

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, 2015  
and December 31, 2014

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 not-for-profit supporting organization, and The Thomas B. Fordham Institute, Inc. (the Institute), an Ohio publicly supported not-for-profit corporation (together, the Organization), which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

*Management's Responsibility for the 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.

*Emphasis of Matter*

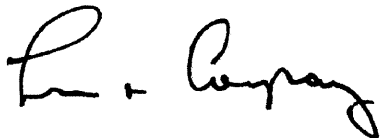
As explained in Note 3, the consolidated financial statements include investments valued at \$19,117,954 and \$20,730,843 at December 31, 2015 and 2014, respectively (thirty-seven and thirty-eight percent of net assets, respectively), whose fair values have been estimated by management in the absence 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.

*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, 2015 and 2014, 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.

*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 schedule of functional expenses, as well as the 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 "P. + Company". The signature is written in a cursive, flowing style.

Washington, D.C.  
July 27, 2016

**THE THOMAS B. FORDHAM FOUNDATION, INC. AND  
THE THOMAS B. FORDHAM INSTITUTE, INC.  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
December 31, 2015 and 2014**

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,651,103	\$ 4,131,974
Short-term investments	627,646	771,776
Grants receivable	850,000	235,000
Accounts receivable	117,565	78,579
Other assets	<u>15,341</u>	<u>14,796</u>
 Total Current Assets	 5,261,655	 5,232,125
 Grants receivable	 300,000	 100,000
Long-term investments	49,569,866	52,861,782
Building and improvements, net of accumulated depreciation of \$1,344,401 and \$1,159,461	4,964,586	5,087,282
Bond issuance costs, net of accumulated amortization of \$88,861 and \$78,006	235,417	246,272
Furniture and equipment, net of accumulated depreciation of \$198,314 and \$171,668	<u>102,185</u>	<u>115,476</u>
 Total Assets	 <u>\$ 60,433,709</u>	 <u>\$ 63,642,937</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<b>Current Liabilities</b>		
Accounts payable	<u>\$ 80,537</u>	<u>\$ 149,803</u>
 Total Current Liabilities	 80,537	 149,803
 Obligation due to interest rate swap	 2,598,716	 2,503,676
Bonds payable	<u>6,300,000</u>	<u>6,300,000</u>
 Total Liabilities	 8,979,253	 8,953,479
 Net Assets - Unrestricted	 49,215,968	 52,164,532
Net Assets - Temporarily Restricted	<u>2,238,488</u>	<u>2,524,926</u>
 Total Net Assets	 <u>51,454,456</u>	 <u>54,689,458</u>
 Total Liabilities and Net Assets	 <u>\$ 60,433,709</u>	 <u>\$ 63,642,937</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, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Change in unrestricted net assets		
Revenue		
Investment income/(losses)	\$ (2,031,171)	\$ 2,479,878
Grants and contributions	2,076,500	773,000
Program service fees	528,430	463,599
Other income	7,526	33,208
Total unrestricted revenue	<u>581,285</u>	<u>3,749,685</u>
Net assets released from restrictions		
Satisfaction of program restrictions	<u>2,777,258</u>	<u>2,410,392</u>
Total unrestricted support	3,358,543	6,160,077
Expenses		
Program Services		
National	3,414,466	2,882,099
Ohio	1,705,312	1,364,166
Management and general	922,745	1,498,119
Fund-raising	169,544	176,695
Total Expenses	<u>6,212,067</u>	<u>5,921,079</u>
Change in unrestricted net assets before gain on interest rate swap	(2,853,524)	238,998
Loss on interest rate swap	<u>(95,040)</u>	<u>(1,018,624)</u>
Total change in unrestricted net assets	<u>(2,948,564)</u>	<u>(779,626)</u>
Change in temporarily restricted net assets		
Grants and contributions	2,490,820	2,693,864
Net assets released from restriction	<u>(2,777,258)</u>	<u>(2,410,392)</u>
Change in temporarily restricted net assets	<u>(286,438)</u>	<u>283,472</u>
Change in net assets	(3,235,002)	(496,154)
Net assets, beginning of year	<u>54,689,458</u>	<u>55,185,612</u>
Net assets, end of year	<u>\$ 51,454,456</u>	<u>\$ 54,689,458</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 CASH FLOWS  
For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (3,235,002)	\$ (496,154)
Adjustment to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	222,441	199,967
Realized and unrealized (gains)/losses on investments	3,361,975	(1,412,088)
Loss on interest rate swap	95,040	1,018,624
Changes in assets and liabilities		
Accounts receivable	(38,986)	(19,529)
Grants receivable	(815,000)	535,000
Other assets	(545)	--
Accounts payable	<u>(69,266)</u>	<u>109,300</u>
Net Cash Used in Operating Activities	(479,343)	(64,880)
Cash Flows from Investing Activities		
Acquisition of fixed assets and capital improvements	(75,599)	(129,357)
Purchase of investments	(6,073,488)	(7,945,662)
Sale of investments	<u>6,147,559</u>	<u>8,207,020</u>
Net Cash Provided by/(Used in) Investing Activities	<u>(1,528)</u>	<u>132,001</u>
Net change in Cash and Cash Equivalents	(480,871)	67,121
Cash and Cash Equivalents, beginning of year	<u>4,131,974</u>	<u>4,064,853</u>
Cash and Cash Equivalents, end of year	<u>\$ 3,651,103</u>	<u>\$ 4,131,974</u>
Supplemental disclosure		
Amounts expended for interest	<u>\$ 278,657</u>	<u>\$ 282,682</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 13 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 Foundation and Institute believe that all children deserve a high quality K-12 education at the school of their choice. Nationally and in our home state of Ohio, we strive to close America's vexing achievement gaps by raising standards, strengthening accountability, and expanding education options for parents and families.

