

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

ALFRED P. SLOAN FOUNDATION

December 31, 2016 and 2015

ALFRED P. SLOAN FOUNDATION

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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, 2016 and 2015, 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 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Alfred P. Sloan Foundation as of December 31, 2016 and 2015, 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 2016 consolidated financial statements as a whole. The schedule of management and investment expenses for the years ended December 31, 2016 and 2015 on page 17 and the schedule of grants and appropriations for the year ended December 31, 2016 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.

A handwritten signature in cursive script that reads "Grant Thornton LLP".

New York, New York
June 16, 2017

ALFRED P. SLOAN FOUNDATION
Consolidated Statements of Financial Position
As of December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash	\$ 1,263,525	\$ 1,300,268
Investments (Note 3):		
Direct investments - equities	113,525,052	175,558,458
Direct investments - fixed income	137,525,804	115,816,392
Direct investments - mutual and exchange traded funds	90,722,502	131,616,774
Alternative investments	<u>1,451,020,828</u>	<u>1,351,805,046</u>
Total investments	<u>1,792,794,186</u>	<u>1,774,796,670</u>
Total assets	<u>\$ 1,794,057,711</u>	<u>\$ 1,776,096,938</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Grants payable (Note 8)	\$ 54,487,194	\$ 55,082,558
Federal excise tax payable (Note 5)	14,440,403	12,523,918
Deferred compensation arrangements	1,041,000	205,250
Accrued postretirement health benefit obligation (Note 7)	9,212,504	8,129,782
Other liabilities	<u>94,433</u>	<u>71,150</u>
Total liabilities	<u>79,275,534</u>	<u>76,012,658</u>
Commitments (Notes 3, 4, and 9)		
NET ASSETS - unrestricted	<u>1,714,782,177</u>	<u>1,700,084,280</u>
Total liabilities and net assets	<u>\$ 1,794,057,711</u>	<u>\$ 1,776,096,938</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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
INVESTMENT INCOME		
Interest and dividends	\$ 7,800,413	\$ 8,144,900
Less:		
Investment expenses	(6,509,947)	(7,574,135)
Provision for taxes (Note 5)	(3,250,000)	(3,230,000)
	<u>(9,759,947)</u>	<u>(10,804,135)</u>
Net investment income	<u>(1,959,534)</u>	<u>(2,659,235)</u>
Other income	<u>23,975</u>	<u>4,051</u>
Net total income	<u>(1,935,559)</u>	<u>(2,655,184)</u>
EXPENSES		
Grants, net of refunds of \$447,034 in 2016 and \$351,424 in 2015	72,814,814	81,489,885
Management expenses	<u>11,355,272</u>	<u>9,685,223</u>
	<u>84,170,086</u>	<u>91,175,108</u>
Excess of expenses over net investment income	<u>(86,105,645)</u>	<u>(93,830,292)</u>
INVESTMENT GAIN (LOSS)		
Net realized gain on disposal of investments	140,217,704	114,119,654
Unrealized loss on investments, net of deferred federal excise tax expense of \$8,450,612 and \$9,248,935 in 2016 and 2015, respectively	<u>(39,117,824)</u>	<u>(123,494,560)</u>
	<u>101,099,880</u>	<u>(9,374,906)</u>
Increase (decrease) in net assets before postretirement benefit adjustments	14,994,235	(103,205,198)
Amounts not yet recognized as a component of net periodic benefit cost	<u>(296,338)</u>	<u>(295,429)</u>
Increase (decrease) in net assets	14,697,897	(103,500,627)
Net assets at beginning of year	<u>1,700,084,280</u>	<u>1,803,584,907</u>
Net assets at end of year	<u>\$ 1,714,782,177</u>	<u>\$ 1,700,084,280</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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 14,697,897	\$ (103,500,627)
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:		
Net realized gain on disposal of investments	(140,217,704)	(114,119,654)
Unrealized loss on investments	39,916,147	126,014,857
Decrease in other assets	-	20,329,713
Increase in federal excise tax payable	1,916,485	197,006
(Decrease) increase in grants payable	(595,364)	2,460,343
Increase in accrued postretirement health benefit obligation	1,082,722	967,597
Increase in deferred compensation arrangements	835,750	65,900
Increase (decrease) in other liabilities	<u>23,283</u>	<u>(55,731)</u>
Net cash used in operating activities	<u>(82,340,784)</u>	<u>(67,640,596)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	90,104,454	75,729,200
Purchases of investments	<u>(7,800,413)</u>	<u>(8,144,898)</u>
Net cash provided by investing activities	<u>82,304,041</u>	<u>67,584,302</u>
Net decrease in cash	(36,743)	(56,294)
Cash at beginning of year	<u>1,300,268</u>	<u>1,356,562</u>
Cash at end of year	<u>\$ 1,263,525</u>	<u>\$ 1,300,268</u>

