

AMERICAN HUMANIST ASSOCIATION AND AFFILIATED ENTITIES

**Consolidated Financial Statements Together with
Report of Independent Public Accountants**

For the Year Ended December 31, 2015



DECEMBER 31, 2015

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Directors
American Humanist Association

We have audited the accompanying financial statements of American Humanist Association (the Organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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 Organization as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Sterling, VA
May 23, 2016

AGTA GROUP CPA, LLP

AMERICAN HUMANIST ASSOCIATION AND AFFILIATED ENTITIES
Statement of Financial Position
For the Year Ended December 31, 2015 with Comparative 2014 Total

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 797,005	\$ 535,742
Investments	5,363,267	5,787,011
Accounts receivable, net	127,931	186,327
Prepaid Expenses	30,819	28,203
Cash and securities set aside for annuity payment obligations	1,080,439	1,087,017
Cash surrender value of life insurance policy	8,631	8,744
Property and equipment net of accumulated depreciation	385,466	411,327
Other Assets	183,158	200,948
Total Assets	<u>\$ 7,976,716</u>	<u>\$ 8,245,319</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 100,466	\$ 101,733
Accrued expenses and other liabilities	72,607	41,806
Payment obligations under annuity contracts	329,598	322,601
Other Liabilities	108,833	121,782
Total Liabilities	<u>611,504</u>	<u>587,922</u>
Net Assets		
Unrestricted net assets	5,548,449	5,790,825
Temporarily restricted net assets	1,479,436	1,529,245
Permanently restricted net assets	337,327	337,327
Total Net Assets	<u>7,365,212</u>	<u>7,657,397</u>
Total Liabilities and Net Assets	<u>\$ 7,976,716</u>	<u>\$ 8,245,319</u>

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

AMERICAN HUMANIST ASSOCIATION AND AFFILIATED ENTITIES
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2015 with Comparative 2014 Total

	<u>2015</u>	<u>2014</u>
CHANGE IN UNRESTRICTED NET ASSETS		
Revenue, Gains and Support		
Contributions	\$ 1,096,981	\$ 1,441,391
Bequests	763,835	3,925,228
Membership	381,862	407,732
Humanist magazine	59,725	58,335
Conference and seminars	104,517	98,773
Publication sales	33,093	17,645
Legal settlements	135,806	250,096
Management fees	9,750	9,800
Professional fees	27,591	15,833
Other income	21,197	20,186
Interest and dividends	167,848	130,245
Net unrealized gain (loss) on investments	(409,902)	(112,776)
Net realized gain on investments	261,230	249,581
Change in valuation of annuity payment obligation	(66,153)	(65,894)
Net assets released from restrictions	48,121	91,074
Total Revenue and Support	<u>2,635,501</u>	<u>6,537,249</u>
Expenses		
Program Services: Education and public awareness	2,462,989	3,873,090
Fundraising	283,919	532,472
Management and general administrative	130,969	156,810
Total Expenses	<u>2,877,877</u>	<u>4,562,372</u>
Change in Unrestricted Net Assets	<u>(242,376)</u>	<u>1,974,877</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Dividends	37,870	-
Contributions	2,413	100,469
Net realized gain on investments	3,405	12,264
Net unrealized gain (loss) on investments	(45,376)	95,961
Net assets released from restrictions	(48,121)	(91,074)
Change in Temporarily Restricted Net Assets	<u>(49,809)</u>	<u>117,620</u>
CHANGE IN NET ASSETS		
Changes in Net Assets	(292,185)	2,092,497
Net Assets, Beginning of Year	7,657,397	5,564,900
Net Assets, End of Year	<u>\$ 7,365,212</u>	<u>\$ 7,657,397</u>

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

AMERICAN HUMANIST ASSOCIATION AND AFFILIATED ENTITIES
Statement of Cash Flows
For the Year Ended December 31, 2015 with Comparative 2014 Total

