

Consolidated Financial Statements and
Supplementary Information Together with
Report of Independent Certified Public Accountants

ALFRED P. SLOAN FOUNDATION

December 31, 2017 and 2016

ALFRED P. SLOAN FOUNDATION

TABLE OF CONTENTS

	Page
Report of Independent Certified Public Accountants	1 - 2
Consolidated Financial Statements:	
Consolidated Statements of Financial Position as of December 31, 2017 and 2016	3
Consolidated Statements of Activities for the years ended December 31, 2017 and 2016	4
Consolidated Statements of Cash Flows for the years ended December 31, 2017 and 2016	5
Notes to Consolidated Financial Statements	6 - 15
Supplementary Information:	
Schedule of Management and Investment Expenses for the years ended December 31, 2017 and 2016	17
Schedule of Grants and Appropriations for the year ended December 31, 2017	18 - 22



Grant Thornton LLP
757 Third Avenue, 9th Floor
New York, NY 10017
T 212.599.0100
F 212.370.4520
GrantThornton.com
[linkd.in/GrantThorntonUS](https://www.linkedin.com/company/grantthorntonus)
twitter.com/GrantThorntonUS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Alfred P. Sloan Foundation:

We have audited the accompanying consolidated financial statements of the Alfred P. Sloan Foundation (the “Foundation”), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Alfred P. Sloan Foundation as of December 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the basic 2017 consolidated financial statements as a whole. The schedule of management and investment expenses for the years ended December 31, 2017 and 2016 on page 17 and the schedule of grants and appropriations for the year ended December 31, 2017 on pages 18 through 22 are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.



New York, New York
July 2, 2018

ALFRED P. SLOAN FOUNDATION
Consolidated Statements of Financial Position
As of December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	\$ 1,563,174	\$ 1,263,525
Redemption receivable	46,433,963	-
Investments (Note 3):		
Direct investments - equities	95,433,925	113,525,052
Direct investments - fixed income	24,080,791	137,525,804
Direct investments - mutual and exchange traded funds	172,086,786	90,722,502
Alternative investments	<u>1,569,617,263</u>	<u>1,451,020,828</u>
Total investments	<u>1,861,218,765</u>	<u>1,792,794,186</u>
Total assets	<u>\$ 1,909,215,902</u>	<u>\$ 1,794,057,711</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Grants payable (Note 8)	\$ 68,385,938	\$ 54,487,194
Federal excise tax payable (Note 5)	11,689,871	14,440,403
Deferred compensation arrangements	1,573,500	1,041,000
Accrued postretirement health benefit obligation (Note 7)	8,238,465	9,212,504
Other liabilities	<u>245,726</u>	<u>94,433</u>
Total liabilities	<u>90,133,500</u>	<u>79,275,534</u>
Commitments (Notes 3, 4, and 9)		
NET ASSETS - unrestricted	<u>1,819,082,402</u>	<u>1,714,782,177</u>
Total liabilities and net assets	<u>\$ 1,909,215,902</u>	<u>\$ 1,794,057,711</u>

The accompanying notes are an integral part of these consolidated financial statements.

ALFRED P. SLOAN FOUNDATION
Consolidated Statements of Activities
For the years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
INVESTMENT INCOME		
Interest and dividends	\$ 7,230,016	\$ 7,800,413
Less:		
Investment expenses	(7,344,401)	(6,509,947)
Provision for taxes (Note 5)	<u>(1,850,000)</u>	<u>(3,250,000)</u>
	<u>(9,194,401)</u>	<u>(9,759,947)</u>
Net investment income	<u>(1,964,385)</u>	<u>(1,959,534)</u>
Other income	<u>5,850</u>	<u>23,975</u>
Net total income	<u>(1,958,535)</u>	<u>(1,935,559)</u>
EXPENSES		
Grants, net of refunds of \$467,561 in 2017 and \$447,034 in 2016	97,934,672	72,814,814
Management expenses	<u>11,733,318</u>	<u>11,355,272</u>
	<u>109,667,990</u>	<u>84,170,086</u>
Excess of expenses over net investment income	<u>(111,626,525)</u>	<u>(86,105,645)</u>
INVESTMENT GAIN (LOSS)		
Net realized gain on disposal of investments	94,320,461	140,217,704
Unrealized gain (loss) on investments, net of deferred federal excise tax expense of \$5,391,894 in 2017 and \$8,450,612 in 2016	<u>119,717,482</u>	<u>(39,117,824)</u>
	<u>214,037,943</u>	<u>101,099,880</u>
Increase in net assets before postretirement benefit adjustments	102,411,418	14,994,235
Amounts not yet recognized as a component of net periodic benefit cost	<u>1,888,807</u>	<u>(296,338)</u>
Increase in net assets	104,300,225	14,697,897
Net assets at beginning of year	<u>1,714,782,177</u>	<u>1,700,084,280</u>
Net assets at end of year	<u>\$ 1,819,082,402</u>	<u>\$ 1,714,782,177</u>

The accompanying notes are an integral part of these consolidated financial statements.