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

ALFRED P. SLOAN FOUNDATION

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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, 2016 and 2015

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 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.

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Notes to Consolidated Financial Statements
December 31, 2016 and 2015

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 2015 consolidated financial statements.

Subsequent Events

The Foundation evaluated its December 31, 2016 consolidated financial statements for subsequent events through June 16, 2017, the date the consolidated financial statements were available to be issued. The Foundation is unaware of any events that would require disclosure in the accompanying consolidated financial statements.

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Notes to Consolidated Financial Statements
December 31, 2016 and 2015

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, 2016 and 2015:

	Fair Value Measurements at December 31, 2016				Net Asset Value*
	Total	Level 1	Level 2	Level 3	
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.

ALFRED P. SLOAN FOUNDATION
Notes to Consolidated Financial Statements
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	Fair Value Measurements at December 31, 2015				Net Asset Value*
	Total	Level 1	Level 2	Level 3	
Direct investments:					
Equities:					
Domestic	\$ 125,355,398	\$ 125,355,398	\$ -	\$ -	\$ -
International	50,203,060	50,203,060	-	-	-
	<u>175,558,458</u>	<u>175,558,458</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fixed income:					
U.S. government	115,816,392	115,816,392	-	-	-
	<u>115,816,392</u>	<u>115,816,392</u>	<u>-</u>	<u>-</u>	<u>-</u>
Mutual and exchange-traded funds:					
Equities	80,602,245	80,602,245	-	-	-
Fixed income	51,014,529	51,014,529	-	-	-
	<u>131,616,774</u>	<u>131,616,774</u>	<u>-</u>	<u>-</u>	<u>-</u>
Alternative investments:					
Equities:					
Domestic	299,440,478	-	-	-	299,440,478
International	277,384,558	-	-	-	277,384,558
Fixed income:					
Global sovereign bonds	54,626,654	-	-	-	54,626,654
Absolute return	241,692,044	-	-	-	241,692,044
Hybrid	292,116,343	-	-	-	292,116,343
Real estate	15,502,662	-	-	2,254,781	13,247,881
Private equity	171,042,307	-	-	-	171,042,307
	<u>1,351,805,046</u>	<u>-</u>	<u>-</u>	<u>2,254,781</u>	<u>1,349,550,265</u>
	<u>\$ 1,774,796,670</u>	<u>\$ 422,991,624</u>	<u>\$ -</u>	<u>\$ 2,254,781</u>	<u>\$ 1,349,550,265</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, 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>

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Notes to Consolidated Financial Statements
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The following table presents the reconciliation for all Level 3 assets measured at fair value at December 31, 2015:

	Beginning Balance	Purchases	Settlements/Redemptions	Total Net Realized and Unrealized Gains	Transfers In/(Out)	Ending Balance
Alternative investments:						
Real estate	\$ 7,650,662	\$ -	\$ (6,038,671)	\$ 642,790	\$ -	\$ 2,254,781
	<u>\$ 7,650,662</u>	<u>\$ -</u>	<u>\$ (6,038,671)</u>	<u>\$ 642,790</u>	<u>\$ -</u>	<u>\$ 2,254,781</u>

