

THE THOMAS B. FORDHAM FOUNDATION, INC.
AND THE THOMAS B. FORDHAM INSTITUTE, INC.

Consolidated Financial Statements
For the Years Ended December 31, 2014
and December 31, 2013

and
Report Thereon

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, 2014 and 2013, 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

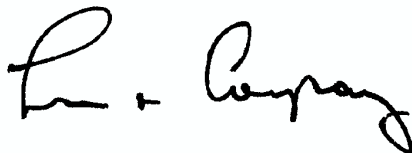
As explained in Note 3, the consolidated financial statements include investments valued at \$20,730,843 and \$25,309,732 at December 31, 2014 and 2013, respectively (thirty-eight and forty-six percent of net assets, respectively), whose fair values have been estimated by management in the absence of 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, 2014 and 2013, 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.

Other Matter

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 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 taken as a whole.



Washington, D.C.
July 28, 2015

THE THOMAS B. FORDHAM FOUNDATION, INC. AND
THE THOMAS B. FORDHAM INSTITUTE, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 4,131,974	\$ 4,064,853
Short-term investments	771,776	416,851
Grants receivable	235,000	810,000
Accounts receivable	78,579	59,050
Other assets	<u>14,796</u>	<u>14,796</u>
 Total Current Assets	 5,232,125	 5,365,550
 Grants receivable	 100,000	 60,000
Long-term investments	52,861,782	52,065,977
Building and improvements, net of accumulated depreciation of \$1,159,461 and \$991,195	5,087,282	5,148,405
Bond issuance costs, net of accumulated amortization of \$78,006 and \$67,151	246,272	257,127
Furniture and equipment, net of accumulated depreciation of \$171,668 and \$150,819	<u>115,476</u>	<u>114,108</u>
 Total Assets	 <u>\$ 63,642,937</u>	 <u>\$ 63,011,167</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	<u>\$ 149,803</u>	<u>\$ 40,503</u>
 Total Current Liabilities	 149,803	 40,503
 Obligation due to interest rate swap	 2,503,676	 1,485,052
Bonds payable	<u>6,300,000</u>	<u>6,300,000</u>
 Total Liabilities	 8,953,479	 7,825,555
 Net Assets - Unrestricted	 52,164,532	 52,944,158
Net Assets - Temporarily Restricted	<u>2,524,926</u>	<u>2,241,454</u>
 Total Net Assets	 <u>54,689,458</u>	 <u>55,185,612</u>
 Total Liabilities and Net Assets	 <u>\$ 63,642,937</u>	 <u>\$ 63,011,167</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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Change in unrestricted net assets		
Revenue		
Investment income	\$ 2,479,878	\$ 6,719,367
Grants and contributions	773,000	1,676,878
Program service fees	463,599	378,439
Other income	33,208	41,461
Total unrestricted revenue	<u>3,749,685</u>	<u>8,816,145</u>
Net assets released from restrictions		
Satisfaction of program restrictions	<u>2,410,392</u>	<u>2,351,378</u>
Total unrestricted support	6,160,077	11,167,523
Expenses		
Program Services		
National	2,882,099	3,085,071
Ohio	1,364,166	1,414,743
Management and general	1,498,119	673,932
Fund-raising	176,695	56,848
Total Expenses	<u>5,921,079</u>	<u>5,230,594</u>
Change in unrestricted net assets before gain on interest rate swap	238,998	5,936,929
Gain/(loss) on interest rate swap	<u>(1,018,624)</u>	<u>1,156,594</u>
Total change in unrestricted net assets	<u>(779,626)</u>	<u>7,093,523</u>
Change in temporarily restricted net assets		
Grants and contributions	2,693,864	2,351,466
Net assets released from restriction	<u>(2,410,392)</u>	<u>(2,351,378)</u>
Change in temporarily restricted net assets	<u>283,472</u>	<u>88</u>
Change in net assets	(496,154)	7,093,611
Net assets, beginning of year	<u>55,185,612</u>	<u>48,092,001</u>
Net assets, end of year	<u>\$ 54,689,458</u>	<u>\$ 55,185,612</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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (496,154)	\$ 7,093,611
Adjustment to reconcile change in net assets to net cash provided by/(used in) by operating activities		
Depreciation and amortization	199,967	196,725
Realized and unrealized gains on investments	(1,412,088)	(5,928,661)
Gain/loss on interest rate swap	1,018,624	(1,156,594)
Changes in assets and liabilities		
Accounts receivable	(19,529)	10,731
Grants receivable	535,000	(145,000)
Accounts payable	<u>109,300</u>	<u>(12,111)</u>
Net Cash Provided by/(Used in) Operating Activities	(64,880)	58,701
Cash Flows from Investing Activities		
Acquisition of fixed assets and capital improvements	(129,357)	(134,096)
Purchase of investments	(7,945,662)	(17,664,359)
Sale of investments	<u>8,207,020</u>	<u>18,706,382</u>
Net Cash Provided by Investing Activities	<u>132,001</u>	<u>907,927</u>
Net change in Cash and Cash Equivalents	67,121	966,628
Cash and Cash Equivalents, beginning of year	<u>4,064,853</u>	<u>3,098,225</u>
Cash and Cash Equivalents, end of year	<u>\$ 4,131,974</u>	<u>\$ 4,064,853</u>
Supplemental disclosure		
Amounts expended for interest	<u>\$ 282,682</u>	<u>\$ 278,587</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

