

THE ANDREW GOODMAN FOUNDATION, INC.

Financial Statements

December 31, 2017 and 2016

(with Independent Auditor's Report Thereon)

THE ANDREW GOODMAN FOUNDATION, INC.

Financial Statements

December 31, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors 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 statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 2017 and 2016, 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.

Matthews & Co. LLP

New York, NY
April 23, 2018

The Andrew Goodman Foundation, Inc.
 Statements of Financial Position
 December 31, 2017 and 2016

Assets

	<u>2017</u>	<u>2016</u>
Currents assets:		
Cash and cash equivalent (notes 2 and 4)	\$ 389,454	\$ 178,257
Investments at fair value (note 5)	360,952	348,141
Investment income receivable	763	700
Other assets	<u>375</u>	<u>6,100</u>
	751,544	533,198
Property and equipment, net (note 6)	<u>15,597</u>	<u>6,907</u>
Total assets	<u>\$ 767,141</u>	<u>\$ 540,105</u>

Liabilities and Net Assets

Liabilities:		
Credit card payable	\$ 2,067	\$ 5,704
Accrued expenses	<u>17,751</u>	<u>5,082</u>
Total liabilities	<u>19,818</u>	<u>10,786</u>
Net assets: (note 7)		
Without donor restrictions	682,579	529,319
With donor restrictions	<u>64,744</u>	<u> </u>
Total net assets	<u>747,323</u>	<u>529,319</u>
Total liabilities and net assets	<u>\$ 767,141</u>	<u>\$ 540,105</u>

See accompanying notes to financial statements.

The Andrew Goodman Foundation, Inc.
 Statements of Activities and Changes in Net Assets
 For the Years Ended December 31, 2017 and 2016

	2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Contributions	\$ 951,422	\$ 65,000	\$ 1,016,422
In-kind contributions (note 8)	178,184		178,184
Investment income, net	11,940		11,940
Royalty income, net	366		366
Net assets released from restrictions (note 7):			
Satisfaction of program restrictions	256	(256)	
Total revenues and other support	1,142,168	64,744	1,206,912
Expenses:			
Program services	746,133		746,133
Management and general	130,704		130,704
Fundraising	112,071		112,071
Total expenses	988,908		988,908
Changes in net assets	153,260	64,744	218,004
Net assets at beginning of year	529,319		529,319
Net assets at end of year	\$ 682,579	\$ 64,744	\$ 747,323

See accompanying notes to financial statements.

2016		
<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
\$ 660,554	\$	\$ 660,554
150,000		150,000
18,826		18,826
131		131
<hr/>	<hr/>	<hr/>
<u>829,511</u>		<u>829,511</u>
528,277		528,277
88,234		88,234
<u>67,390</u>	<hr/>	<u>67,390</u>
<hr/>	<hr/>	<hr/>
<u>683,901</u>		<u>683,901</u>
145,610		145,610
<hr/>	<hr/>	<hr/>
<u>383,709</u>		<u>383,709</u>
<u>\$ 529,319</u>	<u>\$</u>	<u>\$ 529,319</u>

The Andrew Goodman Foundation, Inc.
 Statements of Functional Expenses
 For the Years Ended December 31, 2017 and 2016

	2017				
	Program Services		Supporting Activities		Total Expenses
	Vote Everywhere	Subtotal	Management & General	Fundraising	
Grants and other assistance	\$ 142,700	\$ 142,700	\$ 625	\$ 263	\$ 143,588
Salaries and related expenses	340,416	340,416	79,525	43,190	463,131
Professional fees	53,196	53,196	19,475	13,610	86,281
Advertising and promotion	103,694	103,694	7,873	10,245	121,812
General and administrative	7,925	7,925	4,622	4,509	17,056
Information technology	4,957	4,957	4,120	2,690	11,767
Occupancy	33,100	33,100	4,137	4,137	41,374
Travel and entertainment	5,387	5,387	1,487	2,162	9,036
Conferences and meeting	54,758	54,758	3,026	31,265	89,049
Insurance			1,416		1,416
Depreciation expense			3,721		3,721
Taxes and filing fees			677		677
	<u>\$ 746,133</u>	<u>\$ 746,133</u>	<u>\$ 130,704</u>	<u>\$ 112,071</u>	<u>\$ 988,908</u>

See accompanying notes to financial statements.

