

**RILEY SANDLER MEMORIAL FOUNDATION, INC.**  
**FINANCIAL STATEMENTS**  
**MODIFIED CASH BASIS**  
**PERIOD FROM AUGUST 19, 2014 (INCEPTION) TO**  
**TO JULY 31, 2015**

**RILEY SANDLER MEMORIAL FOUNDATION, INC.  
FOR THE PERIOD FROM AUGUST 19, 2014 (INCEPTION) TO JULY 31, 2015**

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**CITRIN COOPERMAN**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Riley Sandler Memorial Foundation, Inc.

We have audited the accompanying financial statements of Riley Sandler Memorial Foundation, Inc., Inc., which comprise the statement of assets, liabilities and net assets - modified cash basis as of July 31, 2015, and the related statements of revenues and expenses - modified cash basis and cash flows - modified cash basis for the period from August 19, 2014 (inception) to July 31, 2015, 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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**

Our responsibility is to express an opinion on these 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 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, 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 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 financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Riley Sandler Memorial Foundation, Inc. as of July 31, 2015, and its revenues, expenses and cash flows for the period from August 19, 2014 (inception) to July 31, 2015 in accordance with the modified cash basis of accounting, as described in Note 1.

## Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

  
CITRIN COOPERMAN & COMPANY, LLC  
CERTIFIED PUBLIC ACCOUNTANTS

Plainview, New York  
January 4, 2016

**RILEY SANDLER MEMORIAL FOUNDATION, INC.**  
**STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS**  
**MODIFIED CASH BASIS**  
**JULY 31, 2015**

**ASSETS**

Cash and cash equivalents	\$ 977,393
Investments	<u>994,183</u>
TOTAL ASSETS	<u>\$ 1,971,576</u>

**LIABILITIES AND NET ASSETS**

Liabilities	\$ -
Unrestricted net assets	<u>1,971,576</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,971,576</u>

See accompanying notes to financial statements.

**RILEY SANDLER MEMORIAL FOUNDATION, INC.**  
**STATEMENT OF REVENUES AND EXPENSES**  
**MODIFIED CASH BASIS**  
**FOR THE PERIOD FROM AUGUST 19, 2014 (INCEPTION) TO JULY 31, 2015**

Revenue:	
Contributions	\$ 2,128,262
Interest income	832
Dividend income	<u>5,478</u>
Total revenue	<u>2,134,572</u>
Expenses:	
General and administrative:	
Commissions	36
Consulting	6,500
Employee benefits	1,406
Insurance	11,093
Miscellaneous	125
Office	3,527
Payroll taxes	695
Professional fees	37,496
Rent	1,004
Wages	<u>9,181</u>
Total general and administrative	<u>71,063</u>
Fundraising:	
Fundraising	13,360
Meals and entertainment	570
Promotional	57,235
Web design	<u>20,768</u>
Total fundraising	<u>91,933</u>
Total expenses	<u>162,996</u>
Increase in unrestricted net assets	1,971,576
Unrestricted net assets - beginning	<u>-</u>
UNRESTRICTED NET ASSETS - ENDING	<u>\$ 1,971,576</u>

See accompanying notes to financial statements.

**RILEY SANDLER MEMORIAL FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**MODIFIED CASH BASIS**  
**FOR THE PERIOD FROM AUGUST 19, 2014 (INCEPTION) TO JULY 31, 2015**

Cash provided by operating activities:	
Increase in unrestricted net assets	\$ 1,971,576
Cash used in investing activities:	
Purchase of investments	<u>(994,183)</u>
Net increase in cash and cash equivalents	977,393
Cash and cash equivalents - beginning of period	<u>-</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 977,393</u>

See accompanying notes to financial statements.

**RILEY SANDLER MEMORIAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2015**

**NOTE 1. CHARITABLE PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Charitable purpose

The Riley Sandler Memorial Foundation, Inc. (the "Foundation") was established on August 19, 2014. The Foundation anticipates that it will grant funding to other non-profit organizations for the purpose of emphasizing the values of kindness and empathy among children in order to create a broader movement of changed behavior and children working together. Through July 31, 2015, the Foundation was in its start-up phase and was building relationships with other entities to fulfill their mission. As of December 31, 2015, the Foundation had contracts with two schools to carry out the programs and mission of the Foundation.