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ (292,185)	\$ 2,092,497
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	29,978	29,662
Realized and Unrealized (gain) loss on investments	190,643	(245,030)
Change in valuation of annuity obligations	63,535	55,480
(Increase) decrease in accounts receivable	58,396	(105,519)
(Increase) decrease in other assets	15,174	(229,151)
Increase (decrease) in accounts payable	(1,267)	4,097
Increase (decrease) in accrued expenses and other liabilities	17,852	131,290
Net Cash from Operating Activities	<u>82,126</u>	<u>1,733,326</u>
 Cash Flows from Investing Activities		
Acquisition of fixed assets	(4,117)	(7,470)
(Increase) decrease in cash surrender value of life insurance poli	113	66
Increase (decrease) in cash balances in investment accounts	43,388	(8,733)
Proceeds from sales of investment securities	1,662,578	1,549,433
Purchase of investment securities	(1,466,287)	(3,166,275)
Net Cash from Investing Activities	<u>235,675</u>	<u>(1,632,979)</u>
 Cash Flows from Financing Activities		
Donated annuity contracts	10,000	24,678
Payments to annuitants	(66,538)	(63,453)
Net Cash from Financing Activities	<u>(56,538)</u>	<u>(38,775)</u>
 Net Change in Cash and Cash Equivalents	 261,263	 61,572
Cash and Cash Equivalents, Beginning of Year	535,742	474,170
Cash and Cash Equivalents, End of Year	<u>\$ 797,005</u>	<u>\$ 535,742</u>

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

AMERICAN HUMANIST ASSOCIATION AND THE HUMANIST SOCIETY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1: ORGANIZATION

The consolidated financial statements include the accounts of the American Humanist Association, the Humanist Foundation, the Humanist Society, and the Center for Humanist Activism of the American Humanist Association. All intercompany transactions and accounts have been eliminated. The consolidated financial statements do not include the operations and accounts of local chapters of the American Humanist Association that are organized and operated as separate entities.

The American Humanist Association (AHA) was organized under the laws of the State of Illinois as a not for profit corporation in 1943. The mission of the American Humanist Association is to be a clear, democratic voice for Humanism in the United States, to increase public awareness and acceptance of Humanism, to establish, protect and promote the position of Humanists in our society, and to develop and advance Humanist thought and action.

The Humanist Foundation (HF) was incorporated under the Revised Iowa Nonprofit Corporations Act in 2012 for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. HF is the endowment fund that supports the activities of AHA - its sole member. Prior to its incorporation in 2012, HF operated as the Humanist Foundation of the American Humanist Association - a component of AHA.

The Humanist Society (the Society) was established in 1939 to promote a scientific, humanistic life stance.

The Center for Humanist Activism of the American Humanist Association (CHA) was incorporated in 2004 under the Nonprofit Corporation Act of the District of Columbia for educational purposes within the meaning of Section 501(c)(4) of the Internal Revenue Code. CHA is an educational philosophic organization in support of the life stance of Humanism that will present a Humanist perspective to the general public. In 2014, the Center for Humanist Activism changed its name to the Center for Freethought Equality in order to improve its outreach efforts.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements are prepared on the accrual basis of accounting and include the accounts of the entities listed in Note 1, collectively referred to as "the Organization".

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although actual results could differ from these estimates, management does not believe that such differences will be material.

Tax status

The American Humanist Association and The Humanist Society are exempt from the payment of income taxes on their exempt activities under Section 501(c)(3) of the Internal Revenue Code and are both classified as other than private foundations within the meaning of Section 509(a)(1) of the Internal Revenue Code. Both entities are also exempt from District of Columbia taxes.

The Humanist Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as a Type II supporting organization under section 509(a)(3) of the Code.

The Center for Humanist Activism of the American Humanist Association is exempt from Federal income taxes under Section 501(c)(4) of the Internal Revenue Code and is also exempt from District of Columbia income taxes.

The Organization adopted the accounting standard related to uncertain income tax positions. The standard requires that an uncertain income tax position must be more likely than not (greater than 50% likelihood of realization) before it is recognized in the financial statements. Furthermore, the standard requires that the amount recognized be the same as that which would be determined as a result of a review by tax authorities having all relevant information. During the year ended December 31, 2015 and 2014, management did not identify any uncertain income tax positions. At a minimum, the December 31, 2012 through 2014 tax years are open for examination by taxing authorities.

Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents consist primarily of cash on hand, deposits in banks and investment companies, and highly liquid investments with an original maturity of 90 days or less and certificates of deposits with maturities of less than one year.

Fair value of financial instruments

The organizations financial instruments consist of cash and cash equivalents, accounts receivable, investments in marketable securities, cash surrender value of life insurance policies, accounts payable, accrued expenses, notes payable and annuity payment obligations.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables, cash surrender value of life insurance policies are reported at their net realizable value, which approximates fair value. Investments in marketable securities are reported at their fair value. All other financial instruments are stated at cost, which approximates fair value.

Accounts receivable

Grants and other receivable are carried at original pledge amount or invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts. The Organizations estimate uncollectible amounts by identifying troubled accounts and using historical experience applied to outstanding accounts receivable.

Investments

Investments are measured and reported at fair value. The fair value of debt securities, institutional mutual funds, and equity securities with a readily determinable fair value is based on quotations obtained from national security exchanges.

