

THE ANDREW GOODMAN FOUNDATION, INC.

Financial Statements

December 31, 2018 and 2017

(with Independent Auditor's Report Thereon)

THE ANDREW GOODMAN FOUNDATION, INC.

Financial Statements

December 31, 2018 and 2017

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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, 2018 and 2017, 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, 2018 and 2017, 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  
May 17, 2019

The Andrew Goodman Foundation, Inc.  
 Statements of Financial Position  
 December 31, 2018 and 2017

Assets

	<u>2018</u>	<u>2017</u>
Currents assets:		
Cash and cash equivalent (notes 2 and 3)	\$ 367,957	\$ 389,454
Investments at fair value (note 4)	492,332	360,952
Investment income receivable	1,409	763
Other assets	<u>375</u>	<u>375</u>
	862,073	751,544
Property and equipment, net (note 5)	<u>11,001</u>	<u>15,597</u>
Total assets	<u>\$ 873,074</u>	<u>\$ 767,141</u>

Liabilities and Net Assets

Liabilities:		
Accounts payable and credit card payable	\$ 4,082	\$ 2,067
Accrued expenses	<u>15,743</u>	<u>17,751</u>
Total liabilities	<u>19,825</u>	<u>19,818</u>
Net assets:		
Without donor restrictions	796,689	682,579
With donor restrictions (note 6)	<u>56,560</u>	<u>64,744</u>
Total net assets	<u>853,249</u>	<u>747,323</u>
Total liabilities and net assets	<u>\$ 873,074</u>	<u>\$ 767,141</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, 2018 and 2017

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Contributions	\$ 1,117,094	\$ 227,499	\$ 1,344,593
In-kind contributions (note 7)	257,496		257,496
Investment income, net	9,505		9,505
Other income, net	1,224		1,224
Net assets released from restrictions (note 6):			
Satisfaction of program restrictions	<u>235,683</u>	<u>(235,683)</u>	<u>          </u>
Total revenues and other support	<u>1,621,002</u>	<u>(8,184)</u>	<u>1,612,818</u>
Expenses:			
Program services	1,142,821		1,142,821
Management and general	179,800		179,800
Fundraising	<u>184,271</u>		<u>184,271</u>
Total expenses	<u>1,506,892</u>		<u>1,506,892</u>
Changes in net assets	114,110	(8,184)	105,926
Net assets at beginning of year	<u>682,579</u>	<u>64,744</u>	<u>747,323</u>
Net assets at end of year	<u><u>\$ 796,689</u></u>	<u><u>\$ 56,560</u></u>	<u><u>\$ 853,249</u></u>

See accompanying notes to financial statements.

2017		
<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
\$ 951,422	\$ 65,000	\$ 1,016,422
178,184		178,184
11,940		11,940
366		366
<u>256</u>	<u>(256)</u>	<u></u>
<u>1,142,168</u>	<u>64,744</u>	<u>1,206,912</u>
746,133		746,133
130,704		130,704
<u>112,071</u>	<u></u>	<u>112,071</u>
<u>988,908</u>	<u></u>	<u>988,908</u>
153,260	64,744	218,004
<u>529,319</u>	<u></u>	<u>529,319</u>
<u>\$ 682,579</u>	<u>\$ 64,744</u>	<u>\$ 747,323</u>

The Andrew Goodman Foundation, Inc.  
 Statements of Functional Expenses  
 For the Years Ended December 31, 2018 and 2017

	2018				
	Program Services			Supporting Activities	
	Vote Everywhere	Puffin Democracy Fellows	Subtotal	Management & General	Fundraising
Grants and other assistance	\$ 179,791	\$ 20,385	\$ 200,176	\$	\$ 150
Salaries and related expenses	490,690	114,994	605,684	113,521	133,522
Professional fees	23,282	130	23,412	25,571	676
Advertising and promotion	106,043	5,464	111,507	3,281	9,974
General and administrative	11,903	1,020	12,923	4,990	6,789
Information technology	20,706	150	20,856	16,476	9,508
Occupancy	30,394	4,342	34,736	4,342	4,342
Travel and entertainment	24,618	13,849	38,467	1,634	6,114
Conferences and meeting	94,710	350	95,060	2,628	13,196
Insurance				1,522	
Depreciation expense				5,557	
Taxes and filing fees				278	
	<u>\$ 982,137</u>	<u>\$ 160,684</u>	<u>\$ 1,142,821</u>	<u>\$ 179,800</u>	<u>\$ 184,271</u>

See accompanying notes to financial statements.

