

**The Hawn Foundation**

dba The Goldie Hawn Foundation

Financial Statements

December 31, 2018 and 2017



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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
The Hawn Foundation  
dba The Goldie Hawn Foundation  
Santa Monica, California

We have audited the accompanying financial statements of The Hawn Foundation dba The Goldie Hawn Foundation (a California nonprofit corporation) (the "Foundation"), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, 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 control 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 control 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 Hawn Foundation dba The Goldie Hawn Foundation 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.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino<sup>LLP</sup>  
Los Angeles, California

July 10, 2019

The Hawn Foundation  
 dba The Goldie Hawn Foundation  
 Statements of Financial Position  
 December 31, 2018 and 2017

|  | 2018         | 2017         |
|--|--------------|--------------|
| <b>ASSETS</b>                          |              |              |
| Cash                                   | \$ 1,304,701 | \$ 1,126,099 |
| Accounts receivable                    | 56,510       | 132,910      |
| Contributions receivable               | 146,639      | 24,800       |
| Due from related parties               | 36,209       | -            |
| Investments                            | -            | 84,707       |
| Property and equipment, net            | 4,344        | 522          |
| Other assets                           | 7,946        | 3,179        |
| Total assets                           | \$ 1,556,349 | \$ 1,372,217 |
| <b>LIABILITIES AND NET ASSETS</b>      |              |              |
| <b>Liabilities</b>                     |              |              |
| Accounts payable and accrued expenses  | \$ 134,872   | \$ 6,473     |
| Deferred revenue                       | 80,691       | 63,634       |
| Total liabilities                      | 215,563      | 70,107       |
| Commitments and contingencies (Note 4) |              |              |
| <b>Net assets</b>                      |              |              |
| Without donor restrictions             | 1,194,147    | 1,277,310    |
| With donor restrictions                | 146,639      | 24,800       |
| Total net assets                       | 1,340,786    | 1,302,110    |
| Total liabilities and net assets       | \$ 1,556,349 | \$ 1,372,217 |

The accompanying notes are an integral part of these financial statements.

The Hawn Foundation  
 dba The Goldie Hawn Foundation  
 Statement of Activities  
 For the Year Ended December 31, 2018

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        |
|--|---------------------------------------|------------------------------------|---------------------|
| Revenues, gains and other support  |                                       |                                    |                     |
| Contributions  | \$ 392,503                            | \$ 146,639                         | \$ 539,142          |
| Training fees  | 265,025                               | -                                  | 265,025             |
| Proceeds from fundraising events, net of direct<br>benefit costs totaling \$26,134 | 241,832                               | -                                  | 241,832             |
| Royalties  | 59,854                                | -                                  | 59,854              |
| Other revenue  | <u>3,089</u>                          | <u>-</u>                           | <u>3,089</u>        |
| Total revenues, gains and other support  | <u>962,303</u>                        | <u>146,639</u>                     | <u>1,108,942</u>    |
| Investment returns   |                                       |                                    |                     |
| Investment income, net   | 43,765                                | -                                  | 43,765              |
| Interest income  | <u>998</u>                            | <u>-</u>                           | <u>998</u>          |
| Total investment returns   | <u>44,763</u>                         | <u>-</u>                           | <u>44,763</u>       |
| Net assets released from restriction   | <u>24,800</u>                         | <u>(24,800)</u>                    | <u>-</u>            |
| Total revenues, gains, other support and<br>investment returns                     | <u>1,031,866</u>                      | <u>121,839</u>                     | <u>1,153,705</u>    |
| Functional expenses  |                                       |                                    |                     |
| Mind up  | <u>837,421</u>                        | <u>-</u>                           | <u>837,421</u>      |
| Support services   |                                       |                                    |                     |
| Management and general   | 164,136                               | -                                  | 164,136             |
| Fundraising  | <u>113,472</u>                        | <u>-</u>                           | <u>113,472</u>      |
| Total support services   | <u>277,608</u>                        | <u>-</u>                           | <u>277,608</u>      |
| Total functional expenses  | <u>1,115,029</u>                      | <u>-</u>                           | <u>1,115,029</u>    |
| Change in net assets   | (83,163)                              | 121,839                            | 38,676              |
| Net assets, beginning of year  | <u>1,277,310</u>                      | <u>24,800</u>                      | <u>1,302,110</u>    |
| Net assets, end of year  | <u>\$ 1,194,147</u>                   | <u>\$ 146,639</u>                  | <u>\$ 1,340,786</u> |

The accompanying notes are an integral part of these financial statements.