Property and equipment

Property, equipment, and leasehold improvements are reported at cost net of accumulated depreciation. Management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered. If the sum of the undiscounted expected future cash flows is less than the carrying amount of an asset, the Organizations recognize an impairment loss based on the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets or the lease term. The useful lives range five to 40 years. Maintenance and repair costs are expensed as incurred.

Net Assets

The Organization's net assets and changes therein are classified and reported as follows:

Unrestricted net assets - Unrestricted net assets include gifts, pledges, and trusts as well as income and gains that are not subject to donor-imposed stipulations and include amounts designated by the Board of Directors for specific purposes.

Temporarily restricted net assets - Temporarily restricted net assets include gifts, pledges, and trusts as well as income and gains that can be expended, but for which restrictions have not yet been met. Such restrictions include purpose restrictions wherein donors have specified the purpose for which the net assets are to be spent or time restriction. When restrictions are fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Permanently restricted - Permanently restricted net assets include gifts, pledges, and trusts subject to donor-imposed stipulations to be invested in perpetuity, and only the income may be available for program operations.

Contributions, bequests and grants

Contributions and bequests are reported as revenue in the year the donor notifies the Organizations of his or her intent to make the donation. Grants are recognized as revenue during the period that the Organizations met all the grant requirements.

Contributions received in connection with annuity agreements

Contributions received from donors in connection with annuity payment obligations are reported as unrestricted contributions revenues net of the liability recorded for the estimated future payments to be made to the respective donors. The liability amount is reported based on the estimated future payments to each annuitant by taking into account the annuitant's age and life expectancy. As annuity contracts expire due to death of annuitants, the unpaid balance on the annuity contracts is recognized as period income in the unrestricted fund.

Membership dues

Membership dues are reported as income in the period that the dues are received.

Advertising Costs

Advertising costs are reported as expense when incurred.

Functional allocation of expenses

The Organizations summarize the cost of providing and managing their various programs and supporting activities on a functional basis in the accompanying consolidated statement of activities. Accordingly, certain costs are allocated among the benefiting program and supporting services based on specific identification or reasonable allocation methodologies.

NOTE 3: FAIR VALUE MEASUREMENT

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset or liability and a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to the Organizations assumptions (unobservable inputs).

AMERICAN HUMANIST ASSOCIATION AND THE HUMANIST SOCIETY
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2015 AND 2014

NOTE 3: FAIR VALUE MEASUREMENT (continued)

The three levels of the hierarchy are as follows:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets.
- Level 2 Other observable inputs, either directly or indirectly, including:
- Quoted prices for similar assets/liabilities in active markets;
 - Quoted prices for identical or similar assets in non-active markets;
 - Inputs other than quoted prices that are observable for the asset/liability; and
 - Inputs that are derived principally from or corroborated by other observable market data.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

The Organizations measure cash and cash equivalents and investment in marketable securities at fair value. In accordance with the fair value hierarchy described above, the following table shows the fair value of the Organizations financial assets that are required to be measured at fair value at December 31, 2015 and 2014:

December 31, 2015	Designated for Building Acquisition	Designated for future operations	Designated for payment of annuities	Unrestricted Securities	Fair Value [Level 1]
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 797,005
Investments					
Mutual funds	-	-	642,828	2,381,782	3,024,610
Equity securities	432,507	151,067	377,697	1,351,389	2,312,660
Exchange-traded funds	485,024	6,236	-	-	491,260
Bond funds	166,230	-	-	-	166,230
Corporate bonds	71,800	-	-	-	71,800
Preferred equity securities	63,727	-	-	-	63,727
Money market funds	11,918	-	-	-	11,918
Alternative fund	-	-	52,230	207,071	259,301
Cash balances in investment	-	-	7,684	34,516	42,200
Total investments	<u>1,231,206</u>	<u>157,303</u>	<u>1,080,439</u>	<u>3,974,758</u>	<u>6,443,706</u>
Total cash and investments	<u>\$ 1,231,206</u>	<u>\$ 157,303</u>	<u>\$ 1,080,439</u>	<u>\$ 3,974,758</u>	<u>\$ 7,240,711</u>

AMERICAN HUMANIST ASSOCIATION AND THE HUMANIST SOCIETY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 3: FAIR VALUE MEASUREMENT (continued)

