AMHERST H. WILDER FOUNDATION

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2014 AND 2013

AMHERST H. WILDER FOUNDATION
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YEARS ENDED JUNE 30, 2014 AND 2013

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Amherst H. Wilder Foundation
St. Paul, Minnesota

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Amherst H. Wilder Foundation and Subsidiaries (the Foundation), which comprise the consolidated statements of financial position as of June 30, 2014 and 2013, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 auditors' 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.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation as of June 30, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
October 13, 2014

AMHERST H. WILDER FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 721,876	$ 781,334
Accounts and Pledges Receivable, Net	4,217,958	3,956,121
Other Current Assets	739,591	740,421
Current Assets from Discontinued Operations	35,045	32,172
Total Current Assets	5,714,470	5,510,048
LAND, BUILDING, AND EQUIPMENT - Net	35,816,447	37,812,361
OTHER ASSETS		
Accounts and Pledges Receivable - Non-Current Portion	480,704	1,079,865
Deferred Lease Incentives	92,309	154,999
Investments	160,763,378	153,944,313
Assets Held for Sale	288,000	2,288,000
Assets Held for Sale from Discontinued Operations	1,020,938	1,020,938
Beneficial Interest in Trusts	1,076,530	887,253
Escrow Funds and Other Assets Limited as to Use	224,202	120,501
Other Assets from Discontinued Operations	113,063	154,901
Total Other Assets	164,059,124	159,650,770
Total Assets	$ 205,590,041	$ 202,973,179
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 294,130	$ 488,222
Other Accrued Liabilities	330,796	315,291
Accrued Payroll, Benefits, Taxes, and Withholdings	2,755,135	2,623,467
Current Liabilities from Discontinued Operations	542,338	479,367
Deferred Income	1,508,186	930,498
Current Portion of Charitable Annuities	22,046	29,726
Current Portion of Long-Term Debt	810,000	775,000
Current Portion of Long-Term Debt from Discontinued Operations	175,070	163,267
Total Current Liabilities	6,437,701	5,804,838
LONG-TERM LIABILITIES		
Charitable Annuities, Less Current Portion	94,966	105,770
Accrued Pension Liability	20,328,586	21,692,930
Asset Retirement Obligation	56,763	55,728
Asset Retirement Obligation from Discontinued Operations	120,327	115,100
Long-Term Debt, Less Current Portion	26,945,000	27,755,000
Long-Term Debt from Discontinued Operations, Less Current Portion	92,219	267,289
Total Long-Term Liabilities	47,637,861	49,991,817
Total Liabilities	54,075,562	55,796,655
NET ASSETS		
Unrestricted	(10,770,776)	(14,926,026)
Temporarily Restricted	151,612,839	151,101,048
Permanently Restricted	10,672,416	11,001,502
Total Net Assets	151,514,479	147,176,524
Total Liabilities and Net Assets	$ 205,590,041	$ 202,973,179

See accompanying Notes to Consolidated Financial Statements.

AMHERST H. WILDER FOUNDATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2014 AND 2013

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT								
Revenue:								
Government Fees and Grants	$ 16,203,318	$ -	$ -	$ 16,203,318	$ 12,957,726	$ -	$ -	$ 12,957,726
Private Contracts and Fees	1,308,723	-	-	1,308,723	4,251,118	-	-	4,251,118
Consulting Revenues	2,607,193	-	-	2,607,193	2,491,499	-	-	2,491,499
Other Losses	(552,340)	-	-	(552,340)	(61,568)	-	-	(61,568)
Endowment Appropriation for Operations	(5,355)	16,553,424	-	16,548,069	95,939	12,881,818	-	12,977,757
Total Revenue	19,561,539	16,553,424	-	36,114,963	19,734,714	12,881,818	-	32,616,532
Support:								
Contributions and Private Grants	1,802,374	1,291,979	735,606	3,829,959	1,541,795	2,244,587	78,403	3,864,785
Net Assets Released from Restrictions	20,151,003	(19,086,311)	(1,064,692)	-	15,917,982	(15,764,693)	(153,289)	-
Total Revenue and Support	41,514,916	(1,240,908)	(329,086)	39,944,922	37,194,491	(638,288)	(74,886)	36,481,317
EXPENSES								
Program Service:								
Wilder Programs	24,846,574	-	-	24,846,574	24,941,675	-	-	24,941,675
Wilder Research	8,978,680	-	-	8,978,680	9,310,908	-	-	9,310,908
Total Program Service	33,825,254	-	-	33,825,254	34,252,583	-	-	34,252,583
Support Service:								
General and Administrative	4,714,249	-	-	4,714,249	4,872,079	-	-	4,872,079
Fundraising	1,985,598	-	-	1,985,598	1,669,957	-	-	1,669,957
Total Support Service	6,699,847	-	-	6,699,847	6,542,036	-	-	6,542,036
Total Expenses	40,525,101	-	-	40,525,101	40,794,619	-	-	40,794,619
Subtotal before Investment Gains (Losses) and Pension Increase	989,815	(1,240,908)	(329,086)	(580,179)	(3,600,128)	(638,288)	(74,886)	(4,313,302)

See accompanying Notes to Consolidated Financial Statements.

AMHERST H. WILDER FOUNDATION
CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)
YEARS ENDED JUNE 30, 2014 AND 2013

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
INVESTMENT GAINS (LOSSES)								
Investment Gains (Losses)	229,096	18,306,123	-	18,535,219	(442,892)	9,153,767	-	8,710,875
Endowment Appropriation for Operations	5,355	(16,553,424)	-	(16,548,069)	(95,939)	(12,881,818)	-	(12,977,757)
Net Investment Gains (Losses)	234,451	1,752,699	-	1,987,150	(538,831)	(3,728,051)	-	(4,266,882)
Additional Minimum Pension Change	2,874,880	-	-	2,874,880	4,230,660	-	-	4,230,660
CHANGE IN NET ASSETS FROM CONTINUING OPERATIONS	4,099,146	511,791	(329,086)	4,281,851	91,701	(4,366,339)	(74,886)	(4,349,524)
CHANGE IN NET ASSETS FROM DISCONTINUED OPERATIONS								
Children's Placement Services	-	-	-	-	274,954	-	-	274,954
Housing Management Services	56,104	-	-	56,104	1,445,454	-	-	1,445,454
CHANGE IN NET ASSETS FROM DISCONTINUED OPERATIONS	56,104	-	-	56,104	1,720,408	-	-	1,720,408
CHANGE IN NET ASSETS	4,155,250	511,791	(329,086)	4,337,955	1,812,109	(4,366,339)	(74,886)	(2,629,116)
Net Assets - Beginning of Year	(14,926,026)	151,101,048	11,001,502	147,176,524	(16,738,135)	155,467,387	11,076,388	149,805,640
NET ASSETS - END OF YEAR	$ (10,770,776)	$ 151,612,839	$ 10,672,416	$ 151,514,479	$ (14,926,026)	$ 151,101,048	$ 11,001,502	$ 147,176,524

See accompanying Notes to Consolidated Financial Statements.

