

**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, 2021  
and December 31, 2020**

**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.

**Opinion**

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, 2021 and 2020, 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.

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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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

**Responsibilities of Management for the 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

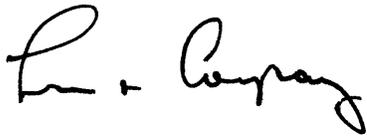
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Emphasis of Matter**

As explained in Note 3, the consolidated financial statements include investments valued at \$36,770,378 and \$35,705,075 at December 31, 2021 and 2020, respectively (forty-four and fifty-one 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 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. A. Company". The signature is written in a cursive, flowing style.

Washington, D.C.  
August 15, 2022

**THE THOMAS B. FORDHAM FOUNDATION, INC. AND  
THE THOMAS B. FORDHAM INSTITUTE, INC.  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ 1,680,083	\$ 886,220
Short-term investments	9,151,399	5,640,687
Grants receivable - current portion	1,650,000	120,685
Investment distribution receivable	--	1,469,817
Accounts receivable	63,269	208,634
Other assets	<u>15,572</u>	<u>15,572</u>
 Total Current Assets	 12,560,323	 8,341,615
 Grants receivable - noncurrent portion	 700,000	 --
Long-term investments	72,983,062	65,151,732
Building and improvements, net of accumulated depreciation of \$1,401,389 and \$1,339,969	2,211,573	2,272,993
Bond issuance costs, net of accumulated amortization of \$103,816 and \$78,038	205,513	231,291
Furniture and equipment, net of accumulated depreciation of \$243,146 and \$233,881	<u>28,514</u>	<u>34,411</u>
 Total Assets	 <u>\$ 88,688,985</u>	 <u>\$ 76,032,042</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 223,659	\$ 214,893
Bonds payable, current portion	322,644	322,644
Advance deposits	<u>370,000</u>	<u>--</u>
 Total Current Liabilities	 916,303	 537,537
 Obligation due to interest rate swap	 2,610,901	 3,166,812
Bonds payable, long-term portion	<u>2,238,666</u>	<u>2,561,310</u>
 Total Liabilities	 5,765,870	 6,265,659
 Net Assets - Without Donor Restrictions	 81,597,248	 68,693,252
Net Assets - With Donor Restrictions	<u>1,325,867</u>	<u>1,073,131</u>
 Total Net Assets	 <u>82,923,115</u>	 <u>69,766,383</u>
 Total Liabilities and Net Assets	 <u>\$ 88,688,985</u>	 <u>\$ 76,032,042</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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Change in net assets without donor restrictions		
Revenue		
Investment income, net of investment expenses	\$ 12,370,406	\$ 12,188,176
Grants and contributions	3,289,700	1,117,385
Program service fees	759,398	724,204
Other income	39,974	17,109
Total revenue without donor restrictions	<u>16,459,478</u>	<u>14,046,874</u>
Net assets released from restrictions		
Satisfaction of program restrictions	<u>1,053,564</u>	<u>1,398,232</u>
Total support without donor restrictions	17,513,042	15,445,106
Expenses		
Program Services		
National	2,408,508	2,660,342
Ohio	1,763,080	1,703,551
Management and general	711,364	788,839
Fund-raising	<u>282,005</u>	<u>220,432</u>
Total Expenses	<u>5,164,957</u>	<u>5,373,164</u>
Change in net assets without donor restrictions before gain/(loss) on interest rate swap	12,348,085	10,071,942
Gain/(loss) on interest rate swap	<u>555,911</u>	<u>(604,969)</u>
Total change in net assets without donor restrictions	<u>12,903,996</u>	<u>9,466,973</u>
Change in net assets with donor restrictions		
Grants and contributions	1,306,300	1,514,392
Net assets released from restriction	<u>(1,053,564)</u>	<u>(1,398,232)</u>
Change in net assets with donor restrictions	<u>252,736</u>	<u>116,160</u>
Change in net assets	13,156,732	9,583,133
Net assets, beginning of year	<u>69,766,383</u>	<u>60,183,250</u>
Net assets, end of year	<u>\$ 82,923,115</u>	<u>\$ 69,766,383</u>

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**THE THOMAS B. FORDHAM FOUNDATION, INC. AND  
THE THOMAS B. FORDHAM INSTITUTE, INC.  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2021**

