

THE ANDREW GOODMAN FOUNDATION INC

Financial Statements

December 31, 2015

(with Independent Auditor's Report Thereon)

THE ANDREW GOODMAN FOUNDATION INC

Financial Statements

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
The Andrew Goodman Foundation Inc

We have audited the accompanying financial statements of The Andrew Goodman Foundation Inc (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Andrew Goodman Foundation Inc as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*Matthews & Co. LLP*

New York, NY  
August 15, 2016

The Andrew Goodman Foundation Inc  
Statement of Financial Position  
December 31, 2015

Assets

Currents assets:	
Cash and cash equivalent (note 2)	\$ 278,434
Investments at fair value (note 4)	108,790
Investment income receivable	38
Other assets	<u>963</u>
 Total assets	 <u>\$ 388,225</u>

Liabilities and Net Assets

Liabilities:	
Credit card payable	\$ 867
Accrued expenses	<u>3,648</u>
 Total liabilities	 4,515
 Net Assets - unrestricted	 <u>383,710</u>
 Total liability and net assets	 <u>\$ 388,225</u>

See accompanying notes to financial statements.

The Andrew Goodman Foundation Inc  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2015

Revenue:	
Contributions	\$ 482,972
In-kind contributions (note 5)	36,075
Other income	324
Investment income	5,897
Net realized gain	16,073
Net unrealized (loss)	(19,932)
Royalty income, net	<u>242</u>
	<u>521,651</u>
Expenses:	
Program services	377,061
Management and general	69,602
Fundraising	<u>94,082</u>
Total expenses	<u>540,745</u>
Changes in net assets	(19,094)
Net assets at beginning of year	<u>402,804</u>
Net assets at end of year	<u><u>\$ 383,710</u></u>

See accompanying notes to financial statements.

The Andrew Goodman Foundation Inc  
Statement of Cash Flows  
For the Year Ended December 31, 2015

Cash flows from operating activities	
Contribution received	\$ 378,087
Other income received	324
Investment income received	5,639
Royalty income received	11,683
Cash paid for grants and fellowship	(38,481)
Cash paid for royalty	(1,435)
Cash paid for programs	
Hidden Heroes	(141,208)
Vote Everywhere	(170,218)
Cash paid for payroll	(141,286)
Cash paid to vendors	<u>(12,251)</u>
Net cash used in operating activities	<u>(109,146)</u>
 Cash flows from investing activities:	
Proceeds from security	199,308
Purchases of investments	<u>(27,015)</u>
Net cash provided by investing activities	<u>172,293</u>
 Increase in cash	63,147
 Cash and cash equivalent at beginning of year	<u>215,287</u>
 Cash and cash equivalent at end of year	<u>\$ 278,434</u>
 Reconciliation of changes in net assets to cash used in operating activities:	
Changes in net assets	\$ (19,094)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Net gain from sales of investments	(16,073)
Equipment received	(588)
Bad debt expense	9,826
Unrealized loss from investments	19,932
Stock received	(104,297)
(Increased) in assets	
Investment receivable	(38)
Increase (Decrease) in liabilities	
Credit card payable	153
Accrued expenses	<u>1,033</u>
 Net cash used in operating activities	<u>\$ (109,146)</u>

See accompanying notes to financial statements.

The Andrew Goodman Foundation Inc  
Notes to Financial Statements  
December 31, 2015

1. Basis and Nature of activities

The Andrew Goodman Foundation Inc (the "Foundation") was incorporated under the laws of State of New York as a private foundation on May 3, 1966.

The Foundation was established by Robert and Carolyn Goodman to honor their son, and inspire others to become actively involved in the social and economic justice issues of the times.

The Foundation is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation determined by the Internal Revenue Service (the "IRS") to be a "private foundation" within the meaning of the Section 509(a)(1) of the Code.

In December 2011, the Foundation submitted an application to the IRS requesting to terminate its private foundation status and to convert to a public charity. In November 2012, the Foundation received a letter from the IRS, dated November 19, 2012, effective January 1, 2012, the Foundation will be treated as a public charity. Within 90 days after December 31, 2016, the Foundation must prove it has adhered to the Internal Revenue Code section 509(a)(2) as a public charity.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Fair Value Definition and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation follows the provision for fair value measurements which establishes a fair value hierarchy that prioritizes and ranks the input in valuation techniques to measure fair value.

(Continued)

The Andrew Goodman Foundation Inc  
Notes to Financial Statements

2. Continued

Fair Value Definition and Hierarchy, continued

The fair value hierarchy used in measuring fair value maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Foundation. Unobservable inputs reflect the Foundation's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy consists of:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. The Foundation does not adjust the quoted price for these securities even in situations where the Foundation holds a large position and a sale could reasonably impact the quoted price.