The following table lists the redemption terms and unfunded commitments for the alternative investments as of December 31, 2016 and 2015:

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
Private equity	44	197,278,216	161	None	N/A	N/A
Total		<u>\$ 1,451,020,828</u>	<u>\$ 232</u>			
2015						
	# of Funds	Fair Value	Unfunded Commitments (\$ in millions)	Redemption Frequency	Redemption Notice Period	Lock-up Period
Alternative investments:						
Equities:						
Domestic	15	\$ 299,440,478	\$ -	monthly, quarterly, other	30-60 days	None
International	5	277,384,558	-	monthly, quarterly, other	10-60 days	None
Fixed income:						
Global sovereign bonds	1	54,626,654	-	monthly	10 days	none
Absolute return	10	241,692,044	-	daily, monthly, quarterly, annually, other	0-60 days	none, rolling 2-year
Hybrid	13	292,116,343	2	monthly, quarterly, other	45-180 days	none, rolling 2-year
Private equity	38	186,544,969	78	None	N/A	N/A
Total		<u>\$ 1,351,805,046</u>	<u>\$ 80</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.

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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.

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 8 funds in a drawdown structure.

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 2015, the Foundation sold options contracts. S&P 500 Index put options sold were valued at approximately \$4.2 million at December 31, 2015. 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 did not meet the requirements for the 1% tax for the years ended December 31, 2016 and 2015. Therefore, current taxes are estimated at 2% of net investment income for 2016 and 2015. Additionally, certain of the Foundation's investments give rise to unrelated business income tax liabilities. Such tax liabilities for 2016 and 2015 are not material to the accompanying consolidated financial statements; however, the provision for taxes, as of December 31, 2016 and 2015, 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. Since the qualification for the 1% tax is not determinable until the fiscal year in which net gains are realized, deferred taxes represent 2% of unrealized gains at December 31, 2016 and 2015.

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Notes to Consolidated Financial Statements
December 31, 2016 and 2015

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 \$868,441 and \$803,920 in 2016 and 2015, 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 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Change in accrued postretirement benefit obligation:		
Benefit obligation at beginning of year	\$ 8,129,782	\$ 7,162,185
Service cost	334,048	224,623
Interest cost	341,469	272,010
Actuarial loss	772,399	771,490
Benefits paid	<u>(365,194)</u>	<u>(300,526)</u>
Benefit obligation at end of year	<u>\$ 9,212,504</u>	<u>\$ 8,129,782</u>
Components of net periodic postretirement benefit cost reported:		
Service cost	\$ 334,048	\$ 224,623
Interest cost	341,469	272,010
Amortization of transition obligation	476,061	476,061
Amortization of gain	<u>(47,947)</u>	<u>(101,879)</u>
Net periodic postretirement benefit cost	<u>\$ 1,103,631</u>	<u>\$ 870,815</u>
Benefit obligation weighted average assumptions at December 31, 2016 and 2015:		
Discount rate	4.10 %	4.29 %
Periodic benefit cost weighted average assumptions for the years ended December 31, 2016 and 2015:		
Discount rate	4.29 %	3.88 %

The medical trend and inflation rate is 7.25% in 2017 grading down to 5.50% in 2020 and 5% ultimately.

ALFRED P. SLOAN FOUNDATION
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December 31, 2016 and 2015

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:

	<u>2016</u>		<u>2015</u>	
	<u>1% Increase</u>	<u>1% Decrease</u>	<u>1% Increase</u>	<u>1% Decrease</u>
Effect on total service and interest cost	\$ 190,423	\$ (89,071)	\$ 103,881	\$ (100,648)
Effect on postretirement benefit obligation	1,692,495	(1,221,826)	1,394,627	(1,094,176)

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

Year ending December 31:

2017	\$ 382,945
2018	382,350
2019	400,310
2020	403,916
2021	403,504
Thereafter through 2026	<u>2,140,379</u>
	<u>\$ 4,113,404</u>

The accumulated amount not yet recognized as a component of net periodic benefit cost was \$435,605 and \$91,320 at December 31, 2016 and 2015, respectively. The components are as follows:

	<u>2016</u>	<u>2015</u>
Transition obligation	\$ 1,511,101	\$ 1,987,162
Net actuarial gain	<u>(1,075,496)</u>	<u>(1,895,842)</u>
	<u>\$ 435,605</u>	<u>\$ 91,320</u>

The transition obligation and actuarial gain that will be amortized into net periodic benefit cost in 2017 will be \$476,061 and \$47,947, respectively.