	<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	\$ 1,190,978	\$ 928,249	\$ 2,119,227	\$ 406,430	\$ 183,803	\$ 2,709,460
Contracts	423,093	196,111	619,204	2,539	17,447	639,190
Occupancy	269,195	104,879	374,074	47,369	23,552	444,995
Pension plan contributions	134,574	98,592	233,166	36,494	19,571	289,231
Other employee benefits	94,417	79,922	174,339	37,015	13,998	225,352
Grants	14,525	128,405	142,930	--	--	142,930
Payroll taxes	81,528	62,818	144,346	27,294	12,645	184,285
Depreciation and amortization	36,656	31,350	68,006	28,457	--	96,463
Insurance	41,178	29,892	71,070	572	4,575	76,217
Website and IT	28,548	25,274	53,822	5,608	2,737	62,167
Miscellaneous	19,712	18,332	38,044	18,743	600	57,387
Telephone	32,459	11,732	44,191	4,533	3,011	51,735
Legal fees	304	25,767	26,071	7,460	--	33,531
Accounting fees	--	--	--	37,000	--	37,000
Other professional fees	23	--	23	26,424	--	26,447
Printing and publications	18,610	6,174	24,784	--	--	24,784
Travel	5,449	4,980	10,429	5,109	--	15,538
Equipment rental and maintenance	1,827	6,314	8,141	4,161	--	12,302
Conferences, conventions, meetings	1,200	1,649	2,849	9,587	--	12,436
Temps/Interns	13,563	--	13,563	--	--	13,563
Supplies	436	1,006	1,442	4,231	--	5,673
Postage and shipping	233	1,634	1,867	2,338	66	4,271
<b>Total</b>	<b>\$ 2,408,508</b>	<b>\$ 1,763,080</b>	<b>\$ 4,171,588</b>	<b>\$ 711,364</b>	<b>\$ 282,005</b>	<b>\$ 5,164,957</b>

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part of these financial statements.

**THE THOMAS B. FORDHAM FOUNDATION, INC. AND  
THE THOMAS B. FORDHAM INSTITUTE, INC.  
CONSOLIDATED STATEMENT 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
Miscellaneous	10,073	10,027	20,100	15,056	2,189	37,345
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
Other professional fees	--	25	25	7,296	--	7,321
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
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>

The accompanying notes are an integral  
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**THE THOMAS B. FORDHAM FOUNDATION INC. AND  
THE THOMAS B. FORDHAM INSTITUTE, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 13,156,732	\$ 9,583,133
Adjustment to reconcile change in net assets to net cash provided by/(used in) operating activities		
Depreciation and amortization	96,463	96,273
Realized and unrealized gains on investments	(11,175,464)	(12,354,381)
(Gain)/loss on interest rate swap	(555,911)	604,969
Changes in assets and liabilities		
Grants receivable - current and noncurrent portions	(2,229,315)	327,746
Investment distribution receivable	1,469,817	(1,469,817)
Accounts receivable	145,365	(124,884)
Accounts payable and accrued expenses	8,766	7,130
Advance deposits	370,000	--
Net Cash Provided by/(Used in) Operating Activities	<u>1,286,453</u>	<u>(3,329,831)</u>
Cash Flows from Investing Activities		
Acquisition of fixed assets	(3,368)	(6,820)
Purchase of investments	(19,541,782)	(8,788,478)
Sale of investments	19,375,204	12,524,115
Net Cash (Used in)/Provided by Investing Activities	<u>(169,946)</u>	<u>3,728,817</u>
Cash Flows from Financing Activities		
Bonds redeemed/Principal payments on bonds	<u>(322,644)</u>	<u>(322,644)</u>
Net Cash Used in Financing Activities	<u>(322,644)</u>	<u>(322,644)</u>
Net change in Cash	793,863	76,342
Cash, beginning of year	<u>886,220</u>	<u>809,878</u>
Cash, end of year	<u>\$ 1,680,083</u>	<u>\$ 886,220</u>
Supplemental disclosure		
Amounts expended for interest	<u>\$ 274,299</u>	<u>\$ 271,441</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.

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**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 based on the usage of staff time on these functional categories.

