

Altman Foundation

Financial Statements

December 31, 2023 and 2022

Independent Auditors' Report

Board of Trustees
Altman Foundation

Opinion

We have audited the accompanying financial statements of the Altman Foundation, which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Altman Foundation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Altman Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Altman Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the internal control relevant to the audit 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 Altman Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Altman Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

PKF O'Connor Davies, LLP

September 17, 2024

Altman Foundation

Statements of Financial Position

	December 31	
	2023	2022
ASSETS		
Cash in operating account	\$ 87,483	\$ 276,070
Prepaid taxes	56,925	123,487
Prepaid expenses and other assets	182,418	233,008
Investments (Note 4)	279,490,251	272,832,576
Program related investments (Note 5)	936,670	1,031,555
Furniture, equipment and leasehold improvements, net (Note 8)	491,709	523,246
Right of use asset- operating lease (Note 7)	2,081,251	2,335,075
	<u>\$ 283,326,707</u>	<u>\$ 277,355,017</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Grants payable (Note 9)	\$ 3,946,285	\$ 4,680,620
Accounts payable and accrued expenses	187,398	117,766
Current federal excise tax liability (Note 3)	72,907	-
Deferred federal excise tax liability (Note 3)	728,487	567,926
Lease liability - operating lease (Note 7)	2,527,192	2,820,910
Total Liabilities	<u>7,462,269</u>	<u>8,187,222</u>
Net assets without donor restrictions	<u>275,864,438</u>	<u>269,167,795</u>
	<u>\$ 283,326,707</u>	<u>\$ 277,355,017</u>

See notes to financial statements

Altman Foundation

Statements of Activities

	Year Ended December 31	
	2023	2022
INVESTMENT RETURN		
Interest and dividends	\$ 4,042,945	\$ 3,689,523
Net partnership income	1,299,123	1,258,494
Net realized gain on sale of investments	6,661,750	8,656,532
Change in net unrealized appreciation (depreciation) on investments	13,082,984	(42,285,611)
Other gain	311	5,595
Gross Investment Income	25,087,113	(28,675,467)
Less: external investment expenses	(3,429,543)	(3,090,559)
Less: direct internal investment expenses	(94,714)	(32,088)
Investment Return	21,562,856	(31,798,114)
 EXPENSES		
Program Services		
Program grants	11,816,230	14,242,002
Other program	1,718,546	1,648,621
Total Program Services	13,534,776	15,890,623
Supporting Services		
General and administration	699,529	786,249
Investment related taxes	359,030	(422,034)
Other investment	272,878	272,729
Total Expenses	14,866,213	16,527,567
Change in Net Assets	6,696,643	(48,325,681)
 NET ASSETS WITHOUT DONOR RESTRICTIONS		
Beginning of year	269,167,795	317,493,476
End of year	\$ 275,864,438	\$ 269,167,795

See notes to financial statements

Altman Foundation

Statements of Functional Expenses For the Year Ended December 31,

	2023						
	Program Services			Supporting Services			
	Program Grants	Other Program	Total Program Services	General and Administration	Investment Related Taxes	Other Investment	Total
Grants authorized	\$ 11,816,230	\$ -	\$ 11,816,230	\$ -	\$ -	\$ -	\$ 11,816,230
Salary and wages	-	929,392	929,392	328,404	-	151,862	1,409,658
Payroll taxes and employee benefits	-	301,013	301,013	95,315	-	36,046	432,374
Operating lease	-	219,380	219,380	68,025	-	39,114	326,519
Occupancy	-	52,352	52,352	16,363	-	9,389	78,104
Depreciation and amortization	-	67,467	67,467	21,211	-	9,552	98,230
Technology and computer related	-	70,956	70,956	22,468	-	8,497	101,921
Professional fees	-	975	975	94,410	-	5,135	100,520
Office expense	-	38,824	38,824	12,057	-	6,930	57,811
Dues, memberships and subscriptions	-	34,278	34,278	2,617	-	5,911	42,806
Travel, conferences and meetings	-	3,909	3,909	9,110	-	377	13,396
Insurance	-	-	-	20,852	-	-	20,852
Miscellaneous	-	-	-	8,697	-	65	8,762
Total Before Investment Related Taxes	11,816,230	1,718,546	13,534,776	699,529	-	272,878	14,507,183
Federal excise tax-current	-	-	-	-	125,562	-	125,562
Federal excise tax-deferred	-	-	-	-	160,561	-	160,561
Unrelated business income tax	-	-	-	-	72,907	-	72,907
	<u>\$ 11,816,230</u>	<u>\$ 1,718,546</u>	<u>\$ 13,534,776</u>	<u>\$ 699,529</u>	<u>\$ 359,030</u>	<u>\$ 272,878</u>	<u>\$ 14,866,213</u>