Our work is grounded in these convictions:

- all parents should have the opportunity to select among a variety of high-quality schools for their children;
- the path to increased student learning is to set ambitious standards, employ rigorous assessments, and hold students, teachers and schools accountable for performance;
- every school should deliver a content-rich curriculum taught by knowledgeable teachers; and
- schools exist to meet the educational needs of children, not the interests of institutions or adults.

We advance the reform of American education by:

- engaging in solid research and provocative analysis;
- disseminating information and ideas that shape the debate;
- supporting quality schools and organizations in Dayton, Ohio, and across the nation;
- sponsoring charter schools in Ohio and building their academic excellence; and
- informing policy makers at every level about promising solutions to pressing education problems.

**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:

*Unrestricted net assets* - Unrestricted net assets result from revenues and other inflows of assets whose use by the Organization is not limited by donor-imposed restrictions.

*Temporarily restricted net assets* - Temporarily restricted net assets 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 and Cash Equivalents

Cash and cash equivalents include cash in bank accounts and short-term investments with original maturities of less than three months at the date of purchase. Accounts at each institution are insured up to \$250,000 by the Federal Deposit Insurance Corporation.

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.

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

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>2015</u>	<u>Foundation</u>	<u>Institute</u>	<u>Total</u>
Equity securities	\$ 22,885,024	\$ 5,187,446	\$ 28,072,470
Bonds	1,238,902	1,140,540	2,379,442
Other investments	19,046,588	71,366	19,117,954
Money market accounts	584,196	43,450	627,646
Total	<u>\$ 43,754,710</u>	<u>\$ 6,442,802</u>	<u>\$ 50,197,512</u>

<u>2014</u>	<u>Foundation</u>	<u>Institute</u>	<u>Total</u>
Equity securities	\$ 23,954,673	\$ 5,263,865	\$ 29,218,538
Bonds	1,490,618	1,421,783	2,912,401
Other investments	20,615,601	115,242	20,730,843
Money market accounts	688,928	82,848	771,776
Total	<u>\$ 46,749,820</u>	<u>\$ 6,883,738</u>	<u>\$ 53,633,558</u>

Investment income consisted of the following:

<u>2015</u>	<u>Foundation</u>	<u>Institute</u>	<u>Total</u>
Dividends and interest	\$ 1,018,493	\$ 312,311	\$ 1,330,804
Net realized and unrealized loss	<u>(2,608,727)</u>	<u>(753,248)</u>	<u>(3,361,975)</u>
Total	<u>\$ (1,590,234)</u>	<u>\$ (440,937)</u>	<u>\$ (2,031,171)</u>