Basis of accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting ("modified cash basis") which is a basis of accounting other than accounting principles generally accepted in the United States of America ("GAAP"). Accordingly, revenue is recorded when received rather than when earned and expenses are recorded when paid rather than when the obligation is incurred. Modifications to the cash basis of accounting include reflecting the cost of investments purchased on the statement of assets, liabilities and net assets rather than reflecting them as costs and expenses when purchased.

Revenue recognition

Unless specifically restricted by the grantor or donor, all grants and contributions are considered to be available for unrestricted use and are recognized as income when received.

Financial statement presentation

The Foundation distinguishes between contributions that increase permanently restricted net assets (subject to perpetual funding source imposed restrictions), temporarily restricted net assets (funding source imposed restrictions which have not been met) and unrestricted net assets (not subject to funding source imposed restrictions or whose funding source imposed restrictions have been met). Contributions with donor-imposed restrictions that are met in the same accounting period are recorded as unrestricted revenue. At July 31, 2015, the Foundation had no temporarily or permanently restricted net assets.

Cash and cash equivalents

The Foundation classifies highly liquid investments purchased with original maturity dates of three months or less as cash equivalents.

Investments

Investments are reported cost, if purchased. Donated securities are reported at fair values as determined on the dates of donation.



**RILEY SANDLER MEMORIAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2015**

**NOTE 1. CHARITABLE PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Concentration risk

The Foundation maintains cash and cash equivalents with financial institutions in accounts that at times may be in excess of federally insured amounts. The Foundation has not experienced any losses in these accounts and feels that it is not subject to any significant risk with regard to cash and cash equivalents.

The Foundation's investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could be material.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributed services

A substantial number of volunteers have donated significant amounts of their time in the Organization's program services, administration and fundraising. No amounts have been reflected in the accompanying financial statements for these donations, since these services do not meet the criteria for recognition.

Income taxes

The Foundation qualifies as a charitable Foundation as defined by Internal Revenue Code Section 501(c)(3) and applicable New York State tax laws. Accordingly, the Foundation is exempt from federal and state income taxes.

The Foundation recognizes and measures its unrecognized tax benefits by assessing the likelihood based upon their technical merit, that tax positions will be sustained upon examination, based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change.

The Foundation expects to file income tax returns in the U.S. federal jurisdiction and in the state of New York.

Subsequent events

The Foundation has evaluated subsequent events through January 4, 2016, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

**RILEY SANDLER MEMORIAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2015**

**NOTE 2. INVESTMENTS**

The Foundation's investments consist primarily of investments in a fixed income fund and various domestic and global mutual funds and exchange traded funds as summarized below. Fair value of the investments reflect the closing prices of the investments as of July 31, 2015, as quoted in an active market that the Foundation has the ability to access.

Description	Fair value	Cost	Unrealized gains (losses)
Fixed income fund	\$ 150,913	\$ 150,744	\$ 169
Mutual funds:			
Short-term government bonds	98,096	97,774	322
Domestic growth fund	95,899	92,804	3,095
Domestic large cap fund	78,452	78,467	(15)
Global real estate fund	40,676	40,472	204
Emerging markets fund	36,332	38,609	(2,277)
International growth fund	36,639	35,644	995
Others	<u>68,101</u>	<u>72,228</u>	<u>(4,127)</u>
Total mutual funds	<u>454,195</u>	<u>455,998</u>	<u>(1,803)</u>
Exchange traded funds:			
Foreign index funds	159,285	165,303	(6,018)
Russell 1000 growth fund	44,893	44,187	706
Russell 1000 value fund	43,428	44,150	(722)
Short-term international bond fund	31,936	32,127	(191)
Russell 2000 fund	31,478	31,621	(143)
Others	<u>68,397</u>	<u>70,053</u>	<u>(1,656)</u>
Total exchange traded funds	<u>379,417</u>	<u>387,441</u>	<u>(8,024)</u>
Total investments	<u>\$ 984,525</u>	<u>\$ 994,183</u>	<u>\$ (9,658)</u>