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  
THE THOMAS B. FORDHAM INSTITUTE, INC.  
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 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>2021</u>			
	<u>Foundation</u>	<u>Institute</u>	<u>Total</u>
Equity securities	\$ 30,657,190	\$ 5,101,580	\$ 35,758,770
Fixed income securities	--	453,914	453,914
Other investments	35,980,256	790,122	36,770,378
Money market accounts	9,129,029	22,370	9,151,399
Total	<u>\$ 75,766,475</u>	<u>\$ 6,367,986</u>	<u>\$ 82,134,461</u>
 <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>

**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>2021</u>	<u>Foundation</u>	<u>Institute</u>	<u>Total</u>
Dividends and interest	\$ 1,823,576	\$ 296,929	\$ 2,120,505
Net realized and unrealized gains	10,191,568	983,896	11,175,464
Less: Investment expenses	<u>(912,783)</u>	<u>(12,780)</u>	<u>(925,563)</u>
Total	<u>\$ 11,102,361</u>	<u>\$ 1,268,045</u>	<u>\$ 12,370,406</u>
<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>

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>2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities	\$ 35,758,770	\$ --	\$ --	\$ 35,758,770
Fixed income securities	453,914	--	--	453,914
Other investments	--	--	36,770,378	36,770,378
Money market accounts	9,151,399	--	--	9,151,399
Total	<u>\$ 45,364,083</u>	<u>\$ --</u>	<u>\$ 36,770,378</u>	<u>\$ 82,134,461</u>

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

4. Fair Value Measurement (continued)

<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>5,640,687</u>
Total	<u>\$ 35,087,344</u>	<u>\$ --</u>	<u>\$ 35,705,075</u>	<u>\$ 70,792,419</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, 2020	\$ 35,705,075
Appreciation in value	7,297,754
Purchases and sales, net	<u>(6,232,451)</u>
Value as of December 31, 2021	<u>\$ 36,770,378</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, 2021 and 2020, grants receivable consisted of the following:

	<u>2021</u>	<u>2020</u>
Due in less than one year:		
Gates Foundation	\$ 600,000	\$ --
Walton Family Foundation	600,000	--
Smith Richardson Foundation	200,000	--
Calder Foundation	150,000	--
Kovner Foundation	100,000	--
Carnegie Corporation of New York	--	85,300
Hewlett Foundation	--	30,000
Joseph Klein	--	5,000
Government of the District of Columbia	<u>--</u>	<u>385</u>
Grants Receivable – current portion	<u>\$1,650,000</u>	<u>\$ 120,685</u>
Due in one to five years:		
Walton Family Foundation	\$ 600,000	\$ --
Kovner Foundation	<u>100,000</u>	<u>--</u>
Grants Receivable – noncurrent portion	<u>\$ 700,000</u>	<u>\$ --</u>

The Organization elected to not record a discount to present value for the noncurrent receivables due to the resulting discount being immaterial to the consolidated financial statements.

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

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6. Property and Equipment

Building and Improvements

The Foundation owns a 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.

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

At December 31, 2021 and 2020, building and improvements consisted of the following:

	<u>2021</u>	<u>2020</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>(1,401,389)</u>	<u>(1,339,969)</u>
Net, building and improvements	<u>\$ 2,211,573</u>	<u>\$ 2,272,993</u>

Total amortization and depreciation expense was \$61,420 and \$61,494 in 2021 and 2020, 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, 2021 and 2020, furniture and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Furniture and Equipment	\$ 271,660	\$ 268,292
Less: Accumulated Depreciation	<u>(243,146)</u>	<u>(233,881)</u>
Total, Furniture and Equipment	<u>\$ 28,514</u>	<u>\$ 34,411</u>

Total depreciation expense was \$9,265 and \$9,002 in 2020 and 2020, 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 (now Truist) 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:

2022	\$	322,644
2023		322,644
2024		322,644
2025		322,644
2026 and thereafter		<u>1,271,734</u>
Total	\$	<u>2,562,310</u>

In a separate agreement with SunTrust Bank (now Truist) 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 a gain of \$555,911 in 2021 and a loss of \$604,969 in 2020. At December 31, 2021 and 2020, the liability associated with the swap agreement was valued at \$2,610,901 and \$3,166,812, respectively. The value of this interest rate swap is based on an estimate from Truist and is treated as a derivative instrument in accordance with Accounting Standards Codification 815. The liability reported by Truist does not necessarily reflect Fordham’s true cost should it wish to terminate the swap agreement.

The Foundation’s interest expense for 2021 and 2020 was \$274,299 and \$271,441, 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, 2021.

**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, Ohio, expiring in 2024. The organization has two operating leases for office equipment expiring at year end 2022 and in 2026.

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

2022	\$	46,439
2023		46,986
2024		24,922
2025		8,260
2026		<u>8,260</u>
Total	\$	<u>134,867</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 \$444,995 and \$469,252 in 2021 and 2020, respectively.