The Hawn Foundation  
 dba The Goldie Hawn Foundation  
 Statement of Activities  
 For the Year Ended December 31, 2017

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|---|-------------------------------|----------------------------|---------------------|
| Revenues, gains, and other support  |                               |                            |                     |
| Contributions   | \$ 164,976                    | \$ 24,800                  | \$ 189,776          |
| Training fees   | 226,362                       | -                          | 226,362             |
| Proceeds from fundraising events, net of direct<br>benefit costs totaling \$442,525 | 874,470                       | -                          | 874,470             |
| Royalties   | 69,828                        | -                          | 69,828              |
| Other revenue   | <u>7,182</u>                  | <u>-</u>                   | <u>7,182</u>        |
| Total revenues, gains, and other support  | <u>1,342,818</u>              | <u>24,800</u>              | <u>1,367,618</u>    |
| Investment returns  |                               |                            |                     |
| Investment income, net  | 12,607                        | -                          | 12,607              |
| Interest income   | <u>139</u>                    | <u>-</u>                   | <u>139</u>          |
| Total investment returns  | <u>12,746</u>                 | <u>-</u>                   | <u>12,746</u>       |
| Total revenues, gains, other support and<br>investment returns                      | <u>1,355,564</u>              | <u>24,800</u>              | <u>1,380,364</u>    |
| Functional expenses   |                               |                            |                     |
| Mind up   | <u>588,903</u>                | <u>-</u>                   | <u>588,903</u>      |
| Support services  |                               |                            |                     |
| Management and general  | 115,418                       | -                          | 115,418             |
| Fundraising   | <u>53,998</u>                 | <u>-</u>                   | <u>53,998</u>       |
| Total support services  | <u>169,416</u>                | <u>-</u>                   | <u>169,416</u>      |
| Total functional expenses   | <u>758,319</u>                | <u>-</u>                   | <u>758,319</u>      |
| Change in net assets  | 597,245                       | 24,800                     | 622,045             |
| Net assets, beginning of year   | <u>680,065</u>                | <u>-</u>                   | <u>680,065</u>      |
| Net assets, end of year   | <u>\$ 1,277,310</u>           | <u>\$ 24,800</u>           | <u>\$ 1,302,110</u> |

The accompanying notes are an integral part of these financial statements.

The Hawn Foundation  
 dba The Goldie Hawn Foundation  
 Statement of Functional Expenses  
 For the Year Ended December 31, 2018

|                          | <u>Mind UP</u>    | <u>Management<br/>and General</u> | <u>Fundraising</u> | <u>Total</u>        |
|--------------------------|-------------------|-----------------------------------|--------------------|---------------------|
| Personnel expenses       |                   |                                   |                    |                     |
| Salaries and wages       | \$ 360,517        | \$ 47,358                         | \$ 61,183          | \$ 469,058          |
| Payroll taxes            | 26,455            | 3,475                             | 4,490              | 34,420              |
| Employee benefits        | <u>30,413</u>     | <u>3,995</u>                      | <u>5,161</u>       | <u>39,569</u>       |
| Total personnel expenses | 417,385           | 54,828                            | 70,834             | 543,047             |
| Depreciation             | 814               | 107                               | 138                | 1,059               |
| Grants                   | 134,000           | -                                 | -                  | 134,000             |
| Insurance                | 8,381             | 1,101                             | 1,422              | 10,904              |
| Internet service         | 41,435            | 5,443                             | 7,032              | 53,910              |
| Teacher fees             | 56,095            | -                                 | -                  | 56,095              |
| Other professional fees  | 17,069            | 70,910                            | 6,512              | 94,491              |
| Miscellaneous            | -                 | 10,435                            | -                  | 10,435              |
| Rent                     | 37,971            | 4,988                             | 6,444              | 49,403              |
| Office expenses          | 40,911            | 5,374                             | 6,943              | 53,228              |
| Travel                   | <u>83,360</u>     | <u>10,950</u>                     | <u>14,147</u>      | <u>108,457</u>      |
|                          | <u>\$ 837,421</u> | <u>\$ 164,136</u>                 | <u>\$ 113,472</u>  | <u>\$ 1,115,029</u> |
| Percentage of total      | <u>75.1 %</u>     | <u>14.7 %</u>                     | <u>10.2 %</u>      | <u>100.0 %</u>      |

The accompanying notes are an integral part of these financial statements.

