

**THE THOMAS B. FORDHAM FOUNDATION, INC.  
AND THE THOMAS B. FORDHAM INSTITUTE, INC.**

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**Consolidated Financial Statements  
For the Years Ended December 31, 2020  
and December 31, 2019**

**and  
Report Thereon**

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**LANE & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Trustees of  
The Thomas B. Fordham Foundation, Inc. and  
The Thomas B. Fordham Institute, Inc.

We have audited the accompanying consolidated financial statements of The Thomas B. Fordham Foundation, Inc. (the Foundation), an Ohio nonprofit supporting organization, and The Thomas B. Fordham Institute, Inc. (the Institute), an Ohio publicly supported nonprofit corporation (together, the Organization), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

*Management's Responsibility for the Consolidated 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 the 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 audits 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*

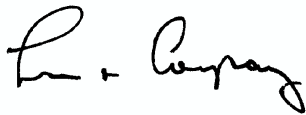
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Emphasis of Matter*

As explained in Note 3, the consolidated financial statements include investments valued at \$35,705,075 and \$28,900,104 at December 31, 2020 and 2019, respectively (fifty-one and forty-eight percent of net assets, respectively), whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or the general partners. Because of the inherent uncertainty of valuation, these estimated values may differ significantly from the values that would have been used had a ready market value for such investment existed, and the differences could be material. Our opinion is not modified with respect to this matter emphasized.

*Report on Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated schedules of financial position, activities, and functional expenses of the Foundation (excluding the Institute) and of the Institute (excluding the Foundation) are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such 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. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink, appearing to read "L. + Company". The signature is written in a cursive, flowing style.

Washington, D.C.  
August 04, 2021

**THE THOMAS B. FORDHAM FOUNDATION, INC. AND  
THE THOMAS B. FORDHAM INSTITUTE, INC.  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ 886,220	\$ 809,878
Short-term investments	5,640,687	332,943
Grants receivable	120,685	448,431
Investment distribution receivable	1,469,817	--
Accounts receivable	208,634	83,750
Other assets	<u>15,572</u>	<u>15,572</u>
Total Current Assets	8,341,615	1,690,574
Long-term investments	65,151,732	61,840,733
Building and improvements, net of accumulated depreciation of \$1,339,969 and \$1,278,475	2,272,993	2,334,487
Bond issuance costs, net of accumulated amortization of \$78,038 and \$52,261	231,291	257,068
Furniture and equipment, net of accumulated depreciation of \$233,881 and \$224,879	<u>34,411</u>	<u>36,593</u>
Total Assets	<u>\$ 76,032,042</u>	<u>\$ 66,159,455</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 214,893	\$ 207,763
Bonds payable, current portion	<u>322,644</u>	<u>322,644</u>
Total Current Liabilities	537,537	530,407
Obligation due to interest rate swap	3,166,812	2,561,843
Bonds payable, long-term portion	<u>2,561,310</u>	<u>2,883,955</u>
Total Liabilities	6,265,659	5,976,205
Net Assets - Without Donor Restrictions	68,693,252	59,226,279
Net Assets - With Donor Restrictions	<u>1,073,131</u>	<u>956,971</u>
Total Net Assets	<u>69,766,383</u>	<u>60,183,250</u>
Total Liabilities and Net Assets	<u>\$ 76,032,042</u>	<u>\$ 66,159,455</u>

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

**THE THOMAS B. FORDHAM FOUNDATION, INC. AND  
THE THOMAS B. FORDHAM INSTITUTE, INC.  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Change in net assets without donor restrictions		
Revenue		
Investment income, net of investment expenses	\$ 12,188,176	\$ 9,135,775
Grants and contributions	1,117,385	577,559
Program service fees	724,204	721,244
Other income	17,109	9,877
Total revenue without donor restrictions	<u>14,046,874</u>	<u>10,444,455</u>
Net assets released from restrictions		
Satisfaction of program restrictions	<u>1,398,232</u>	<u>2,120,502</u>
Total support without donor restrictions	15,445,106	12,564,957
Expenses		
Program Services		
National	2,660,342	2,885,636
Ohio	1,703,551	1,663,974
Management and general	788,839	792,107
Fund-raising	<u>220,432</u>	<u>238,210</u>
Total Expenses	<u>5,373,164</u>	<u>5,579,927</u>
Change in net assets without donor restrictions before loss on interest rate swap	10,071,942	6,985,030
Loss on interest rate swap	<u>(604,969)</u>	<u>(565,547)</u>
Total change in net assets without donor restrictions	<u>9,466,973</u>	<u>6,419,483</u>
Change in net assets with donor restrictions		
Grants and contributions	1,514,392	1,428,629
Net assets released from restriction	<u>(1,398,232)</u>	<u>(2,120,502)</u>
Change in net assets with donor restrictions	<u>116,160</u>	<u>(691,873)</u>
Change in net assets	9,583,133	5,727,610
Net assets, beginning of year	<u>60,183,250</u>	<u>54,455,640</u>
Net assets, end of year	<u>\$ 69,766,383</u>	<u>\$ 60,183,250</u>

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**THE THOMAS B. FORDHAM FOUNDATION, INC. AND  
THE THOMAS B. FORDHAM INSTITUTE, INC.  
CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2020**