<u>2014</u>	<u>Foundation</u>	<u>Institute</u>	<u>Total</u>
Dividends and interest	\$ 816,795	\$ 250,995	\$ 1,067,790
Net realized and unrealized gains	<u>1,355,008</u>	<u>57,080</u>	<u>1,412,088</u>
Total	<u>\$ 2,171,803</u>	<u>\$ 308,075</u>	<u>\$ 2,479,878</u>

Continued

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

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>2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities	\$ 28,072,470	\$ --	\$ --	\$ 28,072,470
Bonds	2,379,442	--	--	2,379,442
Other investments	--	--	19,117,954	19,117,954
Money market accounts	627,646	--	--	627,646
Total	<u>\$ 31,079,558</u>	<u>\$ --</u>	<u>\$ 19,117,954</u>	<u>\$ 50,197,512</u>

<u>2014</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities	\$ 29,218,538	\$ --	\$ --	\$ 29,218,538
Bonds	2,912,401	--	--	2,912,401
Other investments	--	--	20,730,843	20,730,843
Money market accounts	771,776	--	--	771,776
Total	<u>\$ 32,902,715</u>	<u>\$ --</u>	<u>\$ 20,730,843</u>	<u>\$ 53,633,558</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, 2014	\$ 20,730,843
Depreciation in value	(193,161)
Purchases and sales, net	<u>(1,419,728)</u>
Value as of December 31, 2015	<u>\$ 19,117,954</u>

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

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

5. Grants Receivable

At December 31, 2015 and 2014, Grants receivable consisted of the following:

	<u>2015</u>	<u>2014</u>
Due in one year or less:		
Stanford University	\$ --	\$ 100,000
Lewis Calder Foundation	200,000	--
Kovner Foundation	100,000	--
Gates Foundation	550,000	--
Schwartz Foundation	--	60,000
Searle Freedom Trust	--	75,000
Due in two to four years:		
Lewis Calder Foundation	200,000	--
Kovner Foundation	<u>100,000</u>	<u>100,000</u>
Total	<u>\$ 1,150,000</u>	<u>\$ 335,000</u>

6. Property and Equipment

Building and Improvements

The Fordham Foundation (the Foundation) owns two floors of an office building in Washington, DC used primarily as office space for the Fordham Foundation and Fordham 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, 2015 and 2014, building and improvements consisted of the following:

	<u>2015</u>	<u>2014</u>
Building	\$ 3,453,481	\$ 3,453,481
Land	1,672,500	1,672,500
Capital Improvements	<u>1,183,006</u>	<u>1,120,762</u>
Total, building and improvements	6,308,987	6,246,743
Less: Accumulated amortization and depreciation	<u>(1,344,401)</u>	<u>(1,159,461)</u>
Net, building and improvements	<u>\$ 4,964,586</u>	<u>\$ 5,087,282</u>

Total amortization and depreciation expense was \$184,940 and \$168,266 in 2015 and 2014, respectively.

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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 (continued)

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, 2015 and 2014, furniture and equipment consisted of the following:

	<u>2015</u>	<u>2014</u>
Furniture and Equipment	\$ 300,499	\$ 287,144
Less: Accumulated Depreciation	<u>(198,314)</u>	<u>(171,668)</u>
Total, Furniture and Equipment	<u>\$ 102,185</u>	<u>\$ 115,476</u>

Total depreciation expense was \$26,646 and \$20,849 in 2015 and 2014, respectively.

7. Bonds Payable and Bond Issuance Costs

The Foundation participated in the District of Columbia's tax-exempt bond program to help with the financing of its building purchase. The amount financed was \$6,300,000. The bonds have a thirty year term and carry a variable interest rate. Costs associated with obtaining this financing have been classified as bond issuance costs on the consolidated statement of financial position and are being amortized over thirty years.

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 a loss of \$95,040 in 2015 and a loss of \$1,018,624 in 2014, respectively. At December 31, 2015 and 2014, the liability associated with the swap agreement was valued at \$2,598,716 and \$2,503,676, 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 loss figure 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 2015 and 2014 was \$278,657 and \$282,682, respectively.