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;

Continued

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

1. Organization (continued)

- 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.

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.

Continued

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

2. Summary of Significant Accounting Policies (continued)

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.

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.

Continued

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

3. Investments (continued)

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>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>

<u>2013</u>	<u>Foundation</u>	<u>Institute</u>	<u>Total</u>
Equity securities	\$ 19,580,215	\$ 4,969,345	\$ 24,549,560
Bonds	808,344	1,398,341	2,206,685
Other investments	25,147,561	162,171	25,309,732
Money market accounts	371,045	45,806	416,851
Total	<u>\$ 45,907,165</u>	<u>\$ 6,575,663</u>	<u>\$ 52,482,828</u>

Investment income consisted of the following:

<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>

<u>2013</u>	<u>Foundation</u>	<u>Institute</u>	<u>Total</u>
Dividends and interest	\$ 578,619	\$ 212,087	\$ 790,706
Net realized and unrealized gains	<u>5,340,465</u>	<u>588,196</u>	<u>5,928,661</u>
Total	<u>\$ 5,919,084</u>	<u>\$ 800,283</u>	<u>\$ 6,719,367</u>

Continued

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

4. Fair Value Measurement

The Organization implemented Accounting Standards Codification (ASC) 820 as of January 1, 2008. Implementation of ASC 820 did not affect the Organization's change in net assets or statement of financial position and had no effect on the Organization's existing fair-value measurement practices. However, ASC 820 requires disclosure of a fair-value hierarchy of inputs the Organization uses to value an asset or a 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>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>

<u>2013</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities	\$ 24,549,560	\$ --	\$ --	\$ 24,549,560
Bonds	2,206,685	--	--	2,206,685
Other investments	--	--	25,309,732	25,309,732
Money market accounts	416,851	--	--	416,851
Total	<u>\$ 27,173,096</u>	<u>\$ --</u>	<u>\$ 25,309,732</u>	<u>\$ 52,482,828</u>

Continued

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

4. Fair Value Measurement (continued)

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, 2013	\$ 25,309,732
Appreciation in value	1,149,458
Purchases and sales, net	<u>(5,728,347)</u>
Value as of December 31, 2014	<u>\$ 20,730,843</u>

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

5. Grants Receivable

At December 31, 2014 and 2013, Grants receivable consisted of the following:

	<u>2014</u>	<u>2013</u>
Due in one year or less:		
Kovner Foundation	\$ --	\$ 100,000
Stanford University	100,000	150,000
Gates Foundation	--	500,000
Schwartz Foundation	60,000	60,000
Searle Freedom Trust	75,000	--
Due in two to four years:		
Schwartz Foundation	--	60,000
Stanford University	<u>100,000</u>	<u>--</u>
Total	<u>\$ 335,000</u>	<u>\$ 870,000</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.