2016				
Program Services		Supporting Activities		Total Expenses
Vote Everywhere	Subtotal	Management & General	Fundraising	
\$ 148,496	\$ 148,496	\$ 250	\$ 850	\$ 149,596
267,889	267,889	30,540	43,258	341,687
2,260	2,260	21,966	11,068	35,294
17,450	17,450	2,193	270	19,913
7,727	7,727	3,688	887	12,302
1,377	1,377	15,304	2,181	18,862
28,316	28,316	7,081		35,397
12,611	12,611	2,844	747	16,202
42,151	42,151	1,433	8,129	51,713
		1,417		1,417
		1,022		1,022
		496		496
<u>\$ 528,277</u>	<u>\$ 528,277</u>	<u>\$ 88,234</u>	<u>\$ 67,390</u>	<u>\$ 683,901</u>

The Andrew Goodman Foundation, Inc.
 Statements of Cash Flows
 For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Cash received from contributors	\$ 932,591	\$ 765,691
Interest and dividends received	6,217	5,439
Royalty income receipts	366	131
Cash paid for grants and others	(143,588)	
Cash paid for programs		
Vote Everywhere	(260,129)	(228,510)
Cash paid to employees	(327,114)	(343,050)
Cash paid to suppliers	<u>(61,415)</u>	<u>(110,184)</u>
Net cash provided by operating activities	<u>146,928</u>	<u>89,517</u>
Cash flows from investing activities:		
Proceeds from sale of investments	176,515	111,786
Purchases of investments	(99,835)	(293,551)
Purchases of property and equipment	<u>(12,411)</u>	<u>(7,929)</u>
Net cash provided by (used in) investing activities	<u>64,269</u>	<u>(189,694)</u>
Net increase (decrease) in cash and cash equivalents	211,197	(100,177)
Cash and cash equivalents at beginning of year	<u>178,257</u>	<u>278,434</u>
Cash and cash equivalents at end of year	<u>\$ 389,454</u>	<u>\$ 178,257</u>
Reconciliation of changes in net assets to cash provided by operating activities:		
Changes in net assets	\$ 218,004	\$ 145,610
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net gain from sales of investments	(4,364)	(13,182)
Depreciation	3,721	1,022
In-kind contributions	(178,184)	
In-kind expenditures	178,184	
Unrealized (gain) loss from investments	(1,296)	457
Stock received	(83,831)	(44,863)
(Increase) decrease in assets		
Investment receivable	(63)	(662)
Other assets	5,725	(5,137)
Increase (decrease) in liabilities		
Credit card payable	(3,637)	4,837
Accrued expenses	<u>12,669</u>	<u>1,435</u>
Net cash provided by operating activities	<u>\$ 146,928</u>	<u>\$ 89,517</u>

See Note 11 for additional detail.

See accompanying notes to financial statements.

The Andrew Goodman Foundation, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

1. Basis and Nature of Activities

The Andrew Goodman Foundation, Inc. (the "Foundation") was incorporated under the laws of The 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.

At inception, the Foundation was 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 June 2017, after the 5 years advance transition period, the IRS determined that the Foundation's private foundation status has been terminated and, as of January 1, 2012, the Foundation has been reclassified as a public charity described in the section(s) 170(b)(1)(A)(vi) of the Code.

The Foundation continues to be classified an organization exempt from Federal income tax under section 501(c)(3) of the Code.

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.

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:

(Continued)

The Andrew Goodman Foundation, Inc.
Notes to Financial Statements

2. Continued

Fair Value Definition and Hierarchy, continued

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, 2017.

Contributions

Contributions received are recorded as donor restricted or non-donor restricted depending on the existence and/or nature of any donor restrictions. Donor restricted net assets are reclassified to net assets with donor restrictions 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 two classes of net assets: Net Assets without Donor Restrictions and Net assets with Donor Restrictions. Net assets are defined as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations or the donor-imposed restrictions have expired.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may be fulfilled by the actions of the Foundation to meet the stipulations or become unrestricted at the date specified by the donor.