AMHERST H. WILDER FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014

	Program Services		Support Services				
	Wilder Programs	Wilder Research	General and Administrative	Fundraising	Operations Sub-Total	Investments	Total
Salaries	$ 11,930,466	$ 4,937,353	$ 2,791,836	$ 900,590	$ 20,560,245	$ 196,672	$ 20,756,917
Employee Benefits and Payroll Taxes	3,119,066	1,130,969	440,189	196,740	4,886,964	31,997	4,918,961
Pension Expense	3,412,787	1,383,906	781,694	168,995	5,747,382	77,416	5,824,798
Total Personnel Costs	18,462,319	7,452,228	4,013,719	1,266,325	31,194,591	306,085	31,500,676
Business Expenses	220,444	92,729	126,593	9,302	449,068	(881)	448,187
Professional Fees	1,320,041	702,014	538,051	69,339	2,629,445	1,550,598	4,180,043
Program Expenses	911,530	60,373	127,340	58,779	1,158,022	683	1,158,705
Transportation	88,172	1	2,909	-	91,082	-	91,082
Insurance	238,085	19,760	117,381	1,584	376,810	6,350	383,160
Software	16,068	26,448	280,120	24,264	346,900	-	346,900
Assistance to Individuals	1,383,773	-	-	-	1,383,773	-	1,383,773
Bad Debt Expense	41,256	15,225	-	(3,387)	53,094	-	53,094
Minor Equipment	53,680	38,455	146,014	983	239,132	1,396	240,528
Facilities*	1,836,749	544,910	(1,557,296)	76,529	900,892	188,318	1,089,210
Interest and Financial Expense	13,048	-	853,848	1,870	868,766	564,291	1,433,057
Miscellaneous	1,032,350	13,589	20,526	480,010	1,546,475	83,519	1,629,994
Total Expense Before Depreciation and Discontinued Operations	25,617,515	8,965,732	4,669,205	1,985,598	41,238,050	2,700,359	43,938,409
Depreciation	345,142	12,948	45,044	-	403,134	1,520,564	1,923,698
Discontinued Operations	(1,116,083)	-	-	-	(1,116,083)	-	(1,116,083)
Total Expenses	$ 24,846,574	$ 8,978,680	$ 4,714,249	$ 1,985,598	$ 40,525,101	$ 4,220,923	$ 44,746,024

* This line includes allocations of other costs.

See accompanying Notes to Consolidated Financial Statements.

AMHERST H. WILDER FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2013

	Program Services		Support Services				
	Wilder Programs	Wilder Research	General and Administrative	Fundraising	Operations Sub-Total	Investments	Total
Salaries	$ 11,438,864	$ 4,858,255	$ 2,689,113	$ 896,095	$ 19,882,327	$ 256,028	$ 20,138,355
Employee Benefits and Payroll Taxes	3,596,418	1,360,472	567,242	208,402	5,732,534	48,202	5,780,736
Pension Expense	3,589,106	1,479,262	818,954	182,681	6,070,003	93,687	6,163,690
Total Personnel Costs	18,624,388	7,697,989	4,075,309	1,287,178	31,684,864	397,917	32,082,781
Business Expenses	242,673	113,652	98,645	7,496	462,466	(1,195)	461,271
Professional Fees	1,009,117	631,382	698,672	65,689	2,404,860	1,616,338	4,021,198
Program Expenses	1,189,973	158,514	136,629	94,352	1,579,468	1,747	1,581,215
Transportation	100,036	2	4,826	-	104,864	-	104,864
Insurance	270,959	17,512	91,556	1,060	381,087	(53,666)	327,421
Software	12,074	39,827	295,524	21,058	368,483	-	368,483
Assistance to Individuals	1,244,916	-	-	-	1,244,916	-	1,244,916
Bad Debt Expense	74,648	50,150	-	61,557	186,355	-	186,355
Minor Equipment	73,279	58,485	73,371	915	206,050	2,844	208,894
Facilities*	1,741,238	530,356	(1,536,651)	73,131	808,074	267,874	1,075,948
Interest and Financial Expense	11,330	-	861,055	27,432	899,817	566,349	1,466,166
Miscellaneous	1,631,050	2,704	23,012	30,089	1,686,855	1,379	1,688,234
Total Expense Before Depreciation and Discontinued Operations	26,225,681	9,300,573	4,821,948	1,669,957	42,018,159	2,799,587	44,817,746
Depreciation	322,439	10,335	50,131	-	382,905	1,451,773	1,834,678
Discontinued Operations	(1,606,445)	-	-	-	(1,606,445)	-	(1,606,445)
Total Expenses	$ 24,941,675	$ 9,310,908	$ 4,872,079	$ 1,669,957	$ 40,794,619	$ 4,251,360	$ 45,045,979

* This line includes allocations of other costs.

See accompanying Notes to Consolidated Financial Statements.

AMHERST H. WILDER FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 4,337,955	$ (2,629,116)
Adjustments to Reconcile Change in Net Asset to Net Cash Used by Operating Activities:		
Contributions Restricted for Endowment	(735,606)	-
Depreciation and Amortization	1,923,698	1,847,144
Loss on Disposal of Land, Building, and Equipment	552,340	66,314
Deferred Lease Incentives	62,690	52,526
Net Realized and Unrealized Gain on Investments	(19,243,848)	(9,746,660)
Change in Value of Beneficial Interest in Trusts	(189,277)	(8,037)
Change in Value of Charitable Annuities	13,785	22,663
Adjustment for Minimum Pension Liability	(2,874,880)	(4,230,660)
Accretion Expense on Asset Retirement Obligation	6,262	1,017
(Increase) Decrease in:		
Accounts and Pledges Receivable	337,324	1,251,044
Other Assets	(102,871)	(220,004)
Increase (Decrease) in:		
Accounts Payable	(194,092)	(358,985)
Other Accrued Liabilities	15,505	(429,966)
Accrued Payroll, Benefits, Taxes, and Withholdings	131,668	15,897
Deferred Income	577,688	-
Accrued Pension Liability	1,510,536	4,156,021
Net Cash Used by Operating Activities from Continuing Operations	(13,871,123)	(10,210,802)
Net Cash Provided (Used) by Operating Activities from Discontinued Operations	101,936	(3,414,428)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Land, Building, and Equipment	(480,124)	(780,545)
Proceeds on Sale of Land, Building, and Equipment	-	549,102
Purchase of Investments	(66,053,724)	(529,070,908)
Proceeds from Sale of Investments	80,478,507	539,738,953
Proceeds from Beneficial Interest in Trust	-	1,220,068
Net Cash Provided by Investing Activities from Continuing Operations	13,944,659	11,656,670
Net Cash Provided by Investing Activities from Discontinued Operations	-	3,612,336
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Endowment	735,606	-
Payments on Charitable Annuities	(32,269)	(31,663)
Long-Term Debt Payments	(938,267)	(760,000)
Net Cash Used by Financing Activities from Continuing Operations	(234,930)	(791,663)
Net Cash Used by Financing Activities from Discontinued Operations	-	(174,301)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(59,458)	677,812
Cash and Cash Equivalents - Beginning of Year	781,334	103,522
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 721,876	$ 781,334

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Amherst H. Wilder Foundation (Foundation) was originally created as three charitable organizations under the will of three donors, Amherst H. Wilder, Cornelia Day Wilder Appleby and Fanny S. Wilder. In 1910, Ramsey County District Court directed consolidation of the three related corporations into the Amherst H. Wilder Charity, a Minnesota nonprofit corporation. In 1951, with the Court's consent, the name was changed to the Amherst H. Wilder Foundation. The Foundation continues to be under the supervision of the Court and is subject to the general oversight of the Minnesota Attorney General's Office.