8. GRANTS PAYABLE

The Foundation estimates that the grants payable balance as of December 31, 2016 will be paid as follows:

Year:

2017	\$ 38,845,075
2018	14,442,119
2019	<u>1,200,000</u>
	<u>\$ 54,487,194</u>

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Notes to Consolidated Financial Statements
December 31, 2016 and 2015

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, 2016.

9. LEASE

Rent expense for 2016 and 2015, including escalations, was \$1,823,305 and \$1,346,014, 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% at December 31, 2016 and 2015. 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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Management expenses:		
Salaries and employees' benefits:		
Salaries	\$ 7,770,239	\$ 7,124,026
Employees' retirement plan and other benefits	<u>3,045,451</u>	<u>2,707,796</u>
Total	10,815,690	9,831,822
Rent	1,823,305	1,346,014
Program expenses	961,917	1,030,824
Office expenses	688,293	790,373
Website and publications	89,988	92,812
Professional fees	<u>1,437,572</u>	<u>1,393,599</u>
Total management expenses	15,816,765	14,485,444
Less direct investment and other management expenses allocated to investments	<u>(4,461,493)</u>	<u>(4,800,221)</u>
Management expenses	<u>\$ 11,355,272</u>	<u>\$ 9,685,223</u>
Investment expenses:		
Investment management fees	\$ 2,048,454	\$ 2,773,914
Direct investment and other management expenses allocated to investments	<u>4,461,493</u>	<u>4,800,221</u>
Investment expenses	<u>\$ 6,509,947</u>	<u>\$ 7,574,135</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, 2016

Grantee	Unpaid December 31, 2015	2016		Unpaid December 31, 2016
		Authorized	Payments	
Abt Associates	\$ -	\$ 1,083,355	\$ 524,966	\$ 558,389
American Academy of Arts and Sciences	50,000	150,000	160,000	40,000
American Association for the Advancement of Science	579,812	30,000	609,812	-
American Astronomical Society	-	448,500	448,500	-
American Educational Research Association	-	5,000	5,000	-
American Film Institute	190,000	-	100,000	90,000
American Friends of the Hebrew University	-	14,800	14,800	-
American Indian Science and Engineering Society	-	10,000	10,000	-
American Museum of the Moving Image	-	399,824	145,229	254,595
American Society for Engineering Education	-	50,000	50,000	-
Annual Reviews	-	800,000	550,000	250,000
Arizona State University	-	21,621	21,621	-
Arizona, University of	-	341,050	225,000	116,050
Astrophysical Research Consortium	2,550,000	107,000	2,657,000	-
Aspen Institute	-	500,000	250,000	250,000
Baylor University	93,250	-	93,250	-
Becker, Adam	-	50,000	-	50,000
Behavioral Science & Policy Association	19,700	-	19,700	-
Benefits Data Trust	77,473	-	46,958	30,515
Boston College	232,630	-	170,000	62,630
Boston University	404,982	165,000	415,000	154,982
Brandeis University	-	45,500	45,500	-
Brave New Software	20,000	124,770	144,770	-
British Columbia, University of	-	55,000	55,000	-
Brown University	-	55,000	55,000	-
Business-Higher Education Forum	250,000	-	-	250,000
California, University of, Berkeley	1,844,516	4,135,530	3,190,268	2,789,778
California, University of, Davis	1,097,485	221,063	1,277,485	41,063
California, University of, Irvine	213,006	110,000	130,000	193,006
California, University of, Los Angeles	2,305,311	110,000	1,935,012	480,299
California, University of, Riverside	-	19,990	19,990	-
California, University of, San Diego	-	110,000	110,000	-
California, University of, San Francisco	-	156,858	156,858	-
California, University of, Santa Barbara	-	16,532	16,532	-
California, University of, Santa Cruz	-	160,000	160,000	-
Cambridge, University of	-	99,376	99,376	-
California Institute of Technology	133,935	55,000	188,935	-
Carnegie Institution of Washington	625,000	2,198,534	1,625,000	1,198,534
Carnegie Mellon University	958,083	661,004	1,233,048	386,039
Catticus Corporation	500,000	-	400,000	100,000
Cell Motion Laboratories, Inc.	750,000	-	500,000	250,000
Center for Strategic and International Studies	-	20,000	20,000	-
Chicago, University of	1,848,546	1,026,351	1,469,411	1,405,486
Colorado State University	-	54,044	54,044	-

