

Stephen Siller Tunnel to Towers Foundation and Wholly-Owned Subsidiary

Consolidated Financial Statements and Supplementary Information

December 31, 2016 and 2015

(With Independent Auditors' Report Thereon)

Certified Public Accountants



**DeSanctis
Kiefer
Shall &
Sarcone
LLP**

**STATE
COPY**

*Navigating the Road
to
Financial Security*

Stephen Siller Tunnel to Towers Foundation and Wholly-Owned Subsidiary

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Consolidated Statements of Financial Position December 31, 2016 and 2015	3
Consolidated Statements of Activities for the Years Ended December 31, 2016 and 2015	4
Consolidated Statements of Cash Flows for the Years Ended December 31, 2016 and 2015	5
Consolidated Statements of Functional Expenses for the Years Ended December 31, 2016 and 2015	6 - 7
Consolidated Notes to Financial Statements	8 - 18
Supplementary Information	
Consolidating Statement of Financial Position December 31, 2016	19
Consolidating Statement of Activities for the Year Ended December 31, 2016	20



DeSantis
Kiefer
Shall &
Sarcone
LLP

*Navigating the Road
to
Financial Security*

Independent Auditors' Report

Board of Directors
Stephen Siller Tunnel to Towers Foundation and
Wholly-Owned Subsidiary

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Stephen Siller Tunnel to Towers Foundation and Wholly-Owned Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities, cash flows and functional expenses for the years 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

(1)

1675 Richmond Road
Staten Island, NY 10304

10 East 39th Street – 4th Floor
New York, NY 10016

Tel: 718-351-2233 / 888-417-6679

www.dkscpa.com

Fax: 718-979-2435

Stephen Siller Tunnel to Towers Foundation and
Wholly-Owned Subsidiary

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 financial position of Stephen Siller Tunnel to Towers Foundation and Wholly-Owned Subsidiary as of December 31, 2016 and 2015, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary consolidating statement of financial position and statement of activities are presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the 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 financial statements as a whole.

DeSantis, Kiefer, Shull & Lawrence LLP

Staten Island, New York

May 4, 2017

Stephen Siller Tunnel to Towers Foundation and Wholly-Owned Subsidiary

Consolidated Statements of Financial Position December 31, 2016 and 2015

	2016	2015
<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 3,039,021	\$ 1,212,782
Accounts Receivable		61,812
Prepaid Expenses	45,729	
Restricted Cash	2,155,186	3,069,842
Total Current Assets	5,239,936	4,344,436
Fixed Assets:		
Fixed Assets - Net of Accumulated Depreciation	721,023	380,848
Other Assets:		
Other Assets - Net of Accumulated Amortization		4,667
Security Deposit	10,000	10,000
Total Other Assets	10,000	14,667
Total Assets	<u>\$ 5,970,959</u>	<u>\$ 4,739,951</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 238,326	\$ 90,372
Current Portion of Capital Lease Payable	48,684	43,618
Total Current Liabilities	287,010	133,990
Non-Current Liabilities:		
Non-Current Portion of Capital Lease Payable	35,562	84,244
Total Non-Current Liabilities	35,562	84,244
Total Liabilities	322,572	218,234
Net Assets:		
Unrestricted	3,477,566	1,449,875
Temporarily Restricted	2,155,186	3,069,842
Permanently Restricted	15,635	2,000
Total Net Assets	5,648,387	4,521,717
Total Liabilities and Net Assets	<u>\$ 5,970,959</u>	<u>\$ 4,739,951</u>