	Program			Management & General	Fund- raising	Total Expenses
	National	Ohio	Total			
Salaries	\$ 1,274,274	\$ 790,393	\$ 2,064,667	\$ 463,387	\$ 132,857	\$ 2,660,911
Contracts	563,931	231,350	795,281	3,088	19,540	817,909
Occupancy	280,102	112,092	392,194	53,108	23,950	469,252
Pension plan contributions	156,133	83,088	239,221	54,953	15,994	310,168
Other employee benefits	110,402	74,745	185,147	44,422	11,216	240,785
Grants	9,000	187,270	196,270	-	-	196,270
Payroll taxes	87,648	53,467	141,115	31,691	9,136	181,942
Depreciation and amortization	36,584	31,289	67,873	28,400	-	96,273
Insurance	24,655	29,806	54,461	10,000	2,739	67,200
Website and IT	29,081	31,194	60,275	2,905	75	63,255
Telephone	27,821	9,871	37,692	3,648	2,616	43,956
Legal fees	840	27,671	28,511	12,972	-	41,483
Accounting fees	--	--	--	38,000	-	38,000
Miscellaneous	10,073	10,027	20,100	15,056	2,189	37,345
Printing and publications	18,002	13,859	31,861	124	-	31,985
Travel	19,695	3,948	23,643	2,587	120	26,350
Equipment rental and maintenance	1,160	4,764	5,924	10,280	-	16,204
Conferences, conventions, meetings	7,697	1,494	9,191	-	-	9,191
Temps/Interns	4,570	2,111	6,681	1,916	-	8,597
Other professional fees	--	25	25	7,296	-	7,321
Supplies	(1,376)	1,954	578	3,969	-	4,547
Postage and shipping	50	3,133	3,183	1,037	-	4,220
<b>Total</b>	<b>\$ 2,660,342</b>	<b>\$ 1,703,551</b>	<b>\$ 4,363,893</b>	<b>\$ 788,839</b>	<b>\$ 220,432</b>	<b>\$ 5,373,164</b>

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**THE THOMAS B. FORDHAM FOUNDATION, INC. AND  
THE THOMAS B. FORDHAM INSTITUTE, INC.  
CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2019**

	<u>Program</u>			<u>Management &amp; General</u>	<u>Fund- raising</u>	<u>Total Expenses</u>
	<u>National</u>	<u>Ohio</u>	<u>Total</u>			
Salaries	\$ 1,362,169	\$ 812,671	\$ 2,174,840	\$ 273,958	\$ 147,151	\$ 2,595,949
Occupancy	355,362	126,951	482,313	47,706	33,252	563,271
Contracts	349,697	149,272	498,969	3,800	210	502,979
Pension plan contributions	167,209	84,368	251,577	18,972	16,817	287,366
Grants	105,250	168,667	273,917	-	-	273,917
Other employee benefits	125,218	76,199	201,417	14,560	11,450	227,427
Moving expenses	--	--	--	216,409	-	216,409
Payroll taxes	92,760	54,372	147,132	17,893	10,007	175,032
Travel	80,186	32,391	112,577	16,573	3,202	132,352
Legal fees	33,039	16,359	49,398	53,050	-	102,448
Website and IT	60,625	32,757	93,382	3,014	-	96,396
Depreciation and amortization	35,452	30,321	65,773	27,522	-	93,295
Insurance	37,994	24,910	62,904	528	4,222	67,654
Miscellaneous	11,875	8,636	20,511	18,065	2,089	40,665
Accounting fees	--	--	--	39,779	-	39,779
Supplies	7,468	6,420	13,888	19,585	159	33,632
Equipment rental and maintenance	16,391	7,492	23,883	5,133	-	29,016
Conferences, conventions, meetings	18,077	6,594	24,671	-	3,859	28,530
Printing and publications	5,937	16,016	21,953	777	4,273	27,003
Telephone	15,261	4,970	20,231	1,427	1,519	23,177
Temps/Interns	5,660	3,131	8,791	2,842	-	11,633
Other professional fees	--	--	--	8,110	-	8,110
Postage and shipping	6	1,477	1,483	2,404	-	3,887
<b>Total</b>	<b>\$ 2,885,636</b>	<b>\$ 1,663,974</b>	<b>\$ 4,549,610</b>	<b>\$ 792,107</b>	<b>\$ 238,210</b>	<b>\$ 5,579,927</b>

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

**THE THOMAS B. FORDHAM FOUNDATION INC. AND  
THE THOMAS B. FORDHAM INSTITUTE, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 9,583,133	\$ 5,727,610
Adjustment to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	96,273	93,295
Realized and unrealized gains on investments	(12,354,381)	(8,802,990)
Loss on interest rate swap	604,969	565,547
Changes in assets and liabilities		
Grants receivable	327,746	51,569
Investment distribution receivable	(1,469,817)	--
Accounts receivable	(124,884)	94,796
Accounts payable	<u>7,130</u>	<u>(25,101)</u>
Net Cash Used in Operating Activities	(3,329,831)	(2,295,274)
Cash Flows from Investing Activities		
Acquisition of fixed assets and capital improvements	(6,820)	(29,134)
Sale of assets held for sale	--	2,600,000
Purchase of investments	(8,788,478)	(4,023,602)
Sale of investments	<u>12,524,115</u>	<u>6,069,235</u>
Net Cash Provided by Investing Activities	<u>3,728,817</u>	<u>4,616,499</u>
Cash Flows from Financing Activities		
Bonds redeemed/Principal payments on bonds	<u>(322,644)</u>	<u>(2,923,643)</u>
Net Cash Used in Financing Activities	<u>(322,644)</u>	<u>(2,923,643)</u>
Net change in Cash	76,342	(602,418)
Cash, beginning of year	<u>809,878</u>	<u>1,412,296</u>
Cash, end of year	<u>\$ 886,220</u>	<u>\$ 809,878</u>
Supplemental disclosure		
Amounts expended for interest	<u>\$ 271,441</u>	<u>\$ 302,192</u>