The organization has capital call commitments in connection to their alternative investments. As of December 31, 2021, total capital commitments are \$10,820,293 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>2021</u>	<u>2020</u>
National Policy Programs	\$ 1,309,051	\$ 827,629
Ohio Policy Programs	<u>16,816</u>	<u>245,502</u>
Total	<u>\$ 1,325,867</u>	<u>\$ 1,073,131</u>

10. Advance Deposits

Advance deposits represent amounts received by the Organization in connection with conditional grant agreements that have not been fully met and so cannot be recognized as revenue in 2021. Once these conditions are met, the amounts will become grant revenue.

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

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11. Pension Plan

The Organization has a defined contribution retirement savings plan, which covers all employees who have at least six months of service. All new employees are subject to a 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 2021 and 2020, contributions to the retirement plan were \$289,232 and \$310,168, respectively.

12. Related Parties

The Organization retains a law firm affiliated with a member of the Organization's Board of Trustees. The Organization paid \$33,227 and \$37,089 in fees to this firm in 2021 and 2020, respectively.

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, 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date.

Cash	\$ 1,680,083
Short-term investments	9,151,399
Grants and accounts receivable	1,713,269
Equity securities	35,758,770
Fixed income securities	<u>453,914</u>
Total financial assets	48,757,435
Less: Accounts payable and accrued expenses	(223,659)
Bonds payable, current portion	<u>(322,644)</u>
Financial assets available to meet cash needs within one year	<u>\$48,211,132</u>

Continued

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

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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, 2021 and 2020, 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.

14. 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 15, 2022, 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, 2021 and 2020**  
**(EXCLUDING THE THOMAS B. FORDHAM INSTITUTE, INC.)**

	<u>ASSETS</u>	
	<u>2021</u>	<u>2020</u>
Current Assets		
Cash	\$ 389,136	\$ 313,351
Short-term investments	9,129,029	5,627,175
Investment distribution receivable	--	1,469,817
Accounts receivable from Fordham Institute	577,200	475,251
Other accounts receivable	63,269	208,634
Other assets	<u>12,918</u>	<u>12,918</u>
Total Current Assets	10,171,552	8,107,146
Long-term investments	66,637,445	58,865,022
Building and improvements, net of accumulated depreciation of \$1,401,389 and \$1,339,969	2,211,573	2,272,993
Bond issuance costs, net of accumulated amortization of \$103,816 and \$78,038	205,513	231,291
Furniture and equipment, net of accumulated depreciation of \$243,146 and \$233,881	<u>28,514</u>	<u>34,411</u>
Total Assets	<u>\$ 79,254,597</u>	<u>\$ 69,510,863</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 156,412	\$ 208,574
Bonds payable, current portion	<u>322,644</u>	<u>322,644</u>
Total Current Liabilities	479,056	531,218
Obligation due to interest rate swap	2,610,901	3,166,812
Bonds payable, long-term portion	<u>2,238,666</u>	<u>2,561,310</u>
Total Liabilities	5,328,623	6,259,340
Net Assets - Without Donor Restrictions	<u>73,925,974</u>	<u>63,251,523</u>
Total Net Assets	<u>73,925,974</u>	<u>63,251,523</u>
Total Liabilities and Net Assets	<u>\$ 79,254,597</u>	<u>\$ 69,510,863</u>

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

**THE THOMAS B. FORDHAM FOUNDATION, INC.**  
**SCHEDULE OF ACTIVITIES**  
**For the Years Ended December 31, 2021 and 2020**  
**(EXCLUDING THE THOMAS B. FORDHAM INSTITUTE, INC.)**

	<u>2021</u>	<u>2020</u>
Change in net assets without donor restrictions		
Revenue		
Investment income, net of investment expenses	\$ 11,102,361	\$ 11,817,601
Grants and contributions	--	484,600
Program service fees	759,398	724,204
Other income	--	9
Total revenue without donor restrictions	<u>11,861,759</u>	<u>13,026,414</u>
Expenses		
Program Services		
National	344,777	311,581
Ohio	893,042	951,237
Management and general	<u>505,400</u>	<u>502,739</u>
Total Expenses	<u>1,743,219</u>	<u>1,765,557</u>
Change in net assets without donor restrictions before loss on interest rate swap	10,118,540	11,260,857
Gain/(loss) on interest rate swap	<u>555,911</u>	<u>(604,969)</u>
Total change in net assets without donor restrictions	10,674,451	10,655,888
Net assets, beginning of year	<u>63,251,523</u>	<u>52,595,635</u>
Net assets, end of year	<u>\$ 73,925,974</u>	<u>\$ 63,251,523</u>

See accompanying independent auditor's report.