**Stephen Siller Tunnel to Towers Foundation
and Wholly-Owned Subsidiary**

Consolidated Statement of Activities
for the Years Ended December 31, 2016 and 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue:								
Support:								
Direct Public Support	\$ 7,033,764	\$ 1,578,815	\$ 13,635	\$ 8,626,214	\$ 3,814,614	\$ 2,199,156	\$ 2,000	\$ 6,015,770
In-Kind Donations	2,565,660	576,371		3,142,031	1,923,333	870,686		2,794,019
Net Assets Released from Restriction	3,069,842	(3,069,842)			3,099,488	(3,099,488)		
Total Support	12,669,266	(914,656)	13,635	11,768,245	8,837,435	(29,646)	2,000	8,809,789
Revenue:								
Tunnel to Towers Run	1,691,136			1,691,136	1,529,697			1,529,697
Runs Across America	1,096,472			1,096,472	948,338			948,338
Building for America's Bravest	699,582			699,582	822,096			822,096
Stair Climb	521,697			521,697	599,323			599,323
Fundraising Revenue	753,073			753,073	608,696			608,696
Interest Income	7,245			7,245	4,235			4,235
Other Revenue	37,398			37,398	83,402			83,402
Total Revenue	4,806,603			4,806,603	4,595,787			4,595,787
Total Support and Revenue	17,475,869	(914,656)	13,635	16,574,848	13,433,222	(29,646)	2,000	13,405,576
Expenses:								
Program Services								
Never Forget	5,624,447			5,624,447	5,440,383			5,440,383
Building for America's Bravest	8,525,635			8,525,635	5,947,237			5,947,237
Hurricane Sandy					855,998			855,998
Total Program Services	14,150,082			14,150,082	12,243,618			12,243,618
Fundraising	706,585			706,585	648,727			648,727
Management and General	591,511			591,511	423,381			423,381
Total Expenses	15,448,178			15,448,178	13,315,726			13,315,726
Change in Net Assets	2,027,691	(914,656)	13,635	1,126,670	117,496	(29,646)	2,000	89,850
Net Assets, Beginning of Year	1,449,875	3,069,842	\$ 2,000	4,521,717	1,332,379	3,099,488		4,431,867
Net Assets, End of Year	\$ 3,477,566	\$ 2,155,186	\$ 15,635	\$ 5,648,387	\$ 1,449,875	\$ 3,069,842	\$ 2,000	\$ 4,521,717

Stephen Siller Tunnel to Towers Foundation and Wholly-Owned Subsidiary

Consolidated Statement of Cash Flows for the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Change in Net Assets	<u>\$ 1,126,670</u>	<u>\$ 89,850</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation and Amortization	108,770	119,155
(Increase) Decrease in Operating Assets		
Accounts Receivable	61,812	(61,812)
Prepaid Expense	(45,729)	
Restricted Cash	914,656	29,646
Security Deposit		5,000
Increase (Decrease) in Operating Liabilities		
Accounts Payable	<u>147,954</u>	<u>26,129</u>
Total Adjustments	<u>1,187,463</u>	<u>118,118</u>
Net Cash Provided By Operating Activities	<u>2,314,133</u>	<u>207,968</u>
Cash Flows from Investing Activities:		
Purchase of Fixed Assets	<u>(444,278)</u>	
Net Cash Used In Investing Activities	<u>(444,278)</u>	
Cash Flows from Financing Activities		
Payment of Capital Lease Payable	<u>(43,616)</u>	<u>(39,075)</u>
Net Cash Used In Financing Activities	<u>(43,616)</u>	<u>(39,075)</u>
Net Increase in Cash and Cash Equivalents	1,826,239	168,893
Cash and Cash Equivalents, Beginning of Year	<u>1,212,782</u>	<u>1,043,889</u>
Cash and Cash Equivalents, End of Year	<u><u>3,039,021</u></u>	<u><u>\$ 1,212,782</u></u>
Supplemental Information		
Cash Paid for Interest	<u><u>\$ 11,955</u></u>	<u><u>\$ 16,496</u></u>

**Stephen Siller Tunnel to Towers Foundation
and Wholly-Owned Subsidiary**

Consolidated Statement of Functional Expenses
for the Year Ended December 31, 2016