The Foundation is a charitable nonprofit corporation created to promote and aid the social welfare of the poor, sick, disadvantaged, and otherwise needy persons located in the greater Saint Paul, Minnesota metropolitan area, which consists of Ramsey, Washington, Dakota and Anoka counties.

Foundation activities are reported in two primary service groups:

- Wilder programs provide a wide variety of services to children, families, single adults and the elderly including: behavioral health services, residential treatment, housing and employment services, child care, health care and supportive services, and leadership programs for individuals in public and nonprofit organizations.
- Wilder Research offers program evaluation, support, and research services.

Principles of Consolidation

The consolidated financial statements include the accounts of the Foundation and its wholly owned subsidiaries. AHW Corporation (AHW), was incorporated under the Minnesota Nonprofit Corporation Act in 1981 to develop, construct and market the Saint Paul Energy Park projects (Energy Park). The Holcomb Corporation (Holcomb) is a Minnesota corporation that serves as general partner for certain continuing partnership relationships at Energy Park. 46th East Fourth Street, Inc. is a Minnesota corporation that serves as the special managing member of Minnesota Place, LLC, which owns and operates an affordable housing project in St. Paul. All significant inter-company accounts and transactions have been eliminated in consolidation. Only 46th East Fourth Street, Inc. was active during the fiscal years ended June 30, 2014 and 2013.

Discontinued Operations

In order to better align the Foundation's operating programs with its mission statement, management made the decision to discontinue various programs in fiscal year 2010. See Note 15 for a description of the programs and a summary of the activity from discontinued operations included in the consolidated financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Net assets and revenues, support, and expenses are classified based on the existence or absence of donor-imposed restrictions. Net assets of the Foundation and changes therein are classified into the following three categories:

Unrestricted – Resources over which the board of directors has discretionary control.

Temporarily Restricted – Those resources subject to donor imposed restrictions which will be satisfied by actions of the Foundation or passage of time.

Permanently Restricted – Those resources subject to a donor imposed restriction that they be maintained permanently by the Foundation. The donors of these resources permit the Foundation to use all or part of the income earned, including capital appreciation, or related investments for unrestricted or temporarily restricted purposes.

The Foundation has elected to present temporarily restricted contributions, which are fulfilled in the same time period, within the unrestricted net asset class.

Tax Exempt Status

The Foundation has tax exempt status under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statutes. The Foundation has been classified as an organization that is a public charity under the Internal Revenue Code and charitable contributions by the donors are tax deductible. Investment holdings can generate unrelated business income tax.

The Foundation has adopted a policy that clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. The policy describes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The implementation of this policy had no impact on the Foundations' consolidated financial statements.

The Foundation's tax returns are subject to review and examination by federal, state and local authorities. The tax returns for years 2011-2013 are open to examination by federal and state authorities.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Foundation considers all highly liquid debt instruments with an initial maturity of less than three months to be cash equivalents. The balances are insured by the Federal Deposit Insurance Corporation up to certain limits. At times, cash in bank may exceed FDIC insurable limits. In addition, a portion of the investment portfolio may be invested in cash equivalents and has been reflected as investments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

The Foundation provides an allowance for uncollectible accounts based on the reserve method using management's judgment and the Foundation's approved policy. Accounts that are more than 30 days past due are individually analyzed for collectability. In addition, an allowance is estimated for other accounts based on the Foundation's policy as well as historical experience of the Foundation. The Foundation's policy is based on determined percentages of outstanding receivables by age of the balance and specific identification. When all collection efforts have been exhausted, the receivable is written off against the related reserve. Accounts receivable balance as of June 30, 2014 and 2013 was $3,572,876 and $3,140,740, respectively, including allowance for uncollectible accounts of $118,494 and $170,882, respectively.

Pledges Receivable

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the amount expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received. Conditional pledges are not included as support until such time as the conditions are substantially met.

Land, Building, and Equipment

Property and equipment acquisitions in excess of $5,000 depending on classification are recorded at cost. Donated items are recorded at fair value on the date received. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Notes Receivable

The Foundation holds notes receivable from two managed housing sites for services provided and from an inactive Foundation subsidiary. The Foundation provides an allowance for uncollectible notes receivable based on the reserve method using management's judgment and the Foundation's approved policy. Accounts that are more than 30 days past due are individually analyzed for collectability. The Foundation continues to accrue interest until the note is written off. When all collection efforts have been exhausted, the receivable is written off against the related reserve. At June 30, 2014 and 2013, the notes are fully reserved.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The net changes in market prices and the realized gains and losses on investments sold are reflected in the consolidated statements of activities as investment income. Due to the market volatility with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in future statement of activities.

Fair Value of Financial Instruments

At June 30, 2014 and 2013, the fair value of all financial instruments approximates carrying value, except for long-term debt. The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Investments with Readily Determinable Fair Value - Fair value is based on quoted market prices at the reporting date.

All Other - Carrying value is a reasonable estimate of fair value for all other financial instruments due to their short-term nature.

Long-Term Debt - The fair value of long-term debt is approximately $26,302,000 which is based upon comparison to current market rate information of similar type of debt.

Fair Value Measurements

The Organization has categorized its financial instruments based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value of the instrument.

Financial assets recorded on the consolidated statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Foundation has the ability to access (examples include active exchange-traded equity securities, listed derivatives, and most U.S. Government and agency securities).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in non-active markets;
- Pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including interest rate and currency swaps); and
- Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability (examples include certain residential and commercial mortgage related assets, including loans, securities, and derivatives).

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability (examples include certain private equity investments).

Escrow Funds and Other Assets Limited as to Use

Assets deposited and set aside by the board of directors for use in the U.S. Department of Housing and Urban Development projects are classified as Escrow Funds and Assets Limited as to Use.

Long-Lived Assets

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset and its eventual disposition, are less than its carrying amount.

Deferred Income

Program services fees that are collected in advance of the period of service are included in deferred revenue. These fees are recorded as deferred revenue until they are earned.

Government Fees and Grants

Government contracts are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as deferred revenue. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Foundation will record such disallowance at the time the final assessment is made.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Fees and Grants (Continued)

Service group revenues include private and government fees received for services provided to individuals, as well as grants, gifts, and service contracts with government agencies. Fee revenue and revenue under service contracts are recognized as services are performed.

Contributions

Contributions, unconditional promises to give, and other assets are recognized at fair values and are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor.

The Foundation reports gifts as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Functional Expense Allocation

Expenses are allocated based on direct expenses whenever possible. Indirect expenses are allocated based on the best estimates of management.