There are a number of financial and operating covenants associated with the bonds and with the Bank's participation in the project, including a requirement for maintaining \$30,000,000 in unrestricted net assets. The Foundation was in compliance with all material terms and conditions of the debt instruments as of December 31, 2015.

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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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8. Commitments

The organization leases office space in Dayton and Columbus, Ohio, expiring in 2019 and 2021 respectively. The organization has operating leases for office equipment expiring in 2017 and 2018.

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

2016	65,633
2017	74,100
2018	68,666
2019	55,703
2020	33,869
2021	<u>8,467</u>
 Total	 <u>\$ 306,438</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 \$548,322 and \$566,761 in 2015 and 2014, respectively.

The organization has capital call commitments in connection to their alternative investments. As of December 31, 2015, total capital commitments are as follows:

Institute	\$ 3,125
Foundation	<u>8,098,647</u>
 Total	 <u>\$ 8,101,772</u>

9. 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 2015 and 2014, contributions to the retirement plan were \$227,246 and \$204,661, respectively.

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

10. Temporarily Restricted Net Assets

At December 31, temporarily restricted net assets were available for the following purposes:

	<u>2015</u>	<u>2014</u>
Common Core Commentary	\$ 120,973	\$ 150,000
Best Cities for School Choice	--	169,498
Defending the Common Core	174,268	223,453
EdChoice Voucher Study	117,725	126,160
International Frameworks	40,771	40,771
Career and Tech Education	52,095	94,584
Core Knowledge Event	3,577	--
Charter Competition	--	41,946
Common Core Set	150,429	318,188
Ohio Public Conferences	12,189	26,515
Red Tape, Fear or Fallacy	28,743	28,743
Charter Access to PreK Funds	--	50,000
Charter Schools at 25	21,251	--
Catholic Schools and Noncognitive Skills	94,736	--
State Pensions	40,671	58,154
Fellows	46,441	95,477
Gifted Education Policies	124,833	178,158
EEPS	12,500	12,500
Education for Upward Mobility	--	20,396
Ohio Speakers	566	566
Ohio Common Core Coalition	111,740	89,128
Ohio Charter Law Rewrite	--	7,906
Parent Segmenting	16,623	16,623
Knowledge Matters Campaign	282,300	--
Ohio School Closures	8,960	21,264
Choice Support	561,298	531,996
Common Core Math Instruction	113,326	107,410
Florida Pensions	50,490	50,490
Teacher Labor Agreements	46,983	60,000
Ohio Charter School Implementation	<u>5,000</u>	<u>5,000</u>
Total	<u>\$ 2,238,488</u>	<u>\$ 2,524,926</u>

11. Related Parties

The Organization retains a law firm affiliated with a member of the Organization's Board of Trustees. The Organization paid \$41,022 and \$43,468 in fees to this firm in 2015 and 2014, respectively.

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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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12. 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, 2015 and 2014, 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.

13. 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 July 27, 2016, 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.

**Continued**

## OTHER FINANCIAL INFORMATION



THE THOMAS B. FORDHAM FOUNDATION, INC. AND  
THE THOMAS B. FORDHAM INSTITUTE, INC.  
CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2015  
(with comparative totals for 2014)