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, 2016

Grantee	Unpaid December 31, 2015	2016		Unpaid December 31, 2016
		Authorized	Payments	
Colorado, University of, at Boulder	\$ 258,301	\$ 1,390,684	\$ 888,985	\$ 760,000
Columbia University	884,636	1,469,711	1,606,885	747,462
Coolidge Corner Theatre Foundation	398,392	-	249,100	149,292
Cooper Union for the Advancement of Science and Art	-	124,000	124,000	-
Cornell University	300,000	744,634	1,044,634	-
Corporation for Atmospheric Research, University	-	20,000	20,000	-
Council for Economic Education	63,980	290,000	163,980	190,000
Council for the Advancement of Science Writing, Inc.	-	25,000	25,000	-
Council on Foreign Relations	314,059	-	314,059	-
Council on Foundations, Inc.	-	25,000	25,000	-
Council on Library and Information Resources	173,753	-	173,753	-
Creative Visions	200,000	-	200,000	-
CUNY TV Foundation	200,000	-	200,000	-
Datakind	-	100,000	100,000	-
Digital Public Library of America, Inc.	901,709	1,497,674	500,000	1,899,383
Drexel University	121,425	-	121,425	-
Duke University	208,903	110,000	218,903	100,000
Emory University	-	179,617	179,617	-
Ensemble Studio Theatre, Inc.	-	1,800,000	600,000	1,200,000
Environmental Defense Fund Incorporated	-	400,000	200,000	200,000
Environmental Law Institute	-	20,000	20,000	-
Film Independent, Inc.	125,000	-	125,000	-
Filmmakers Collaborative	-	100,000	100,000	-
FORCE11	-	20,000	20,000	-
Forsyth Institute	60,000	-	60,000	-
Foundation Center	-	75,000	75,000	-
FPF Education and Innovation Foundation	-	125,000	125,000	-
Fund for the City of New York	1,355,000	-	535,000	820,000
Fund for Public Health in New York, Inc.	544,516	-	300,000	244,516
Genetics Society of America	-	10,000	10,000	-
Georgia Institute of Technology	-	103,695	103,695	-
Georgia, University of, Research Foundation Inc.	-	19,754	19,754	-
George Mason University	304,840	-	204,613	100,227
Georgetown University	-	499,940	350,000	149,940
Gordon Research Conferences	-	20,000	20,000	-
Graeber, Charles	-	50,000	-	50,000
Graduate Center of The City University of New York	15,000	-	15,000	-
Greater Washington Educational Telecommunications Association Inc.	100,000	1,525,000	1,225,000	400,000
GuideStar USA., Inc.	-	10,000	10,000	-
Harman, Oren	-	50,000	-	50,000
Harvard University	2,901,461	1,302,493	2,553,214	1,650,740
Hypothesis Project	-	394,465	394,465	-
Illinois, University of	-	20,000	20,000	-
Illinois, University of, Chicago	-	55,000	55,000	-