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



**THE THOMAS B. FORDHAM FOUNDATION, INC. AND  
THE THOMAS B. FORDHAM INSTITUTE, INC.  
Notes to Financial Statements**

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1. Organization

The Thomas B. Fordham Foundation, Inc. (the Foundation), was incorporated in 1959 as an Ohio private foundation. As of January 1, 2007, the Foundation operates as a public charity and is exempt from Federal income taxes under section 501(c)(3) of the U.S. Internal Revenue Code (see note 14 for further explanation).

The Fordham Institute, Inc. (the Institute), was incorporated in 2001 as an Ohio publicly supported not-for-profit corporation and is exempt from Federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code.

The Thomas B. Fordham Institute and Foundation promote educational excellence for every child in America via quality research, analysis, and commentary, as well as advocacy and charter school authorizing in Ohio.

We advance:

- high standards, strong assessments of student learning, and common-sense accountability for schools and children across the achievement spectrum;
- quality education options and high-quality school-performance information for every family; and
- a student-centered system that provides clear pathways to upward mobility, good citizenship, and successful participation in adult society.

We promote education reform by:

- producing relevant, rigorous policy research and analysis;
- providing “thought leadership” to policy makers, philanthropists, advocacy groups, and others through timely and persuasive commentary;
- advocating sound education policies in Ohio related to standards, assessments, school choice, and other promising reforms;
- serving as a model charter school authorizer and sharing our lessons throughout and beyond Ohio; and
- incubating new ideas, innovations, organizations, school models, and visionary leaders to advance education excellence.

**Continued**

**THE THOMAS B. FORDHAM FOUNDATION, INC. AND  
THE THOMAS B. FORDHAM INSTITUTE, INC.**  
**Notes to Financial Statements**

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2. Summary of Significant Accounting Policies

Basis of Accounting

The consolidated financial statements include the accounts of the Foundation and the Institute (together, the Organization). All significant inter-company transactions have been eliminated in the consolidation. The Organization maintains its accounts on the accrual basis of accounting.

Basis of Presentation

Net assets, revenue, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

*net assets without donor restrictions* – net assets without donor restrictions result from revenues and other inflows of assets whose use by the Organization is not limited by donor-imposed restrictions.

*net assets with donor restrictions* - net assets with donor restrictions result from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Cash

Cash includes cash in checking accounts. Accounts at each institution are insured up to \$250,000 by the Federal Deposit Insurance Corporation. Account balances may at times exceed the insured limit. Management believes these amounts are not subject to any significant credit risk.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis on the consolidated statement of activities. Certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**THE THOMAS B. FORDHAM FOUNDATION, INC. AND  
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Notes to Financial Statements**

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2. Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in the Organization’s fiscal year 2022.

The Organization is currently evaluating the effects that the updated standards will have on the financial statements and plans to adopt the new ASUs at the required implementation date.

3. Investments

Securities with readily determinable fair value are recorded at fair value in the consolidated statement of financial position. Investments without readily determinable values, such as private equity, venture capital, and partnerships, are valued using current estimates of fair value obtained from the investment manager. Such valuations generally reflect discounts for liquidity and consider variables such as financial performance of investments, including comparison of comparable companies’ earning multiples, cash flow analysis, recent sales prices of investments, and other pertinent information.

Because of the inherent uncertainty of valuation for these investments (referred to as “Other investments” in the schedule below) the investment manager’s estimate may differ from the values that would have been used had a ready market existed.

<u>2020</u>	<u>Foundation</u>	<u>Institute</u>	<u>Total</u>
Equity securities	\$ 23,722,881	\$ 5,284,055	\$ 29,006,936
Fixed income securities	--	439,721	439,721
Other investments	35,142,142	562,933	35,705,075
Money market accounts	5,627,175	13,512	5,640,687
Total	<u>\$ 64,492,198</u>	<u>\$ 6,300,221</u>	<u>\$ 70,792,419</u>
<u>2019</u>	<u>Foundation</u>	<u>Institute</u>	<u>Total</u>
Equity securities	\$ 23,593,647	\$ 5,870,491	\$ 29,464,138
Fixed income securities	2,481,195	995,297	3,476,492
Other investments	28,171,365	728,739	28,900,104
Money market accounts	297,206	35,736	332,942
Total	<u>\$ 54,543,413</u>	<u>\$ 7,630,263</u>	<u>\$ 62,173,676</u>

**THE THOMAS B. FORDHAM FOUNDATION, INC. AND  
THE THOMAS B. FORDHAM INSTITUTE, INC.  
Notes to Financial Statements**

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3. Investments (continued)

Investment income consisted of the following:

<u>2020</u>	<u>Foundation</u>	<u>Institute</u>	<u>Total</u>
Dividends and interest	\$ 506,500	\$ 101,763	\$ 608,263
Net realized and unrealized gains	12,072,560	281,821	12,354,381
Less: Investment expenses	<u>(761,459)</u>	<u>(13,009)</u>	<u>(774,468)</u>
Total	<u>\$ 11,817,601</u>	<u>\$ 370,575</u>	<u>\$ 12,188,176</u>