<u>2018</u>	<u>2017</u>				
	<u>Program Services</u>		<u>Supporting Activities</u>		
<u>Total Expenses</u>	<u>Vote Everywhere</u>	<u>Subtotal</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
\$ 200,326	\$ 142,700	\$ 142,700	\$ 625	\$ 263	\$ 143,588
852,727	340,416	340,416	79,525	43,190	463,131
49,659	53,196	53,196	19,475	13,610	86,281
124,762	103,694	103,694	7,873	10,245	121,812
24,702	7,925	7,925	4,622	4,509	17,056
46,840	4,957	4,957	4,120	2,690	11,767
43,420	33,100	33,100	4,137	4,137	41,374
46,215	5,387	5,387	1,487	2,162	9,036
110,884	54,758	54,758	3,026	31,265	89,049
1,522			1,416		1,416
5,557			3,721		3,721
278			677		677
<u>\$ 1,506,892</u>	<u>\$ 746,133</u>	<u>\$ 746,133</u>	<u>\$ 130,704</u>	<u>\$ 112,071</u>	<u>\$ 988,908</u>



The Andrew Goodman Foundation, Inc.  
 Statements of Cash Flows  
 For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Cash received from contributors	\$ 1,266,241	\$ 932,591
Other income received	1,200	
Interest and dividends received	7,923	6,217
Royalty income receipts	24	366
Cash paid for grants and others	(197,977)	(143,588)
Cash paid for programs		
Vote Everywhere	(311,656)	(260,129)
Puffin Democracy Fellows	(25,304)	
Cash paid to employees	(701,933)	(327,114)
Cash paid to suppliers	<u>(6,961)</u>	<u>(61,415)</u>
Net cash provided by operating activities	<u>31,557</u>	<u>146,928</u>
Cash flows from investing activities:		
Proceeds from sale of investments	383,462	176,515
Purchases of investments	(435,555)	(99,835)
Purchases of property and equipment	<u>(961)</u>	<u>(12,411)</u>
Net cash provided by (used in) investing activities	<u>(53,054)</u>	<u>64,269</u>
Net increase (decrease) in cash and cash equivalents	(21,497)	211,197
Cash and cash equivalents at beginning of year	<u>389,454</u>	<u>178,257</u>
Cash and cash equivalents at end of year	<u>\$ 367,957</u>	<u>\$ 389,454</u>
Reconciliation of changes in net assets to cash provided by operating activities:		
Changes in net assets	\$ 105,926	\$ 218,004
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net (gain) loss from sales of investments	526	(4,364)
Depreciation	5,557	3,721
In-kind contributions	(257,496)	(178,184)
In-kind expenditures	257,496	178,184
Unrealized (gain) loss from investments	(1,461)	(1,296)
Stock received	(78,352)	(83,831)
(Increase) decrease in assets		
Investment receivable	(646)	(63)
Other assets		5,725
Increase (decrease) in liabilities		
Accounts payable and credit card payable	2,015	(3,637)
Accrued expenses	<u>(2,008)</u>	<u>12,669</u>
Net cash provided by operating activities	<u>\$ 31,557</u>	<u>\$ 146,928</u>

See Note 9 for additional detail.

See accompanying notes to financial statements.

The Andrew Goodman Foundation, Inc.  
Notes to Financial Statements  
December 31, 2018 and 2017

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 in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provision of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-profit Organizations" (The "Guide"). (ASC) 958-205 was effective January 1, 2018, and the Foundation early adopted in year 2017, which was permitted.

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.

(Continued)

The Andrew Goodman Foundation, Inc.  
Notes to Financial Statements

2. Continued

Fair Value Definition and Hierarchy, continued

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, 2018.

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

Per (ASC) 958-205, the Foundation is required to classify net assets as follows:

*Net assets without donor restrictions* - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. The Foundation's board may designate assets without restrictions for specific operational purposes from time to time.