Certain Risks and Uncertainties

The Foundation invests in various securities including U.S. Government securities, corporate debt instruments, and corporate stocks. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the consolidated statements of financial position.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. The reclassifications had no effects on the change in net assets or total net assets as previously reported.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these consolidated financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 13, 2014, the date the consolidated financial statements were issued.

NOTE 2 PLEDGES RECEIVABLE

The present value of the estimated realizable value of pledges receivable are recorded as assets and revenues in the consolidated financial statements. Unconditional promises are summarized as follows:

	2014	2013
Unconditional Pledges Receivable	$ 1,260,339	$ 2,165,072
Unamortized Discount	(47,323)	(138,942)
Allowance for Uncollectible Accounts	(64,617)	(108,254)
Total	$ 1,148,399	$ 1,917,876
Amounts Due in:		
Less Than One Year	$ 732,312	$ 946,265
One to Five Years	522,027	1,211,807
Over Five Years	6,000	7,000
Total	$ 1,260,339	$ 2,165,072

Unconditional promises to give expected to be received over more than one year are recorded by the Foundation at their present value using a discount rate of 4.99% and 4.27% at June 30, 2014 and 2013, respectively.

NOTE 3 LAND, BUILDING, AND EQUIPMENT

Cost and related accumulated depreciation for continuing operations at June 30 were:

	2014		2013	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	$ 3,395,116	$ -	$ 3,928,469	$ -
Land Improvements	2,369,792	664,601	2,372,192	549,598
Buildings and Building Improvements	33,158,321	6,918,170	33,049,717	5,991,746
Construction in Progress	6,200	-	402,772	-
Equipment	8,436,349	3,966,560	8,031,308	3,430,753
	$ 47,365,778	$ 11,549,331	$ 47,784,458	$ 9,972,097
Land, Buildings and Equipment	$ 35,816,447		$ 37,812,361	

Depreciation expense for continuing operations was $1,923,698 and $1,834,678 as of June 30, 2014 and 2013, respectively.

NOTE 4 INVESTMENTS

The following is a summary of investments in securities at June 30:

	2014	2013
Cash Equivalents	$ 9,976,602	$ 10,572,344
U.S. Government Agency Bonds	13,790,032	13,239,186
Corporate Bonds	10,562,974	11,483,197
International Equity Funds	50,025,032	45,210,442
Domestic Large Cap Equity Funds	19,205,734	19,765,400
Domestic Small-Mid Cap Equity Funds	11,394,457	10,236,090
Private Equity Limited Partnerships	2,573,865	163,275
Real Estate Limited Partnerships	8,982,229	11,669,685
Real Estate Investments	6,634,639	8,624,988
Hedge Funds	16,193,266	15,477,846
Commodities	11,712,548	9,789,860
Total Investments	$ 161,051,378	$ 156,232,313

Real estate investments of $288,000 and $2,288,000 are reflected as held for sale in the consolidated statements of financial position at June 30, 2014 and 2013, respectively.

Property at 919 Lafond was sold for $2,000,000, equal to the amount recorded by the Foundation, during the year ended June 30, 2014.

A letter of intent has been agreed to for a portion of Wilder Forest, in the amount of $4,488,320, which is recorded on the Foundation's financial statements at the book value of $288,000. Closing is expected to occur by the first calendar quarter of 2015.

The following is a summary of investment activity during the years ended June 30:

	2014	2013
Net Realized and Unrealized Gains on Investments	$ 19,243,848	$ 9,746,660
Interest and Dividends	3,512,294	3,215,605
Investment Expenses	(4,220,923)	(4,251,360)
Endowment Appropriation for Operations	(16,548,069)	(12,977,787)
Total Investment Gains (Losses)	$ 1,987,150	$ (4,266,882)

Investments Accounted for by the Equity Method

The investment balances have been included in Investments on the consolidated statements of financial position. The Foundation's share of partnership gains has been included with Investment Income on the consolidated statements of activities.

NOTE 4 INVESTMENTS (CONTINUED)

Investments Accounted for by the Equity Method (Continued)

The Foundation has an investment committee that meets quarterly to review the asset allocations and rate of return of the investment portfolio. Employees of the Foundation, in conjunction with a consultant, perform due diligence and investigate the appropriateness of potential partnership investment leads. The Foundation's current policy is to invest 0%-65% in alternative investments.

NOTE 5 BENEFICIAL INTEREST IN TRUSTS

The Foundation receives contributions of property in which the donor may retain in life interest. The assets are invested and administered by an unrelated trustee and distributions are made to the beneficiaries during the term of the agreement. These funds are invested in debt and equity securities and the Foundation records its interest in these trusts at fair value based on estimated future cash receipts discounted at the applicable Federal rate of return which was determined to be 4.8% to 5% at June 30, 2014. Initial recognition and subsequent adjustments to the assets carrying value are recognized as contribution revenue and changes in value of split interest agreements, respectively, and are classified as permanently restricted, temporarily restricted, or unrestricted depending on donor-stipulated purpose and time restrictions, if any. The value of these trusts was $1,076,530 and $887,253 at June 30, 2014 and 2013, respectively. All trusts are temporarily and/or permanently restricted.

NOTE 6 FAIR VALUE MEASUREMENTS

Spending Rate

The Foundation's Board of Directors has adopted a spending rate policy whereby a predetermined amount of endowment investment income is provided to fund current operations. The spending rate reflected in unrestricted net assets was $16,548,069 and $12,977,757 in the years ended June 30, 2014 and 2013, respectively.

Use of Fair Value Measurements

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Foundation values all other assets and liabilities refer to Note 1 – Summary of Significant Accounting Policies.

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Classifications

The following tables set forth the Foundation's assets that are measured and recognized at fair value on a recurring basis as of June 30, 2014 and 2013, under the appropriate level of the fair value hierarchy. Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	2014			
	Level 1	Level 2	Level 3	Total
Investments:				
U.S. Government Agency Bonds	$ 13,790,032	$ -	$ -	$ 13,790,032
Corporate Bonds	10,562,974	-	-	10,562,974
International Equity Funds	48,310,100	1,714,932	-	50,025,032
Domestic Large Cap Equity Funds	19,205,734	-	-	19,205,734
Domestic Small-Mid Cap Equity Funds	11,394,457	-	-	11,394,457
Private Equity Limited Partnerships	-	-	2,573,865	2,573,865
Real Estate Limited Partnerships	-	-	8,982,229	8,982,229
Hedge Funds	-	-	16,193,266	16,193,266
Commodities	11,712,548	-	-	11,712,548
Total Investments	$ 114,975,845	$ 1,714,932	$ 27,749,360	$ 144,440,137
Beneficial Interest in Trusts	$ -	$ -	$ 1,076,530	$ 1,076,530