<u>2019</u>	<u>Foundation</u>	<u>Institute</u>	<u>Total</u>
Dividends and interest	\$ 673,025	\$ 157,194	\$ 830,219
Net realized and unrealized gains	7,774,754	1,028,236	8,802,990
Less: Investment expenses	<u>(484,086)</u>	<u>(13,348)</u>	<u>(497,434)</u>
Total	<u>\$ 7,963,693</u>	<u>\$ 1,172,082</u>	<u>\$ 9,135,775</u>

4. Fair Value Measurement

Financial Accounting Standards Board Accounting Standards Codification 820, Fair Value Measurements, requires disclosure of a fair-value hierarchy of inputs the Organization uses to value an asset or liability. The three levels of the fair-value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical assets and liabilities;

Level 2: Inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace;

Level 3: Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

Investments, recorded at fair value, consist of the following at December 31:

<u>2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities	\$ 29,006,936	\$ --	\$ --	\$ 29,006,936
Fixed income securities	439,721	--	--	439,721
Other investments	--	--	35,705,075	35,705,075
Money market accounts	<u>5,640,687</u>	<u>--</u>	<u>--</u>	<u>5,640,687</u>
Total	<u>\$ 35,087,344</u>	<u>\$ --</u>	<u>\$ 35,705,075</u>	<u>\$ 70,792,419</u>

**THE THOMAS B. FORDHAM FOUNDATION, INC. AND  
THE THOMAS B. FORDHAM INSTITUTE, INC.  
Notes to Financial Statements**

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4. Fair Value Measurement (continued)

<u>2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities	\$ 29,464,138	\$ --	\$ --	\$ 29,464,138
Fixed income securities	3,476,492	--	--	3,476,492
Other investments	--	--	28,900,104	28,900,104
Money market accounts	<u>332,942</u>	--	--	<u>332,942</u>
Total	<u>\$ 33,273,572</u>	<u>\$ --</u>	<u>\$ 28,900,104</u>	<u>\$ 62,173,676</u>

The change in value of investments measured at fair value using significant unobservable inputs (Level 3 inputs) consisted of the following:

Value as of December 31, 2019	\$ 28,900,104
Appreciation in value	9,813,342
Purchases and sales, net	<u>(3,008,371)</u>
 Value as of December 31, 2020	 <u>\$ 35,705,075</u>

The appreciation in value of Level 3 investments is included in investment income on the consolidated statement of activities.

5. Grants Receivable

At December 31, 2020 and 2019, Grants receivable consisted of the following:

	<u>2020</u>	<u>2019</u>
Due in one year or less:		
Carnegie Corporation of New York	\$ 85,300	\$ --
Hewlett Foundation	30,000	--
Joseph Klein	5,000	17,500
Government of the District of Columbia	385	--
Kovner Foundation	--	100,000
Walton Foundation	--	80,931
Gates Foundation	<u>--</u>	<u>250,000</u>
Total	<u>\$ 120,685</u>	<u>\$ 448,431</u>

**THE THOMAS B. FORDHAM FOUNDATION, INC. AND  
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Notes to Financial Statements**

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6. Property and Equipment

Building and Improvements

The Foundation owns one floor of an office building in Washington, DC used primarily as office space for the Foundation and the Institute. They also own an alleyway next to the building for parking. In 2019, the Foundation sold one of its floors that was previously held for sale during the year ended December 31, 2018.

Improvements are recorded at cost and are amortized using the straight-line method over the estimated life of the improvement.

At December 31, 2020 and 2019, building and improvements consisted of the following:

	<u>2020</u>	<u>2019</u>
Building	\$ 1,742,281	\$ 1,742,281
Land	843,776	843,776
Capital Improvements	<u>1,026,905</u>	<u>1,026,905</u>
Total, building and improvements	3,612,962	3,612,962
Less: Accumulated amortization and depreciation	<u>(1,339,969)</u>	<u>(1,278,475)</u>
Net, building and improvements	<u>\$ 2,272,993</u>	<u>\$ 2,334,487</u>

Total amortization and depreciation expense was \$61,494 and \$62,371 in 2020 and 2019, respectively.

Furniture and Equipment

Furniture and equipment are recorded at cost when purchased and are depreciated using the straight-line method over the estimated useful life of the asset. Upon disposal, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is reflected in the statement of activities.

At December 31, 2020 and 2019, furniture and equipment consisted of the following:

	<u>2020</u>	<u>2019</u>
Furniture and Equipment	\$ 268,292	\$ 261,472
Less: Accumulated Depreciation	<u>(233,881)</u>	<u>(224,879)</u>
Total, Furniture and Equipment	<u>\$ 34,411</u>	<u>\$ 36,593</u>

Total depreciation expense was \$9,002 and \$5,147 in 2020 and 2019, respectively.