	Program Services					
	Never Forget	Building for America's Bravest	Hurricane Sandy	Total Program Services	Fundraising	Management and General
						Total
Salaries	\$ 564,810	\$ 830,896		\$ 1,395,706	\$ 191,826	\$ 171,277
Payroll Taxes and Benefits	151,653	251,661		403,314	54,025	47,686
Total Salaries and Payroll Taxes and Benefits	716,463	1,082,557		1,799,020	245,851	218,963
Advertising and Marketing	1,415,473	2,853		1,418,326	102,401	2,220
Bank Charges	127,113	15,523		142,636	5,298	3,663
Building Maintenance	2,007	3,631		5,638	633	616
Computer Expense	12,274	30,623		42,897	5,407	35,225
Consultants and Contractors	481,546	56,855		538,401	29,220	3,777
Utilities	1,581	6,281		7,862	610	1,098
Event Production	121,301	11,550		132,851	12,157	3,000
Food	82,007	6,500		88,507		
Insurance	27,783	48,499		76,282	7,878	4,498
Meetings	14,153	9,284		23,437	2,480	5,553
Other Expense						61,123
Postage	8,515	5,918		14,433	385	2,483
Professional Services	160,657	79,046		239,703	1,577	27,202
Rent	45,369	80,357		125,726	14,636	167,636
Storage	397	5,940		6,337	58	5,393
Supplies	19,944	21,166		41,110	5,173	24,289
Telephone	3,280	5,379		8,659	1,118	1,084
Equipment	183,263	3,163		186,426		1
Taxes and Permits	16,769	67,960		84,729		11,406
Travel	268,121	153,034		421,155	9,258	7,494
Venue	88,534	47,704		136,238	258,793	
Donations	1,053,402	464,522		1,517,924		
New York City Run Costs	684,002	27,639		711,641		1,135
BFAB-Homes		5,652,824		5,652,824		
BFAB-Land		613,899		613,899		
Interest	11,955			11,955		
Amortization		4,667		4,667		
Depreciation	78,538	18,261		96,799	3,652	3,652
	<u>\$ 5,624,447</u>	<u>\$ 8,525,635</u>		<u>\$ 14,150,082</u>	<u>\$ 706,585</u>	<u>\$ 591,511</u>
						<u>\$ 15,448,178</u>

The Accompanying Notes are an Integral Part of this Statement.

**Stephen Siller Tunnel to Towers Foundation
and Wholly-Owned Subsidiary**

Consolidated Statement of Functional Expenses
for the Year Ended December 31, 2015

	Program Services					
	Never Forget	Building for America's Bravest	Hurricane Sandy	Total Program Services	Fundraising	Management and General
						Total
Salaries	\$ 406,453	\$ 709,560	\$ 19,190	\$ 1,135,203	\$ 129,925	\$ 142,166
Payroll Taxes and Benefits	100,131	208,403	4,929	313,463	32,189	55,532
Total Salaries and Payroll Taxes and Benefits	506,584	917,963	24,119	1,448,666	162,114	197,698
Advertising and Marketing	1,399,117	8,516		1,407,633	1,735	2,307
Bank Charges	103,298	7,263	30	110,591	22,121	5,097
Building Cleaning						
Building Maintenance	2,480	5,300	1,568	9,348	1,264	4,115
Computer Expense	17,869	34,538		52,407	1,650	22,129
Consultants and Contractors	343,382	65,146	307,226	715,754	25,604	2,946
Utilities	2,450	7,074	1,411	10,935	1,225	1,946
Event Production	131,442			131,442	11,250	
Food	69,154	15,000		84,154		
Insurance	31,706	72,618	22,669	126,993	8,812	14,547
Meetings	12,344	9,901	1,139	23,384	2,505	9,516
Other Expense	156,234	64,370	68,694	289,298	14,967	42,993
Postage	7,492	8,652		16,144		2,707
Professional Services	119,344	37,707		157,051	500	37,553
Rent	28,723	77,965	19,149	125,837	14,362	21,542
Storage			5,260	5,260		5,777
Supplies	156,232	24,895		181,127	28,294	7,500
Telephone	1,974	4,367	1,171	7,512	985	1,405
Equipment	168,562	3,091	300	171,953	5,387	413
Taxes and Permits	15,534	64,831		80,365	350	13,684
Travel	353,777	79,902	8,756	442,435	22,889	25,406
Vehicles						
Venue	187,423			187,423	319,901	
Website						
Donations	1,206,459	134,088	391,694	1,732,241		2,695
New York City Run Costs	318,277			318,277		
BFAB-Homes		3,264,421		3,264,421		
BFAB-Land		1,011,533		1,011,533		
Interest	16,496			16,496		
Amortization		4,667		4,667		
Depreciation	84,030	23,429	2,812	110,271	2,812	1,405
	<u>\$ 5,440,383</u>	<u>\$ 5,947,237</u>	<u>\$ 855,998</u>	<u>\$ 12,243,618</u>	<u>\$ 648,727</u>	<u>\$ 423,381</u>
						<u>\$ 13,315,726</u>

The Accompanying Notes are an Integral Part of this Statement.