	2013			
	Level 1	Level 2	Level 3	Total
Investments:				
U.S. Government Agency Bonds	$ 13,239,186	$ -	$ -	$ 13,239,186
Corporate Bonds	11,483,197	-	-	11,483,197
International Equity Funds	43,550,451	1,659,991	-	45,210,442
Domestic Large Cap Equity Funds	19,765,400	-	-	19,765,400
Domestic Small-Mid Cap Equity Funds	10,236,090	-	-	10,236,090
Private Equity Limited Partnerships	-	-	163,275	163,275
Real Estate Limited Partnerships	-	-	11,669,685	11,669,685
Hedge Funds	-	-	15,477,846	15,477,846
Commodities	9,789,860	-	-	9,789,860
Total Investments	$ 108,064,184	$ 1,659,991	$ 27,310,806	$ 137,034,981
Beneficial Interest in Trusts	$ -	$ -	$ 887,253	$ 887,253

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 Assets

The following tables provide a summary of changes in fair value of the Foundation's Level 3 financial assets for the years ended June 30, 2014 and 2013:

	Private Equity Limited Partnerships	Real Estate Limited Partnerships	Hedge Funds	Beneficial Interest in Trusts	Total
Balance as of July 1, 2013	$ 163,275	$ 11,669,685	$ 15,477,846	$ 887,253	$ 28,198,059
Net Realized and Unrealized Gains on Investments	303,187	382,402	715,420	-	1,401,009
Interest and Dividend Income	-	425,426	-	-	425,426
Proceeds from the Sale of Investments	(337,168)	(3,560,333)	-	-	(3,897,501)
Purchase of Investments	2,444,571	65,049	-	-	2,509,620
Change in Value of Trusts	-	-	-	189,277	189,277
Balance as of June 30, 2014	$ 2,573,865	$ 8,982,229	$ 16,193,266	$ 1,076,530	$ 28,825,890

	Private Equity Limited Partnerships	Real Estate Limited Partnerships	Hedge Funds	Beneficial Interest in Trusts	Total
Balance as of July 1, 2012	$ 6,352,263	$ 13,469,014	$ -	$ 879,216	$ 20,700,493
Net Realized and Unrealized Gains (Losses) on Investments	1,903,131	(1,133,515)	477,846	-	1,247,462
Interest and Dividend Income	20,124	(675,631)	-	-	(655,507)
Proceeds from the Sale of Investments	(16,415,462)	(2,319,438)	-	-	(18,734,900)
Purchase of Investments	8,303,219	2,329,255	15,000,000	-	25,632,474
Change in Value of Trusts	-	-	-	8,037	8,037
Balance as of June 30, 2013	$ 163,275	$ 11,669,685	$ 15,477,846	$ 887,253	$ 28,198,059

Net Asset Value Per Share

The Foundation invests primarily in investment funds, limited partnerships, or interest bearing securities, referred to collectively for this purpose as investment funds. Investment funds are presented in the accompanying consolidated financial statements at fair value as determined under FASB Accounting Standards Codification ASC 820: *Fair Value Measurements and Disclosures*. In situations where the investment fund does not have a readily determinable fair value and meets other eligibility criteria, the Foundation measures fair value based on net asset value per share or its equivalent. The following table lists investments in investment funds by major category:

	2014 Net Asset Value	2013 Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
International Equity Funds	$ 1,714,932	$ 1,659,991	$ -	Monthly	2-15 Days
Private Equity Limited Partnerships	2,573,865	163,275	-	N/A	N/A
Real Estate Limited Partnerships	8,982,229	11,669,685	2,190,000	N/A	N/A

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

Basis for Fair Value Measurements

International equity funds include commingled funds containing investments in domestic or foreign stocks that value their investments daily but impose certain liquidity restrictions on investors through notice periods ranging from 2 to 15 days. Investing in equity securities provides diversification, dividend income, and growth potential to the overall portfolio.

Private equity limited partnerships include private equity investments funds holding underlying positions in private assets. Underlying investments are valued quarterly and have restrictive liquidity provisions. Investing in private equity provides diversification, growth potential, and wider market access to the overall portfolio.

Real estate limited partnerships represent participation in limited partnerships that invest in commercial properties at various stages of development. Underlying investments are valued quarterly and have restrictive liquidity provisions. Real Estate provides diversification, dividend income, and growth potential to the overall portfolio.

Hedge fund investments of the Foundation include two strategies; one focused on a skill-based complement to traditional equity investment strategies by targeting equity-like returns over time with half the level of traditional equity volatility. A second piece to the Foundation’s hedge fund strategy is a skill-based complement to traditional fixed-income investment strategies by targeting traditional bond-like returns while reducing the risk to inflation and rising interest rates over time. Each of the strategies consists of a blend of 12-18 diverse managers to further reduce risk and increase diversification within the portfolio. Redemptions from these funds are limited to quarterly after an initial 12-month lock-up period. Both of these strategies provide diversification and growth potential to the overall portfolio.

NOTE 7 CHARITABLE GIFT ANNUITIES PAYABLE

The Foundation has established a gift annuity program whereby donors may contribute assets to the Foundation in exchange for the right to receive a fixed dollar annual return during their lifetime. A portion of the transfer is considered to be a charitable contribution. The difference between the amount provided for the gift annuity and the present value of the liability for future payments is recognized as unrestricted contributions at the date of the gift, unless donor has established restrictions on the contribution component. The Foundation uses published mortality rate tables adopted by the United States Internal Revenue Service. The annuity liability is revalued annually based upon computed present values. Resulting gain (loss) is recorded as revenue in the appropriate net asset class. Total charitable gift annuity liabilities as of June 30, 2014 and 2013 were $117,012 and $135,496, respectively.

NOTE 8 LONG-TERM DEBT

Long-term debt consists of the following as of June 30:

Description	2014	2013
Bonds Payable:		
Series 1998 Pooled Revenue Bonds (Care Choice Member Projects), due serially through August 1, 2023, interest at 4.25% to 5.75%, secured by real and personal property.	$ 1,325,000	$ 1,425,000
Port Authority of the City of St. Paul, Series 2010-3 Variable Rate Demand Revenue Bonds (Wilder Center), due in varying annual payments through December 1, 2036, interest varies from 3.0% - 5.0% (3.0% at June 30, 2014).	26,430,000	27,105,000
Subtotal Bonds Payable	27,755,000	28,530,000
Mortgages:		
HUD Mortgage Note, Wilder Square, payable in monthly installments of $15,686 through 2015, interest stated at 7%, federal government subsidies of interest (based on occupants' income) reduced effective interest rate to 0% in 2005 and 2004, secured by land, buildings and equipment.	267,289	430,556
Total Long-Term Debt	28,022,289	28,960,556
Less: Current Maturities of Long-Term Debt	985,070	938,267
Long-Term Debt, Excluding Current Maturities	$ 27,037,219	$ 28,022,289

At June 30, 2014, the long-term debt installments are due in the following fiscal years:

Year Ending June 30,	Amount
2015	$ 985,070
2016	927,219
2017	870,000
2018	910,000
2019	945,000
Thereafter	23,385,000
Total Debt Payments	$ 28,022,289

Interest expense was $1,321,532 and $1,376,667 during the years ended June 30, 2014 and 2013, respectively.

NOTE 8 LONG-TERM DEBT (CONTINUED)

Line of Credit

The Foundation has entered into a revolving line of credit agreement with a bank under which the bank will make advances to the Foundation, if needed, not to exceed at any time $1,000,000. The revolving line of credit bears interest either at (i) a fluctuating rate of 1.5% above the base rate effect from time to time or (ii) a fixed rate of 1.5% above LIBOR as selected by the Foundation and the bank, and expires June 30, 2015. There have been no borrowings on the line as of June 30, 2014 and 2013.