ALFRED P. SLOAN FOUNDATION
Consolidated Statements of Cash Flows
For the years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 104,300,225	\$ 14,697,897
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Net realized gain on disposal of investments	(94,320,461)	(140,217,704)
Unrealized (gain) loss on investments	(116,658,764)	39,916,147
Increase in redemption receivable	(46,433,963)	-
(Decrease) increase in federal excise tax payable	(2,750,532)	1,916,485
Increase (decrease) in grants payable	13,898,744	(595,364)
(Decrease) increase in accrued postretirement health benefit obligation	(974,039)	1,082,722
Increase in deferred compensation arrangements	532,500	835,750
Increase in other liabilities	151,293	23,283
	<u>(142,254,997)</u>	<u>(82,340,784)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	149,784,663	90,104,454
Purchases of investments	<u>(7,230,017)</u>	<u>(7,800,413)</u>
	<u>142,554,646</u>	<u>82,304,041</u>
Net cash provided by investing activities	<u>142,554,646</u>	<u>82,304,041</u>
Net increase (decrease) in cash	299,649	(36,743)
Cash at beginning of year	<u>1,263,525</u>	<u>1,300,268</u>
Cash at end of year	<u>\$ 1,563,174</u>	<u>\$ 1,263,525</u>

The accompanying notes are an integral part of these consolidated financial statements.

ALFRED P. SLOAN FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

1. ORGANIZATION

The Alfred P. Sloan Foundation is a philanthropic private foundation which makes grants to support original research and broad-based education related to science, technology, and economics that aim to improve the quality of American life. The Alfred P. Sloan Foundation is unique in its focus on science, technology, and economic institutions. It believes the scholars and educators who work in these fields are chief drivers of the nation's health and prosperity. The Foundation also believes that broad-based education of the public about science, technology and economics, and the scholars who do research in these areas, is an essential complement to research and practice in these areas. In each grant program, the Foundation seeks proposals for original projects led by outstanding individuals or teams that will advance these goals. The Alfred P. Sloan Foundation is interested in projects that it expects will result in significant benefits to society, and for which funding from the private sector, the government, or other foundations is not widely available. The Alfred P. Sloan Foundation's investment portfolio provides the financial resources to support its activities. The investment strategy for the investment portfolio is to invest prudently in a diversified portfolio of assets with the goal of maintaining or growing the real value of the portfolio over long term periods.

In June 2009, Sloan Projects LLC was established under the Delaware Limited Liability Company Act. The Alfred P. Sloan Foundation and Sloan Projects LLC share the common charitable and educational purpose of supporting, among other projects, film, theatrical, and television projects that promote education about science, technology, economics, and the scholars who do research in these areas. Sloan Projects LLC is a single member limited liability company ("LLC") with the sole member being the Alfred P. Sloan Foundation. Sloan Projects LLC is consolidated with Alfred P. Sloan Foundation for financial statement and tax purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and include the assets, liabilities, net assets, and financial activities of Alfred P. Sloan Foundation and Sloan Projects LLC (collectively, the "Foundation"). All significant inter-organization balances and transactions have been eliminated in consolidation.

Income Taxes

Alfred P. Sloan Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code") and is a private foundation as defined in Section 509(a) of the Code. Sloan Projects LLC is a single member LLC and is a disregarded entity for tax purposes. The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. The Foundation discloses fair value measurements by level within that hierarchy. The fair value hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by

ALFRED P. SLOAN FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Foundation as of the reporting date. Unobservable inputs reflect the Foundation's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value is categorized into three levels based on the inputs as follows:

- Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available. Since valuations are based on quoted prices that are readily available and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The categorization of a financial instrument within the fair value hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Foundation's perceived risk of that instrument. As permitted by ASU 2015-07, the Foundation has excluded investments that are measured at fair value using the net asset value ("NAV") per share practical expedient from the fair value hierarchy.

The Foundation follows the accounting standards of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic, 820-10-35-59, *Fair Value Measurement and Disclosures – Fair Value Measurements of Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*. This allows for the estimation of the fair value of investments in investment companies, for which the investment does not have a readily determinable fair value, using net asset value per share or its equivalent, as provided by the investment managers. The Foundation reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the net asset values of these investments as of the measurement date. These estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

Investments

Investments in equity securities with readily determinable fair values are reported at fair value based on quoted market prices. Investments in debt securities are measured using quoted market prices where available. If quoted market prices for debt securities are not available, the fair value is determined using an income approach valuation technique that considers, among other things, rates currently observed in

ALFRED P. SLOAN FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

publicly traded markets for debt with similar terms to companies with comparable credit risk, the issuer's credit spread, and illiquidity by sector and maturity.

Gains and losses on disposal of investments are determined on the first-in, first-out basis on a trade date basis.

Concentrations of Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of cash and cash equivalents, equity and fixed-income securities and alternative investments. The Foundation maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits. The Foundation's cash accounts were placed with high credit quality financial institutions. The Foundation has not experienced, nor does it anticipate, any losses with respect to such accounts. The Foundation has a significant investment in equities, fixed income securities, mutual and exchange-traded funds and alternative investments, both marketable and non-marketable, and is therefore subject to concentrations of credit risk.

Grants

Grants are recorded as an expense of the Foundation when authorized by the Board of Trustees and the grantee has been selected and notified. In certain instances (e.g., Sloan research fellowships), grants are recorded as an expense and liability when the Board of Trustees appropriates amounts for selected projects. Refunded grants are recorded as a reduction to grant expense. Conditional grants are not recorded until the conditions are substantially met.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Reclassifications

Certain reclassifications of prior year amounts have been made to conform to the current year presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses or changes in net assets as reflected in the fiscal 2016 consolidated financial statements.