**THE THOMAS B. FORDHAM FOUNDATION, INC. AND  
THE THOMAS B. FORDHAM INSTITUTE, INC.  
Notes to Financial Statements**

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7. Bonds Payable and Bond Issuance Costs

In 2007, the Foundation participated in the District of Columbia’s tax-exempt bond program to help with the financing of its building purchase. The original amount financed through a letter of credit with a financial institution was \$6,300,000, which expired on April 13, 2018. The Foundation redeemed the 2007 bond issuance in December 2017 and issued \$6,426,000 of District of Columbia Revenue Bonds (Thomas B Fordham Foundation Issue) Series 2017. Effective December 1, 2017, the Foundation entered into a letter of credit agreement with SunTrust Bank for \$6,426,000. Under the agreement, the bank purchased the 2017 bonds and agreed to hold them as non-bank qualified tax-exempt debt. The bonds have a twelve year term and carry a variable interest rate. The costs associated with the original bond issuance were fully amortized in 2017. The costs associated with the new bond issuance have been classified as bond issuance costs on the consolidated statement of financial position and are being amortized over twelve years. As part of the terms of the letter of credit, the Foundation is required to make principal payments of \$26,887 per month beginning February 1, 2018 along with the required interest.

The principal payments under the letter of credit are as follows:

2021	322,644
2022	322,644
2023	322,644
2024	322,644
2025 and thereafter	<u>1,593,378</u>
 Total	 <u>\$ 2,883,954</u>

In a separate agreement with SunTrust Bank dated September 1, 2007, the Foundation arranged to fix its monthly interest payments with an “interest rate swap” at a base rate of 3.89% per annum. This agreement resulted in losses of \$604,969 and \$565,547 in 2020 and 2019, respectively. At December 31, 2020 and 2019, the liability associated with the swap agreement was valued at \$3,166,812 and \$2,561,843, respectively. The value of this interest rate swap is based on an estimate from SunTrust and is treated as a derivative instrument in accordance with Accounting Standards Codification 815. The liability reported by SunTrust does not necessarily reflect Fordham’s true cost should it wish to terminate the swap agreement.

The Foundation’s interest expense for 2020 and 2019 was \$271,441 and \$302,192, respectively.

There are a number of financial and operating covenants associated with the bonds and with the Bank’s participation in the project. The Foundation was in compliance with all material terms and conditions of the debt instruments as of December 31, 2020. During 2019, the Foundation sold one of the floors in the office building. From the sales proceeds, the Foundation paid off \$2,600,000 of the outstanding bonds payable.

**THE THOMAS B. FORDHAM FOUNDATION, INC. AND  
THE THOMAS B. FORDHAM INSTITUTE, INC.  
Notes to Financial Statements**

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8. Commitments

The organization leases office space in Dayton and Columbus, Ohio, expiring in 2024 and 2021 respectively. The organization has operating leases for office equipment expiring in 2022.

The future minimum lease payments under these leases are as follows:

	2021	60,765
	2022	52,837
	2023	37,015
	2024	<u>24,922</u>
Total		<u>\$ 175,539</u>

Occupancy expense consisted primarily of mortgage interest, small purchases of equipment, condominium association fees, real estate taxes, and rent expense on the organization's previous office location. Total occupancy expense was \$469,252 and \$563,271 in 2020 and 2019, respectively.

The organization has capital call commitments in connection to their alternative investments. As of December 31, 2020, total capital commitments are \$9,834,035 for the Foundation with none existing for the Institute.

9. Net Assets with donor restrictions

At December 31, net assets with donor restrictions were available for the following purposes:

	<u>2020</u>	<u>2019</u>
Catholic Schools and Noncognitive Skills	\$ 14,514	\$ 20,899
Choice Support	78,714	--
Civics & History SoSS	83,082	130,411
College Wage Premium	--	83,599
Core Knowledge Event	3,577	3,577
Dayton Area School Reform	20,000	20,000
Education 2020	--	80,498
EEPS	18,631	27,555
ELA Curriculum	--	2,945
EOCs Student Accountability	14,353	14,374
FL Standards Review	--	23,272
Gifted Education Policies	11,694	11,694
Grade Inflation	--	25,594
High-Achieving Elementary Schools	--	159,976
International Frameworks	40,771	40,771
Knowledge Matters Campaign	60	60



**THE THOMAS B. FORDHAM FOUNDATION, INC. AND  
THE THOMAS B. FORDHAM INSTITUTE, INC.  
Notes to Financial Statements**

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9. Net Assets with donor restrictions (continued)

Leveraging ESSA	--	16,098
Moonshot for Kids	17,617	35,744
Ohio Charter School Implementation	5,000	5,000
Ohio Public Conferences	2,294	2,294
Ohio School Choice	103,690	104,478
Ohio School Closures	8,960	8,960
Ohio School Funding Coalition	125,000	--
Ohio Speakers	566	566
Ohio Standards Coalition	(8)	(8)
Parent Segmenting	16,623	16,623
Parent SEL Study	317,220	--
Past, Present and Future of NAEP	156,003	--
Personalized Pacing Commentary	--	2,650
Red Tape, Fear or Fallacy	28,743	28,743
Research ED	632	5,910
Rochester Charter Schools	5,000	10,175
School Quality in Cincinnati	--	8,000
State Pensions	395	395
Stretching the School Dollar II	--	55,711
Tough Graders	--	10,407
	<u>1,073,131</u>	<u>956,971</u>
Total	<u>\$ 1,073,131</u>	<u>\$ 956,971</u>

10. Conditional Promises to Give

At December 31, 2020 and 2019, the Organization had \$0 and \$436,069, respectively, of promises to give that were made to the Organization, which were conditional on the Organization achieving certain goals. These promises will not be recognized as receivables or revenue until the conditions on which they depend are substantially satisfied.