The credit agreement is secured by all investments held by the Foundation in one of its accounts with the bank. The agreement also requires the Foundation to maintain, among other provisions, a specified unrestricted fund balance and investment grade securities with the bank.

NOTE 9 BENEFIT PLANS

Defined Benefit Plan

The Foundation has a defined benefit pension plan covering substantially all employees. The benefits are based on years of service and the employee's compensation during the last five years of employment.

The measurement dates used for the plan disclosures are as of June 30, 2014 and 2013, and for the years then ended.

The changes in the projected benefit obligation are as follows:

	2014	2013
Change in Projected Benefit Obligation		
Projected Benefit Obligation at Beginning of Year	$ 74,638,631	$ 76,954,856
Service Cost	-	-
Interest Cost	3,424,812	3,309,654
Plan Amendments	-	-
Changes in Actuarial Assumptions	2,461,368	(3,174,238)
Benefits Paid	(3,413,910)	(3,222,721)
Plan Experience Different from that Expected	769,043	771,080
Projected Benefit Obligation at End of Year	$ 77,879,944	$ 74,638,631
Change in Plan Assets		
Fair Value of Plan Assets at Beginning of Year	$ 52,945,701	$ 55,187,287
Employer Contributions	4,339,904	2,007,669
Benefits Paid	(3,762,535)	(3,468,757)
Actual Return on Plan Assets	4,028,288	(780,498)
Fair Value of Plan Assets at End of Year	$ 57,551,358	$ 52,945,701

NOTE 9 BENEFIT PLANS (CONTINUED)

Defined Benefit Plan (Continued):

	2014	2013
Funded Status of the Plan		
Benefit Obligation	$ 77,879,944	$ 74,638,631
Fair Value of Plan Assets	57,551,358	52,945,701
Excess of Benefit Obligation over Fair Value of Plan Assets	$ 20,328,586	$ 21,692,930
Components of Net Periodic Benefit Costs		
Service Cost	$ 255,910	$ 257,568
Interest Cost	3,424,812	3,309,654
Expected Return on Plan Assets	(2,574,291)	(2,697,959)
Amortization of Unrecognized Prior Service Cost	-	-
Amortization of Unrecognized Net Actuarial Loss	4,718,367	5,294,427
Net Periodic Pension Cost	$ 5,824,798	$ 6,163,690
Underfunded Plan Information		
Projected Benefit Obligation at End of Year	$ 77,879,944	$ 74,638,631
Accumulated Benefit Obligation at End of Year	77,879,944	74,638,631
Fair Value of Assets at End of Year	57,551,358	52,945,701

Weighted average assumptions used to determine net periodic benefit cost are as follows:

	2014	2013
Actuarial Assumptions		
Assumptions Used to Determine Benefit Obligations at June 30:		
Assumed Discount Rate	4.36 %	4.65 %
Assumed Annual Increase in Salaries	0%	N/A
Assumptions For Net Periodic Benefit Cost at Previous July 1:		
Assumed Discount Rate	4.65 %	4.35 %
Assumed Annual Increase in Salaries	N/A	N/A
Expected Long-Term Return on Plan Assets	5.0 %	5.0 %

Basis Used to Determine Expected Long-Term Rate of Return

The determination of the long-term rate of return on assets for the years ended June 30, 2014 and 2013 was developed based on the mix of assets in the portfolio. At June 30, 2014, based on a target mix of 95% of plan assets invested in annuity contracts and 5% invested in equity securities, the overall long-term rate of return is assumed to be 5%. At June 30, 2013, based on a target mix of 95% of plan assets invested in annuity contracts and 5% invested in equity securities, the overall long-term rate of return was assumed to be 5.0%.

NOTE 9 BENEFIT PLANS (CONTINUED)

Investment Policies and Strategies, Including Target Allocations

As of June 30, 2014 and 2013, the investment policy for the plan is to have approximately 95% of plan assets invested in insurance contracts and 5% invested in equity securities.

The percentage of the fair value of total plan assets held as of June 30, 2014 and 2013 (the measurement date) by asset category is as follows:

	2014	2013
Equity Securities	0.0%	1.0%
Debt Securities	0.0%	0.0%
Real Estate	0.0%	0.0%
Other	100.0%	99.0%

The following tables represent the Foundation's fair value hierarchy for pension plan assets measured at fair value on a recurring basis as of June 30, 2014 and 2013.

2014	Level 1	Level 2	Level 3	Total
Equity Securities	$ -	$ -	$ 10,365	$ 10,365
Treasury Futures	4,347,947	-	-	4,347,947
Other	53,193,046	-	-	53,193,046
Total	$ 57,540,993	$ -	$ 10,365	$ 57,551,358

2013	Level 1	Level 2	Level 3	Total
Equity Securities	$ -	$ -	$ 554,377	$ 554,377
Treasury Futures	1,235,746	-	-	1,235,746
Other	51,155,578	-	-	51,155,578
Total	$ 52,391,324	$ -	$ 554,377	$ 52,945,701

The following tables provide a summary of changes in fair value of the Foundation's Level 3 pension plan assets for the years ended June 30, 2014 and 2013:

	Pension Assets
Balance as of July 1, 2012	$ 1,938,622
Net Income (Loss)	(1,308,779)
Purchase of Investments	-
Proceeds from the Sale of Investments	(75,466)
Balance as of June 30, 2013	$ 554,377

	Pension Assets
Balance as of July 1, 2013	$ 554,377
Net Income (Loss)	(136,583)
Proceeds from the Sale of Investments	(407,429)
Balance as of June 30, 2014	$ 10,365

NOTE 9 BENEFIT PLANS (CONTINUED)

Investment Policies and Strategies, Including Target Allocations (Continued)

The Foundation attempts to mitigate investment risk by rebalancing between classes as the Foundations contributions and monthly benefit payments are made. Although changes in interest rates may affect the fair value of a portion of the investment portfolio and cause unrealized gains and losses, such gains and losses would not be realized unless the investments are sold.

Expected Foundation contributions in fiscal year 2015 are $1,870,059. Estimated future benefit payments, which reflect expected future services, are as follows:

June 29, 2015	$ 3,599,151
June 28, 2016	3,754,237
June 29, 2017	4,006,952
June 29, 2018	4,213,330
June 29, 2019	4,310,512
For Years Ended June 30, 2020 Through 2023	23,283,852

Defined Contribution Plan

Effective January 1, 2000, certain employees of the Foundation were covered by a defined contribution 401(k) plan whereby 50% of their initial 4% of salary contributions were matched.

This plan was amended effective January 1, 2007. Participants of the Amherst H. Wilder Foundation Retirement Plan (the Plan) as of July 1, 2006 who have made a Transition Program Election will continue to receive the matching contribution described above. Individuals who are not participants of the Plan as of July 1, 2006, or those who did not make a Transition Program Election, will receive a matching contribution equal to 75% of the first 3%, plus an additional 50% that exceeds 3% but does not exceed 5% of eligible earnings deferred by the employee.