**THE THOMAS B. FORDHAM FOUNDATION, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2021**  
**(EXCLUDING THE THOMAS B. FORDHAM INSTITUTE, INC.)**

	Program			Management & General	Total Expenses
	<u>National</u>	<u>Ohio</u>	<u>Total</u>		
Salaries	\$ 177,200	\$ 440,145	\$ 617,345	\$ 289,117	\$ 906,462
Occupancy	57,225	48,942	106,167	44,425	150,592
Grants	10,000	126,300	136,300	--	136,300
Depreciation and amortization	36,656	31,350	68,006	28,457	96,463
Other employee benefits	17,211	42,750	59,961	28,081	88,042
Pension plan contributions	16,377	40,080	56,457	26,721	83,178
Payroll taxes	11,782	29,237	41,019	19,223	60,242
Contracts	--	43,779	43,779	635	44,414
Accounting fees	--	--	--	37,000	37,000
Legal fees	--	25,767	25,767	7,274	33,041
Website and IT	38	22,940	22,978	1,374	24,352
Insurance	--	19,025	19,025	--	19,025
Miscellaneous	--	11,290	11,290	5,829	17,119
Telephone	5,355	4,580	9,935	4,157	14,092
Temps/Interns	12,933	--	12,933	--	12,933
Other professional fees	--	--	--	6,642	6,642
Equipment rental and maintenance	--	3,819	3,819	36	3,855
Conferences, conventions, meetings	--	500	500	2,945	3,445
Travel	--	1,695	1,695	1,277	2,972
Supplies	--	727	727	1,602	2,329
Postage and shipping	--	116	116	605	721
<b>Total</b>	<b>\$ 344,777</b>	<b>\$ 893,042</b>	<b>\$ 1,237,819</b>	<b>\$ 505,400</b>	<b>\$ 1,743,219</b>

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
Occupancy	64,554	55,211	119,765	50,114	169,879
Grants	5,000	185,270	190,270	--	190,270
Depreciation and amortization	36,584	31,289	67,873	28,400	96,273
Other employee benefits	15,157	43,040	58,197	28,463	86,660
Pension plan contributions	21,811	37,950	59,761	35,586	95,347
Payroll taxes	10,065	27,641	37,706	18,691	56,397
Contracts	--	58,027	58,027	679	58,706
Accounting fees	--	--	--	38,000	38,000
Legal fees	--	27,573	27,573	6,259	33,832
Website and IT	1,064	27,078	28,142	--	28,142
Insurance	--	23,300	23,300	9,658	32,958
Miscellaneous	1,767	3,829	5,596	5,529	11,125
Telephone	4,279	3,659	7,938	3,321	11,259
Temps/Interns	2,468	2,111	4,579	1,916	6,495
Other professional fees	--	--	--	2,386	2,386
Equipment rental and maintenance	--	3,988	3,988	(3,097)	891
Conferences, conventions, meetings	2,735	944	3,679	--	3,679
Travel	--	2,817	2,817	873	3,690
Supplies	--	986	986	1,485	2,471
Postage and shipping	--	1,206	1,206	100	1,306
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 INSTITUTE, INC.**  
**SCHEDULE OF FINANCIAL POSITION**  
**December 31, 2021 and 2020**  
**(EXCLUDING THE THOMAS B. FORDHAM FOUNDATION, INC.)**

	<u>ASSETS</u>	
	<u>2021</u>	<u>2020</u>
Current Assets		
Cash	\$ 1,290,947	\$ 572,869
Short-term investments	22,370	13,512
Grants receivable - current portion	1,650,000	120,685
Other assets	2,654	2,654
Total Current Assets	2,965,971	709,720
Grants receivable - noncurrent portion	700,000	--
Long-term investments	6,345,617	6,286,710
Total Assets	\$ 10,011,588	\$ 6,996,430
<u>LIABILITIES AND NET ASSETS</u>		
Total Liabilities		
Accounts payable to Fordham Foundation	\$ 577,200	\$ 475,251
Other accounts payable	67,247	6,319
Advance deposits	370,000	--
Total Liabilities	1,014,447	481,570
Net Assets		
Net Assets - Without Donor Restrictions	7,671,274	5,441,729
Net Assets - With Donor Restrictions	1,325,867	1,073,131
Total Net Assets	8,997,141	6,514,860
Total Liabilities and Net Assets	\$ 10,011,588	\$ 6,996,430

See accompanying independent auditor's report.