11. Pension Plan

The Organization has a defined contribution retirement savings plan, which covers all employees who have at least six months of service. Effective November 15, 2011, all new employees will be subject to a revised vesting schedule with contributions fully vesting after three years of service. The Organization contributes, on behalf of each eligible employee, an amount equal to 12% of that employee's salary. In 2020 and 2019, contributions to the retirement plan were \$310,168 and \$287,366, respectively.

12. Related Parties

The Organization retains a law firm affiliated with a member of the Organization's Board of Trustees. The Organization paid \$37,089 and \$34,543 in fees to this firm in 2020 and 2019, respectively.

**THE THOMAS B. FORDHAM FOUNDATION, INC. AND  
THE THOMAS B. FORDHAM INSTITUTE, INC.**  
**Notes to Financial Statements**

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13. Liquidity

The Organization monitors liquidity required to meet its operating needs and other contractual commitments. The Organization's primary source of liquidity at its disposal consists of cash, short-term investments, receivables, equity securities and fixed income securities.

The following table reflects the Organization's financial assets as of December 31, 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date.

Cash	\$ 886,220
Short-term investments	5,640,687
Grants and accounts receivable	1,799,136
Equity securities	29,006,936
Fixed income securities	<u>439,721</u>
 Total financial assets	 37,772,700
 Less: Accounts payable	 (214,893)
Bonds payable, current portion	<u>(322,644)</u>
 Financial assets available to meet cash needs within one year	 <u>\$37,235,163</u>

14. Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Foundation and the Institute are exempt from federal income taxes other than on unrelated business income. At December 31, 2020 and 2019, no provision for income taxes was made as the Organization had no net unrelated business income. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition on the financial statements.

15. Subsequent Events

In preparing these financial statements, the Thomas B. Fordham Foundation and Institute have evaluated events and transactions for potential recognition or disclosure through August 04, 2021, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further disclosure.

SUPPLEMENTAL INFORMATION

**THE THOMAS B. FORDHAM FOUNDATION, INC.**  
**SCHEDULE OF FINANCIAL POSITION**  
**December 31, 2020 and 2019**  
**(EXCLUDING THE THOMAS B. FORDHAM INSTITUTE, INC.)**

	<u>ASSETS</u>	
	<u>2020</u>	<u>2019</u>
Current Assets		
Cash	\$ 313,351	\$ 450,077
Short-term investments	5,627,175	297,207
Investment distribution receivable	1,469,817	--
Accounts receivable from Fordham Institute	475,251	840,947
Other accounts receivable	208,634	83,750
Other assets	<u>12,918</u>	<u>12,918</u>
Total Current Assets	8,107,146	1,684,899
Long-term investments	58,865,022	54,246,207
Building and improvements, net of accumulated depreciation of \$1,339,969 and \$1,278,475	2,272,993	2,334,487
Bond issuance costs, net of accumulated amortization of \$78,038 and \$52,261	231,291	257,068
Furniture and equipment, net of accumulated depreciation of \$233,881 and \$224,879	<u>34,411</u>	<u>36,593</u>
Total Assets	<u>\$ 69,510,863</u>	<u>\$ 58,559,254</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 208,574	\$ 195,177
Bonds payable, current portion	<u>322,644</u>	<u>322,644</u>
Total Current Liabilities	531,218	517,821
Obligation due to interest rate swap	3,166,812	2,561,843
Bonds payable, long-term portion	<u>2,561,310</u>	<u>2,883,955</u>
Total Liabilities	6,259,340	5,963,619
Net Assets - Without Donor Restrictions	<u>63,251,523</u>	<u>52,595,635</u>
Total Net Assets	<u>63,251,523</u>	<u>52,595,635</u>
Total Liabilities and Net Assets	<u>\$ 69,510,863</u>	<u>\$ 58,559,254</u>

See accompanying independent auditor's report.

**THE THOMAS B. FORDHAM FOUNDATION, INC.**  
**SCHEDULE OF ACTIVITIES**  
**For the Years Ended December 31, 2020 and 2019**  
**(EXCLUDING THE THOMAS B. FORDHAM INSTITUTE, INC.)**

	<u>2020</u>	<u>2019</u>
Change in net assets without donor restrictions		
Revenue		
Investment income, net of investment expenses	\$ 11,817,601	\$ 7,963,693
Grants and contributions	484,600	60
Program service fees	724,204	721,244
Other income	9	4,061
Total revenue without donor restrictions	<u>13,026,414</u>	<u>8,689,058</u>
Expenses		
Program Services		
National	311,581	319,287
Ohio	951,237	869,403
Management and general	<u>502,739</u>	<u>665,043</u>
Total Expenses	<u>1,765,557</u>	<u>1,853,733</u>
Change in net assets without donor restrictions before loss on interest rate swap	11,260,857	6,835,325
Loss on interest rate swap	<u>(604,969)</u>	<u>(565,547)</u>
Total change in net assets without donor restrictions	10,655,888	6,269,778
Net assets, beginning of year	<u>52,595,635</u>	<u>46,325,857</u>
Net assets, end of year	<u>\$ 63,251,523</u>	<u>\$ 52,595,635</u>

See accompanying independent auditor's report.