In conjunction with the freezing of the Defined Benefit Plan noted above, the Foundation increased the contribution match to the Defined Contribution Plan. Effective January 1, 2010, the match for all eligible employees was set at 75% of the first 3%, plus an additional 50% that exceeds 3% but does not exceed 6% of eligible earnings deferred by the employee. In addition, the Employer may make a discretionary contribution, which is determined annually. Such contribution will be allocated to participants who are credited with at least 780 hours of service and who were employed by the Employer on the last day of the Plan year. Participants who, during the Plan year, (i) retire on or after age 65, (ii) die, or (iii) become disabled, need not satisfy the requirement of employment on the last day of the Plan year and hours of service in order to receive an Employer discretionary contribution.

The total amounts charged to the consolidated statements of activities for the required and discretionary contributions for the years ended June 30, 2014 and 2013 were approximately $620,000 and $1,600,000, respectively.

NOTE 10 SELF-INSURED BENEFIT LIABILITIES

Workers' Compensation

The Foundation is self-insured for workers' compensation. As of June 30, 2014 and 2013, the Foundation has recorded liabilities of $250,400 and $264,509, respectively, for claims incurred but not yet reported.

Consulting actuaries assist the Foundation in determining its liability for their various self-insured plans.

NOTE 11 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Board Designated Net Assets

The Foundation's Board of Directors has established a land, building and equipment fund to provide for a portion of the replacement of property and equipment. Investments of $4,000,000 were designated for future capital additions by the Foundation at June 30, 2014 and 2013.

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods at June 30:

	2014	2013
Wilder Programs	$ 5,143,584	$ 5,344,012
Endowment Earnings	144,925,291	143,173,260
Wilder Research	426,517	734,343
Pledges for Future Periods	1,094,528	1,818,433
Capital Campaign Gifts	22,919	31,000
Total Temporarily Restricted Net Assets	$ 151,612,839	$ 151,101,048

NOTE 11 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)

Permanently Restricted Net Assets

Permanently restricted net assets are restricted to the following as of June 30:

	2014	2013
Original endowment established by Amherst H. Wilder, Fanny S. Wilder, and Cornelia D. Appleby Wilder. Income expendable to support Foundation services (reported as unrestricted income)	$ 2,602,000	$ 2,602,000
Beneficial Interest in Trust, the income from which is expendable to support Wilder programs upon the end of the term of the Trust	944,718	779,077
Investments to be held in perpetuity, the income from which is expendable to support Wilder programs	6,095,137	6,559,694
Charitable Gifts under Annuity Contracts	30,561	60,731
Grant to establish an endowment for a center for children with reactive attachment disorders	1,000,000	1,000,000
Total Permanently Restricted Net Assets	$ 10,672,416	$ 11,001,502

Net Assets Released from Restrictions

Temporarily restricted net assets released from restrictions consist of the following as of June 30:

	2014	2013
Time and Purpose Restriction	$ 19,086,311	$ 15,764,693

During the year ended June 30, 2013, amounts were released from a trust to fund environmental remediation expenses related to the property held in the trust. During the year ended June 30, 2014, amounts were released and transferred due to the sale of certain property.

NOTE 12 ENDOWMENT

Net Asset Classification

Temporarily restricted net assets consist of irrevocable charitable trusts, grants received but not earned, restricted contributions receivable, and the remaining portion of donor-restricted endowment funds that are not classified as permanently restricted net assets. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

NOTE 12 ENDOWMENT (CONTINUED)

Net Asset Classification (Continued)

Permanently restricted net assets represent the fair value of the original gift as of the gift date and the original value of subsequent gifts to donor-restricted endowment funds.

Board Designated and Donor Restricted Endowments

The Foundation has board designated and donor restricted endowment funds established for the purpose of securing the Foundation's long-term financial viability and continuing to meet the needs of children and families in the community. As required by GAAP, net assets of the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors of the Foundation has interpreted the state's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as maintaining the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets the original value of the gifts to the permanent endowment and the value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $1,569,385 as of June 30, 2014 and $1,777,341 as of June 30, 2013. These deficiencies resulted from unfavorable market fluctuations in the endowment fund's investments and continued appropriations that were deemed prudent by the board of directors.

Endowment Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowment assets that seek to provide a predictable stream of funding to programs supported by its endowment while maintaining the purchasing power of the endowment assets. The Foundation's spending and investment policies work together to achieve this objective. Actual returns in any given year may vary from this amount.

To achieve its investment objectives over long periods of time, the Foundation has adopted an investment strategy that invests in domestic equities, international equities, private equity, absolute return, real assets, and fixed income, strategies. The majority of assets are invested in equity or equity like securities. Fixed income, real assets and absolute return strategies are used to lower short-term volatility. Diversification by asset class, investment style, and investment manager is employed to avoid undue risk concentration and enhance total return. The primary performance objective is to achieve an annualized total rate of return, net of investment fees, that is equal to or greater than CPI plus 5%, currently estimated at 7.3%, over long periods of time.

NOTE 12 ENDOWMENT (CONTINUED)

Endowment Investment and Spending Policies (Continued)

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation's policy for the use of endowment funding is a spending formula based on a 70% factor for prior expenses adjusted for inflation (60% from the previous year, 30% from two years ago and 10% three years ago) plus a 30% factor based on 5.5% of the endowment balance. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at the rate of inflation annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The composition of endowment funds by type of fund are as follows:

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	$ -	$ 3,044,149	$ -	$ 3,044,149
Restricted Endowment Earnings	(1,569,385)	144,925,291	9,666,186	153,022,092
Board Designated Endowment Funds	1,162,269	-	-	1,162,269
Total Endowment Funds	$ (407,116)	$ 147,969,440	$ 9,666,186	$ 157,228,510

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	$ -	$ 3,251,437	$ -	$ 3,251,437
Restricted Endowment Earnings	(1,777,341)	143,173,260	10,095,285	151,491,204
Board Designated Endowment Funds	1,156,914	-	-	1,156,914
Total Endowment Funds	$ (620,427)	$ 146,424,697	$ 10,095,285	$ 155,899,555

NOTE 12 ENDOWMENT (CONTINUED)

Endowment Investment and Spending Policies (Continued)

A summary of changes in endowment net assets is as follows:

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Fund Balance, June 30, 2013	$ (620,427)	$ 146,424,697	$ 10,095,285	$ 155,899,555
Contributions	-	-	628,593	628,593
Earnings and Expenses:				
Investment Income	-	3,283,198	-	3,283,198
Investment Expenses	-	(4,220,923)	-	(4,220,923)
Unrealized and Realized Gains	-	19,243,848	-	19,243,848
Total Earnings and Expenses	-	18,306,123	-	18,306,123
Transfer of Unrestricted Earnings for Funds not Above Water	207,956	(207,956)	-	-
Appropriations	5,355	(16,553,424)	-	(16,548,069)
Other Releases of Funds	-	-	(1,057,692)	(1,057,692)
Endowment Fund Balance, June 30, 2014	$ (407,116)	$ 147,969,440	$ 9,666,186	$ 157,228,510