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, 2016

Grantee	Unpaid	2016		Unpaid
	December 31, 2015	Authorized	Payments	December 31, 2016
Illinois, University of, Urbana-Champaign	\$ -	\$ 569,700	\$ 420,000	\$ 149,700
Indiana, University of	-	259,900	150,000	109,900
Institut de Physique du Globe de Paris	200,000	-	200,000	-
Institute for the Future	35,000	-	35,000	-
Institute of International Education Inc.	250,000	-	250,000	-
International Energy Policy and Programme Evaluation Conf.	20,000	-	20,000	-
Johns Hopkins University	-	115,000	115,000	-
L.A. Theatre Works	125,000	-	125,000	-
Loyola University Chicago	94,875	-	94,875	-
Manhattan Action Fund	-	20,000	20,000	-
Manhattan Theatre Club	400,000	-	200,000	200,000
Marine Biological Laboratory	600,000	-	600,000	-
Maryland, University of, Baltimore	-	269,289	269,289	-
Maryland, University of, Baltimore County	-	31,000	31,000	-
Maryland, University of, College Park	-	1,798,316	952,513	845,803
Massachusetts Institute of Technology	538,954	5,383,093	2,630,768	3,291,279
Massachusetts, University of, Amherst	-	19,971	19,971	-
Mathematical Sciences Publishers	-	50,000	50,000	-
Mathematical Sciences Research Institute	-	374,964	374,964	-
Miami Foundation, Inc.	160,000	-	160,000	-
Michigan State University	-	717,203	468,572	248,631
Michigan, University of	433,239	870,193	1,023,873	279,559
Minnesota, University of	-	198,725	198,725	-
Minnesota, University of, Foundation	-	75,000	-	75,000
Missouri, University of	-	55,553	55,553	-
Missouri, University of, Columbia	-	104,906	104,906	-
Mount Sinai School of Medicine	-	55,000	55,000	-
Mozilla Foundation	-	750,000	300,000	450,000
Mycological Society of America	28,500	-	28,500	-
National Academy of Sciences	270,000	526,470	796,470	-
National Action Council for Minorities in Engineering, Inc.	2,933,075	3,300,000	3,133,075	3,100,000
National Bureau of Economic Research, Inc.	1,988,654	1,474,061	1,977,645	1,485,070
National Information Standards Organization	48,943	-	48,943	-
National Public Radio, Inc.	250,000	-	250,000	-
National Science Communication Institute	-	20,000	20,000	-
New School for Social Research	400,000	34,000	234,000	200,000
New Venture Fund	-	203,000	203,000	-
New York Botanical Garden	255,244	-	255,244	-
New York Public Radio	400,000	800,000	850,000	350,000
New York University	1,647,021	2,021,982	2,576,517	1,092,486
North Carolina State University	-	674,767	231,568	443,199
North Carolina, University of, at Chapel Hill	-	110,000	110,000	-
Northern Arizona University	100,000	-	100,000	-

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, 2016

Grantee	Unpaid December 31, 2015	2016		Unpaid December 31, 2016
		Authorized	Payments	
Northwestern University	\$ 158,536	\$ 260,481	\$ 300,000	\$ 119,017
Notre Dame, University of	-	55,000	55,000	-
NumFOCUS	-	1,304,608	702,450	602,158
NYC Arts in Education Roundtable	-	5,000	5,000	-
OFM Research	-	331,064	331,064	-
Ohio State University	-	101,233	101,233	-
Old Dominion University Research Foundation	-	55,000	55,000	-
Open Knowledge Foundation	250,000	-	250,000	-
Open Space Institute	-	25,000	25,000	-
Oregon, University of	700,000	160,000	610,000	250,000
Oxford, University of	-	464,129	285,000	179,129
Pecan Street, Inc.	-	450,000	250,000	200,000
Pennsylvania State University	-	55,000	55,000	-
Pennsylvania, University of	476,472	444,237	412,118	508,591
Philanthropy New York	-	28,000	28,000	-
Phoenix Bioinformatics	-	814,300	400,000	414,300
Pittsburgh, University of	123,728	-	123,728	-
Princeton University	223,655	290,000	290,000	223,655
ProPublica	-	125,000	125,000	-
PRX Incorporated	250,000	-	250,000	-
Purdue University	108,961	110,000	218,961	-
RAND Corporation	147,872	524,958	473,016	199,814
Rice University	-	55,000	55,000	-
Rensselaer Polytechnic Institute	-	766,275	516,275	250,000
Research Foundation of the City University of New York	376,925	-	376,925	-
Resources for the Future, Inc.	395,346	744,171	989,517	150,000
Rhode Island, University of	-	967,731	500,000	467,731
Rockefeller University	1,150,000	-	350,000	800,000
Rutgers, The State University of New Jersey	-	111,665	55,833	55,832
San Francisco Film Society	200,000	-	200,000	-
Science Festival Foundation	600,000	-	350,000	250,000
Science Friday Initiative, Inc.	-	685,000	228,500	456,500
Shurkin, Joel N.	-	46,900	46,900	-
Simon Fraser University	-	55,000	55,000	-
St. Joseph Hospital Foundation	-	2,500	2,500	-
St. Edmunds College, University of Cambridge	-	55,000	55,000	-
Stephens-Davidowitz, Seth	-	45,620	25,620	20,000
Stevens Institute of Technology	-	39,340	39,340	-
Social Science Research Council	-	975,976	320,000	655,976
Southern California, University of	223,612	89,577	213,189	100,000
Southern Regional Education Board	699,645	-	300,000	399,645