	Program		Management & General	Fund- raising	Total Expenses	2014 Total
	National	Ohio				
Grants	\$ 25,200	\$ 236,000	\$ --	\$ --	\$ 261,200	\$ 310,794
Salaries	1,333,980	535,912	352,476	108,941	2,331,309	2,051,757
Pension plan contributions	148,335	61,094	6,281	11,537	227,247	204,661
Other employee benefits	84,016	80,227	24,097	8,055	196,395	188,774
Payroll taxes	91,695	35,773	20,878	7,373	155,719	136,502
Contracts	930,239	381,936	1,873	--	1,314,048	1,168,334
Brokerage fees	--	--	127,490	--	127,490	328,046
Printing and publications	6,550	6,551	20,325	408	33,834	41,639
Occupancy	357,396	126,086	46,966	17,874	548,322	566,761
Travel	177,272	44,480	73,144	12,216	307,112	197,869
Legal fees	--	16,559	24,464	--	41,023	50,371
Website and IT	33,366	31,415	8,384	--	73,165	84,321
Postage and shipping	926	658	1,997	--	3,581	6,017
Temps/Interns	11,176	5,674	2,916	--	19,766	18,407
Miscellaneous	17,699	9,997	17,643	291	45,630	50,056
Insurance	22,684	14,027	30,626	--	67,337	63,826
Accounting fees	--	--	36,575	134	36,709	37,900
Other professional fees	--	3,598	33,115	--	36,713	3,316
Conferences, conventions, meetings	24,363	10,841	9,158	2,690	47,052	75,735
Telephone	5,511	9,804	12,208	--	27,523	40,858
Supplies	1,047	16,871	25,997	25	43,940	38,894
Equipment rental and maintenance	31,704	8,977	3,830	--	44,511	57,174
Depreciation and amortization	111,307	68,832	42,302	--	222,441	199,967
Total	\$ 3,414,466	\$ 1,705,312	\$ 922,745	\$ 169,544	\$ 6,212,067	
2014 Total	\$ 2,882,099	\$ 1,364,166	\$ 1,498,119	\$ 176,695	\$ 5,921,079	

See accompanying independent auditor's report.

**THE THOMAS B. FORDHAM FOUNDATION, INC.**  
**SCHEDULE OF FINANCIAL POSITION**  
**December 31, 2015 and 2014**  
**(EXCLUDING THE THOMAS B. FORDHAM INSTITUTE, INC.)**

	<u>ASSETS</u>	
	<u>2015</u>	<u>2014</u>
Current Assets		
Cash and cash equivalents	\$ 367,406	\$ 173,596
Short-term investments	584,196	688,928
Accounts receivable from Fordham Institute	295,895	462,800
Other accounts receivable	117,565	78,315
Other assets	<u>12,918</u>	<u>14,796</u>
Total Current Assets	1,377,980	1,418,435
Long-term investments	43,170,514	46,060,892
Building and improvements, net of accumulated depreciation of \$1,344,401 and \$1,159,461	4,964,586	5,087,282
Bond issuance costs, net of accumulated amortization of \$88,861 and \$78,006	235,417	246,272
Furniture and equipment, net of accumulated depreciation of \$184,645 and \$165,810	<u>37,742</u>	<u>43,222</u>
Total Assets	<u>\$ 49,786,239</u>	<u>\$ 52,856,103</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	<u>\$ 49,528</u>	<u>\$ 104,410</u>
Total Current Liabilities	49,528	104,410
Obligation due to interest rate swap	2,598,716	2,503,676
Bonds payable	<u>6,300,000</u>	<u>6,300,000</u>
Total Liabilities	8,948,244	8,908,086
Net Assets - Unrestricted	<u>40,837,995</u>	<u>43,948,017</u>
Total Net Assets	<u>40,837,995</u>	<u>43,948,017</u>
Total Liabilities and Net Assets	<u>\$ 49,786,239</u>	<u>\$ 52,856,103</u>

See accompanying independent auditor's report.

**THE THOMAS B. FORDHAM FOUNDATION, INC.**  
**SCHEDULE OF ACTIVITIES**  
**For the Years Ended December 31, 2015 and 2014**  
**(EXCLUDING THE THOMAS B. FORDHAM INSTITUTE, INC.)**

	<u>2015</u>	<u>2014</u>
Change in unrestricted net assets		
Revenue		
Investment income/(losses)	\$ (1,590,234)	\$ 2,171,803
Program service fees	528,430	463,599
Other income	7,006	29,551
Total unrestricted revenue	<u>(1,054,798)</u>	<u>2,664,953</u>
Expenses		
Program Services		
National	314,306	371,594
Ohio	909,053	668,553
Management and general	<u>736,825</u>	<u>954,761</u>
Total Expenses	<u>1,960,184</u>	<u>1,994,908</u>
Change in unrestricted net assets before gain on interest rate swap	(3,014,982)	670,045
Loss on interest rate swap	<u>(95,040)</u>	<u>(1,018,624)</u>
Total change in unrestricted net assets	(3,110,022)	(348,579)
Net assets, beginning of year	<u>43,948,017</u>	<u>44,296,596</u>
Net assets, end of year	<u>\$ 40,837,995</u>	<u>\$ 43,948,017</u>

See accompanying independent auditor's report.