December 31, 2014	Designated for Building Acquisition	Designated for future operations	Designated for payment of annuities	Unrestricted Securities	Fair Value [Level 1]
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 535,742
Investments					
Mutual funds	-	-	648,328	2,683,446	3,331,774
Equity securities	446,211	128,164	427,970	1,661,305	2,663,650
Exchange-traded funds	500,169	43,897	-	-	544,066
Bond funds	176,011	-	-	-	176,011
Corporate bonds	83,383	-	-	-	83,383
Preferred equity securities	31,898	-	-	-	31,898
Money market funds	32,516	-	-	-	32,516
Cash balances in investment	-	11	10,719	-	10,730
Total investments	1,270,188	172,072	1,087,017	4,344,751	6,874,028
Total cash and investments	\$ 1,270,188	\$ 172,072	\$ 1,087,017	\$ 4,344,751	\$ 7,409,770

NOTE 4: INVESTMENT IN MARKETABLE SECURITIES

Net unrealized gains on investments were as follows:

2015	Designated for Building Acquisition	Designated for future operations	Designated for payment of annuities	Unrestricted Securities	Total
Investments at fair value	\$ 1,231,206	\$ 157,303	\$ 1,080,439	\$ 3,974,758	\$ 6,443,706
Investments at cost or donated value	817,872	137,320	1,016,775	4,006,049	5,978,016
Unrealized gain	\$ 413,334	\$ 19,983	\$ 63,664	\$ (31,291)	\$ 465,691

2014	Designated for Building Acquisition	Designated for future operations	Designated for payment of annuities	Unrestricted Securities	Total
Investments at fair value	\$ 1,270,188	\$ 172,072	\$ 1,087,017	\$ 4,344,751	\$ 6,874,028
Investments at cost or donated value	830,885	163,289	939,428	4,061,611	5,995,213
Unrealized gain	\$ 439,303	\$ 8,783	\$ 147,589	\$ 283,140	\$ 878,815

AMERICAN HUMANIST ASSOCIATION AND THE HUMANIST SOCIETY
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2015 AND 2014

NOTE 4: INVESTMENT IN MARKETABLE SECURITIES (continued)

Net investment income including net realized and unrealized gain on marketable securities were as follows:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 205,718	\$ 112,169
Realized gains	264,635	261,845
Unrealized gains / (losses)	<u>(455,278)</u>	<u>(16,815)</u>
Total investment income	15,075	357,199
Less: investment expenses	<u>(21,668)</u>	<u>(27,112)</u>
Net investment income	<u>\$ (6,593)</u>	<u>\$ 330,087</u>

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment at December 31 comprised:

	<u>2015</u>	<u>2014</u>
Land	119,388	119,388
Building	358,162	358,162
Building improvements	112,904	112,904
Furniture, equipment & software	<u>207,146</u>	<u>203,347</u>
Total	797,600	793,801
Accumulated depreciation and amortization	<u>(412,134)</u>	<u>(382,474)</u>
Net book value	<u>385,466</u>	<u>411,327</u>

NOTE 6: NOTE PAYABLE

In December 2010, AHA obtained an unsecured revolving credit facility with a maximum principal amount of \$100,000 from a commercial bank. The interest rate on borrowings under the credit facility was established at the highest Prime Rate published in the Money Rates section of The Wall Street Journal for the last day of the preceding calendar month. At December 31, 2015 and 2014, AHA did not owe any balance against the credit line.

NOTE 7: ANNUITY AGREEMENTS

At December 31, 2015, The Humanist Foundation was a party to Annuity Agreements (Agreements) it executed with fifteen (15) donors to the Humanist Endowment Fund. By the terms of the individual Agreements, each donor made a one-time contribution to the Endowment Fund with the understanding that AHA will use the funds for its educational and charitable activities pursuant to the Agreement of Trust of the American Humanist Association. As a consideration for the contribution from the donor, the Foundation agreed to make periodic annuity payments to the donor over the life of the donor. By the terms of the individual

AMERICAN HUMANIST ASSOCIATION AND THE HUMANIST SOCIETY
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NOTE 7: ANNUITY AGREEMENTS (continued)

Agreements, the Foundation is discharged from its payment obligations upon the death of the annuitant. The total amount of contributions received from annuitants relative to the fifteen (15) unexpired annuity contracts as of December 31, 2015 was \$846,875. At December 31, 2014, the total contribution on unexpired contracts was \$836,875.

The periodic payment amount for each annuitant and the frequency of the payment were determined at the time the Foundation received the initial contribution from the donor. Both the periodic payment amount and the frequency of payment for each annuitant were based on an actuarial computation that took into account the donor's age and life expectancy; the expected rate of return on the trust amount; and a payout percentage that is below the expected rate of return.

In 2009, the Foundation established an investment sub-account and transferred a portion of its investment portfolio to the sub-account in order to fund the annuity payment obligations. At December 31, 2015, the fair value of the cash and marketable securities in the sub-account was \$1,080,439. The fair value of the cash and securities in the sub-account as of December 31, 2014 was \$1,087,017.