Stephen Siller Tunnel to Towers Foundation and Wholly-Owned Subsidiary

Consolidated Notes to Financial Statements
December 31, 2016 and 2015

1. Nature of Activities

The Stephen Siller Tunnel to Towers Foundation (herein referred to as the "Foundation") is a not-for-profit corporation that was established to support, recognize, and advocate for our first responders and catastrophically injured service members in honor of the legacy of Stephen Siller, who laid down his life to save others on September 11, 2001.

The Foundation accomplishes this mission through the following programs:

BUILDING FOR AMERICA'S BRAVEST PROGRAM:

Building for America's Bravest program constructs custom, specially adapted *Smart Homes* for catastrophically injured service members returning home to restore their ability to live a life of independence.

NEVER FORGET PROGRAMS:

- 1) **Tunnel To Towers Runs and Stair Climbs:** The New York City and National Tunnel to Towers Run/Climb events are memorial events held in honor of Stephen Siller (FDNY), First Responders, and all who perished on 9/11. The Foundation has established these memorial events so as a nation *We Will Never Forget!*
- 2) **9/11 Never Forget Exhibit:** Hosts a traveling exhibit as a tribute to all those who sacrificed on September 11, 2001. The memorial provides interactive education including: artifacts, news and video recordings, and live tours from FDNY heroes. The Foundation is committed to ensuring *We Never Forget* and that America's youth understand the sacrifice of many on that day.
- 3) **First Responders:** The Foundation acknowledges and pays tribute to first responders who continue to sacrifice life and limb for our country. On a case by case basis, we offer financial support to the families of brave men and women killed in the line of duty.
- 4) **Wings of a Hero:** To help local community children in need who have lost a parent by providing assistance for school, counseling or other needs.

Stephen Siller Tunnel to Towers Foundation and Wholly-Owned Subsidiary

Consolidated Notes to Financial Statements
December 31, 2016 and 2015

- 5) **Legacy Awards:** To assist families of injured or fallen first responders with their specific immediate financial needs.
- 6) **Stephen's House of the New York Foundling:** The Foundation co-chaired the campaign to build this home and provides ongoing support for New York's most broken and vulnerable children.
- 7) **Stephen's House of the Maison d'Enfants par la Foi Orphanage in Haiti:** The Foundation helped to relocate this orphanage which provides a safe and healing space for over 100 orphaned children.
- 8) **Memorial Stair Climb:** The Foundation commemorates all those who sacrificed their lives on September 11, 2001 by hosting a stair climb in the newly constructed One World Trade Center building.

Sandy Rebuilding Corp. (herein referred to as the "Corporation"), was formed in August 2013 to perform the repair and rebuilding work related to the Hurricane Sandy Relief program. The Corporation ceased operations during 2016.

The Foundation was the sole shareholder of the Corporation.

2. Summary of Significant Accounting Policies

Method 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.

Principles of Consolidation

The consolidated financial statements include the accounts of the Foundation and the Corporation, collectively referred to as the "Organization".

The Foundation is the sole shareholder of the Corporation.

All significant intercompany accounts and transactions have been eliminated.

Stephen Siller Tunnel to Towers Foundation and Wholly-Owned Subsidiary

Consolidated Notes to Financial Statements
December 31, 2016 and 2015

Basis of Presentation

The Organization follows the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) standard related to financial statements of not-for-profit organizations. Under this standard, the Organization is required to report 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. In addition, the Foundation is required to present a statement of cash flows.

The Organization also follows the FASB standard related to accounting for contributions received and contributions made. In accordance with this standard, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. In addition, the Foundation has received contributions with donor-imposed restrictions that result in temporarily restricted net assets.