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, 2016

Grantee	Unpaid	2016		Unpaid
	December 31, 2015	Authorized	Payments	December 31, 2016
Stanford University	\$ 1,008,857	\$ 3,443,760	\$ 2,208,599	\$ 2,244,018
Sundance Institute	200,000	-	200,000	-
System, University, of Maryland Foundation, Inc.	124,775	-	124,775	-
Technology Affinity Group	-	5,000	5,000	-
Texas, University of, Austin	280,060	1,430,578	832,336	878,302
Texas, University of, Southwestern Medical Center at Dallas	-	55,000	55,000	-
The Brookings Institution	200,000	400,000	386,771	213,229
The Conversation	150,000	-	75,000	75,000
Third Way Foundation	-	93,500	93,500	-
Toronto, University of	-	860,000	475,000	385,000
Tribeca Film Institute	400,000	216,320	510,000	106,320
Tulsa, University of	-	99,960	99,960	-
Urban Institute	174,087	467,951	642,038	-
Universita di Roma La Sapienza	-	102,753	102,753	-
University College London	50,000	20,000	50,000	20,000
Virginia Polytechnic Institute and State University	-	360,000	360,000	-
Wake Forest University	-	249,933	150,000	99,933
Washington, University of	250,000	1,389,370	1,039,370	600,000
Washington University in St. Louis	-	55,000	55,000	-
Waterloo, University of	-	125,000	125,000	-
WGBH Educational Foundation	1,650,000	1,000,000	1,550,000	1,100,000
Western Washington University	-	309,305	200,000	109,305
Whitehead Institute for Biomedical Research	-	55,000	55,000	-
Wikimedia Foundation	1,000,000	3,035,000	520,000	3,515,000
Wisconsin, University of, Madison	156,686	165,000	321,686	-
WNET.ORG	100,000	-	50,000	50,000
Women Make Movies, Inc.	-	172,770	172,770	-
Woodrow Wilson International Center for Scholars	-	500,000	250,000	250,000
Yale University	357,224	1,169,160	873,738	652,646
Yeshiva University	-	20,000	-	20,000
Total	\$ 47,539,650	\$ 73,112,587	\$ 74,047,583	\$ 46,604,654
Sloan research fellowships to be granted in ensuing year	\$ 6,930,000	\$ 630,000	\$ -	\$ 7,560,000
Other appropriations authorized but not committed	612,908	554,244	844,612	322,540
	55,082,558	74,296,831	74,892,195	54,487,194
Refunded grants	-	(447,034)	(447,034)	-
Reduction for grant transfers	-	(1,034,983)	(1,034,983)	-
	\$ 55,082,558	\$ 72,814,814	\$ 73,410,178	\$ 54,487,194

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