	2022						
	Program Services			Supporting Services			
	Program Grants	Other Program	Total Program Services	General and Administration	Investment Related Taxes	Other Investment	Total
Grants authorized	\$ 14,242,002	\$ -	\$ 14,242,002	\$ -	\$ -	\$ -	\$ 14,242,002
Salary and wages	-	896,749	896,749	381,992	-	143,947	1,422,688
Payroll taxes and employee benefits	-	269,434	269,434	104,136	-	52,696	426,266
Operating lease	-	224,543	224,543	77,675	-	34,757	336,975
Occupancy	-	38,983	38,983	13,485	-	6,034	58,502
Depreciation and amortization	-	58,043	58,043	21,670	-	10,584	90,297
Technology and computer related	-	58,485	58,485	22,604	-	11,439	92,528
Professional fees	-	650	650	114,014	-	2,730	117,394
Office expense	-	39,742	39,742	13,748	-	6,152	59,642
Dues, memberships and subscriptions	-	57,412	57,412	3,836	-	6,021	67,269
Travel, conferences and meetings	-	4,580	4,580	5,567	-	512	10,659
Insurance	-	-	-	21,433	-	-	21,433
Miscellaneous	-	-	-	6,089	-	(2,143)	3,946
Total Before Investment Related Taxes	14,242,002	1,648,621	15,890,623	786,249	-	272,729	16,949,601
Federal excise tax-current	-	-	-	-	150,329	-	150,329
Federal excise tax-deferred	-	-	-	-	(572,613)	-	(572,613)
Unrelated business income tax	-	-	-	-	250	-	250
	<u>\$ 14,242,002</u>	<u>\$ 1,648,621</u>	<u>\$ 15,890,623</u>	<u>\$ 786,249</u>	<u>\$ (422,034)</u>	<u>\$ 272,729</u>	<u>\$ 16,527,567</u>

See notes to financial statements

Altman Foundation

Statements of Cash Flows

	Year Ended	
	December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and dividends received	\$ 220,519	\$ 66,127
Other receipts	3,130	73,156
Payments for federal excise taxes	(59,015)	(280,663)
Payments to vendors	(907,730)	(961,607)
Payments for compensation and benefits	(1,903,738)	(1,832,175)
Payments for grants and matching gifts	(12,550,565)	(12,658,473)
Net Cash from Operating Activities	(15,197,399)	(15,593,635)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(56,864)	-
Partnership distributions	15,017,836	20,534,795
Partnership capital calls	(7,488,086)	(10,052,912)
Disbursement of program related investment	(150,770)	-
Repayment of program related investment	234,873	723,058
Purchases of investments	(1,500,000)	(1,500,000)
Proceeds from redemptions of investments	8,951,823	5,979,356
Net Cash from Investing Activities	15,008,812	15,684,297
 Net Change in Cash	(188,587)	90,662
 CASH		
Beginning of year	276,070	185,408
End of year	\$ 87,483	\$ 276,070

See notes to financial statements

Altman Foundation

Notes to Financial Statements
December 31, 2023 and 2022

1. Organization

The Altman Foundation (the "Foundation") was established and funded in 1913 by Benjamin Altman, the founder of B. Altman & Co. Under its charter, the Foundation is limited to grants to organizations in New York State. The Foundation supports programs and organizations within the five boroughs of New York City in five major areas: (i) Education; (ii) Health; (iii) Strengthening Communities; (iv) Cultural Engagement, Youth Development, and the Arts; and (v) in the overarching area of Services to Not-for-Profits.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Foundation have been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP"). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. At December 31, 2023 and 2022, the net assets of the Foundation were without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

The Foundation follows US GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. The Foundation follows US GAAP guidance which removed the requirements to categorize within the fair value hierarchy all investments for which fair value is measured using the Net Asset Value ("NAV") per share as a practical expedient.