Continued

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

6. Property and Equipment (continued)

At December 31, 2014 and 2013, building and improvements consisted of the following:

	<u>2014</u>	<u>2013</u>
Building	\$ 3,453,481	\$ 3,453,481
Land	1,672,500	1,672,500
Capital Improvements	<u>1,120,762</u>	<u>1,013,619</u>
Total, building and improvements	6,246,743	6,139,600
Less: Accumulated amortization and depreciation	<u>(1,159,461)</u>	<u>(991,195)</u>
Net, building and improvements	<u>\$ 5,087,282</u>	<u>\$ 5,148,405</u>

Total amortization and depreciation expense was \$168,266 and \$165,201 in 2014 and 2013, respectively.

Furniture and Equipment

Furniture and equipment are recorded at cost when purchased and are depreciated using the straight-line method over the estimated useful life of the asset. Upon disposal, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is reflected in the statement of activities.

At December 31, 2014 and 2013, furniture and equipment consisted of the following:

	<u>2014</u>	<u>2013</u>
Furniture and Equipment	\$ 287,144	\$ 264,927
Less: Accumulated Depreciation	<u>(171,668)</u>	<u>(150,819)</u>
Total, Furniture and Equipment	<u>\$ 115,476</u>	<u>\$ 114,108</u>

Total depreciation expense was \$20,849 and \$20,670 in 2014 and 2013, respectively.

Continued

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

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 \$1,018,624 in 2014 and a gain of \$1,156,594 in 2013, respectively. At December 31, 2014 and 2013, the liability associated with the swap agreement was valued at \$2,503,676 and \$1,485,052, 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.

In May 2009 there was a failed remarketing of the bonds due to a downgrade in SunTrust's credit rating by Standard & Poor's. The bonds were successfully remarketed in September 2009. During the interim the trustee drew on the bank Letter of Credit, which was funded by a loan to the Foundation. This resulted in additional financing costs to the Foundation. The Foundation's interest expense for 2014 and 2013 was \$282,682 and \$278,587, 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, 2014.

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

8. Commitments

The organization leases office space in Dayton and Columbus, Ohio, expiring in 2019 and 2015 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:

2015	58,126
2016	41,748
2017	41,748
2018	35,808
2019	<u>22,340</u>
 Total	 <u>\$ 199,770</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 \$566,761 and \$557,616 in 2014 and 2013, respectively.

The organization has capital call commitments in connection to their alternative investments. As of December 31, 2014, total capital commitments are as follows:

Institute	\$ 3,125
Foundation	<u>8,140,815</u>
 Total	 <u>\$ 8,143,940</u>

9. Conditional Promises to Give

At December 31, 2014 the Organization had \$1,482,810 of promises to give conditional on the Organization's performance in achieving certain goals.