THE THOMAS B. FORDHAM FOUNDATION, INC.  
SCHEDULE OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2015  
(EXCLUDING THE THOMAS B. FORDHAM INSTITUTE, INC.)  
With Comparative Totals for 2014

	Program		Total	Management & General	Total Expenses	2014 Total
	National	Ohio				
Grants	\$ 20,200	\$ 236,000	\$ 256,200	\$ --	\$ 256,200	\$ 215,820
Salaries	--	289,558	289,558	327,861	617,419	524,587
Pension plan contributions	--	32,409	32,409	5,440	37,849	47,515
Other employee benefits	--	52,850	52,850	24,097	76,947	64,728
Payroll taxes	--	19,263	19,263	20,503	39,766	33,671
Contracts	--	25,008	25,008	--	25,008	35,595
Brokerage fees	--	--	--	124,708	124,708	322,642
Printing and publications	--	147	147	10,162	10,309	10,335
Occupancy	138,531	85,667	224,198	42,927	267,125	229,024
Travel	--	21,437	21,437	42,448	63,885	52,071
Legal fees	--	13,714	13,714	15,212	28,926	37,554
Website and IT	--	21,393	21,393	4,192	25,585	45,252
Postage and shipping	897	555	1,452	278	1,730	3,722
Temps/Interns	9,176	5,674	14,850	2,843	17,693	16,334
Miscellaneous	6,000	5,062	11,062	10,656	21,718	26,566
Insurance	22,684	14,027	36,711	7,029	43,740	41,645
Accounting fees	--	--	--	36,575	36,575	37,000
Other professional fees	--	161	161	4,276	4,437	1,658
Conferences, conventions, meetings	--	2,193	2,193	4,889	7,082	1,717
Telephone	5,511	3,408	8,919	1,708	10,627	20,426
Supplies	--	5,100	5,100	14,615	19,715	16,410
Equipment rental and maintenance	--	6,595	6,595	1,915	8,510	16,527
Depreciation and amortization	111,307	68,832	180,139	34,491	214,630	194,109
<b>Total</b>	<b>\$ 314,306</b>	<b>\$ 909,053</b>	<b>\$ 1,223,359</b>	<b>\$ 736,825</b>	<b>\$ 1,960,184</b>	
<b>2014 Total</b>	<b>\$ 371,594</b>	<b>\$ 668,553</b>	<b>\$ 1,040,147</b>	<b>\$ 954,761</b>		<b>\$ 1,994,908</b>

See accompanying independent auditor's report.

**THE THOMAS B. FORDHAM INSTITUTE, INC.**  
**SCHEDULE OF FINANCIAL POSITION**  
**December 31, 2015 and 2014**  
**(EXCLUDING THE THOMAS B. FORDHAM FOUNDATION, INC.)**

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 3,283,697	\$ 3,958,378
Short-term investments	43,450	82,848
Grants receivable	850,000	235,000
Other receivables	--	264
Other assets	<u>2,423</u>	<u>--</u>
Total Current Assets	4,179,570	4,276,490
Grants receivable	300,000	100,000
Long-term investments	6,399,352	6,800,890
Furniture and equipment, net of accumulated depreciation of \$13,669 and \$5,858	<u>64,443</u>	<u>72,254</u>
Total Assets	<u>\$ 10,943,365</u>	<u>\$ 11,249,634</u>
<u>LIABILITIES AND NET ASSETS</u>		
Total Liabilities		
Accounts payable to Fordham Foundation	\$ 295,895	\$ 462,800
Other accounts payable	<u>31,009</u>	<u>45,393</u>
Total Liabilities	326,904	508,193
Net Assets		
Net Assets - Unrestricted	8,377,973	8,216,515
Net Assets - Temporarily Restricted	<u>2,238,488</u>	<u>2,524,926</u>
Total Net Assets	<u>10,616,461</u>	<u>10,741,441</u>
Total Liabilities and Net Assets	<u>\$ 10,943,365</u>	<u>\$ 11,249,634</u>

See accompanying independent auditor's report.