Cash and Cash Equivalents

Cash and cash equivalents represent short-term investments with maturities of three months or less at time of purchase, except for those short-term investments managed by the Foundation's investment managers as part of their long-term investment strategies.

Altman Foundation

Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies *(continued)*

Certificates of Deposit

Certificates of deposit are carried at cost plus accrued interest.

Investments Valuation

Investments are carried at fair value.

Investment Income Recognition

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Program Related Investments

The Foundation makes Program Related Investments (“PRIs”) to other organizations to achieve charitable purposes in alignment with the Foundation’s strategies. These investments are either direct loans or via participation in a PRI loan portfolio as part of a limited partnership interest.

Direct loan PRIs bear a below-market interest rate. These loans are initially measured at fair value at inception to determine if a contribution element exists. Loans are then recorded on a net basis to reflect a discount on loan receivable if such discount is material to the Foundation’s financial statements and the discount is amortized to grant expense over the term of the loan. In addition, a loss reserve estimate is reviewed on an annual basis and adjusted if collectability risk has significantly changed based on the Foundation’s understanding of the borrower’s financial health and/or payment history.

Investment in loan PRIs as part of a limited partnership interest are recorded at the amount the partnership expects to collect for the Foundation’s interest. Any loss reserve is recorded at the partnership level, and the Foundation’s interest is adjusted accordingly.

Furniture, Equipment and Leasehold Improvements

Furniture and equipment, including computer hardware and software, are recorded at cost and depreciated using the straight-line method over periods ranging from five to ten years. Leasehold improvements are recorded at cost and amortized over the term of the lease. The Foundation capitalizes all property and equipment items over \$10,000.

Altman Foundation

Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Grants

Grants are recorded when authorized by the Board of Trustees.

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit and market risk consist principally of cash, cash equivalents, and securities held at financial institutions. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to \$250,000. Securities holdings at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to \$500,000. At times, cash balances may exceed the FDIC and/or the SIPC limit. As of December 31, 2023 and 2022, there were no uninsured cash balances.

The Foundation has a diversified portfolio of investments across multiple asset classes, and routinely assesses the diversification and financial strength of its cash and investment portfolio to limit concentration of credit risk. Although the Foundation's securities held by its custodian bank exceeded \$500,000 as of December 31, 2023 and 2022, there were no uninsured amounts as its custodian bank provides coverage in excess of SIPC limits from certain underwriters in Lloyd's insurance market and other commercial insurers.

Lease Liability and Right-of-Use Asset

The asset, a right-of-use asset ("ROU asset") represents the right to use an underlying asset for the lease term. The related liability, a lease liability, represents the obligation to make lease payments arising from the lease.

ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The present value was calculated using the Foundation's borrowing rate, as lessor's implicit borrowing rate was not available.

Lease expense is recognized on a straight-line basis over the lease term and the Foundation has elected to apply the short-term lease exception to all leases with a term of one year or less.

The Foundation's office space lease agreement does not contain any residual value guarantees or material restrictive covenants. This lease agreement has lease and non-lease components, the latter are accounted for separately as incurred.

Altman Foundation

Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies *(continued)*

Functional Expenses

The financial statements report expenses by function as either program or supporting activities. This requires expenses to be allocated on a reasonable basis that is consistently applied. Most expenses can be identified and charged directly to either program or supporting activities. Depreciation, occupancy and office expenses are allocated using office square footage. Salary and wages, payroll taxes and employee benefits, and technology and computer related expenses are allocated using management's estimate of time and effort.

Accounting for Uncertainty in Income Taxes

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Foundation had no uncertain tax positions that would require financial statement recognition or disclosure. The Foundation is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2020.