Continued

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>2014</u>	<u>2013</u>
Common Core Commentary	\$ 150,000	\$ --
Best Cities for School Choice	169,498	105,000
Defending the Common Core	223,453	133,947
EdChoice Voucher Study	126,160	181,746
International Frameworks	40,771	40,771
Career and Tech Education	94,584	99,000
Charter Competition	41,946	75,000
Common Core Set	318,188	317,757
Ohio Public Conferences	26,515	29,511
Red Tape, Fear or Fallacy	28,743	28,743
Charter Access to PreK Funds	50,000	--
Pensions	58,154	95
Losing Leaders	--	67,039
Doing More With Less	--	46,731
Science Standards	--	13,733
Fellows	95,477	149,740
International High Achievers	--	75,371
Gifted Education Policies	178,158	--
EEPS	12,500	14,998
Education for Upward Mobility	20,396	--
Ohio Speakers	566	566
Ohio Common Core Coalition	89,128	71,782
Ohio Charter Law Rewrite	7,906	--
Parent Segmenting	16,623	16,623
Ohio Digital Learning Event	--	3,812
Ohio School Closures	21,264	--
Choice Support	531,996	630,804
Ed Hirsch Tribute	--	2,168
Common Core Math Instruction	107,410	--
Florida Pensions	50,490	50,490
Teacher Labor Agreements	60,000	--
Governance	--	81,027
Ohio Charter School Implementation	<u>5,000</u>	<u>5,000</u>
Total	<u>\$ 2,524,926</u>	<u>\$ 2,241,454</u>

Continued

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

11. 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 2014 and 2013, contributions to the retirement plan were \$204,661 and \$189,025, respectively.

12. Related Parties

The Organization retains a law firm affiliated with a member of the Organization's Board of Trustees. The Organization paid \$43,468 and \$35,779 in fees to this firm in 2014 and 2013, respectively.

13. 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, 2014 and 2013, no provision for income taxes was made as the Organization had no net unrelated business income. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition on the financial statements.

14. Tax Status

On January 1, 2007, Fordham Foundation notified the IRS of their intent to terminate their private foundation status by operating as a 509(a)(3) supporting organization. Supporting organizations are public charities that carry out their exempt purposes by supporting one or more other exempt organizations, usually other public charities.

On October 26, 2007, the IRS issued an advance ruling to the Fordham Foundation stating that the Foundation will be treated as a public charity under section 509(a)(3) of the U.S. Internal Revenue Code for an advance ruling period of 60 months beginning January 1, 2007. The IRS informed the Foundation in February 2013 that it had successfully terminated its private foundation status.

Continued

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

15. Subsequent Event

In preparing these financial statements, the Thomas B. Fordham Foundation and Institute have evaluated events and transactions for potential recognition or disclosure through July 28, 2015, 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.

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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, 2014
(with comparative totals for 2013)

Program	2014			Management & General	Fund- raising	Total Expenses	2013 Total
	National	Ohio	Total				
Grants	\$ 122,794	\$ 188,000	\$ 310,794	\$ --	\$ --	\$ 310,794	\$ 274,799
Salaries	984,773	367,565	1,352,338	592,375	107,044	2,051,757	1,912,154
Pension plan contributions	101,333	41,978	143,311	50,335	11,015	204,661	189,025
Other employee benefits	79,989	46,604	126,593	53,486	8,695	188,774	151,394
Payroll taxes	66,309	25,766	92,075	37,219	7,208	136,502	135,364
Contracts	691,692	472,394	1,164,086	3,186	1,062	1,168,334	844,854
Brokerage fees	--	--	--	328,046	--	328,046	189,716
Printing and publications	16,763	10,842	27,605	12,270	1,764	41,639	31,720
Occupancy	370,411	65,876	436,287	114,006	16,468	566,761	557,616
Travel	86,706	40,878	127,584	56,035	14,250	197,869	243,318
Legal fees	15,355	17,081	32,436	17,935	--	50,371	36,278
Website and IT	50,329	22,840	73,169	9,976	1,176	84,321	141,371
Postage and shipping	--	530	530	5,046	441	6,017	8,994
Temps/Interns	8,596	5,410	14,006	3,883	518	18,407	34,147
Miscellaneous	5,779	12,519	18,298	30,765	993	50,056	38,299
Insurance	16,673	19,414	36,087	27,739	--	63,826	61,506
Accounting fees	--	--	--	37,000	--	37,000	37,240
Other professional fees	2,623	687	3,310	4	2	3,316	6,366
Conferences, conventions, meetings	69,963	5,075	75,038	697	--	75,735	25,308
Telephone	14,819	694	15,513	24,115	1,230	40,858	43,325
Supplies	505	9,814	10,319	25,534	3,041	38,894	25,446
Equipment rental and maintenance	33,388	10,199	43,587	11,799	1,788	57,174	45,629
Depreciation and amortization	143,299	--	143,299	56,668	--	199,967	196,725
Total	\$ 2,882,099	\$ 1,364,166	\$ 4,246,265	\$ 1,498,119	\$ 176,695	\$ 5,921,079	
2013 Total	\$ 3,085,071	\$ 1,414,743	\$ 4,499,814	\$ 673,932	\$ 56,848		\$ 5,230,594