It is the Organization's policy to report donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Cash and Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Stephen Siller Tunnel to Towers Foundation and Wholly-Owned Subsidiary

Consolidated Notes to Financial Statements December 31, 2016 and 2015

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Interest Income

Income generated from the Organization's interest-bearing bank accounts is recognized when earned and reported as interest income on the Statement of Activities.

Property, Equipment and Depreciation

Acquisitions of property and equipment are recorded at the purchase price. Contributions of land, buildings and equipment are recorded at fair market value when title is conveyed.

Depreciation of property and equipment is recognized over the estimated useful lives of the respective assets on a straight-line basis as follows:

Buildings	3 Years
Building Improvements	5 to 10 Years
Furniture, Fixtures and Equipment	3 to 5 Years

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Stephen Siller Tunnel to Towers Foundation and Wholly-Owned Subsidiary

Consolidated Notes to Financial Statements
December 31, 2016 and 2015

Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation represents that, to the best of its knowledge, the tax-exempt status is still in effect at December 31, 2016.

The Foundation is subject to the provisions of the FASB ASC that addresses accounting and reporting for uncertainty in income taxes. Because of the Foundation's general tax-exempt status, this ASC topic has not had, and is not expected to have, a material impact on its financial statements.

The Corporation is a for-profit entity and files a separate Federal, State and Local Income Tax Return and had current tax provisions only.

In-Kind Donations

The Organization receives donations of supplies, equipment, gift cards and advertising for their various programs and fundraisers. These donations are recorded at their fair market value at the time of the donation. In-kind donations for the year ended December 31, 2016 totaled \$1,375,275 for Never Forget and \$1,613,756 for Building for America's Bravest. In addition, the Organization recognized \$153,000 for office space that was donated while the Organization's offices were being remodeled. In-kind donations for the year ended December 31, 2015 totaled \$1,365,000 for Never Forget and \$1,429,019 for Building for America's Bravest.

Contributed Services

A significant portion of the Organization's functions is conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements because the criteria for recognition under the FASB codification topic that addresses "Contributed Services" have not been met. This criterion requires that contributions of donated services be material in nature, that they create or enhance non-financial assets, or that they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Stephen Siller Tunnel to Towers Foundation and Wholly-Owned Subsidiary

Consolidated Notes to Financial Statements
December 31, 2016 and 2015

Advertising Expenses

Marketing and advertising costs are expensed as incurred. In 2016, the Organization received an in-kind donation of advertising for the Tunnel to Towers Run, valued at \$1,375,275. The Organization spent an additional \$147,672 on advertising and marketing. Total advertising and marketing expense for the year ended December 31, 2016 was \$1,522,947. In 2015, the Organization received an in-kind donation of advertising for the Tunnel to Towers Run, valued at \$1,358,000. The Organization spent an additional \$53,675 on advertising and marketing. Total advertising and marketing expense for the year ended December 31, 2015 was \$1,411,675.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Expenses that can be identified with a specific program and supporting service are allocated directly according to their expenditure classification. Other costs that are common to several functions are allocated among the programs and supporting services in reasonable ratios as determined by management.

New Accounting Pronouncements

Presentation of Financial Statements of Not-for-Profit Entities

In August 2016, the FASB issued Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The amendments change the presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, and other users. These include qualitative and quantitative requirements in the following areas: net asset classes; investment returns; expenses; liquidity and availability of resources; and presentation of operating cash flows.

ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017.

Stephen Siller Tunnel to Towers Foundation and Wholly-Owned Subsidiary

Consolidated Notes to Financial Statements
December 31, 2016 and 2015

Leases

In February 2016, the FASB issued an accounting standards update which replaces the current lease accounting standard. The update will require, among other items, lessees to recognize a right-of-use asset and a lease liability for most leases. Extensive quantitative and qualitative disclosures, including significant judgments made by management, will be required to provide greater insight into the extent of revenue and expense recognized and expected to be recognized from existing contracts. The update is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years, with early adoption permitted. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. The Organization is currently evaluating the effect the update will have on the financial statements.