3. Federal Excise Taxes

The Foundation is a nonprofit organization exempt from Federal income taxes under the provisions of Sections 501(c)(3) of the Internal Revenue Code (the "Code") and is a private foundation as defined in Section 509(a) of the Code. The Foundation incurs current federal excise taxes on its net investment income at a rate of 1.39%. In addition, it is required to make certain minimum distributions in accordance with a formula specified by the Internal Revenue Service. For 2023 and 2022, the Foundation met its minimum distribution amounts.

The Foundation also records deferred taxes which arise from unrealized appreciation of investments held at year end. At December 31, 2023 and 2022, a deferred tax liability was calculated at an excise tax rate of 1.39%.

The Foundation is also subject to income tax at corporate rates on certain income that is considered unrelated business income under the Internal Revenue Code.

Altman Foundation

Notes to Financial Statements
December 31, 2023 and 2022

4. Assets Measured at Fair Value

The following are major categories of investments measured at fair value on a recurring basis at December 31, grouped by the fair value hierarchy, for those investments subject to categorization within such hierarchy:

Description	2023			Total
	Level 1	Level 2	Investments measured at net asset value per share (*)	
Investments				
Diversifying hedge	\$ -	\$ -	\$ 36,765,188	\$ 36,765,188
Domestic equity	21,603,286	-	4,888,144	26,491,430
Fixed income	14,625,179	-	11,460,349	26,085,528
Global equity	9,220,920	-	11,759,064	20,979,984
International equity	7,981,468	-	18,050,577	26,032,045
Money market	4,820,185	-	-	4,820,185
Private credit	-	-	29,055,954	29,055,954
Private equity	-	-	69,658,505	69,658,505
Real assets	12,878,226	-	6,560,380	19,438,606
Real estate	-	-	19,357,904	19,357,904
Total Investments at fair value	<u>\$ 71,129,264</u>	<u>\$ -</u>	<u>\$ 207,556,065</u>	278,685,329
Certificate of deposits				804,922
Total Investments				<u>\$ 279,490,251</u>
Description	2022			Total
	Level 1	Level 2	Investments measured at net asset value per share (*)	
Investments				
Directional hedge	\$ -	\$ -	\$ 3,848,968	\$ 3,848,968
Diversifying hedge	-	-	36,040,055	36,040,055
Domestic equity	18,969,346	-	4,150,735	23,120,081
Fixed income	14,573,839	-	10,745,709	25,319,548
Global equity	8,620,846	-	7,777,913	16,398,759
International equity	7,246,977	-	16,530,038	23,777,015
Money market	1,500,016	-	-	1,500,016
Private credit	-	-	25,287,502	25,287,502
Private equity	-	-	75,971,053	75,971,053
Real assets	13,635,004	-	7,422,379	21,057,383
Real estate	-	-	19,459,654	19,459,654
Total Investments at fair value	<u>\$ 64,546,028</u>	<u>\$ -</u>	<u>\$ 207,234,006</u>	271,780,034
Certificate of deposits				1,052,542
Total Investments				<u>\$ 272,832,576</u>

(*) As discussed in Note 2, investments that are measured using the practical expedient are not classified within the fair value hierarchy.

Altman Foundation

Notes to Financial Statements
December 31, 2023 and 2022

4. Assets Measured at Fair Value *(continued)*

At December 31, 2023 and 2022 approximately 58% and 60%, respectively, of the Foundation's investment portfolio was invested with certain managers that provided equity or equity-like exposure. Management does not anticipate that losses, if any, resulting from such market concentration would materially affect the financial position and operations of the Foundation.

Information regarding investments valued at NAV using the practical expedient at December 31, 2023 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Diversifying hedge	\$ 36,765,188	\$ -	Monthly/Quarterly	30-90 days
Domestic equity	4,888,144	-	Daily	1 day
Fixed income	11,460,349	-	Monthly	5 days
Global equity	11,759,064	-	Monthly/Quarterly	5-60 days
International equity	18,050,577	-	Monthly	5-10 days
Private credit	29,055,954	17,918,383	Locked	Not applicable
Private equity	69,658,505	18,523,343	Locked	Not applicable
Real assets	6,560,380	921,873	Locked	Not applicable
Real estate	19,357,904	4,795,071	Quarterly / Locked	45 days / Not applicable
	<u>\$ 207,556,065</u>	<u>\$ 42,158,670</u>		