**THE THOMAS B. FORDHAM INSTITUTE, INC.**  
**SCHEDULE OF ACTIVITIES**  
**For the Years Ended December 31, 2015 and 2014**  
**(EXCLUDING THE THOMAS B. FORDHAM FOUNDATION, INC.)**

	<u>2015</u>	<u>2014</u>
Change in unrestricted net assets		
Revenue		
Investment income/(losses)	\$ (440,937)	\$ 308,075
Grants and contributions	2,076,500	773,000
Other income	520	3,657
Total unrestricted revenue	<u>1,636,083</u>	<u>1,084,732</u>
Net assets released from restrictions		
Satisfaction of program restrictions	<u>2,777,258</u>	<u>2,410,392</u>
Total unrestricted support	4,413,341	3,495,124
Expenses		
Program Services		
National	3,100,160	2,510,505
Ohio	796,259	695,613
Management and general	185,920	543,358
Fund-raising	<u>169,544</u>	<u>176,695</u>
Total Expenses	<u>4,251,883</u>	<u>3,926,171</u>
Change in unrestricted net assets	161,458	(431,047)
Change in temporarily restricted net assets		
Grants and contributions	2,490,820	2,693,864
Net assets released from restriction	<u>(2,777,258)</u>	<u>(2,410,392)</u>
Change in temporarily restricted net assets	<u>(286,438)</u>	<u>283,472</u>
Change in net assets	(124,980)	(147,575)
Net assets, beginning of year	<u>10,741,441</u>	<u>10,889,016</u>
Net assets, end of year	<u>\$ 10,616,461</u>	<u>\$ 10,741,441</u>

See accompanying independent auditor's report.

THE THOMAS B. FORDHAM INSTITUTE, INC.  
SCHEDULE OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2015  
(EXCLUDING THE THOMAS B. FORDHAM FOUNDATION, INC.)  
With Comparative Totals for 2014

	Program		Management & General	Fund- raising	Total Expenses	2014 Total
	National	Ohio				
Grants	\$ 5,000	\$ 5,000	\$ --	\$ --	\$ 5,000	\$ 94,974
Salaries	1,333,980	246,354	24,615	108,941	1,713,890	1,527,170
Pension plan contributions	148,335	28,685	841	11,537	189,398	157,146
Other employee benefits	84,016	27,377	--	8,055	119,448	124,046
Payroll taxes	91,695	16,510	375	7,373	115,953	102,831
Contracts	930,239	356,928	1,873	--	1,289,040	1,132,739
Brokerage fees	--	--	2,782	--	2,782	5,404
Printing and publications	6,550	6,404	10,163	408	23,525	31,304
Occupancy	218,865	40,419	4,039	17,874	281,197	337,737
Travel	177,272	23,043	30,696	12,216	243,227	145,798
Legal fees	--	2,845	9,252	--	12,097	12,817
Website and IT	33,366	10,022	4,192	--	47,580	39,069
Postage and shipping	29	103	1,719	--	1,851	2,295
Temps/Interns	2,000	--	73	--	2,073	2,073
Miscellaneous	11,699	4,935	6,987	291	23,912	23,490
Insurance	--	--	23,597	--	23,597	22,181
Accounting fees	--	--	--	134	134	--
Other professional fees	--	3,437	28,839	--	32,276	1,658
Conferences, conventions, meetings	24,363	8,648	4,269	2,690	39,970	74,018
Telephone	--	6,396	10,500	--	16,896	20,432
Depreciation and amortization	--	--	7,811	--	7,811	5,858
Supplies	1,047	11,771	11,382	25	24,225	22,484
Equipment rental and maintenance	31,704	2,382	1,915	--	36,001	40,647
Total	\$ 3,100,160	\$ 796,259	\$ 185,920	\$ 169,544	\$ 4,251,883	
2014 Total	\$ 2,510,505	\$ 695,613	\$ 543,358	\$ 176,695	\$ 3,926,171	

See accompanying independent auditor's report.  
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