Subsequent Events

The Foundation evaluated its December 31, 2017 consolidated financial statements for subsequent events through July 2, 2018, the date the consolidated financial statements were available to be issued. Subsequent to year end, the Foundation sold multiple limited partnership interests at a value of approximately \$105.2 million for approximately \$86.3 million. The realized loss due to these sales will be recognized in 2018.

ALFRED P. SLOAN FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

3. INVESTMENTS

The following tables present the fair value hierarchy of investments, the only financial instruments of the Foundation that are measured at fair value on a recurring basis, at December 31, 2017 and 2016:

	Fair Value Measurements at December 31, 2017				
	Total	Level 1	Level 2	Level 3	NAV*
Direct investments:					
Equities:					
Domestic	\$ 95,433,925	\$ 95,433,925	\$ -	\$ -	\$ -
Fixed income:					
U.S. government	24,080,791	24,080,791	-	-	-
Mutual and exchange-traded funds:					
Equities	23,128,503	23,128,503	-	-	-
Fixed income	148,958,283	148,958,283	-	-	-
	172,086,786	172,086,786	-	-	-
Alternative investments:					
Equities:					
Domestic	335,936,569	-	-	-	335,936,569
International	455,307,684	-	-	-	455,307,684
Absolute return	346,247,209	-	-	-	346,247,209
Hybrid	211,634,443	-	-	-	211,634,443
Real estate	18,000,369	-	-	1,601,312	16,399,057
Private equity	202,490,989	-	-	-	202,490,989
	1,569,617,263	-	-	1,601,312	1,568,015,951
	\$ 1,861,218,765	\$ 291,601,502	\$ -	\$ 1,601,312	\$ 1,568,015,951

* In accordance with ASC Subtopic 820-10, investments measured at fair valuing using NAV per share as a practical expedient have not been categorized in the fair value hierarchy as permitted by ASU 2015-07.

ALFRED P. SLOAN FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

	Fair Value Measurements at December 31, 2016				
	Total	Level 1	Level 2	Level 3	NAV*
Direct investments:					
Equities:					
Domestic	\$ 82,037,922	\$ 82,037,922	\$ -	\$ -	\$ -
International	31,487,130	31,487,130	-	-	-
	<u>113,525,052</u>	<u>113,525,052</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fixed income:					
U.S. government	137,525,804	137,525,804	-	-	-
	<u>137,525,804</u>	<u>137,525,804</u>	<u>-</u>	<u>-</u>	<u>-</u>
Mutual and exchange-traded funds:					
Equities	38,770,851	38,770,851	-	-	-
Fixed income	51,951,651	51,951,651	-	-	-
	<u>90,722,502</u>	<u>90,722,502</u>	<u>-</u>	<u>-</u>	<u>-</u>
Alternative investments:					
Equities:					
Domestic	351,582,863	-	-	-	351,582,863
International	298,593,228	-	-	-	298,593,228
Absolute return	347,882,638	-	-	-	347,882,638
Hybrid	255,683,883	-	-	-	255,683,883
Real estate	18,595,620	-	-	1,774,257	16,821,363
Private equity	178,682,596	-	-	-	178,682,596
	<u>1,451,020,828</u>	<u>-</u>	<u>-</u>	<u>1,774,257</u>	<u>1,449,246,571</u>
	<u>\$ 1,792,794,186</u>	<u>\$ 341,773,358</u>	<u>\$ -</u>	<u>\$ 1,774,257</u>	<u>\$ 1,449,246,571</u>

* In accordance with ASC Subtopic 820-10, investments measured at fair valuing using NAV per share as a practical expedient have not been categorized in the fair value hierarchy as permitted by ASU 2015-07.

The following table presents a reconciliation for all Level 3 assets measured at fair value at December 31, 2017:

	Beginning Balance	Purchases	Settlements/Redemptions	Total Net Realized and Unrealized Gains	Transfers In/ (Out)	Ending Balance
Alternative investments:						
Real estate	\$ 1,774,257	\$ -	\$ (243,685)	\$ 70,740	\$ -	\$ 1,601,312
	<u>\$ 1,774,257</u>	<u>\$ -</u>	<u>\$ (243,685)</u>	<u>\$ 70,740</u>	<u>\$ -</u>	<u>\$ 1,601,312</u>

ALFRED P. SLOAN FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

The following table presents the reconciliation for all Level 3 assets measured at fair value at December 31, 2016:

	Beginning Balance	Purchases	Settlements/Redemptions	Total Net Realized and Unrealized Gains	Transfers In/(Out)	Ending Balance
Alternative investments:						
Real estate	\$ 2,254,781	\$ -	\$ (682,317)	\$ 201,793	\$ -	\$ 1,774,257
	<u>\$ 2,254,781</u>	<u>\$ -</u>	<u>\$ (682,317)</u>	<u>\$ 201,793</u>	<u>\$ -</u>	<u>\$ 1,774,257</u>

The following tables list the redemption terms and unfunded commitments for the alternative investments as of December 31, 2017 and 2016:

2017						
# of Funds	Fair Value	Unfunded Commitments (\$ in millions)	Redemption Frequency	Redemption Notice Period	Lock-up Period	
Alternative investments:						
Equities:						
Domestic	13	\$ 335,936,569	\$ -	monthly, quarterly, other	30-60 days	None
International	9	455,307,684	-	monthly, quarterly, other	10-60 days	None
Absolute return	14	346,247,209	-	annually, other	0-60 days	none, rolling 2-year
Hybrid	15	211,634,443	82	monthly, quarterly, other	45-180 days	none, rolling 2-year
Real estate	5	18,000,369	8	None	N/A	N/A
Private equity	40	202,490,989	151	None	N/A	N/A
Total		<u>\$ 1,569,617,263</u>	<u>\$ 241</u>			

2016						
# of Funds	Fair Value	Unfunded Commitments (\$ in millions)	Redemption Frequency	Redemption Notice Period	Lock-up Period	
Alternative investments:						
Equities:						
Domestic	15	\$ 351,582,863	\$ -	monthly, quarterly, other	30-60 days	None
International	5	298,593,228	-	monthly, quarterly, other	10-60 days	None
Absolute return	15	347,882,638	-	annually, other	0-60 days	none, rolling 2-year
Hybrid	15	255,683,883	71	monthly, quarterly, other	45-180 days	none, rolling 2-year
Real estate	5	18,595,620	8	None	N/A	N/A
Private equity	39	178,682,596	153	None	N/A	N/A
Total		<u>\$ 1,451,020,828</u>	<u>\$ 232</u>			

Equities: Alternative investments in this category invest predominantly in equity securities including U.S., international developed and emerging markets, benchmarked against MSCI All Country World Index. Equity funds range from no lock-up provisions to no more than 3 years.

Fixed Income: Alternative investments in this category invest in domestic and international fixed income securities, benchmarked against Barclays Intermediate US Aggregate.

Absolute Return: Absolute return funds include investments such as low net exposure equity hedge funds, relative value, merger arbitrage, and diversifying funds. Such strategies are expected to generate steady risk-adjusted returns, but with low correlation to the equity markets.

ALFRED P. SLOAN FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

Hybrid: Hybrid investments sits within Global Equities and will provide equity-like returns over a full market cycle. Strategies include public and private debt, direct lending and other opportunistic credit investing. The hybrid portfolio contains 4 and 8 funds in a drawdown structure for 2017 and 2016, respectively.

Real Estate: Includes funds that invest primarily in commercial real estate, all of which are illiquid investments.

Private Equity: Includes buyout, venture capital, real estate and natural resources funds, all of which are illiquid investments.

Private foundations are required by the Internal Revenue Service to distribute 5% of average assets during the year. In order to plan and budget in an orderly manner, the Foundation implements the 5% rule by using a 12-quarter rolling average of the fair value of its investment portfolio to determine the distribution level for the year. The last quarter on the 12-quarter rolling average is September 30th.

4. FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET CREDIT OR MARKET RISK

The Foundation's investment strategy has the ability to incorporate certain financial instruments that involve, to varying degrees, elements of market risk and credit risk in excess of the amounts recorded on the consolidated financial statements.

During 2017, the Foundation sold options contracts. S&P 500 Index put options sold were valued at approximately \$17.2 million at December 31, 2017. The Foundation does not anticipate that losses, if any, resulting from its market or credit risks would materially affect its consolidated financial statements.

5. TAXES

The Foundation is liable for a federal excise tax of 2% of its net investment income, which includes realized capital gains. However, this tax is reduced to 1% if certain conditions are met. The Foundation met the requirements for the 1% tax for the year ended December 31, 2017, therefore, current taxes are estimated at 1% of net investment income for 2017. The Foundation did not meet the requirements for the 1% tax for the year ended December 31, 2016, therefore, taxes were estimated at 2% of net investment income for 2016. Additionally, certain of the Foundation's investments give rise to unrelated business income tax liabilities. Such tax liabilities for 2017 and 2016 are not material to the accompanying consolidated financial statements; however, the provision for taxes, as of December 31, 2017 and 2016, includes an estimate of tax liabilities for unrelated business income.

Deferred taxes principally arise from differences between the cost value and fair value of investments. Deferred taxes represent 1% and 2% of unrealized gains at December 31, 2017 and 2016, respectively.

ALFRED P. SLOAN FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

6. RETIREMENT PLAN

The Foundation has a defined contribution retirement plan covering substantially all employees under arrangements with Teachers Insurance and Annuity Association of America and College Retirement Equities Fund and Fidelity Investments. Retirement plan expense was \$879,709 and \$868,441 in 2017 and 2016, respectively.

7. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The Foundation provides healthcare benefits for qualified retirees. The Foundation records annual amounts relating to the plan based on calculations that incorporate various actuarial and other assumptions, including discount rates, mortality, turnover rates, and healthcare cost trend rates.

The Foundation reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends as appropriate. The effect of modifications to those assumptions is recorded as a charge to net assets and amortized to net periodic cost over future periods using the corridor method. The net periodic costs are recognized as employees render the services necessary to earn the postretirement benefits.