Category/Number of investments	Investment Structure	Investment Strategy	Estimated Remaining Life(s)
Diversifying hedge 3 managers	Commingled, semi-liquid	Multi-strategy fund with an event-driven focus, seeking to exploit situations in which events create opportunities to invest in securities at a discount to their exit values	Not applicable
	Commingled, semi-liquid	A diversified fund, with focus on liquid strategies in global equity, futures and foreign exchange markets.	Not applicable
	Commingled, semi-liquid	Invests in senior secured, asset-based loans that provide growth or bridge financing to lower middle market companies or emerging asset-rich enterprises	Not applicable
Domestic equity 1 manager	Commingled, liquid	Seeks to outperform the Russell 2000 Index by investing in quality small capitalization US equities	Not applicable
Fixed Income 1 manager	Commingled, liquid	Seeks to outperform the Bloomberg Barclays US Aggregate Bond Index by investing primarily in both fixed income securities and commingled vehicles including foreign exposure	Not applicable

Altman Foundation

Notes to Financial Statements December 31, 2023 and 2022

4. Assets Measured at Fair Value *(continued)*

Category/Number of investments	Investment Structure	Investment Strategy	Estimated Remaining Life(s)
Global equity 2 managers	Commingled, liquid	Provides actively managed equity exposure in both developed and emerging markets to outperform the MSCI ACWI Index while maintaining an allocation of assets primarily to Sub-Advisors and third party investment funds that are deemed diverse	Not applicable
	Commingled, semi-liquid	Seeks to outperform the MSCI World Index by primarily investing in equity and equity-related securities; may invest in fixed income securities and instruments	Not applicable
International equity 2 managers	Commingled, liquid	Invests in non United States developed markets using a diversified equity portfolio	Not applicable
	Commingled, liquid	Invests in non United States emerging markets equities with a focus on small to mid cap capitalizations	Not applicable
Private credit 6 managers	Private partnership, illiquid	These 4 funds invest primarily in senior secured corporate debt instruments, mainly in companies based in North America	Range between from 11-59 months (Note 1)
	Private partnership, illiquid	These 2 funds invest in less liquid and/or longer duration distressed situations and opportunities resulting from capital dislocations.	Range between 16-54 months (Note 1)
Private equity 20 managers	Private partnership, illiquid	These funds make control investments in private, non-listed small and medium-sized companies primarily in North America, Europe and Asia.	11 funds in liquidation; nine funds range between 31-152 months (Notes 1,2)
Real assets 4 managers	Private partnership, illiquid	These two funds invest primarily in other investment funds, which in turn, make oil, gas and other natural resource related investments.	One fund in liquidation; one fund is 36 months (Notes 1,2)
	Private partnership, illiquid	This fund capitalizes on opportunities in oil and gas, oilfield service, midstream, transportation and other energy-related assets and companies.	In liquidation (Notes 1,2)
	Private partnership, illiquid	This fund focuses on energy sector credit opportunities	In liquidation (Notes 1,2)

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Notes to Financial Statements December 31, 2023 and 2022

4. Assets Measured at Fair Value *(continued)*

Category/Number of investments	Investment Structure	Investment Strategy	Estimated Remaining Life(s)
Real estate 4 managers	Private partnership, nonmarketable	Seeks to purchase portfolios of non-performing loans and non-core assets sold by European financial institutions.	44 months (Note 1)
	Private partnership, nonmarketable	Makes equity investments in workforce, affordable and mixed income multi-family assets located in the New York City metropolitan area.	24 months (Note 1)
	Private partnership, nonmarketable	Structures and purchases net lease real estate of primarily non-investment grade tenants with a focus on companies with potential to improve credit.	94 months (Note 1)
	Real Estate Investment Trust	Invests in United States core real estate in apartment, industrial, retail, office and other properties in targeted metropolitan areas	Not applicable, as this fund is open-ended

Note 1 - Not redeemable. Capital is returned to investor as distributions resulting from liquidation of the underlying assets. Fund life may be extended.