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Fund Balance, June 30, 2012	$ 315,996	$ 150,071,237	$ 10,204,260	$ 160,591,493
Contributions	-	-	42,024	42,024
Earnings and Expenses:				
Investment Income	-	2,846,922	-	2,846,922
Investment Expenses	-	(4,198,788)	-	(4,198,788)
Unrealized and Realized Losses	-	9,746,660	-	9,746,660
Total Earnings and Expenses	-	8,394,794	-	8,394,794
Transfer of Unrestricted Earnings for Funds not Above Water	(840,484)	840,484	-	-
Appropriations	(95,939)	(12,881,818)	-	(12,977,757)
Other Releases of Funds	-	-	(150,999)	(150,999)
Endowment Fund Balance, June 30, 2013	$ (620,427)	$ 146,424,697	$ 10,095,285	$ 155,899,555

NOTE 13 COMMITMENTS AND CONTINGENCIES

Litigation, Claims and Disputes

The Foundation is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of litigation, claims, and disputes in process will not be material to the financial position of the Foundation.

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Leases

The Foundation leases certain buildings, vehicles, and office equipment under terms of noncancelable operating leases expiring in various years through 2019. Aggregate annual minimum rental commitments under noncancelable operating leases are payable in the years ending June 30 as follows:

Year Ending June 30,	Amount
2015	$ 83,780
2016	81,886
2017	78,646
2018	56,913
2019	17,970
Total Minimum Lease Payments	$ 319,195

NOTE 14 SUPPLEMENTAL CASH FLOW INFORMATION

	2014	2013
SUPPLEMENTAL INFORMATION		
Cash Paid for Interest	$ 1,321,523	$ 1,298,756
Income Taxes Paid	$ 92	$ 25
NONCASH TRANSACTIONS		
Discontinued Operations:		
Land, Building and Equipment Transferred to Assets Held for Sale	$ -	$ 2,288,000

NOTE 15 DISCONTINUED OPERATIONS

As part of the Foundation's strategic planning process, in September 2009 the board of directors approved discontinuing several programs. The Foundation has incurred expenses related to severance pay and unemployment benefits beyond the closing dates of these programs, which are expected to continue for 12-18 months beyond the specific program closing dates identified below. In addition to the programs listed below, Dental Services and Home Health and Homemaker Services were concluded in 2010.

The specific programs and the financial impact from closing for fiscal years 2014 and 2013 are as follows:

Children's Placement Services

The Foundation owned and operated children's placement service programs. As part of the Foundation's strategic planning process, the board of directors made the decision to discontinue operations and the program was closed as of June 30, 2010.

NOTE 15 DISCONTINUED OPERATIONS (CONTINUED)

Children's Placement Services (Continued)

In June 2011, the Foundation entered into a purchase agreement for an original purchase price of approximately $1,750,000. The purchase agreement was amended subsequent to the year ended June 30, 2012 and closed on September 24, 2012 for approximately $1,500,000.

There were no assets or liabilities recorded for the Children's Placement Services at June 30, 2014 and 2013.

Revenues and expenses from the Children's Placement Services discontinued operations consist of the following:

	2014	2013
Gain on Disposal of Assets Held for Sale	$ -	$ 274,954

Housing Management Services

The Foundation owned and operated housing management service programs. As part of the Foundation's strategic planning process, the board of directors made the decision to discontinue operations during fiscal years 2011 and 2010. The housing management service programs will continue to be operated by the Foundation until the properties are sold.

In April 2011, the Foundation entered into an option purchase agreement on the 508/510 Humboldt Apartments for a purchase price of approximately $2,000,000. The sale was closed on May 2, 2013 for approximately $2,012,000.

In January 2013, Real Estate Equities Financial, LLC (REE) entered into an option to purchase agreement for Wilder Square. Under this agreement, REE made an initial option payment of $50,000 to Wilder Square which can be credited against the purchase price at closing. Additionally, REE must pay $107,500 per year payable in monthly installments of $8,958 starting March 1, 2013, which are not credited against the purchase price. The option to purchase may be exercised at any time between the date of the agreement and August 15, 2015. The purchase price of Wilder Square will be $2,200,000 if the option is exercised.

NOTE 15 DISCONTINUED OPERATIONS (CONTINUED)

Housing Management Services (Continued)

Total assets and liabilities from the Housing Management Services discontinued operations consist of the following at June 30:

	2014	2013
Accounts and Pledges Receivable	$ 22,613	$ 22,630
Other Current Assets	12,432	9,542
Other Assets	113,063	154,901
Assets Held for Sale	1,020,938	1,020,938
Total Assets	$ 1,169,046	$ 1,208,011
Accounts Payable and Accrued Liabilities	$ 483,146	$ 428,179
Deposits Held in Trust	59,192	51,188
Asset Retirement Obligation	120,327	115,100
Long-Term Debt	267,289	430,556
Total Liabilities	$ 929,954	$ 1,025,023

Revenues and expenses from the Housing Management Services discontinued operations consist of the following:

	2014	2013
Revenues from Operations	$ 1,172,187	$ 1,671,093
Expenses	(1,116,083)	(1,606,445)
Gain on Disposal of Assets Held for Sale	-	1,380,806
Change in Net Assets	$ 56,104	$ 1,445,454

Total Discontinued Operations

Total assets and liabilities from discontinued operations consist of the following:

	2014	2013
Current Assets	$ 35,045	$ 32,172
Other Assets	113,063	154,901
Assets Held for Sale	1,020,938	1,020,938
Total Assets	$ 1,169,046	$ 1,208,011
Current Liabilities	$ 542,338	$ 479,367
Asset Retirement Obligation	120,327	115,100
Long-Term Debt	267,289	430,556
Total Liabilities	$ 929,954	$ 1,025,023

NOTE 15 DISCONTINUED OPERATIONS (CONTINUED)

Total Discontinued Operations (Continued)

Total revenues and expenses from discontinued operations consist of the following:

	2014	2013
Revenues from Operations	$ 1,172,187	$ 1,671,093
Expenses	(1,116,083)	(1,606,445)
Gain on Disposal of Assets Held for Sale	-	1,655,760
Change in Net Assets	$ 56,104	$ 1,720,408

NOTE 16 ASSET RETIREMENT OBLIGATIONS

During 2007, the Foundation completed asbestos abatement measurements of certain facilities. As of the date of measurement, the Foundation became legally obligated to remove the asbestos at the termination of the estimated useful lives. Accordingly, a liability has been established equal to the present value of the obligation, and the carrying amounts of the related assets have been increased by the same amount.

The following is a reconciliation of the aggregate retirement liability associated with the company's obligation to dismantle and remove the asbestos:

	2014	2013
Balance - Beginning of Year	$ 170,828	578,486
Increase (Decrease) in Present Value of the Obligation:		
Accretion Expense	6,262	11,014
Disposal of Land and Buildings	-	(418,672)
Balance - End of Year	$ 177,090	$ 170,828

The total amount classified as Asset Retirement Obligation from Discontinued Operations was $120,327 and $115,100 as of June 30, 2014 and 2013, respectively.