In 2015, the Foundation re-determined its estimate of its annuity payment obligations based on the age and related life expectancy of each annuitant as of December 31, 2015 and increased its previous estimate by \$63,535. The estimated payment obligation relative to the 15 active annuity contracts on December 31, 2015 and 14 contracts in 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Estimated Payment obligations on unexpired annuity contracts, beginning of year	\$ 322,601	\$ 305,896
Change in valuation of annuity payment obligations	63,535	55,158
New annuity contracts	10,000	25,000
Less annuity payments	(66,538)	(63,453)
Estimated payment obligation on active contracts, end of year	<u>\$ 329,598</u>	<u>\$ 322,601</u>

NOTE 8: ASSET ACQUISITION AGREEMENT

In 2009, the Institute for Humanist Studies (IHS) an entity exempt from federal income taxes under IRC Section 501(c)(3) and AHA executed an AHA/IHS Asset Acquisition Agreement (Agreement). Under the terms of the Agreement: (a) IHS transferred to AHA cash and investment securities with a fair value of \$741,831 from IHS's Endowment Fund; (b) AHA agreed to create and maintain a Humanist Center Building fund from the proceeds of the IHS Endowment Fund; and (c) AHA agreed to use the corpus of the Humanist Center Building Fund only to acquire a building in Washington, D.C., to house the Humanist Center. Interest and dividends earned on the fund can be used by AHA to cover its operating expenses.

AMERICAN HUMANIST ASSOCIATION AND THE HUMANIST SOCIETY
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NOTE 8: ASSET ACQUISITION AGREEMENT (continued)

The fair value of cash and securities in the Humanist Center Building Fund at December 31, 2015 that was due to AHA was \$1,231,206. The fair value of cash and securities in the fund as of December 31, 2014 due to AHA was \$1,270,188.

NOTE 9: VOLUNTARY BOARD-APPROVED SEGREGATION OF UNRESTRICTED NET ASSETS

At December 31, 2015 and 2014, the Board of Directors of the American Humanist Association has designated the amounts, below, from its unrestricted net assets for the following purposes:

	<u>2015</u>	<u>2014</u>
Payment of annuity contracts	816,944	830,310
Total	<u>\$ 816,944</u>	<u>\$ 830,310</u>

The designations are voluntary and may be reversed by the governing boards at any time and, accordingly, the designated portions of net assets are not considered restricted.

NOTE 10: TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

At December 31, 2015 and 2014, temporarily and permanently restricted net assets comprised of:

	<u>2015</u>	<u>2014</u>
Temporarily Restricted		
Restricted for building acquisition	\$ 1,231,206	\$ 1,270,188
Gamm Fund - for operations	151,067	167,103
Feminist Caucus	5,147	4,957
Other Funds	92,017	86,997
Total Temporarily Restricted Net Asset	<u>\$ 1,479,436</u>	<u>\$ 1,529,245</u>
Permanently Restricted		
Fahnestock Trust - corpus to be maintained in perpetuity	337,327	337,327
Total Permanently Restricted	<u>\$ 337,327</u>	<u>\$ 337,327</u>

NOTE 11: RETIREMENT PLAN

All employees of the AHA and CFE are eligible to participate in the 403(b) and 401(k) retirement plans, respectively. Voluntary contributions by employees may be made up to the legal limit. Both AHA and CFE offer a match of up to 1% of gross salary per pay period along with a discretionary base contribution.

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NOTE 12: RELATED PARTY TRANSACTIONS

During 2015 and 2014, AHA had the following related party transactions with its affiliates:

	<u>2015</u>	<u>2014</u>
Management fees charged to HS	\$ 15,000	\$ 14,400
Management fees charged to CFE	6,000	6,000
Contributions to CFE	61,356	53,827
Contributions to HF	300,000	1,780,000
Contributions received from HF	231,253	145,805
Year-end receivable balance from CFE	3,866	30,838
Year-end receivable balance from HS	89	7,220
Year-end receivable balance from HF	14,537	22,460

NOTE 13: CONCENTRATIONS

Cash in financial institutions

The Organizations maintain demand deposits with commercial banks and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government.

Investments

The Association and the Foundation invest funds in professional managed portfolio of marketable securities. Such investments are exposed to interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated statement of financial position.

The investment portfolio for The Foundation is managed by one investment firm and the investment portfolio includes stock funds that are actively managed by the firm.

NOTE 14: SUBSEQUENT EVENTS

In preparing these financial statements, the Corporations have evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued, May 23, 2016.