3. Fixed Assets

The summary of fixed assets at December 31, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Building Improvements	\$ 362,788	\$ 82,912
Automobile	141,150	141,156
Equipment	337,291	298,866
Asset under Capital Lease	<u>210,000</u>	<u>210,000</u>
Subtotal	1,051,229	732,934
Less: Accumulated Depreciation	<u>330,206</u>	<u>352,086</u>
Total Fixed Assets	<u>\$ 721,023</u>	<u>\$380,848</u>

Depreciation expense for the years ended December 31, 2016 and 2015 was \$104,103 and \$114,488 respectively.

Stephen Siller Tunnel to Towers Foundation and Wholly-Owned Subsidiary

Consolidated Notes to Financial Statements December 31, 2016 and 2015

4. Other Assets

The summary of other assets at December 31, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Website	\$28,000	\$28,000
Less: Accumulated		
Amortization of Website	<u>28,000</u>	<u>23,333</u>
Total Other Assets	<u>\$ 0</u>	<u>\$ 4,667</u>

Amortization expense was \$4,667 for both years ended December 31, 2016 and 2015.

5. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets consist of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Building for America's Bravest Donations	<u>\$2,155,186</u>	<u>\$3,069,842</u>

Permanently restricted net assets in the Foundation's endowment fund were \$15,635 and \$2,000 at December 31, 2016 and 2015, respectively.

The New York Prudent Management of Institutional Funds (NYPMIFA) requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Foundation classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

6. 403(b) Pension Plan

During 2015, the Organization adopted a 403(b) pension plan where eligible employees are able to contribute part of their salary into an account under their management and control. The Organization will match employee contributions at 100% of the first 3% and 50% of the next 2%. The Organization's share of pension expense totaled \$56,555 and \$28,472 for the years ended December 31, 2016 and 2015, respectively.

Stephen Siller Tunnel to Towers Foundation and Wholly-Owned Subsidiary

Consolidated Notes to Financial Statements
December 31, 2016 and 2015

7. Commitments and Contingencies

Operating Lease

The Organization has entered into a lease for its rental of office space in Staten Island, New York through June 30, 2017. In March 2016, the Organization elected to renew the lease for an additional 60 months through June 30, 2021. A \$10,000 security deposit was paid when the lease was signed on June 15, 2012. The Organization pays \$10,000 per month for rent, along with an amount equal to 50% of the annual real estate taxes, which has been estimated as \$2,197 per month in 2016. Total Rent expense for the years ending December 31, 2016 and 2015 was \$146,364 and \$143,616, respectively.

Beginning in July 2017, the Organization will pay \$10,500 per month for rent along with an amount equal to 50% of the annual real estate taxes.

This lease has been classified as an operating lease and the future minimum rental payments are as follows:

<u>Year Ending</u>	
2017	\$149,364
2018	152,364
2019	152,364
2020	152,364
2021	152,364
Thereafter	<u>76,182</u>

\$835,002

Capital Lease

On August 5, 2013, the Organization executed a new lease agreement for vehicle equipment to transport its mobile 9/11 exhibit. The lease essentially transfers the risks of ownership and has a bargain purchase option at the end of the lease term and is accounted for as a capital lease. Monthly payments of principal and interest totaled \$5,032. The lease expires on September 5, 2018.

An amended lease agreement was signed on May 13, 2014. Monthly payments of principal and interest were reduced to \$4,631.

Stephen Siller Tunnel to Towers Foundation and Wholly-Owned Subsidiary

Consolidated Notes to Financial Statements December 31, 2016 and 2015

Equipment under capital lease at December 31, 2016 and 2015 includes:

	<u>2016</u>	<u>2015</u>
Vehicle for 9/11 Exhibit	\$210,000	\$210,000
Less: Accumulated Depreciation	<u>143,500</u>	<u>101,500</u>
Book Value	<u>\$ 66,500</u>	<u>\$108,500</u>

The future minimum lease payments as of December 31, 2016 are as follows:

2017	\$48,684
2018	<u>35,560</u>
	<u>\$84,244</u>

8. Related Party Transaction

The Organization has entered into transactions with members of the Board of Directors. A company owned by the Chairman of the Board of Directors provides the Organization with its office space. Amounts paid to this company for rent in accordance with the rental agreement are detailed in Note 7.