The Hawn Foundation  
 dba The Goldie Hawn Foundation  
 Statement of Functional Expenses  
 For the Year Ended December 31, 2017

|                          | <u>Mind UP</u>    | <u>Management<br/>and General</u> | <u>Fundraising</u> | <u>Total</u>      |
|--------------------------|-------------------|-----------------------------------|--------------------|-------------------|
| Personnel expenses       |                   |                                   |                    |                   |
| Salaries and wages       | \$ 193,643        | \$ 35,656                         | \$ 20,495          | \$ 249,794        |
| Payroll taxes            | 16,052            | 2,955                             | 1,699              | 20,706            |
| Employee benefits        | <u>18,384</u>     | <u>3,385</u>                      | <u>1,946</u>       | <u>23,715</u>     |
| Total personnel expenses | 228,079           | 41,996                            | 24,140             | 294,215           |
| Depreciation             | 132               | 24                                | 14                 | 170               |
| Insurance                | 5,622             | 1,035                             | 595                | 7,252             |
| Internet service         | 48,497            | 8,930                             | 5,133              | 62,560            |
| Teacher fees             | 78,739            | -                                 | -                  | 78,739            |
| Other professional fees  | 2,955             | 21,501                            | 313                | 24,769            |
| Miscellaneous            | -                 | 528                               | -                  | 528               |
| Rent                     | 20,890            | 3,845                             | 2,212              | 26,947            |
| Office expenses          | 94,691            | 17,435                            | 10,022             | 122,148           |
| Travel                   | <u>109,298</u>    | <u>20,124</u>                     | <u>11,569</u>      | <u>140,991</u>    |
|                          | <u>\$ 588,903</u> | <u>\$ 115,418</u>                 | <u>\$ 53,998</u>   | <u>\$ 758,319</u> |
| Percentage of total      | <u>78 %</u>       | <u>15 %</u>                       | <u>7 %</u>         | <u>100 %</u>      |

The accompanying notes are an integral part of these financial statements.

The Hawn Foundation  
 dba The Goldie Hawn Foundation  
 Statements of Cash Flows  
 For the Years Ended December 31, 2018 and 2017

|  | 2018         | 2017         |
|--|--------------|--------------|
| Cash flows from operating activities   |              |              |
| Change in net assets   | \$ 38,676    | \$ 622,045   |
| Adjustments to reconcile change in net assets to net cash provided by operating activities |              |              |
| Depreciation   | 1,059        | 170          |
| Realized gains on sales of investments   | (43,765)     | -            |
| Unrealized gains on investments  | -            | (12,607)     |
| Donated investments  | -            | (72,100)     |
| Changes in operating assets and liabilities  |              |              |
| Accounts receivable  | 76,400       | (69,828)     |
| Contributions receivable   | (121,839)    | (24,800)     |
| Due from related parties   | (36,209)     | -            |
| Other assets   | (4,767)      | -            |
| Accounts payable and accrued expenses  | 128,399      | (3,726)      |
| Deferred revenue   | 17,057       | 63,634       |
| Net cash provided by operating activities  | 55,011       | 502,788      |
| Cash flows from investing activities   |              |              |
| Purchases of property and equipment  | (4,881)      | -            |
| Proceeds from sales of investments   | 128,472      | -            |
| Net cash provided by investing activities  | 123,591      | -            |
| Net increase in cash   | 178,602      | 502,788      |
| Cash, beginning of year  | 1,126,099    | 623,311      |
| Cash, end of year  | \$ 1,304,701 | \$ 1,126,099 |

The accompanying notes are an integral part of these financial statements.