The following table sets forth the financial information for the plan for 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Change in accrued postretirement benefit obligation:		
Benefit obligation at beginning of year	\$ 9,212,504	\$ 8,129,782
Service cost	384,124	334,048
Interest cost	369,941	341,469
Actuarial (gain) loss	(1,412,746)	772,399
Benefits paid	<u>(315,358)</u>	<u>(365,194)</u>
Benefit obligation at end of year	<u>\$ 8,238,465</u>	<u>\$ 9,212,504</u>
Fair value of plan assets	<u>\$ -</u>	<u>\$ -</u>
Funded status of plan	<u>\$ (8,238,465)</u>	<u>\$ (9,212,504)</u>
Components of net periodic postretirement benefit cost:		
Service cost	\$ 384,124	\$ 334,048
Interest cost	369,941	341,469
Amortization of transition obligation	476,061	476,061
Amortization of gain	<u>(9,451)</u>	<u>(47,947)</u>
Net periodic postretirement benefit cost	<u>\$ 1,220,675</u>	<u>\$ 1,103,631</u>
Benefit obligation weighted average assumptions at December 31, 2017 and 2016:		
Discount rate	3.57 %	4.10 %
Periodic benefit cost weighted average assumptions for the years ended December 31, 2017 and 2016:		
Discount rate	3.57 %	4.29 %

ALFRED P. SLOAN FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

The medical trend and inflation rate is 7.25% in 2018 grading down to 5.38% in 2024.

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the postretirement health benefit plan. The effects of a 1% increase (decrease) in trend rates on total service and interest cost and the postretirement health benefit obligation are as follows:

	2017		2016	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Effect on total service and interest cost	\$ 248,062	\$ (171,472)	\$ 190,423	\$ (89,071)
Effect on postretirement benefit obligation	1,582,952	(1,203,031)	1,692,495	(1,221,826)

Projected premium payments for each of the next five fiscal years and thereafter are as follows:

Year ending December 31:

2018	\$ 351,347
2019	322,743
2020	339,129
2021	335,334
2022	334,744
Thereafter through 2027	<u>1,739,027</u>
	<u>\$ 3,422,324</u>

The accumulated amount not yet recognized as a component of net periodic benefit cost was \$(1,443,751) and \$435,605 at December 31, 2017 and 2016, respectively. The components are as follows:

	2017	2016
Transition obligation	\$ 1,035,040	\$ 1,511,101
Net actuarial gain	<u>(2,478,791)</u>	<u>(1,075,496)</u>
	<u>\$ (1,443,751)</u>	<u>\$ 435,605</u>

The transition obligation and actuarial gain that will be amortized into net periodic benefit cost in 2018 will be \$476,061 and \$99,635, respectively.

ALFRED P. SLOAN FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

8. GRANTS PAYABLE

The Foundation estimates that the grants payable balance as of December 31, 2017 will be paid as follows:

Year:	
2018	\$ 41,284,954
2019	15,368,402
2020	4,051,711
2021	3,371,871
2022	2,559,000
Thereafter	1,750,000
	<u>\$ 68,385,938</u>

The Foundation awards multi-year grants for certain programs with continued annual funding contingent upon the respective grantee satisfying certain performance criteria as outlined in the executed grant agreement; accordingly, the Foundation has not recorded a liability for these conditional awards which are subject to annual review. There were no conditional grant commitments at December 31, 2017.

9. LEASE

Rent expense for 2017 and 2016, including escalations, was \$1,848,933 and \$1,823,305, respectively. On November 21, 2013, the Foundation modified the original lease. As a result of the lease modification, rent commencement on the substitute premises began on February 27, 2015 for a period of fifteen years ending on February 28, 2030. The fixed rent payable under the lease is an amount equal to (a) \$1,740,492 per annum for the period commencing on February 27, 2015 and ending on February 26, 2020 and (b) \$1,874,376 per annum for the period commencing on February 27, 2020 and ending on February 26, 2025 and (c) \$2,008,260 per annum for the period commencing on February 27, 2025 and ending on February 28, 2030.

10. LINE OF CREDIT

The Foundation established a \$40,000,000 line of credit with Bank of New York Mellon to provide bridge funding of grants and to finance short-term working capital needs of the Foundation. To date, the Foundation has not yet used the line of credit. The interest rate is calculated using the Mellon Monthly LIBOR plus 75 basis points, with a fallback rate of Wall Street Journal Prime minus 125 basis points. The interest rate was 2.38% and 2% at December 31, 2017 and 2016. If the line is used, interest will be payable monthly on the 15th of each month and principal will be due on demand. If payment is not made within 15 days following the payment date, a \$25 late fee will be assessed.