See accompanying independent auditor's report.

THE THOMAS B. FORDHAM FOUNDATION, INC.
SCHEDULE OF FINANCIAL POSITION
December 31, 2014 and 2013
(EXCLUDING THE THOMAS B. FORDHAM INSTITUTE, INC.)

	<u>ASSETS</u>	
	<u>2014</u>	<u>2013</u>
Current Assets		
Cash and cash equivalents	\$ 173,596	\$ 288,995
Short-term investments	688,928	371,045
Accounts receivable from Fordham Institute	462,800	356,979
Other accounts receivable	78,315	58,286
Other assets	<u>14,796</u>	<u>14,796</u>
Total Current Assets	1,418,435	1,090,101
Long-term investments	46,060,892	45,536,120
Building and improvements, net of accumulated depreciation of \$1,159,461 and \$991,195	5,087,282	5,148,405
Bond issuance costs, net of accumulated amortization of \$78,006 and \$67,151	246,272	257,127
Furniture and equipment, net of accumulated depreciation of \$165,809 and \$150,819	<u>43,222</u>	<u>58,212</u>
Total Assets	<u>\$ 52,856,103</u>	<u>\$ 52,089,965</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	<u>\$ 104,410</u>	<u>\$ 8,317</u>
Total Current Liabilities	104,410	8,317
Obligation due to interest rate swap	2,503,676	1,485,052
Bonds payable	<u>6,300,000</u>	<u>6,300,000</u>
Total Liabilities	8,908,086	7,793,369
Net Assets - Unrestricted	<u>43,948,017</u>	<u>44,296,596</u>
Total Net Assets	<u>43,948,017</u>	<u>44,296,596</u>
Total Liabilities and Net Assets	<u>\$ 52,856,103</u>	<u>\$ 52,089,965</u>

See accompanying independent auditor's report.

THE THOMAS B. FORDHAM FOUNDATION, INC.
SCHEDULE OF ACTIVITIES
For the Years Ended December 31, 2014 and 2013
(EXCLUDING THE THOMAS B. FORDHAM INSTITUTE, INC.)

	<u>2014</u>	<u>2013</u>
Change in unrestricted net assets		
Revenue		
Investment income	\$ 2,171,803	\$ 5,919,084
Program service fees	463,599	378,439
Other income	<u>29,551</u>	<u>34,713</u>
Total unrestricted revenue	2,664,953	6,332,236
Expenses		
Program Services		
National	371,594	1,266,485
Ohio	668,553	929,309
Management and general	<u>954,761</u>	<u>337,512</u>
Total Expenses	<u>1,994,908</u>	<u>2,533,306</u>
Change in unrestricted net assets before gain on interest rate swap	670,045	3,798,930
Gain/(loss) on interest rate swap	<u>(1,018,624)</u>	<u>1,156,594</u>
Total change in unrestricted net assets	(348,579)	4,955,524
Net assets, beginning of year	<u>44,296,596</u>	<u>39,341,072</u>
Net assets, end of year	<u>\$ 43,948,017</u>	<u>\$ 44,296,596</u>

See accompanying independent auditor's report.