The Hawn Foundation  
dba The Goldie Hawn Foundation  
Notes to Financial Statements  
December 31, 2018 and 2017

1. NATURE OF OPERATIONS

The Hawn Foundation dba The Goldie Hawn Foundation (the "Foundation") is a California tax exempt nonprofit corporation. The Foundation's signature program, MindUP, is a neuroscience-based curriculum that fosters the development of mental fitness and mental well-being of children age 3-14. Published by Scholastic in 2011, the 15 lesson series focuses on four pillars: Neuroscience, Social-Emotional Learning (SEL), Positive Psychology, and Mindful Awareness. These pillars work together to build a scaffolding of awareness that increases prosocial behaviors, self-regulation, social competence, and executive functioning. MindUP teaches children how to focus, take brain breaks when faced with challenges, build resilience, and manage stress. The vision of the Foundation is that every child in the world will have the knowledge and tools they need for mental fitness, stress management and emotional regulation to face the challenges of the 21st century. The Foundation's mission is that MindUP will foster children's mental well-being through educational programs based in neuroscience, mindful practice and positive psychology. More information about our programs is available on the web at [www.mindup.org](http://www.mindup.org).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income tax status

The Foundation is a nonprofit public benefit corporation organized under the laws of California and, as such, is generally exempt from federal and state income taxes under Internal Revenue Code ("IRC") Section 501(c)(3) and corresponding state provisions.

The Foundation's federal income tax returns for the tax years 2015 and subsequent remain open for examination by the Internal Revenue Service and the returns for California remain open to examination by the Franchise Tax Board for the tax years 2014 and subsequent.

Basis of accounting and financial statement presentation

The financial statements have been prepared in accordance with not-for-profit accounting standards including Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*.

The Foundation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

- *Net assets without donor restrictions* - Include contributions, training fees, royalties, fundraising and other forms of revenue without donor restrictions, and expenditures related to the general operations and fundraising efforts of the Foundation.

The Hawn Foundation  
dba The Goldie Hawn Foundation  
Notes to Financial Statements  
December 31, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

- *Net assets with donor restrictions* - Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both. At December 31, 2018 and 2017, net assets with donor restrictions consisted entirely of time-restricted net assets.

Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Concentration of risk

Generally the Foundation's cash balances exceed FDIC-insured limits. The Foundation has not experienced and does not anticipate any losses related to these balances.

Cash and cash equivalents

The Foundation considers all financial instruments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents on hand as of December 31, 2018 or 2017.

Accounts receivable

Accounts receivable includes royalties and training fees owed to the Foundation and are anticipated to be collected within one year. Management has determined that no allowance for doubtful accounts is necessary at December 31, 2018 or 2017.

The Hawn Foundation  
dba The Goldie Hawn Foundation  
Notes to Financial Statements  
December 31, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions receivable

Contributions received are recorded as either with or without donor restriction depending on the existence or absence of any donor-imposed restrictions. Contributions are recognized as revenue in the period received. Pledges for future contributions are recorded as contributions receivable and reported at estimated net realizable values. All contributions receivable at December 31, 2017 were collected in 2018 and all contributions receivable at December 31, 2018 were collected subsequent to year end. Therefore, an allowance for potentially uncollectible contributions has not been established at December 31, 2018 or 2017.

Investments

Investments consist of marketable securities and are stated at fair value. Unrealized gains and losses are recognized aggregately. Realized gains and losses are recognized at the time of sale and are calculated using the specific identification method.

Property and equipment

Property and equipment is recorded at cost net of accumulated depreciation. Contributed assets are stated at fair value at the date of contribution. Depreciation is recorded using the straight-line method over the estimated useful life of the asset.

Normal repairs and maintenance are expensed as incurred, whereas significant charges that materially increase values or extend useful lives are capitalized and depreciated over the estimated useful lives of the related assets.

At December 31, 2018 and 2017 property and equipment consisted entirely of office equipment and furniture with an estimated useful life of three years.

Impairment of long-lived assets

Management reviews each asset or asset group for impairment whenever events or circumstances indicate that the carrying value of an asset or asset group may not be recoverable, but at least annually. No impairment loss was recorded by the Foundation during the years ended December 31, 2018 or 2017.

Deferred revenue

Training fee revenue is generally received in advance, reported as deferred revenue, and recognized as services are performed.