Level 2 - Observable market inputs, other than quoted prices within Level 1, for identical or similar assets or liabilities that are observable either directly or indirectly.

Level 3 - Pricing inputs are unobservable and there is little, if any, market activity for the assets or liabilities. The inputs must be used to measure the fair value of an asset or liability when observable inputs are not available because there is little or no market activity for the asset or liability at the measurement date.

Investments

Investments consist principally of publicly traded debt and equity securities. Fair value of investments in securities is based on the last reported sales price at December 31, 2015.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose of the restriction.

Net Assets Classifications

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: Unrestricted Net Assets, Temporarily Restricted Net Assets, and Permanently Restricted Net Assets. Net assets are defined as follows:

Unrestricted net assets - Net assets that are not subject to donor - imposed stipulations or the donor-imposed restrictions have expired.

(Continued)

The Andrew Goodman Foundation Inc  
Notes to Financial Statements

2. Continued

Net Assets Classifications, continued

Temporarily restricted net assets - Net asset subject to donor stipulations that may be fulfilled by the actions of the Foundation to meet the stipulations or become unrestricted at the date of specified by the donor.

Permanently restricted net assets - subject to donor-imposed stipulations that they be retained and invested permanently by the Foundation.

Donated Services

The Foundation receives donated services from a variety of unpaid volunteers assisting the Foundation with its daily operations, events and other activities. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort has not been satisfied.

Advertising Cost

The Foundation expenses advertising cost as they are incurred. Advertising expenses for the year ended December 31, 2015 was \$858.

Income Tax Status

The Foundation is subject to review and audit by Federal and State agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. The Foundation is no longer subject to U.S. Federal and state income tax examinations for the years before 2012.

3. Concentration of the Credit Risk

The Foundation maintains its cash balances in one financial institution. Cash did not exceed federally insured limits at December 31, 2015.

(Continued)

The Andrew Goodman Foundation Inc  
Notes to Financial Statements

4. Fair Value Measurements

The following fair value hierarchy table presents information about the Foundations' investments measured at fair value as of December 31, 2015

	Quoted Prices in Active Market for Identical Assets Level 1	<u>Total</u>
Equity - domestic	\$ <u>108,790</u>	\$ <u>108,790</u>

5. In-kind Contributions

In-kind contributions are recorded at its estimated fair value as of the date of the donation. The total in-kind contributions recognized at December 31, 2015 as follows:

Rent	\$ 26,728
Office expenses	3,658
Telephone	3,863
Utilities	<u>1,826</u>
	<u>\$ 36,075</u>

6. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

7. Related Party Transaction

A board member is a member of North Arrows LLC. During 2015, North Arrows LLC donated general and administrative expenses to the Foundation in the amount of \$36,075. These expenses are allocated to the Foundation based on actual usage. See Note 5 for additional detail.

8. Subsequent Events

Management has reviewed and noted no subsequent events through August 15, 2016, the date the financial statements were available for issue.

The Andrew Goodman Foundation Inc  
Schedule of Functional Expenses  
December 31, 2015

	<u>Hidden Heros</u>	<u>Vote Everywhere</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>
Grants	\$ 15,000	\$	\$ 15,000	\$	\$
Fellowships	23,481		23,481		
Stipends		43,725	43,725		
Training		6,182	6,182		
Other program expenses		34,450	34,450	214	
Salaries and related expenses		68,738	68,738		72,936
Consultants	46,598	30,392	76,990	6,423	13,563
Professional fees				5,725	
Events expenses	52,287	32,323	84,610		3,276
Marketing and communications	2,615	14,430	17,045	6,378	1,792
Dues and subscriptions				5,288	
Insurance				1,573	
Telephone				3,863	
Office expenses	91	1,904	1,995	7,826	2,098
Rent and related expenses				28,554	
Travel and meetings	1,136	3,709	4,845	3,424	417
Taxes and filing fees				334	
	<u>\$ 141,208</u>	<u>\$ 235,853</u>	<u>\$ 377,061</u>	<u>\$ 69,602</u>	<u>\$ 94,082</u>

See accompanying independent auditor's report.

<u>Total</u>	
\$	15,000
	23,481
	43,725
	6,182
	34,664
	141,674
	96,976
	5,725
	87,886
	25,215
	5,288
	1,573
	3,863
	11,919
	28,554
	8,686
	<u>334</u>
\$	<u><u>540,745</u></u>