The Organization has also purchased items for its events from a business owned by the Vice Chairman of the Board of Directors. The amount paid for these items was \$39,180 and \$84,544 for the years ending December 31, 2016 and 2015, respectively

A family member of several board members provided the organization with contracting services that totaled \$40,671 for the year ended December 31, 2015. There were no services provided in 2016.

Stephen Siller Tunnel to Towers Foundation and Wholly-Owned Subsidiary

Consolidated Notes to Financial Statements
December 31, 2016 and 2015

9. Line of Credit

The Organization obtained a \$500,000 line of credit with Northfield Bank during 2013. The line bears an interest rate of 5% on the outstanding balance. The line was not used during the year. There were no outstanding balances at December 31, 2016 and 2015.

10. Concentration of Credit Risk

The Organization places its temporary cash and money market accounts with various financial institutions throughout the New York City area. Accounts at these institutions were insured for up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) at December 31, 2016 and 2015. The Organization had uninsured balances of \$3,516,192 and \$3,211,878 at December 31, 2016 and 2015, respectively.

11. Subsequent Events

The Organization has evaluated subsequent events through May 4, 2017, the date the financial statements were available to be issued, and has determined that there are no reportable subsequent events or transactions that need to be disclosed in these financial statements.

Stephen Siller Tunnel to Towers Foundation and Wholly-Owned Subsidiary

Consolidating Statement of Financial Position December 31, 2016

Assets

	Foundation	Sandy Rebuilding Corp.	Eliminations	Total
Current Assets:				
Cash and Cash Equivalents	\$ 3,039,021			\$ 3,039,021
Prepaid Expenses	45,729			45,729
Restricted Cash	2,155,186			2,155,186
Total Current Assets	5,239,936			5,239,936
Fixed Assets:				
Fixed Assets - Net of Accumulated Depreciation	721,023			721,023
Other Assets				
Other Assets - Net of Accumulated Amortization				
Investment in Sandy Rebuilding Corp	200		\$ (200)	
Security Deposit	10,000			10,000
Total Other Assets	10,200			10,000
Total Assets	\$ 5,971,159			\$ 5,970,959

Liabilities, Net Assets and Retained Earnings

Current Liabilities:				
Accounts Payable and Accrued Expenses	\$ 238,326			\$ 238,326
Current Portion of Capital Lease Payable	48,684			48,684
Total Current Liabilities	287,010			287,010
Non-Current Liabilities				
Non-Current Portion of Capital Lease Payable	35,562			35,562
Total Non-Current Liabilities	35,562			35,562
Total Liabilities	322,572			322,572
Net Assets:				
Unrestricted	3,477,766			3,477,766
Temporarily Restricted	2,155,186			2,155,186
Permanently Restricted	15,635			2,000
Total Net Assets	5,648,587			5,648,587
Additional Paid-In Capital		200	(200)	
Retained Earnings		(200)		(200)
Total Net Assets and Retained Earnings	5,648,587			5,648,387
Total Liabilities, Net Assets and Retained Earnings	\$ 5,971,159			\$ 5,970,959

Stephen Siller Tunnel to Towers Foundation and Wholly-Owned Subsidiary

Consolidating Statement of Activities for the Year Ended December 31, 2016

	Sandy Rebuilding Foundation	Corp.	Eliminations	Total
Support and Revenue:				
Support:				
Direct Public Support	\$ 8,626,214			\$ 8,626,214
In-Kind Donations	3,142,031			3,142,031
Total Support	11,768,245			11,768,245
Revenue:				
Tunnel to Towers Run	1,691,136			1,691,136
Runs Across America	1,096,472			1,096,472
Building for America's Bravest	699,582			699,582
Stair Climb	521,697			521,697
Fundraising Revenue	753,073			753,073
Interest Income	7,245			7,245
Other Revenue	104,195		\$ (66,797)	37,398
Total Revenue	4,873,400		(66,797)	4,806,603
Total Support and Revenue	16,641,645		(66,797)	16,574,848
Expenses:				
Program Services				
Never Forget	5,624,447			5,624,447
Building for America's Bravest	8,525,635			8,525,635
Hurricane Sandy				
Total Program Services	14,150,082			14,150,082
Fundraising	706,585			706,585
Management and General	591,511	\$ 66,797	(66,797)	591,511
Total Expenses	15,448,178	66,797	(66,797)	15,448,178
Change in Net Assets	1,193,467	(66,797)		1,126,670
Net Assets, Beginning of Year	4,455,120	66,597		4,521,717
Net Assets, End of Year	\$ 5,648,587	\$ (200)		\$ 5,648,387