SUPPLEMENTARY INFORMATION

AMERICAN HUMANIST ASSOCIATION AND AFFILIATED ENTITIES
Statement of Functional Expenses
For the Year Ended December 31, 2015 with Comparative 2014 Total

	2015				2014
	Program Services	Management and General	Fundraising	Total	Total
Salaries and Fringe Benefits	\$ 1,046,566	\$ 55,025	\$ 116,908	\$ 1,218,499	\$ 1,071,688
Promotion and Advertising	240,392	12,839	28,048	281,279	515,186
Conference & Meetings	191,197	10,200	22,239	223,636	190,014
Humanist Magazine	80,525	4,383	9,887	94,795	97,883
Professional Services	137,295	7,136	14,844	159,275	241,070
Travel & Entertainment	41,784	2,218	4,793	48,795	59,402
Facilities Expense	51,177	2,786	6,284	60,247	63,727
Litigation Expense	48,277	2,628	5,928	56,833	36,814
Books & Merchandise	15,137	787	1,635	17,559	16,410
Equipment Lease & Maintenance	14,944	813	1,835	17,592	19,176
Dues & Support	31,043	1,670	3,691	36,404	73,858
Internet & Telephone Expenses	58,421	3,051	6,401	67,873	67,391
Database Expenses	27,559	1,413	2,865	31,837	36,662
Postage and Freight	37,145	2,017	4,528	43,690	49,060
Free Mind Production	22,820	1,242	2,802	26,864	23,870
Investment Expenses	18,406	1,002	2,260	21,668	27,112
Grants	-	-	-	-	7,300
Bank Charges	17,509	952	2,144	20,605	22,012
Office Supplies	21,550	1,148	2,497	25,195	23,367
AHA Board/Election	36,538	1,989	4,486	43,013	33,239
Scholarship and Support	25,485	1,387	3,129	30,001	262
Miscellaneous	-	-	-	-	4,232
Humanitarian Relief	-	-	-	-	51,409
Annuity Administration Fee	1,780	97	219	2,096	2,450
Depreciation Expense	25,490	1,383	3,105	29,978	29,661
Bequests to Humanist Foundation	254,838	13,872	31,290	300,000	1,780,000
Annual AHA Funding	14,337	780	1,760	16,877	19,117
Tax Expense	2,774	151	341	3,266	-
Total	\$ 2,462,989	\$ 130,969	\$ 283,919	\$ 2,877,877	\$ 4,562,372

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

AMERICAN HUMANIST ASSOCIATION AND AFFILIATED ENTITIES
Statement of Financial Position
For the Year Ended December 31, 2015

	American Humanist Association	Humanist Foundation	Humanist Society	Center for Freethought Equality	Total	Elimination	Consolidated
ASSETS							
Cash and cash equivalents	\$ 413,484	\$ 311,455	\$ 13,164	\$ 58,902	\$ 797,005	\$ -	\$ 797,005
Investments	1,231,206	4,132,061	-	-	5,363,267	-	5,363,267
Accounts receivable, net	126,148	5,268	-	470	131,886	(3,955)	127,931
Prepaid Expenses	30,819	-	-	-	30,819	-	30,819
Cash and securities set aside for annuity payment obligations	-	1,080,439	-	-	1,080,439	-	1,080,439
Cash surrender value of life insurance policy	-	8,631	-	-	8,631	-	8,631
Property and equipment net of accumulated depreciation	16,314	368,237	-	915	385,466	-	385,466
Other Assets	-	183,158	-	-	183,158	-	183,158
Total Assets	\$ 1,817,971	\$ 6,089,249	\$ 13,164	\$ 60,287	\$ 7,980,671	\$ (3,955)	\$ 7,976,716
LIABILITIES AND NET ASSETS							
Liabilities							
Accounts payable	\$ 73,292	\$ 21,721	\$ -	\$ 9,408	\$ 104,421	\$ (3,955)	\$ 100,466
Accrued expenses and other liabilities	69,451	-	-	3,156	72,607	-	72,607
Payment obligations under annuity contracts	-	329,598	-	-	329,598	-	329,598
Other Liabilities	5,002	100,876	-	2,955	108,833	-	108,833
Total Liabilities	147,745	452,195	-	15,519	615,459	(3,955)	611,504
Net Assets							
Unrestricted net assets	428,855	5,061,662	13,164	44,768	5,548,449	-	5,548,449
Temporarily restricted net assets	1,241,371	238,065	-	-	1,479,436	-	1,479,436
Permanently restricted net assets	-	337,327	-	-	337,327	-	337,327
Total Net Assets	1,670,226	5,637,054	13,164	44,768	7,365,212	-	7,365,212
Total Liabilities and Net Assets	\$ 1,817,971	\$ 6,089,249	\$ 13,164	\$ 60,287	\$ 7,980,671	\$ (3,955)	\$ 7,976,716