Note 2 - Includes fund(s) whose partnership life has ended and are in liquidation but will operate until the last asset is disposed of and the final distribution occurs.

Investment Risks and Uncertainties

A majority of investments consist of non-traditional, not readily marketable investments. The underlying investments of such funds, whether invested in stock or other securities, are generally not currently traded in a public market and typically are subject to restrictions on resale. Values determined by investment managers and general partners of underlying securities that are thinly traded or not traded in an active market may be based on historical cost, appraisals, a review of the investees' financial results, financial condition and prospects, together with comparisons to similar companies for which quoted market prices are available or other estimates that require varying degrees of judgment.

Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material.

Altman Foundation

Notes to Financial Statements
December 31, 2023 and 2022

5. Program and Mission Related Investments

Program Related investments (“PRIs”), defined in IRC 4944(c), have a primary purpose of advancing the mission of the Foundation without a significant purpose of the production of income or appreciation of investment. PRIs are treated as charitable distributions on Internal Revenue Service form 990-PF, the tax and information return filed by private foundations for minimum-distribution requirement purposes.

At December 31, 2023, the Foundation maintained an interest in a PRI loan portfolio that contained five investments as part of a limited partnership interest. These investments are expected to be redeemed between 2024 and 2027. There is an unfunded commitment of \$2,400,000 to the partnership at December 31, 2023. The Foundation did not have any direct loans at December 31, 2023. Allowances for collectability of this PRI loan portfolio are performed at the partnership level and the Foundation’s interest is adjusted accordingly.

Expected repayments are as follows:

2024	\$ 298,226
2025	160,376
2026	250,000
2027	<u>228,068</u>
	<u>\$ 936,670</u>

Mission Related Investments (“MRI’s”) are investments which also advance the Foundation’s charitable purpose and mission. However, returns on MRI’s are risk adjusted or market-rate. As of December 31, 2023, the Foundation’s six mission-related investments totaled approximately \$5.1 million and are included in investments on the statements of financial position and consist of three certificates of deposit (\$0.8 million), one private equity fund (\$2.4 million) and a real estate fund (\$1.9 million).

6. Retirement Plans

The Foundation maintains a defined contribution 401(k) plan for eligible employees and makes the following contributions:

(i) Employee contributions are permitted with the Foundation matching 100% of basic contributions up to a maximum of 5% of salary per employee. In 2023 and 2022, employer matching contributions were approximately \$71,000 and \$64,000, respectively.

(ii) The employer makes a safe harbor nonelective contribution in the amount of 3% of eligible compensation. For 2023 and 2022, such amounts were approximately \$43,000 and \$41,000, respectively.

(iii) Plan provisions permit the employer to make an annual discretionary profit-sharing contribution which is determined by the managing body of the Foundation. For 2023 and 2022, these contributions were approximately \$69,000 and \$66,000, respectively.

Altman Foundation

Notes to Financial Statements
December 31, 2023 and 2022

6. Retirement Plans *(continued)*

The Foundation has a non-qualified Section 457(b) retirement plan for a select group of employees. Employee contributions are on a pre-tax basis in amounts not to exceed Internal Revenue Code limits. The Foundation may make contributions on behalf of participants. In 2023 and 2022 there were no employer contributions. The corresponding asset and liability related to this plan amounted to approximately \$390,000 and \$308,000 as of December 31, 2023 and 2022, respectively. Such amounts are not presented in the accompanying statements of financial position.

7. Commitments and Contingencies

Office Leases

The Foundation has a non-cancellable operating lease through December 2030 for office space in New York City. In lieu of a security deposit, the Foundation maintains an open letter of credit in the amount of \$173,432, which has automatic annual extensions. This lease requires minimum annual rental payments with escalations through the lease expiration date. In addition, the lease requires payment of utilities, real estate taxes and other expenses.

Variable lease components in this office lease are the Foundation's share of building operating expenses, utilities, and real estate taxes and are recognized in operating expenses in the period in which these expenses are incurred. Such amounts were approximately \$83,000 and \$62,000 for the years ended December 31, 2023 and 2022, respectively.