SUPPLEMENTARY INFORMATION

ALFRED P. SLOAN FOUNDATION
Schedule of Management and Investment Expenses
For the years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Management expenses:		
Salaries and employees' benefits:		
Salaries	\$ 8,579,885	\$ 7,770,239
Employees' retirement plan and other benefits	<u>3,293,691</u>	<u>3,045,451</u>
Total	11,873,576	10,815,690
Rent	1,848,933	1,823,305
Program expenses	966,573	961,917
Office expenses	1,094,140	778,281
Professional fees	<u>1,343,690</u>	<u>1,437,572</u>
Total management expenses	17,126,912	15,816,765
Less direct investment and other management expenses allocated to investments	<u>(5,393,594)</u>	<u>(4,461,493)</u>
Management expenses	<u>\$ 11,733,318</u>	<u>\$ 11,355,272</u>
Investment expenses:		
Investment management fees	\$ 1,950,807	\$ 2,048,454
Direct investment and other management expenses allocated to investments	<u>5,393,594</u>	<u>4,461,493</u>
Investment expenses	<u>\$ 7,344,401</u>	<u>\$ 6,509,947</u>

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

ALFRED P. SLOAN FOUNDATION
Schedule of Grants and Appropriations
For the year ended December 31, 2017

Grantee	Unpaid	2017		Unpaid
	December 31, 2016	Authorized	Payments	December 31, 2017
Abt Associates	\$ 558,389	\$ -	\$ 558,389	\$ -
Academy Foundation	-	20,000	20,000	-
American Academy of Arts and Sciences	40,000	50,000	90,000	-
American Assembly	-	749,399	375,000	374,399
American Association for the Advancement of Science	-	500,251	250,000	250,251
American Association of the National Theatre	-	10,820	10,820	-
American Film Institute	90,000	-	90,000	-
American Friends of Toulouse School of Economics	-	50,000	50,000	-
American Indian Science and Engineering Society	-	20,000	20,000	-
American Museum of the Moving Image	254,595	-	126,111	128,484
American Society for Engineering Education	-	20,000	20,000	-
Annual Reviews	250,000	-	-	250,000
Appalachian State University	-	213,254	150,000	63,254
Arizona State University	-	499,574	339,959	159,615
Arizona, University of	116,050	-	116,050	-
Art of Problem Solving Foundation	-	20,000	20,000	-
Aspiration	-	20,000	20,000	-
Association of American Universities	-	20,000	-	20,000
Association of Research Libraries	-	315,100	150,437	164,663
Astrophysical Research Consortium	-	16,731,000	5,050,000	11,681,000
Aspen Institute	250,000	-	100,000	150,000
ASU Foundation for a New American University	-	248,648	155,000	93,648
Baylor College of Medicine	-	60,000	60,000	-
Becker, Adam	50,000	-	50,000	-
Benefits Data Trust	30,515	-	30,515	-
Bigelow Laboratory for Ocean Sciences	-	86,128	86,128	-
Bologna, University of	-	124,993	124,993	-
Boston College	62,630	-	62,630	-
Boston University	154,982	484,360	489,982	149,360
Brandeis University	-	473,385	282,682	190,703
British Columbia, University of	-	120,000	120,000	-
Brookings Institution	-	632,355	532,355	100,000
Brown University	-	60,000	60,000	-
Business-Higher Education Forum	250,000	-	250,000	-
California Institute of Technology	-	120,000	120,000	-
California, University of, Berkeley	2,789,778	1,606,471	3,546,341	849,908
California, University of, Davis	41,063	1,813,504	1,264,564	590,003
California, University of, Irvine	193,006	1,120,000	820,000	493,006
California, University of, Los Angeles	480,299	2,819,434	1,999,534	1,300,199
California, University of, Regents	-	767,258	396,685	370,573
California, University of, Riverside	-	559,480	225,592	333,888
California, University of, San Diego	-	2,228,690	1,403,930	824,760
California, University of, Santa Barbara	-	120,000	120,000	-
California, University of, Santa Cruz	-	60,000	60,000	-
Carnegie Institution of Washington	1,198,534	1,365,000	2,313,534	250,000
Carnegie Mellon University	386,039	13,473	399,512	-
Catticus Corporation	100,000	-	100,000	-
Cell Motion Laboratories, Inc.	250,000	-	-	250,000

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

ALFRED P. SLOAN FOUNDATION
Schedule of Grants and Appropriations
For the year ended December 31, 2017

Grantee	Unpaid	2017		Unpaid
	December 31, 2016	Authorized	Payments	December 31, 2017
Center for Economic and Policy Research	\$ -	\$ 15,000	\$ 15,000	\$ -
Center for State and Local Government Excellence	-	109,450	109,450	-
Chicago, University of	1,405,487	1,840,375	1,582,265	1,663,597
City Lore, Inc.	-	500,000	500,000	-
Code for America Labs Inc.	-	20,000	20,000	-
Code for Science and Society	-	394,000	394,000	-
Colorado School of Mines	-	417,334	247,334	170,000
Colorado State University	-	120,000	120,000	-
Colorado, University of, at Boulder	760,000	1,311,611	1,221,611	850,000
Colorado, University of, at Denver	-	278,239	190,000	88,239
Columbia University	747,462	1,608,522	1,636,518	719,466
Coolidge Corner Theatre Foundation	149,292	761,440	439,732	471,000
Cornell University	-	285,065	262,534	22,531
Council for Economic Education	190,000	-	100,000	90,000
Council on Foreign Relations	-	150,000	150,000	-
Council on Foundations, Inc.	-	25,000	25,000	-
Council on Library and Information Resources	-	1,446,562	846,562	600,000
Dartmouth College	-	60,000	60,000	-
Delaware, University of	-	60,000	60,000	-
Digital Public Library of America, Inc.	1,899,383	-	1,051,709	847,674
Drexel University	-	84,797	84,797	-
Duke University	-	285,000	208,000	77,000
Earth Science Information Partners	-	89,015	89,015	-
Ensemble Studio Theatre, Inc.	1,200,000	-	600,000	600,000
Environmental Defense Fund Incorporated	200,000	939,260	664,260	475,000
Farmer, Jared	-	50,000	25,000	25,000
Film Independent, Inc.	-	1,097,904	697,904	400,000
Fletcher, Seth	-	25,000	15,000	10,000
Florida, University of	-	124,999	124,999	-
FORCE11	-	20,000	20,000	-
Foundation Center	-	75,000	75,000	-
Fund for the City of New York	820,000	474,893	1,294,893	-
Fund for Public Health in New York, Inc.	244,516	-	244,516	-
Gertner, Jon	-	42,000	42,000	-
Georgia Institute of Technology	-	110,000	110,000	-
George Mason University	100,227	60,000	60,000	100,227
George Washington University	-	74,962	74,962	-
Georgetown University	149,940	7,000	7,000	149,940
Gordon Research Conferences	-	94,750	94,750	-
Graeber, Charles	50,000	-	50,000	-
Greater Washington Educational Telecommunications Association Inc.	400,000	1,000,000	1,400,000	-
GuideStar USA, Inc.	-	10,000	10,000	-
Harman, Oren	50,000	-	50,000	-
Harvard University	1,650,740	1,460,391	1,830,874	1,280,257
Haverford College	-	365,358	163,112	202,246
Hawaii, University of	-	120,000	60,000	60,000
Hopewell Fund	-	211,091	81,662	129,429
Illinois, University of, Urbana-Champaign	149,700	240,000	389,700	-