**Stephen Siller Tunnel to Towers Foundation
and Wholly-Owned Subsidiary**

Supplementary Information

Stephen Siller Tunnel to Towers Foundation and Wholly-Owned Subsidiary

Consolidating Statement of Financial Position

December 31, 2016

	Assets			
	Foundation	Sandy Rebuilding Corp.	Eliminations	Total
Current Assets:				
Cash and Cash Equivalents	\$ 3,039,021			\$ 3,039,021
Prepaid Expenses	45,729			45,729
Restricted Cash	2,155,186			2,155,186
Total Current Assets	5,239,936			5,239,936
Fixed Assets:				
Fixed Assets - Net of Accumulated Depreciation	721,023			721,023
Other Assets				
Other Assets - Net of Accumulated Amortization				
Investment in Sandy Rebuilding Corp	200		\$ (200)	
Security Deposit	10,000			10,000
Total Other Assets	10,200			10,000
Total Assets	\$ 5,971,159			\$ 5,970,959

Liabilities, Net Assets and Retained Earnings

	\$	\$
Current Liabilities:		
Accounts Payable and Accrued Expenses	238,326	238,326
Current Portion of Capital Lease Payable	48,684	48,684
Total Current Liabilities	287,010	287,010
Non-Current Liabilities		
Non-Current Portion of Capital Lease Payable	35,562	35,562
Total Non-Current Liabilities	35,562	35,562
Total Liabilities	322,572	322,572
Net Assets:		
Unrestricted	3,477,766	3,477,766
Temporarily Restricted	2,155,186	2,155,186
Permanently Restricted	15,635	2,000
Total Net Assets	5,648,587	5,648,587
Additional Paid-In Capital		
Retained Earnings	200 (200)	(200) (200)
Total Net Assets and Retained Earnings	5,648,587	5,648,387
Total Liabilities, Net Assets and Retained Earnings	\$ 5,971,159	\$ 5,970,959

Stephen Siller Tunnel to Towers Foundation and Wholly-Owned Subsidiary

Consolidating Statement of Activities
for the Year Ended December 31, 2016

	Foundation	Sandy Rebuilding Corp.	Eliminations	Total
Support and Revenue:				
Support:				
Direct Public Support	\$ 8,626,214			\$ 8,626,214
In-Kind Donations	3,142,031			3,142,031
Total Support	11,768,245			11,768,245
Revenue:				
Tunnel to Towers Run	1,691,136			1,691,136
Runs Across America	1,096,472			1,096,472
Building for America's Bravest	699,582			699,582
Stair Climb	521,697			521,697
Fundraising Revenue	753,073			753,073
Interest Income	7,245			7,245
Other Revenue	104,195		\$ (66,797)	37,398
Total Revenue	4,873,400		(66,797)	4,806,603
Total Support and Revenue	16,641,645		(66,797)	16,574,848
Expenses:				
Program Services				
Never Forget	5,624,447			5,624,447
Building for America's Bravest	8,525,635			8,525,635
Hurricane Sandy				
Total Program Services	14,150,082			14,150,082
Fundraising	706,585			706,585
Management and General	591,511	\$ 66,797	(66,797)	591,511
Total Expenses	15,448,178	66,797	(66,797)	15,448,178
Change in Net Assets	1,193,467	(66,797)		1,126,670
Net Assets, Beginning of Year	4,455,120	66,597		4,521,717
Net Assets, End of Year	\$ 5,648,587	\$ (200)		\$ 5,648,387