THE THOMAS B. FORDHAM FOUNDATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2014
(EXCLUDING THE THOMAS B. FORDHAM INSTITUTE, INC.)
With Comparative Totals for 2013

	Program			Management & General	Total Expenses	2013 Total
	National	Ohio	Total			
Grants	\$ 27,820	\$ 188,000	\$ 215,820	\$ --	\$ 215,820	\$ 164,799
Salaries	--	243,000	243,000	281,587	524,587	918,905
Pension plan contributions	--	29,160	29,160	18,355	47,515	83,435
Other employee benefits	--	36,486	36,486	28,242	64,728	101,492
Payroll taxes	--	17,379	17,379	16,292	33,671	65,855
Contracts	970	34,625	35,595	--	35,595	1,180
Brokerage fees	--	--	--	322,642	322,642	180,407
Printing and publications	--	3,358	3,358	6,977	10,335	7,841
Occupancy	138,043	26,378	164,421	64,603	229,024	400,057
Travel	--	20,257	20,257	31,814	52,071	102,322
Legal fees	15,355	17,081	32,436	5,118	37,554	26,534
Website and IT	23,816	14,988	38,804	6,448	45,252	108,603
Postage and shipping	--	--	--	3,722	3,722	4,978
Temps/Interns	8,596	5,410	14,006	2,328	16,334	8,324
Miscellaneous	350	2,081	2,431	24,135	26,566	26,879
Insurance	16,673	19,414	36,087	5,558	41,645	48,964
Accounting fees	--	--	--	37,000	37,000	18,620
Other professional fees	1,658	--	1,658	--	1,658	2,682
Conferences, conventions, meetings	872	845	1,717	--	1,717	8,813
Telephone	--	--	--	20,426	20,426	23,681
Supplies	--	--	--	16,410	16,410	12,349
Equipment rental and maintenance	--	10,091	10,091	6,436	16,527	19,861
Depreciation amd amortization	137,441	--	137,441	56,668	194,109	196,725
Total	\$ 371,594	\$ 668,553	\$ 1,040,147	\$ 954,761	\$ 1,994,908	
2013 Total	\$ 1,266,485	\$ 929,309	\$ 2,195,794	\$ 337,512		\$ 2,533,306

See accompanying independent auditor's report.

THE THOMAS B. FORDHAM INSTITUTE, INC.
SCHEDULE OF FINANCIAL POSITION
December 31, 2014 and 2013
(EXCLUDING THE THOMAS B. FORDHAM FOUNDATION, INC.)

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 3,958,378	\$ 3,775,858
Short-term investments	82,848	45,806
Grants receivable	235,000	810,000
Other receivables	<u>264</u>	<u>764</u>
Total Current Assets	4,276,490	4,632,428
Grants receivable	100,000	60,000
Long-term investments	6,800,890	6,529,857
Furniture and equipment	<u>72,254</u>	<u>55,896</u>
Total Assets	<u>\$ 11,249,634</u>	<u>\$ 11,278,181</u>
<u>LIABILITIES AND NET ASSETS</u>		
Total Liabilities		
Accounts payable to Fordham Foundation	\$ 462,800	\$ 356,979
Other accounts payable	<u>45,393</u>	<u>32,186</u>
Total Liabilities	508,193	389,165
Net Assets		
Net Assets - Unrestricted	8,216,515	8,647,562
Net Assets - Temporarily Restricted	<u>2,524,926</u>	<u>2,241,454</u>
Total Net Assets	<u>10,741,441</u>	<u>10,889,016</u>
Total Liabilities and Net Assets	<u>\$ 11,249,634</u>	<u>\$ 11,278,181</u>

See accompanying independent auditor's report.

THE THOMAS B. FORDHAM INSTITUTE, INC.
SCHEDULE OF ACTIVITIES
For the Years Ended December 31, 2014 and 2013
(EXCLUDING THE THOMAS B. FORDHAM FOUNDATION, INC.)