*Net assets with donor restrictions* - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

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 7 for information on In-Kind Contributions.

(Continued)

The Andrew Goodman Foundation, Inc.  
Notes to Financial Statements

2. Continued

Revenue Recognition

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

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 and the statement of functional expenses. Expenses which are easily and directly associated with a particular program or supporting service are charged directly to that functional area. Certain other expenses have been allocated to the program and supporting services benefited based on time devoted by the Foundation staff or the square footage allocated to the functional area.

Advertising Costs

The Foundation expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2018 and 2017 were \$92,772 and \$94,297.

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. 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, 2018 and 2017.

4. Fair Value Measurements

The following fair value hierarchy table presents information about the Foundation's investments measured at fair value as of December 31, 2018 and 2017.

	<u>Level 1</u>	<u>Total</u>
December 31, 2018:		
Equity - domestic	\$ <u>492,332</u>	\$ <u>492,332</u>
December 31, 2017:		
Equity - domestic	\$ <u>360,952</u>	\$ <u>360,952</u>

(Continued)

The Andrew Goodman Foundation, Inc.  
Notes to Financial Statements

5. Property and Equipment

At December 31, 2018 and 2017 property and equipment consist of the following:

	<u>2018</u>	<u>2017</u>
Furniture and equipment	\$ 21,301	\$ 20,340
Less accumulated depreciation	<u>(10,300)</u>	<u>(4,743)</u>
	<u>\$ 11,001</u>	<u>\$ 15,597</u>

Depreciation expense amounted to \$5,557 and \$3,721 for the years ended December 31, 2018 and 2017.

6. Net Assets with Donor Restrictions

The following summaries set forth the activity in net assets with donor restrictions for the years ended December 31, 2018 and 2017, which are available for the following purpose:

	<u>2017</u>	<u>Changes</u>	<u>2018</u>
Puffin Democracy Fellows	\$ 64,744	\$ (8,184)	\$ 56,560

  

	<u>2016</u>	<u>Changes</u>	<u>2017</u>
Puffin Democracy Fellows	\$	\$ 64,744	\$ 64,744

For the year ended December 31, 2018 and 2017, \$235,683 and \$256 were released from donor restrictions by incurring expenses satisfying the restricted purposes, respectively.

7. 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, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
In-Kind Expenses - Labor	\$ 150,000	\$ 62,500
In-Kind Expenses - Professional services	15,000	15,000
In-Kind Expenses - Advertising expenses	90,570	93,639
In-Kind Expenses - Fundraising event	<u>1,926</u>	<u>7,045</u>
	<u>\$ 257,496</u>	<u>\$ 178,184</u>

8. 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 \$51,834 and \$46,966 for the years ended December 31, 2018 and 2017, respectively.

(Continued)

The Andrew Goodman Foundation, Inc.  
Notes to Financial Statements

9. Non-cash Operating and Investing Activities

The Foundation received stock as contributions with the fair market value of \$78,352 and \$83,831 for the year 2018 and 2017, respectively.

The Foundation received in-kind contributions of \$257,496 and \$178,184 for year 2018 and 2017, respectively. See note 7 for additional detail.

The Foundation had in-kind expenditures of \$257,496 and \$178,184 for year 2018 and 2017. See note 7 for additional detail.

10. Liquidity Management

As part of the Foundation's liquidity management plan, we structure our financial assets to be available as our general expenditures, liabilities and other obligations come due. We invest cash in excess of daily requirements in money market funds, US treasury securities, and preferred stock. The Board approves amounts appropriated for general expenditures as part of its annual budget approval and appropriation process.

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2018</u>	<u>2017</u>
Subject to expenditure for a specific purposes:		
Puffin Democracy Fellows	\$ 56,560	\$ 64,744

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2018</u>	<u>2017</u>
Cash & cash equivalents	\$ 311,397	\$ 324,710
Investment income receivable	1,409	763
US treasury securities	466,712	322,830
Preferred stocks	25,620	38,122

11. Subsequent Events

Management has reviewed and noted no subsequent events through May 17, 2019, the date the financial statements were available for issue.