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

ALFRED P. SLOAN FOUNDATION
Schedule of Grants and Appropriations
For the year ended December 31, 2017

Grantee	Unpaid	2017		Unpaid
	December 31, 2016	Authorized	Payments	December 31, 2017
Indiana, University of	\$ 109,900	\$ 60,000	\$ 169,900	\$ -
Industrial Organizational Society, Inc.	-	20,000	20,000	-
Innovations for Poverty Action	-	660,365	400,000	260,365
Institute of International Education Inc.	-	750,000	250,000	500,000
International Documentary Association	-	50,000	25,000	25,000
International Energy Policy and Programme Evaluation Conf.	-	20,000	20,000	-
International Energy Program Evaluation Conference	-	17,750	17,750	-
Ithaca Harbors Inc	-	20,000	20,000	-
Johns Hopkins University	-	60,000	60,000	-
Johnson Jr., John M.	-	38,517	-	38,517
Julia Computing	-	912,609	506,403	406,206
L.A. Theatre Works	-	500,000	250,000	250,000
Louisiana State University	-	60,000	60,000	-
Manhattan Theatre Club	200,000	-	200,000	-
Marine Biological Laboratory	-	1,250,000	550,000	700,000
Maryland, University of, Baltimore County	-	1,304,560	195,316	1,109,244
Maryland, University of, College Park	845,803	209,500	1,032,053	23,250
Massachusetts Institute of Technology	3,291,279	2,481,885	3,438,342	2,334,822
Mathematical Sciences Research Institute	-	549,500	251,500	298,000
McGill University	-	60,000	60,000	-
Memorial University of Newfoundland	-	49,800	49,800	-
Michigan State University	248,631	-	248,631	-
Michigan, University of	279,559	1,255,149	1,071,534	463,174
Miller-McCune Center for Research Media and Public Policy	-	50,000	50,000	-
Minnesota, University of	-	162,500	162,500	-
Minnesota, University of, Foundation	75,000	-	75,000	-
Montana State University, Bozeman	-	48,417	-	48,417
Mozilla Foundation	450,000	-	200,000	250,000
National Academy of Sciences	-	940,000	390,000	550,000
National Action Council for Minorities in Engineering, Inc.	3,100,000	4,155,078	2,370,750	4,884,328
National Bureau of Economic Research, Inc.	1,485,070	3,014,306	2,207,575	2,291,801
National Opinion Research Center	-	285,804	285,804	-
National Press Foundation	-	106,553	106,553	-
National Public Radio, Inc.	-	600,000	400,000	200,000
National Science Communication Institute	-	20,000	20,000	-
Nevada, University of, Las Vegas	-	60,000	60,000	-
New Jersey Institute of Technology	-	509,038	400,000	109,038
New School for Social Research	200,000	-	200,000	-
New Venture Fund	-	354,000	354,000	-
New York Academy of Sciences	-	110,140	110,140	-
New York City H2O, Inc.	-	20,000	20,000	-
New York Public Radio	350,000	-	200,000	150,000
New York University	1,092,486	2,029,116	1,599,855	1,521,747
North Carolina State University	443,199	-	233,544	209,655
North Carolina, University of, at Chapel Hill	-	750,000	250,000	500,000
Northwestern University	119,017	348,349	467,366	-
Notre Dame, University of	-	60,000	60,000	-
NumFOCUS	602,158	1,236,223	1,235,400	602,981

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

ALFRED P. SLOAN FOUNDATION
Schedule of Grants and Appropriations
For the year ended December 31, 2017