The Hawn Foundation  
 dba The Goldie Hawn Foundation  
 Notes to Financial Statements  
 December 31, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allocation of functional expenses

The Foundation allocates its expenses on a functional basis among program and support services. Expenses that can be identified with the program or support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated accordingly.

Subsequent events

The Foundation has evaluated events subsequent to December 31, 2018, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through July 10, 2019, the date the financial statements were available to be issued. Based upon this evaluation, it was determined no subsequent events occurred that require recognition or additional disclosure in the financial statements, except those noted in Note 2, 4 and 5.

3. INVESTMENTS

The Foundation reports its investments at fair value among three categories of price inputs available. These categories of inputs are quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3).

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2017. All investments were liquidated during 2018 therefore there are no investments at December 31, 2018.

|             | <u>Level 1</u>   | <u>Level 2</u> | <u>Level 3</u> | <u>Fair Value</u> |
|-------------|------------------|----------------|----------------|-------------------|
| Stock funds | <u>\$ 84,707</u> | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 84,707</u>  |

Activity in the investments during the years ended December 31, 2018 and 2017 was as follows:

|  | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|
| Balance, beginning of year             | \$ 84,707   | \$ -        |
| Donated investments                    | -           | 72,100      |
| Proceeds from sales of investments     | (128,472)   | -           |
| Realized gains on sales of investments | 43,765      | -           |
| Unrealized gains on investments        | -           | 12,607      |
| Balance, end of year                   | \$ -        | \$ 84,707   |

The Hawn Foundation  
 dba The Goldie Hawn Foundation  
 Notes to Financial Statements  
 December 31, 2018 and 2017

4. COMMITMENTS AND CONTINGENCIES

The Foundation leases office space in Santa Monica, California under a noncancelable operating lease. The Foundation's current office lease was entered into in April 2019, requires monthly rental payments of approximately \$6,900, and expires in June 2022.

The scheduled minimum lease payments under the new lease terms are as follows:

| <u>Year ending December 31,</u> |                   |
|---------------------------------|-------------------|
| 2019                            | \$ 55,120         |
| 2020                            | 82,680            |
| 2021                            | 82,680            |
| 2022                            | <u>41,340</u>     |
|                                 | <u>\$ 261,820</u> |

Lease expense totaled \$49,403 and \$26,947 during the year ended December 31, 2018 and 2017, respectively.

Contingencies

The Foundation may be involved in litigation in the normal course of business. There are no current issues which management believes will have a material adverse financial impact to the Foundation.

5. RELATED PARTY TRANSACTIONS

The Foundation has two affiliated entities, The Hawn Foundation UK and The Hawn Foundation Canada (collectively the "Affiliates"). Both of the Affiliates share the same founder and president as the Foundation. The Foundation has considered consolidating the Affiliates in its financial statements and concluded that the Affiliates do not meet the criteria for consolidation. During 2018, the Foundation incurred expenses totaling \$57,190 on behalf of its Affiliates and at December 31, 2018, \$36,209 had not yet been reimbursed which has been included within due from related parties in the accompanying statements of financial position. The outstanding December 31, 2018 balance of \$36,209 was subsequently collected in 2019. There was no activity between the Foundation and the Affiliates in 2017.

The Hawn Foundation  
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 Notes to Financial Statements  
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6. LIQUIDITY AND AVAILABILITY

The Foundation's liquidity management policy is designed to provide that financial assets are available for operations as its general expenditures, liabilities, and other obligations come due. The following table reflects the Foundation's financial assets reported on the statements of financial position that are available for general expenditure during the next year:

Liquidity of financial assets as of December 31, 2018 is as follows:

|                          | <u>2018</u>         | <u>2017</u>         |
|--------------------------|---------------------|---------------------|
| Cash                     | \$ 1,304,701        | \$ 1,126,099        |
| Accounts receivable      | 56,510              | 132,910             |
| Contributions receivable | 146,639             | 24,800              |
| Due from related parties | <u>36,209</u>       | <u>-</u>            |
|                          | 1,544,059           | 1,283,809           |
| Less: deferred revenue   | <u>(80,691)</u>     | <u>(63,634)</u>     |
|                          | <u>\$ 1,463,368</u> | <u>\$ 1,220,175</u> |