See note 3 for detail.

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 statements of activities since the criteria for recognition of such volunteer effort has not been satisfied. See note 8 for information on In-Kind Contributions.

(Continued)

The Andrew Goodman Foundation, Inc.
Notes to Financial Statements

2. Continued

Advertising Costs

The Foundation expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2017 and 2016 were \$94,297 and \$1,270.

Income Tax Status

The Foundation is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. The Foundation's annual tax return 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 2015.

3. Changes in Financial Statements Presentation

The Foundation adopted FASB's Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, as of January 1, 2017, by replacing the three existing net assets classes with two new net assets classes that eliminate the distinction between temporary and permanent restrictions. The purpose of the updates is to improve the current net asset classification requirements and the information presented in the financial statements and notes about the Foundation's liquidity and how restrictions affect the use of resources. It expands disclosure requirements on the nature and amounts of different types of donor-imposed restrictions as well as the amounts and purposes of board-designated net assets. The adoption of ASU 2016-14 did not have a material impact on the Foundation's financial statements.

Certain reclassifications have been made to the 2016 information for comparative purposes in order to conform to the December 31, 2017 presentation.

4. 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, 2017 and 2016.

5. Fair Value Measurements

The following fair value hierarchy table presents information about the Foundation's investments measured at fair value as of December 31, 2017 and 2016.

	<u>Level 1</u>	<u>Total</u>
December 31, 2017:		
Equity - domestic	\$ <u>360,952</u>	\$ <u>360,952</u>
December 31, 2016:		
Equity - domestic	\$ <u>348,141</u>	\$ <u>348,141</u>

(Continued)

The Andrew Goodman Foundation, Inc.
Notes to Financial Statements

6. Property and Equipment

At December 31, 2017 and 2016 property and equipment consist of the following:

	<u>2017</u>	<u>2016</u>
Furniture and equipment	\$ 20,340	\$ 7,929
Less accumulated depreciation	<u>(4,743)</u>	<u>(1,022)</u>
	<u>\$ 15,597</u>	<u>\$ 6,907</u>

Depreciation expense amounted to \$3,721 and \$1,022 for the years ended December 31, 2017 and 2016.

7. Net Assets with Donor Restrictions

In year 2017, the Foundation received contributions of \$65,000 with donor restrictions to enact a Fellow program. For the year ended December 31, 2017, \$256 was released from donor restrictions by incurring expenses satisfying the restricted purposes.

8. In-Kind Contributions

In-kind contributions are recorded at their estimated fair value as of the date of the donation. The total in-kind contributions recognized at December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
In-Kind Expenses - Labor	\$ 62,500	\$ 150,000
In-Kind Expenses - Professional services	15,000	
In-Kind Expenses - Advertising expenses	93,639	
In-Kind Expenses - Fundraising event	<u>7,045</u>	
	<u>\$ 178,184</u>	<u>\$ 150,000</u>

9. Methods Used for Allocation of Expenses Among Program and Supporting Services

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Organization. Those expenses include the Executive Director, Salaries, Information Technology, Occupancy, Professional Fees, Advertising and Promotion. The Executive Director and Salaries are allocated based on a time and cost of where efforts are made. Costs for information technology, occupancy, professional fees, and advertising and promotion are allocated based on the benefit received.

10. Related Party Transaction

A board member is a member of North Arrows LLC. The Foundation pays North Arrows LLC for actual usage of office space and general and administrative expenses. These expenses were \$46,966 and \$41,816 for the years ended December 31, 2017 and 2016, respectively.

(Continued)

The Andrew Goodman Foundation, Inc.
Notes to Financial Statements

11. Non-cash Operating and Investing Activities

The Foundation received stocks as contribution with the fair market value of \$83,831 and \$44,863 for the year 2017 and 2016, respectively.

The Foundation received in-kind contributions of \$178,184 and \$150,000 for year 2017 and 2016, respectively. See note 8 for additional detail.

The Foundation had in-kind expenditures of \$178,184 and \$150,000 for year 2017 and 2016. See note 8 for additional detail.

12. Subsequent Events

Management has reviewed and noted no subsequent events through April 23, 2018, the date the financial statements were available for issue.