Annual minimum remaining lease payments and lease liability as of December 31, 2023 are as follows:

	<u>Total</u>
2024	\$ 380,819
2025	380,819
2026	413,354
2027	413,354
2028	413,354
Thereafter	<u>826,708</u>
Total lease payments	\$ 2,828,408
Less: imputed interest	<u>301,216</u>
	<u>\$ 2,527,192</u>

Lease expense for the office lease was \$340,124 for each of the years ended December 31, 2023 and 2022.

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Notes to Financial Statements
December 31, 2023 and 2022

7. Commitments and Contingencies (*continued*)

Office Leases (continued)

The discount rate applied to calculate lease liability was 3.25%. The remaining lease term for the operating lease is 7 and 8 years. Cash paid for the operating lease amounted to \$380,019 for each of the years ended December 31, 2023 and 2022.

The right-of-use asset is amortized over the lease life, and is as follows:

Balance at January 1, 2022	\$ 2,579,518
Annual amortization	<u>244,443</u>
Balance at January 1, 2023	2,335,075
Annual amortization	<u>253,824</u>
Balance at December 31, 2023	<u>\$ 2,081,251</u>

Lines of Credit

The Foundation has a secured revolving line of credit agreement with a bank for \$15,000,000. This line of credit was renewed on July 16, 2023 and expired on July 15, 2024 without renewal. The Foundation is currently negotiating another line of credit for \$20,000,000 with another bank. There were no borrowings against either line during 2023 or 2022. Both lines bear interest as defined in the agreement. Any borrowings are secured by certain assets of the Foundation.

8. Furniture, Equipment and Leasehold Improvements

Furniture, equipment and leasehold improvements, net are as follows at December 31:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 973,821	\$ 973,821
Furniture and equipment	195,809	195,809
Computer hardware and software	<u>253,964</u>	<u>184,109</u>
	1,423,594	1,353,739
Less accumulated depreciation and amortization	<u>931,885</u>	<u>830,493</u>
	<u>\$ 491,709</u>	<u>\$ 523,246</u>

Depreciation and amortization expense for 2023 and 2022 was \$101,392 and \$91,020 respectively.

Altman Foundation

Notes to Financial Statements
December 31, 2023 and 2022

9. Grants Payable

The Foundation has entered into grant commitments to certain organizations. Payments to these organizations at December 31, 2023 and 2022 are to be made as follows:

	2023	2022
Less than one year	\$ 3,946,195	\$ 4,555,620
One to two years	-	125,000
Total Grants Payable	\$ 3,946,195	\$ 4,680,620

10. Liquidity and Availability of Financial Assets

The Foundation's financial assets and resources available to meet general operating cash needs within one year of the dates of the statement of financial position were as follows:

	December 31	
	2023	2022
Financial Assets		
Cash	\$ 87,483	\$ 276,070
Investments	279,490,251	272,832,576
Program related investments	936,670	1,031,555
Total Financial Assets	280,514,404	274,140,201
Less:		
Illiquid investments	129,160,370	119,902,180
Program related investments to be collected beyond one year	638,444	808,545
Financial Assets Available to Meet General Operating Cash Needs	\$ 150,715,590	\$ 153,429,476

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its grants, operating disbursements, program related investment and limited partnership capital calls come due. Sources of liquidity throughout the year include (i) proceeds from planned redemptions of investments as needed, (ii) cash distributions from its various limited partnership investments, and (iii) repayment of program related investments.

In the event of unanticipated liquidity needs, The Foundation aims to maintain a balance of cash equivalents and other short-term investments to fund grants and operating expenses. In addition, there is a minimum liquidity requirement to maintain at least three years of grants and operating expenses in investments that can be redeemed within one month.

Altman Foundation

Notes to Financial Statements
December 31, 2023 and 2022

10. Liquidity and Availability of Financial Assets *(continued)*

Included in the 2023 and 2022 general operating cash needs of the Foundation is the Internal Revenue Service regulation to distribute a minimum amount for charitable purposes which approximates 5% of its assets, with certain adjustments, as of December 31, 2023 and 2022.

11. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which is September 17, 2024.

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