalties	7,232	8,926
	715,015	641,700
Total Support and Revenue	1,252,497	1,102,398
 <b>Expenses</b>		
Program services:		
Educational activities	903,077	813,854
Supporting services:		
General and administrative	150,055	134,305
Fund-raising	95,256	80,682
Total Supporting Services	245,311	214,987
Total Expenses	1,148,388	1,028,841
Change in Net Assets	104,109	73,557
Beginning Net Assets	1,866,791	1,793,234
Ending Net Assets	\$ 1,970,900	\$ 1,866,791

See independent auditor's report and accompanying notes to the financial statements.

**Salvadori Center, Ltd.**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2015**  
**(With Summarized Financial Information for 2014)**

	<u>2015</u>	<u>2014</u>
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	\$ 104,109	\$ 73,557
Adjustment to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,672	1,815
Unrealized gain on marketable securities	(23)	(113,675)
(Increase) decrease in operating assets:		
Prepaid expenses	1,267	3,502
Program fees receivable	(158,782)	(18,870)
Grants and pledges receivable	(22,180)	108,800
Interest and dividends receivable	(1,184)	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(4,389)	11,796
Liability for accrued vacation	820	3,280
Other liability	(8,000)	8,000
Net cash provided by (used in) operating activities	(84,690)	78,205
<b>Cash Flows from Investing Activities</b>		
Proceeds provided by (used in) sales and purchases of marketable securities, net	39,297	(177,839)
Net cash provided by (used in) investing activities	39,297	(177,839)
Decrease in Cash	(45,393)	(99,634)
Beginning Cash	140,617	240,251
Ending Cash	\$ 95,224	\$ 140,617

See independent auditor's report and accompanying notes to the financial statements.

Salvadori Center, Ltd.  
Statement of Functional Expenses  
Year Ended June 30, 2015  
(With Summarized Financial Information for 2014)

	Supporting Services				Total 2015	2014
	Program Services	General and Administrative	Fund-raising	Direct Costs of Special Events		
	<b>Educational Activities</b>					
Salaries and wages	\$ 538,978	\$ 74,109	\$ 60,635	\$ -	\$ 673,722	\$ 611,311
Employee benefits	87,944	12,092	9,894	-	109,930	117,189
Payroll taxes	39,024	5,366	4,390	-	48,780	52,115
Supplies, software and other	70,625	9,711	7,945	652	88,933	18,308
Occupancy	52,383	7,203	5,893	-	65,479	64,362
Consulting and professional fees	41,606	5,721	4,681	-	52,008	96,550
Catering, room, equipment and music	-	-	-	54,099	54,099	47,042
Outreach, public information and advertising	38,121	-	-	-	38,121	15,821
Insurance	-	16,579	-	-	16,579	7,410
Travel and meetings	14,734	-	-	121	14,855	9,785
Investment fees	-	11,256	-	-	11,256	10,257
Telephone and internet expenses	7,346	1,010	826	-	9,182	8,877
Printing and reproduction	4,510	620	507	1,949	7,586	9,328
Bank charges and credit card fees	-	5,762	-	-	5,762	5,500
Postage and delivery	4,446	626	485	136	5,693	4,758
Educational materials and books	3,360	-	-	-	3,360	3,295
Scholarships	-	-	-	1,000	1,000	1,000
Decoration, awards and other	-	-	-	679	679	5,997
	<u>903,077</u>	<u>150,055</u>	<u>95,256</u>	<u>58,636</u>	<u>1,207,024</u>	<u>1,088,905</u>
Less: Direct costs of special events deducted from income on Statement on Activities	-	-	-	(58,636)	(58,636)	(60,064)
Total Expenses	<u>\$ 903,077</u>	<u>\$ 150,055</u>	<u>\$ 95,256</u>	<u>\$ -</u>	<u>\$ 1,148,388</u>	<u>\$ 1,028,841</u>

Less: Direct costs of special events deducted from income on Statement on Activities

Total Expenses

**Gary S. Eisenkraft**  
Certified Public Accountant

See independent auditor's report and accompanying notes to the financial statements.

**Salvadori Center, Ltd.**  
**Notes to Financial Statements**  
**June 30, 2015**

**Note 1 - Nature of Activities and Summary of Significant Accounting Policies**

Nature of Activities

Salvadori Center, Ltd. (the Organization), founded by eminent structural engineer Mario Salvadori (1907-1977) is dedicated to using the built environment-building, bridges, landmarks, and the urban fabric-to teach students science, technology, engineering and math (STEM). The Organization's approach develops critical and creative problem solving skills through collaborative, project-based learning. The Organization's curricula support all aspects of student learning from math and science to reading and presentation skills, the visual arts, social studies, and English language development.

The Organization's multi-day programs address grade-specific learning objectives as well as city, state, and national educational standards. Long-standing partnerships with public schools, community centers, and museums enable the Organization to reach some of our most under-served communities.

The Organization's after-school programs and in-school residencies are complimented by professional development workshops for teachers.

The Organization's support comes primarily through foundation grants, donor contributions and program service fees.

The Organization was incorporated in the State of New York in 1987.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets represent revenues and expenses related to the operations and management of the Organization's primary programs and supporting services. If funds are raised and set aside by the Board for future use, these are considered unrestricted. Temporarily restricted contributions that are expended for their restricted purpose in the same reporting period as received may be recorded as unrestricted.