**THE THOMAS B. FORDHAM FOUNDATION, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2020**  
**(EXCLUDING THE THOMAS B. FORDHAM INSTITUTE, INC.)**

	<u>Program</u>			<u>Management &amp; General</u>	<u>Total Expenses</u>
	<u>National</u>	<u>Ohio</u>	<u>Total</u>		
Salaries	\$ 146,097	\$ 414,849	\$ 560,946	\$ 274,349	\$ 835,295
Grants	5,000	185,270	190,270	-	190,270
Occupancy	64,554	55,211	119,765	50,114	169,879
Depreciation and amortization	36,584	31,289	67,873	28,400	96,273
Pension plan contributions	21,811	37,950	59,761	35,586	95,347
Other employee benefits	15,157	43,040	58,197	28,463	86,660
Contracts	--	58,027	58,027	679	58,706
Payroll taxes	10,065	27,641	37,706	18,691	56,397
Accounting fees	--	--	--	38,000	38,000
Legal fees	--	27,573	27,573	6,259	33,832
Insurance	--	23,300	23,300	9,658	32,958
Website and IT	1,064	27,078	28,142	--	28,142
Telephone	4,279	3,659	7,938	3,321	11,259
Miscellaneous	1,767	3,829	5,596	5,529	11,125
Temps/Interns	2,468	2,111	4,579	1,916	6,495
Travel	--	2,817	2,817	873	3,690
Conferences, conventions, meetings	2,735	944	3,679	--	3,679
Supplies	--	986	986	1,485	2,471
Other professional fees	--	--	--	2,386	2,386
Postage and shipping	--	1,206	1,206	100	1,306
Equipment rental and maintenance	--	3,988	3,988	(3,097)	891
Printing and publications	--	469	469	27	496
<b>Total</b>	<b>\$ 311,581</b>	<b>\$ 951,237</b>	<b>\$ 1,262,818</b>	<b>\$ 502,739</b>	<b>\$ 1,765,557</b>

See accompanying independent auditor's report.

**THE THOMAS B. FORDHAM FOUNDATION, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2019  
**(EXCLUDING THE THOMAS B. FORDHAM INSTITUTE, INC.)**

	Program			Management & General	Total Expenses
	<u>National</u>	<u>Ohio</u>	<u>Total</u>		
Salaries	\$ 144,169	\$ 390,506	\$ 534,675	\$ 231,429	\$ 766,104
Moving expenses	--	--	--	216,409	216,409
Grants	5,250	166,667	171,917	-	171,917
Depreciation and amortization	35,452	30,321	65,773	27,522	93,295
Occupancy	56,098	47,979	104,077	43,550	147,627
Other employee benefits	30,443	43,349	73,792	11,251	85,043
Pension plan contributions	28,008	36,120	64,128	14,111	78,239
Travel	--	20,454	20,454	--	20,454
Legal fees	--	16,359	16,359	49,180	65,539
Payroll taxes	9,928	25,662	35,590	15,001	50,591
Accounting fees	--	--	--	39,779	39,779
Contracts	--	29,004	29,004	836	29,840
Website and IT	850	24,148	24,998	--	24,998
Insurance	--	14,884	14,884	--	14,884
Supplies	--	4,746	4,746	5,059	9,805
Miscellaneous	1,898	4,567	6,465	3,222	9,687
Temps/Interns	3,660	3,131	6,791	2,842	9,633
Equipment rental and maintenance	--	5,959	5,959	195	6,154
Conferences, conventions, meetings	1,938	3,053	4,991	--	4,991
Telephone	1,593	1,363	2,956	1,237	4,193
Other professional fees	--	--	--	2,720	2,720
Postage and shipping	--	961	961	529	1,490
Printing and publications	--	170	170	171	341
<b>Total</b>	<b>\$ 319,287</b>	<b>\$ 869,403</b>	<b>\$ 1,188,690</b>	<b>\$ 665,043</b>	<b>\$ 1,853,733</b>

See accompanying independent auditor's report.

**THE THOMAS B. FORDHAM INSTITUTE, INC.**  
**SCHEDULE OF FINANCIAL POSITION**  
**December 31, 2020 and 2019**  
**(EXCLUDING THE THOMAS B. FORDHAM FOUNDATION, INC.)**

	<u>ASSETS</u>		<u>2020</u>		<u>2019</u>
Current Assets					
Cash	\$	572,869	\$	359,801	
Short-term investments		13,512		35,736	
Grants receivable		120,685		448,431	
Other assets		<u>2,654</u>		<u>2,654</u>	
Total Current Assets		709,720		846,622	
Long-term investments		<u>6,286,710</u>		<u>7,594,526</u>	
Total Assets	\$	<u>6,996,430</u>	\$	<u>8,441,148</u>	
 <u>LIABILITIES AND NET ASSETS</u> 					
Total Liabilities					
Accounts payable to Fordham Foundation	\$	475,251	\$	840,947	
Other accounts payable		<u>6,319</u>		<u>12,586</u>	
Total Liabilities		481,570		853,533	
Net Assets					
Net Assets - Without Donor Restrictions		5,441,729		6,630,644	
Net Assets - With Donor Restrictions		<u>1,073,131</u>		<u>956,971</u>	
Total Net Assets		<u>6,514,860</u>		<u>7,587,615</u>	
Total Liabilities and Net Assets	\$	<u>6,996,430</u>	\$	<u>8,441,148</u>	

See accompanying independent auditor's report.