**THE THOMAS B. FORDHAM INSTITUTE, INC.**  
**SCHEDULE OF ACTIVITIES**  
**For the Years Ended December 31, 2021 and 2020**  
**(EXCLUDING THE THOMAS B. FORDHAM FOUNDATION, INC.)**

	<u>2021</u>	<u>2020</u>
Change in net assets without donor restrictions		
Revenue		
Investment income, net of investment expenses	\$ 1,268,045	\$ 370,575
Grants and contributions	3,289,700	632,785
Other income	39,974	17,100
Total revenue without donor restrictions	<u>4,597,719</u>	<u>1,020,460</u>
Net assets released from restrictions		
Satisfaction of program restrictions	<u>1,053,564</u>	<u>1,398,232</u>
Total support without donor restrictions	5,651,283	2,418,692
Expenses		
Program Services		
National	2,063,731	2,348,762
Ohio	870,038	752,316
Management and general	205,964	286,097
Fund-raising	<u>282,005</u>	<u>220,432</u>
Total Expenses	<u>3,421,738</u>	<u>3,607,607</u>
Change in net assets without donor restrictions	<u>2,229,545</u>	<u>(1,188,915)</u>
Change in net assets with donor restrictions		
Grants and contributions	1,306,300	1,514,392
Net assets released from restriction	<u>(1,053,564)</u>	<u>(1,398,232)</u>
Change in net assets with donor restrictions	<u>252,736</u>	<u>116,160</u>
Change in net assets	2,482,281	(1,072,755)
Net assets, beginning of year	<u>6,514,860</u>	<u>7,587,615</u>
Net assets, end of year	<u>\$ 8,997,141</u>	<u>\$ 6,514,860</u>

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

**THE THOMAS B. FORDHAM INSTITUTE, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2021  
**(EXCLUDING THE THOMAS B. FORDHAM FOUNDATION, INC.)**

	<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	\$ 1,013,778	\$ 488,104	\$ 1,501,882	\$ 117,313	\$ 183,803	\$ 1,802,998
Contracts	423,093	152,332	575,425	1,904	17,447	594,776
Occupancy	211,970	55,937	267,907	2,944	23,552	294,403
Pension plan contributions	118,197	58,512	176,709	9,773	19,571	206,053
Other employee benefits	77,206	37,172	114,378	8,934	13,998	137,310
Payroll taxes	69,746	33,581	103,327	8,071	12,645	124,043
Insurance	41,178	10,867	52,045	572	4,575	57,192
Miscellaneous	19,712	7,042	26,754	12,914	600	40,268
Website and IT	28,510	2,334	30,844	4,234	2,737	37,815
Conferences, conventions, meetings	27,104	7,152	34,256	376	3,011	37,643
Printing and publications	18,610	6,174	24,784	--	--	24,784
Other professional fees	23	--	23	19,782	--	19,805
Travel	5,449	3,285	8,734	3,832	--	12,566
Telephone	1,200	1,149	2,349	6,642	--	8,991
Equipment rental and maintenance	1,827	2,495	4,322	4,125	--	8,447
Grants	4,525	2,105	6,630	--	--	6,630
Postage and shipping	233	1,518	1,751	1,733	66	3,550
Supplies	436	279	715	2,629	--	3,344
Legal fees	304	--	304	186	--	490
Temps/Interns	630	--	630	--	--	630
<b>Total</b>	<b>\$ 2,063,731</b>	<b>\$ 870,038</b>	<b>\$ 2,933,769</b>	<b>\$ 205,964</b>	<b>\$ 282,005</b>	<b>\$ 3,421,738</b>

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.)**

	<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	\$ 1,128,178	\$ 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
Insurance	24,655	6,506	31,161	342	2,739	34,242
Miscellaneous	8,306	6,198	14,504	9,527	2,189	26,220
Website and IT	28,017	4,116	32,133	2,905	75	35,113
Conferences, 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
Other professional fees	--	25	25	4,910	--	4,935
Travel	19,695	1,131	20,826	1,714	120	22,660
Telephone	4,962	550	5,512	--	--	5,512
Equipment rental and maintenance	1,160	776	1,936	13,377	--	15,313
Grants	4,000	2,000	6,000	--	--	6,000
Postage and shipping	50	1,927	1,977	937	--	2,914
Supplies	(1,376)	968	(408)	2,484	--	2,076
Legal fees	840	98	938	6,713	--	7,651
Temps/Interns	2,102	--	2,102	--	--	2,102
<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.