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

AMERICAN HUMANIST ASSOCIATION AND AFFILIATED ENTITIES
Statement of Financial Position
For the Year Ended December 31, 2014

	American Humanist Association	Humanist Foundation	Humanist Society	Center for Humanist Activism	Total	Elimination	Consolidated
ASSETS							
Cash and cash equivalents	\$ 445,271	\$ 26,629	\$ 6,176	\$ 57,666	\$ 535,742	\$ -	\$ 535,742
Investments	1,270,188	4,516,823	-	-	5,787,011	-	5,787,011
Accounts receivable, net	211,595	5,519	6,900	371	224,385	(38,058)	186,327
Prepaid Expenses	28,203	-	-	-	28,203	-	28,203
Cash and securities set aside for annuity payment obligations	-	1,087,017	-	-	1,087,017	-	1,087,017
Cash surrender value of life insurance policy	-	8,744	-	-	8,744	-	8,744
Property and equipment net of accumulated depreciation	20,784	389,391	-	1,152	411,327	-	411,327
Other Assets	947	200,001	-	-	200,948	-	200,948
Total Assets	\$ 1,976,988	\$ 6,234,124	\$ 13,076	\$ 59,189	\$ 8,283,377	\$ (38,058)	\$ 8,245,319
LIABILITIES AND NET ASSETS							
Liabilities							
Accounts payable	\$ 70,002	\$ 23,028	\$ 11,456	\$ 35,305	\$ 139,791	\$ (38,058)	\$ 101,733
Accrued expenses and other liabilities	38,089	-	-	3,717	41,806	-	41,806
Payment obligations under annuity contracts	-	322,601	-	-	322,601	-	322,601
Other Liabilities	3,619	113,002	3,759	1,402	121,782	-	121,782
Total Liabilities	111,710	458,631	15,215	40,424	625,980	(38,058)	587,922
Net Assets							
Unrestricted net assets	590,134	5,184,065	(2,139)	18,765	5,790,825	-	5,790,825
Temporarily restricted net assets	1,275,144	254,101	-	-	1,529,245	-	1,529,245
Permanently restricted net assets	-	337,327	-	-	337,327	-	337,327
Total Net Assets	1,865,278	5,775,493	(2,139)	18,765	7,657,397	-	7,657,397
Total Liabilities and Net Assets	\$ 1,976,988	\$ 6,234,124	\$ 13,076	\$ 59,189	\$ 8,283,377	\$ (38,058)	\$ 8,245,319

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

AMERICAN HUMANIST ASSOCIATION AND AFFILIATED ENTITIES
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2015

	American Humanist Association	Humanist Foundation	Humanist Society	Center for Freethought Equality	Total	Elimination	Consolidated
CHANGE IN UNRESTRICTED NET ASSETS							
Revenue, Gains and Support							
Contributions	\$ 939,881	\$ -	\$ 6,619	\$ 211,840	\$ 1,158,340	\$ (61,359)	\$ 1,096,981
Bequests	463,835	300,000	-	-	763,835	-	763,835
Membership	381,862	-	-	-	381,862	-	381,862
Humanist magazine	59,725	-	-	-	59,725	-	59,725
Conference and seminars	104,517	-	-	-	104,517	-	104,517
Publication sales	33,093	-	-	-	33,093	-	33,093
Grants	231,253	-	-	-	231,253	(231,253)	-
Legal settlements	135,806	-	-	-	135,806	-	135,806
Management fees	30,750	-	-	-	30,750	(21,000)	9,750
Professional fees	-	-	27,591	-	27,591	-	27,591
Other income	1,826	12,000	6,808	563	21,197	-	21,197
Interest and dividends	17,404	150,310	8	126	167,848	-	167,848
Net unrealized gain (loss) on investments	-	(409,902)	-	-	(409,902)	-	(409,902)
Net realized gain on investments	-	261,230	-	-	261,230	-	261,230
Change in valuation of annuity payment obligation	-	(66,153)	-	-	(66,153)	-	(66,153)
Net assets released from restrictions	31,243	16,878	-	-	48,121	-	48,121
Total Revenue and Support	2,431,195	264,363	41,026	212,529	2,949,113	(313,612)	2,635,501
Expenses							
Program Services: Education and public awareness	2,202,199	328,542	21,851	177,402	2,729,994	(267,005)	2,462,989
Fundraising	270,397	40,340	2,683	2,672	316,092	(32,173)	283,919
Management and general administrative	119,878	17,884	1,189	6,452	145,403	(14,434)	130,969
Total Expenses	2,592,474	386,766	25,723	186,526	3,191,489	(313,612)	2,877,877
Change in Unrestricted Net Assets	(161,279)	(122,403)	15,303	26,003	(242,376)	-	(242,376)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS							
Dividends	34,500	3,370	-	-	37,870	-	37,870
Contributions	2,413	-	-	-	2,413	-	2,413
Net realized gain on investments	2,899	506	-	-	3,405	-	3,405
Net unrealized gain (loss) on investments	(42,342)	(3,034)	-	-	(45,376)	-	(45,376)
Net assets released from restrictions	(31,243)	(16,878)	-	-	(48,121)	-	(48,121)
Change in Temporarily Restricted Net Assets	(33,773)	(16,036)	-	-	(49,809)	-	(49,809)
Changes in Net Assets	(195,052)	(138,439)	15,303	26,003	(292,185)	-	(292,185)
Net Assets, Beginning of Year	\$ 1,865,278	\$ 5,775,493	\$ (2,139)	\$ 18,765	\$ 8,061,938	\$ (404,541)	\$ 7,657,397
Net Assets, End of Year	\$ 1,670,226	\$ 5,637,054	\$ 13,164	\$ 44,768	\$ 7,769,753	\$ (404,541)	\$ 7,365,212