Temporarily restricted net assets represent resources available for use, but expendable only for the purpose specifically stated by the donor. As of June 30, 2015 there were no temporarily restricted net assets.

Permanently restricted net assets are assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on only related investments for general or specific purpose. As of June 30, 2015 there were no permanently restricted net assets.

See independent auditor's report.

**Salvadori Center, Ltd.**  
**Notes to Financial Statements**  
**June 30, 2015**

**Note 1 - (Continued)**

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

Cash consists of demand deposit accounts held at major financial institutions and may at times exceed the insurable amount. Management believes it mitigates its risk by investing in a major financial institution and in funds that are currently U.S. federal government insured. Recoverability of investments is dependent upon the performance of the issuer.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with original maturities of three months or less when purchased to be cash equivalents.

Investments

Investments are recorded at fair value. Investments, in general, are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term, based on the markets' fluctuations, and that such changes could materially affect the amounts reported in the Organization's financial statements.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and / or nature of any donor restrictions. The Organization has not received any contributions with donor-imposed restrictions that would result in permanently restricted net assets.

Income is recognized on an accrual basis when earned.



**Salvadori Center, Ltd.**  
**Notes to Financial Statements**  
**June 30, 2015**

**Note 1 - (Continued)**

Program fees, Grants and Pledges Receivable

Unconditional promises to give are recognized in the period received both as revenues or gains and as assets, decreases of liabilities, or expenses, depending on the form of benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Program fees, grants and pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. For the year ended June 30, 2015 the allowance for doubtful accounts was \$0.

Property and Equipment

Property and equipment are recorded at cost or, if donated, the approximate fair value at the date of donation. Depreciation is provided on the straight line method over the estimated useful lives of the assets as follow:

Equipment	5 years
-----------	---------

It is the policy of the Organization to capitalize items with a value greater than \$2,000.

Expenditures for maintenance and repairs are charged to operations as incurred. Significant renovations and replacements, which improve and extend the life of the assets, are capitalized.

Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been provided for in the accompanying financial statements.

Tax Uncertainties

The Organization's policy is to record interest expense and penalties in operating expenses. For the year ended June 30, 2015, there was no interest and penalties expense recorded and no accrued interest and penalties.

The Organization's Federal Forms 990 are open for examination for the years ended June 30, 2012 and thereafter.

See independent auditor's report.

**Salvadori Center, Ltd.**  
**Notes to Financial Statements**  
**June 30, 2015**

**Note 1 - (Continued)**

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Concentrations

Approximately 57% of program service fee revenue came from the New York City Department of Education and the After School Corporation.

Donated Services

Donated services are recognized as contributions if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provide various services that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Subsequent Events

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through November 4, 2015, the date the financial statements were available to be issued.

**Note 2 – Employee benefits**

The Organization maintains a 403(b) retirement plan. In addition to employee contributions The Organization contributes 5% of eligible salaries for qualified employees.

The Organization contributed \$28,112 to the plan during the year ended June 30, 2015.

**Note 3 – Commitments**

On October 3, 2013, the Organization entered into an agreement to lease premises for a term commenced on November 1, 2013 and expired on October 31, 2015.

The annual rent for each calendar year ending December 31 is computed as an amount equal to the Organization's Proportionate Share (as defined) of: (1) The landlord's carrying, maintenance, operating and depreciation charges for the building, parking lot, other improvements (including common facilities) and underlying land for each year, plus (1) the amount of his scheduled contributions to the landlord's capital improvement fund for the year.

The Organization expects to renew the lease on similar terms.

Rent expense for the year ended June 30, 2015, amounted to \$64,798.

See independent auditor's report.

**Salvadori Center, Ltd.  
Notes to Financial Statements  
June 30, 2015**

**Note 4 – Investments**

The Organization's financial assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by U.S. generally accepted accounting principles.

Level 1 assets have observable market prices.

Level 2 assets do not have observable prices, but have inputs that are based on observable prices.

Level 3 assets have inputs that do not have observable prices.

As of June 30, 2015, the Organization's investments consist of the following at market value:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 140,383	\$ -	\$ -	\$ 140,383
Mutual Funds	934,100	-	-	934,100
Exchange Traded Funds	541,834	-	-	541,834
Total	<u>\$1,616,317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,616,317</u>

**Management Suggestion Letter**

To the Board of Directors  
of Salvadori Center, Ltd.

In planning and performing my audit of the financial statements of Salvadori Center, Ltd., for the year ended June 30, 2015, I considered the Organization's internal control in order to determine my audit procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

The points that follow are the result of observations of the current systems made by Eisenkraft, CPA staff during the audit process. This letter does not affect my report on the financial statements of Salvadori Center, Ltd.

**Segregation of Duties**

- The current staff size of Salvadori Center, Ltd., does not always allow for the proper segregation of duties to ensure adequate internal control. This is not unusual, but management should be aware of this condition and realize that the concentration of duties in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in the establishment of systems of accounting policies and practices that insure that the Board of Directors remains involved in the financial affairs of the Organization, providing oversight and independent review functions.

In response to this issue, the board currently reviews the internal financial statements of Salvadori Center, Ltd., on a regular basis and in other ways provides guidance and oversight regarding its financial affairs.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.



November 4, 2015