**THE THOMAS B. FORDHAM INSTITUTE, INC.**  
**SCHEDULE OF ACTIVITIES**  
**For the Years Ended December 31, 2020 and 2019**  
**(EXCLUDING THE THOMAS B. FORDHAM FOUNDATION, INC.)**

	<u>2020</u>	<u>2019</u>
Change in net assets without donor restrictions		
Revenue		
Investment income, net of investment expenses	\$ 370,575	\$ 1,172,082
Grants and contributions	632,785	577,499
Other income	17,100	5,816
Total revenue without donor restrictions	<u>1,020,460</u>	<u>1,755,397</u>
Net assets released from restrictions		
Satisfaction of program restrictions	<u>1,398,232</u>	<u>2,120,502</u>
Total support without donor restrictions	2,418,692	3,875,899
Expenses		
Program Services		
National	2,348,762	2,566,349
Ohio	752,316	794,571
Management and general	286,097	127,064
Fund-raising	<u>220,432</u>	<u>238,210</u>
Total Expenses	<u>3,607,607</u>	<u>3,726,194</u>
Change in net assets without donor restrictions	<u>(1,188,915)</u>	<u>149,705</u>
Change in net assets with donor restrictions		
Grants and contributions	1,514,392	1,428,629
Net assets released from restriction	<u>(1,398,232)</u>	<u>(2,120,502)</u>
Change in net assets with donor restrictions	<u>116,160</u>	<u>(691,873)</u>
Change in net assets	(1,072,755)	(542,168)
Net assets, beginning of year	<u>7,587,615</u>	<u>8,129,783</u>
Net assets, end of year	<u>\$ 6,514,860</u>	<u>\$ 7,587,615</u>

**See accompanying independent auditor's report.**

**THE THOMAS B. FORDHAM INSTITUTE, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2020  
**(EXCLUDING THE THOMAS B. FORDHAM FOUNDATION, INC.)**

	Program			Management & General	Fund- raising	Total Expenses
	<u>National</u>	<u>Ohio</u>	<u>Total</u>			
Salaries	\$ 1,128,178	\$ 375,546	\$ 1,503,724	\$ 189,035	\$ 132,857	\$ 1,825,616
Contracts	563,931	173,323	737,254	2,409	19,540	759,203
Occupancy	215,548	56,881	272,429	2,994	23,950	299,373
Pension plan contributions	134,322	45,138	179,460	19,367	15,994	214,821
Other employee benefits	95,245	31,705	126,950	15,959	11,216	154,125
Payroll taxes	77,583	25,826	103,409	13,000	9,136	125,545
Website and IT	28,017	4,116	32,133	2,905	75	35,113
Insurance	24,655	6,506	31,161	342	2,739	34,242
TelephoneConferences, conventions, meetings	23,542	6,212	29,754	327	2,616	32,697
Printing and publications	18,002	13,390	31,392	97	--	31,489
Miscellaneous	8,306	6,198	14,504	9,527	2,189	26,220
Travel	19,695	1,131	20,826	1,714	120	22,660
Equipment rental and maintenance	1,160	776	1,936	13,377	--	15,313
Legal fees	840	98	938	6,713	--	7,651
Grants	4,000	2,000	6,000	-	-	6,000
Telephone	4,962	550	5,512	--	--	5,512
Other professional fees	--	25	25	4,910	--	4,935
Postage and shipping	50	1,927	1,977	937	--	2,914
Temps/Interns	2,102	--	2,102	--	--	2,102
Supplies	(1,376)	968	(408)	2,484	--	2,076
<b>Total</b>	<b>\$ 2,348,762</b>	<b>\$ 752,316</b>	<b>\$ 3,101,078</b>	<b>\$ 286,097</b>	<b>\$ 220,432</b>	<b>\$ 3,607,607</b>

See accompanying independent auditor's report.

**THE THOMAS B. FORDHAM INSTITUTE, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2019**  
**(EXCLUDING THE THOMAS B. FORDHAM FOUNDATION, INC.)**

	Program			Management & General	Fund- raising	Total Expenses
	National	Ohio	Total			
Salaries	\$ 1,218,001	\$ 422,166	\$ 1,640,167	\$ 42,527	\$ 147,151	\$ 1,829,845
Contracts	349,697	120,268	469,965	2,964	210	473,139
Occupancy	299,264	78,972	378,236	4,156	33,252	415,644
Pension plan contributions	139,201	48,248	187,449	4,860	16,817	209,126
Other employee benefits	94,775	32,849	127,624	3,309	11,450	142,383
Payroll taxes	82,832	28,710	111,542	2,892	10,007	124,441
Travel	80,186	11,937	92,123	16,573	3,202	111,898
Grants	100,000	2,000	102,000	-	-	102,000
Website and IT	59,775	8,609	68,384	3,014	--	71,398
Insurance	37,994	10,026	48,020	528	4,222	52,770
Legal fees	33,039	--	33,039	3,871	--	36,910
Miscellaneous	9,976	4,069	14,045	14,844	2,089	30,978
Printing and publications	5,937	15,845	21,782	606	4,273	26,661
Supplies	7,468	1,674	9,142	14,526	159	23,827
Telephone	16,139	3,541	19,680	--	3,859	23,539
Equipment rental and maintenance	16,391	1,534	17,925	4,938	--	22,863
TelephoneConferences, conventions, meetings	13,668	3,607	17,275	190	1,519	18,984
Other professional fees	--	--	--	5,391	--	5,391
Postage and shipping	6	516	522	1,875	--	2,397
Temps/Interns	2,000	--	2,000	--	--	2,000
<b>Total</b>	<b>\$ 2,566,349</b>	<b>\$ 794,571</b>	<b>\$ 3,360,920</b>	<b>\$ 127,064</b>	<b>\$ 238,210</b>	<b>\$ 3,726,194</b>

See accompanying independent auditor's report.