Grantee	Unpaid December 31, 2016	2017		Unpaid December 31, 2017
		Authorized	Payments	
O'Connor, Maura R.	\$ -	\$ 32,100	\$ -	\$ 32,100
Ohio State University	-	20,000	20,000	-
Olson, Stephen E.	-	50,000	-	50,000
Open Mind Legacy Project	-	200,000	100,000	100,000
Open Source Hardware Association	-	58,920	58,920	-
Open Space Institute	-	25,000	25,000	-
ORCID	-	19,900	19,900	-
Oregon, University of	250,000	1,125,000	1,225,000	150,000
Oxford, University of	179,129	65,000	244,129	-
Paris School of Economics	-	900,000	300,000	600,000
Pecan Street, Inc.	200,000	-	100,000	100,000
Pennsylvania State University	-	180,000	180,000	-
Pennsylvania, University of	508,591	76,565	352,699	232,457
Philanthropy New York	-	56,000	56,000	-
Phoenix Bioinformatics	414,300	-	414,300	-
Princeton University	223,655	723,577	723,577	223,655
Private Capital Research Institute	-	500,000	250,000	250,000
PRX Incorporated	-	510,744	275,744	235,000
Public Lab	-	124,849	124,849	-
Purdue University	-	443,754	210,000	233,754
RAND Corporation	199,814	-	199,814	-
Ramirez, Ainissa	-	27,500	10,000	17,500
Rensselaer Polytechnic Institute	250,000	774,770	624,563	400,207
Research Foundation of the City University of New York	-	4,000	4,000	-
Resources for the Future, Inc.	250,000	1,602,990	1,402,990	450,000
Rhode Island, University of	467,731	60,000	527,731	-
Rockaway Waterfront Alliance, Inc.	-	20,000	20,000	-
Rockefeller University	800,000	-	350,000	450,000
Rochester Institute of Technology	-	470,458	370,458	100,000
Rutgers, The State University of New Jersey	55,832	-	-	55,832
San Diego State University	-	60,000	60,000	-
San Francisco Film Society	-	467,500	237,500	230,000
Science Festival Foundation	250,000	-	250,000	-
Science Friday Initiative, Inc.	456,500	-	228,500	228,000
Shetterly, Susan Hand	-	22,500	-	22,500
Stephens-Davidowitz, Seth	20,000	-	20,000	-
Social Science Research Council	655,976	125,000	340,000	440,976
South Carolina, University of	-	60,000	60,000	-
South Florida, University	-	60,000	60,000	-
Southern California, University of	100,000	60,000	60,000	100,000
Southern Regional Education Board	399,645	-	300,000	99,645
Stanford University	2,244,018	1,918,631	2,190,662	1,971,987
Stony Brook Foundation	-	15,000	15,000	-
Sundance Institute	-	500,000	300,000	200,000
Sponsors for Educational Opportunity, Inc.	-	20,000	20,000	-

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

ALFRED P. SLOAN FOUNDATION
Schedule of Grants and Appropriations
For the year ended December 31, 2017

Grantee	Unpaid	2017		Unpaid
	December 31, 2016	Authorized	Payments	December 31, 2017
Sydney, University of	\$ -	\$ 100,000	\$ 100,000	\$ -
Technology Affinity Group	-	5,000	5,000	-
Temple University	-	60,000	60,000	-
Texas, University of, Austin	878,302	70,000	743,663	204,639
The Brookings Institution	213,229	500,000	413,229	300,000
The Conversation	75,000	500,000	475,000	100,000
Toronto, University of	385,000	1,330,641	713,411	1,002,230
Tribeca Film Institute	106,320	830,000	436,320	500,000
Tufts University	-	20,000	20,000	-
Urban Institute	-	2,492,938	1,266,926	1,226,012
United States Association for Energy Economics	-	10,000	10,000	-
University College London	20,000	90,000	90,000	20,000
Vanderbilt University	-	60,000	60,000	-
Virginia, University of	-	60,000	60,000	-
Wake Forest University	99,933	-	99,933	-
Waldman, Jonathan	-	50,000	50,000	-
Washington Monthly Corporation	-	50,000	50,000	-
Washington, University of	600,000	180,000	780,000	-
WGBH Educational Foundation	1,100,000	2,000,000	1,650,000	1,450,000
Western Washington University	109,304	-	109,304	-
Wikimedia Foundation	3,515,000	20,000	2,285,000	1,250,000
Wisconsin, University of, Madison	-	245,000	245,000	-
WNET.ORG	50,000	750,000	450,000	350,000
Women Make Movies, Inc.	-	50,000	50,000	-
Woodrow Wilson International Center for Scholars	250,000	-	250,000	-
Yale University	652,646	1,120,000	1,074,169	698,477
Yale University Press	-	30,250	-	30,250
Yeshiva University	20,000	-	20,000	-
Zimmer, Carl	-	50,000	50,000	-
Total	<u>46,604,654</u>	<u>97,829,341</u>	<u>84,532,909</u>	<u>59,901,086</u>
Sloan research fellowships to be granted in ensuing year	7,560,000	640,000	-	8,200,000
Other appropriations authorized but not committed	322,540	857,339	895,027	284,852
	54,487,194	99,326,680	85,427,936	68,385,938
Reduction for grant transfers	-	(924,447)	(924,447)	-
Refunded grants	-	(467,561)	(467,561)	-
	<u>\$ 54,487,194</u>	<u>\$ 97,934,672</u>	<u>\$ 84,035,928</u>	<u>\$ 68,385,938</u>

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.