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

AMERICAN HUMANIST ASSOCIATION AND AFFILIATED ENTITIES
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2014

	American Humanist Association	Humanist Foundation	Humanist Society	Center for Humanist Activism	Total	Elimination	Consolidated
CHANGE IN UNRESTRICTED NET ASSETS							
Revenue, Gains and Support							
Contributions	\$ 1,281,589	\$ -	\$ 5,025	\$ 208,604	\$ 1,495,218	\$ (53,827)	\$ 1,441,391
Bequests	2,145,228	1,780,000	-	-	3,925,228	-	3,925,228
Membership	407,732	-	-	-	407,732	-	407,732
Humanist magazine	58,335	-	-	-	58,335	-	58,335
Conference and seminars	98,773	-	-	-	98,773	-	98,773
Publication sales	17,645	-	-	-	17,645	-	17,645
Grants	145,805	-	-	-	145,805	(145,805)	-
Legal settlements	249,949	147	-	-	250,096	-	250,096
Management fees	30,200	-	-	-	30,200	(20,400)	9,800
Professional fees	-	-	15,833	-	15,833	-	15,833
Other income	1,889	10,487	7,767	43	20,186	-	20,186
Interest and dividends	50,924	79,157	-	164	130,245	-	130,245
Net unrealized gain (loss) on investments	(2,825)	(109,951)	-	-	(112,776)	-	(112,776)
Net realized gain on investments	-	249,581	-	-	249,581	-	249,581
Change in valuation of annuity payment obligation	-	(65,894)	-	-	(65,894)	-	(65,894)
Net assets released from restrictions	73,743	17,331	-	-	91,074	-	91,074
Total Revenue and Support	4,558,987	1,960,858	28,625	208,811	6,757,281	(220,032)	6,537,249
Expenses							
Program Services: Education and public awareness	3,601,756	221,080	13,038	223,499	4,059,373	(186,283)	3,873,090
Fundraising	518,196	31,808	1,876	6,751	558,631	(26,159)	532,472
Management and general administrative	147,831	9,074	535	6,960	164,400	(7,590)	156,810
Total Expenses	4,267,783	261,962	15,449	237,210	4,782,404	(220,032)	4,562,372
Change in Unrestricted Net Assets	291,204	1,698,896	13,176	(28,399)	1,974,877	-	1,974,877
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS							
Contributions	13,471	86,998	-	-	100,469	-	100,469
Net realized gain on investments	7,594	4,670	-	-	12,264	-	12,264
Net unrealized gain (loss) on investments	85,541	10,420	-	-	95,961	-	95,961
Net assets released from restrictions	(73,743)	(17,331)	-	-	(91,074)	-	(91,074)
Change in Temporarily Restricted Net Assets	32,863	84,757	-	-	117,620	-	117,620
CHANGE IN NET ASSETS							
Changes in Net Assets	324,067	1,783,653	13,177	(28,340)	2,092,497	-	2,092,497
Net Assets, Beginning of Year	1,541,211	3,991,840	(15,316)	47,165	5,969,441	(404,541)	5,564,900
Net Assets, End of Year	\$ 1,865,278	\$ 5,775,493	\$ (2,139)	\$ 18,765	\$ 8,061,938	\$ (404,541)	\$ 7,657,397

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