	<u>2014</u>	<u>2013</u>
Change in unrestricted net assets		
Revenue		
Investment income	\$ 308,075	\$ 800,283
Grants and contributions	773,000	1,676,878
Other income	3,657	6,748
Total unrestricted revenue	<u>1,084,732</u>	<u>2,483,909</u>
Net assets released from restrictions		
Satisfaction of program restrictions	<u>2,410,392</u>	<u>2,351,378</u>
Total unrestricted support	3,495,124	4,835,287
Expenses		
Program Services		
National	2,510,505	1,818,586
Ohio	695,613	485,434
Management and general	543,358	336,420
Fund-raising	<u>176,695</u>	<u>56,848</u>
Total Expenses	<u>3,926,171</u>	<u>2,697,288</u>
Change in unrestricted net assets	(431,047)	2,137,999
Change in temporarily restricted net assets		
Grants and contributions	2,693,864	2,351,466
Net assets released from restriction	<u>(2,410,392)</u>	<u>(2,351,378)</u>
Change in temporarily restricted net assets	<u>283,472</u>	<u>88</u>
Change in net assets	(147,575)	2,138,087
Net assets, beginning of year	<u>10,889,016</u>	<u>8,750,929</u>
Net assets, end of year	<u>\$ 10,741,441</u>	<u>\$ 10,889,016</u>

See accompanying independent auditor's report.

THE THOMAS B. FORDHAM INSTITUTE, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2014
(EXCLUDING THE THOMAS B. FORDHAM FOUNDATION, INC.)
With Comparative Totals for 2013

Program	2014			Management & General	Fund- raising	Total Expenses	2013 Total
	National	Ohio	Total				
Grants	\$ 94,974	\$ --	\$ 94,974	\$ --	\$ --	\$ 94,974	\$ 110,000
Salaries	984,773	124,565	1,109,338	310,788	107,044	1,527,170	993,249
Pension plan contributions	101,333	12,818	114,151	31,980	11,015	157,146	105,590
Other employee benefits	79,989	10,118	90,107	25,244	8,695	124,046	49,902
Payroll taxes	66,309	8,387	74,696	20,927	7,208	102,831	69,509
Contracts	690,722	437,769	1,128,491	3,186	1,062	1,132,739	843,674
Brokerage fees	--	--	--	5,404	--	5,404	9,309
Printing and publications	16,763	7,484	24,247	5,293	1,764	31,304	23,879
Occupancy	232,368	39,498	271,866	49,403	16,468	337,737	157,559
Travel	86,706	20,621	107,327	24,221	14,250	145,798	140,996
Legal fees	--	--	--	12,817	--	12,817	9,744
Website and IT	26,513	7,852	34,365	3,528	1,176	39,069	32,768
Postage and shipping	--	530	530	1,324	441	2,295	4,016
Temps/Interns	--	--	--	1,555	518	2,073	25,823
Miscellaneous	5,429	10,438	15,867	6,630	993	23,490	11,420
Insurance	--	--	--	22,181	--	22,181	12,542
Accounting fees	--	--	--	--	--	--	18,620
Other professional fees	965	687	1,652	4	2	1,658	3,684
Conferences, conventions, meetings	69,091	4,230	73,321	697	--	74,018	16,495
Telephone	14,819	694	15,513	3,689	1,230	20,432	19,644
Depreciation and amortization	5,858	--	5,858	--	--	5,858	--
Supplies	505	9,814	10,319	9,124	3,041	22,484	13,097
Equipment rental and maintenance	33,388	108	33,496	5,363	1,788	40,647	25,768
Total	\$ 2,510,505	\$ 695,613	\$ 3,206,118	\$ 543,358	\$ 176,695	\$ 3,926,171	
2013 Total	\$ 1,818,586	\$ 485,434	\$ 2,304,020	\$ 336,420	\$ 56,848		\$ 2,697,288

See accompanying independent auditor's report.