AMHERST H. WILDER FOUNDATION

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

AMHERST H. WILDER FOUNDATION
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2016 AND 2015

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, 2016 and 2015, 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. 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, 2016 and 2015, and the changes in their net assets and their 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 6, 2016

AMHERST H. WILDER FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,465,877	$ 1,104,937
Accounts and Pledges Receivable, Net	5,235,177	4,421,112
Other Current Assets	676,431	868,826
Current Assets from Discontinued Operations	-	40,652
Total Current Assets	7,377,485	6,435,527
LAND, BUILDING, AND EQUIPMENT - Net	32,844,935	34,491,932
OTHER ASSETS		
Accounts and Pledges Receivable - Non-Current Portion	484,714	861,036
Deferred Lease Incentives	-	19,150
Investments	136,416,314	148,942,160
Assets Held for Sale from Discontinued Operations	-	1,020,938
Beneficial Interest in Trusts	1,039,006	1,069,356
Escrow Funds and Other Assets Limited as to Use	-	281,612
Other Assets from Discontinued Operations	-	1,479
Total Other Assets	137,940,034	152,195,731
Total Assets	$ 178,162,454	$ 193,123,190
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 955,488	$ 579,975
Other Accrued Liabilities	127,398	315,668
Accrued Payroll, Benefits, Taxes, and Withholdings	3,398,688	2,938,545
Current Liabilities from Discontinued Operations	-	530,125
Deferred Income	1,436,477	1,804,424
Deferred Interest Rate Swap	122,430	-
Current Portion of Charitable Annuities	17,647	22,046
Current Portion of Long-Term Debt	1,634,188	835,000
Current Portion of Long-Term Debt from Discontinued Operations	-	92,219
Total Current Liabilities	7,692,316	7,118,002
LONG-TERM LIABILITIES		
Charitable Annuities, Less Current Portion	68,581	88,989
Accrued Pension Liability	18,382,830	24,142,471
Asset Retirement Obligation	58,999	56,763
Asset Retirement Obligation from Discontinued Operations	-	125,824
Long-Term Debt, Less Current Portion	34,563,312	26,110,000
Total Long-Term Liabilities	53,073,722	50,524,047
Total Liabilities	60,766,038	57,642,049
NET ASSETS		
Unrestricted	(5,274,784)	(8,588,936)
Temporarily Restricted	111,883,989	133,299,652
Permanently Restricted	10,787,211	10,770,425
Total Net Assets	117,396,416	135,481,141
Total Liabilities and Net Assets	$ 178,162,454	$ 193,123,190

See accompanying Notes to Consolidated Financial Statements.

AMHERST H. WILDER FOUNDATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2016 AND 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT								
Revenue:								
Government Fees and Grants	$ 19,126,262	$ -	$ -	$ 19,126,262	$ 18,834,872	$ -	$ -	$ 18,834,872
Private Contracts and Fees	1,865,332	-	-	1,865,332	1,604,872	-	-	1,604,872
Consulting Revenues	3,805,290	-	-	3,805,290	3,185,494	-	-	3,185,494
Other Gains	91,194	-	-	91,194	210,573	-	-	210,573
Endowment Appropriation for Operations	107,767	18,984,766	-	19,092,533	78,915	17,461,798	-	17,540,713
Total Revenue	24,995,845	18,984,766	-	43,980,611	23,914,726	17,461,798	-	41,376,524
Support:								
Contributions and Private Grants	2,491,516	2,841,674	16,786	5,349,976	2,881,864	2,360,058	98,509	5,340,431
Net Assets Released from Restrictions	21,622,997	(21,622,997)	-	-	19,237,750	(19,237,250)	(500)	-
Total Revenue and Support	49,110,358	203,443	16,786	49,330,587	46,034,340	584,606	98,009	46,716,955
EXPENSES								
Program Service:								
Wilder Programs	24,429,736	-	-	24,429,736	22,734,338	-	-	22,734,338
Wilder Research	10,981,772	-	-	10,981,772	9,780,137	-	-	9,780,137
Wilder Center for Communities	4,821,515	-	-	4,821,515	3,585,622	-	-	3,585,622
Total Program Service	40,233,023	-	-	40,233,023	36,100,097	-	-	36,100,097
Support Service:								
General and Administrative	5,265,488	-	-	5,265,488	4,899,335	-	-	4,899,335
Fundraising	1,118,794	-	-	1,118,794	1,207,604	-	-	1,207,604
Total Support Service	6,384,282	-	-	6,384,282	6,106,939	-	-	6,106,939
Total Expenses	46,617,305	-	-	46,617,305	42,207,036	-	-	42,207,036
Subtotal Before Investment Losses and Pension Change	2,493,053	203,443	16,786	2,713,282	3,827,304	584,606	98,009	4,509,919

See accompanying Notes to Consolidated Financial Statements.

AMHERST H. WILDER FOUNDATION
CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)
YEARS ENDED JUNE 30, 2016 AND 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
INVESTMENT LOSSES								
Investment Losses	$ (1,084,899)	$ (2,634,340)	$ -	$ (3,719,239)	$ (4,959,677)	$ (1,435,995)	$ -	$ (6,395,672)
Gain on Sale of Real Estate	-	-	-	-	4,116,433	-	-	4,116,433
Endowment Appropriation for Operations	(107,767)	(18,984,766)	-	(19,092,533)	(78,915)	(17,461,798)	-	(17,540,713)
Net Investment Losses	(1,192,666)	(21,619,106)	-	(22,811,772)	(922,159)	(18,897,793)	-	(19,819,952)
Additional Minimum Pension Change	577,047	-	-	577,047	(799,114)	-	-	(799,114)
CHANGE IN NET ASSETS FROM CONTINUING OPERATIONS	1,877,434	(21,415,663)	16,786	(19,521,443)	2,106,031	(18,313,187)	98,009	(16,109,147)
CHANGE IN NET ASSETS FROM DISCONTINUED OPERATIONS (NOTE 15)	1,436,718	-	-	1,436,718	75,809	-	-	75,809
CHANGE IN NET ASSETS	3,314,152	(21,415,663)	16,786	(18,084,725)	2,181,840	(18,313,187)	98,009	(16,033,338)
Net Assets - Beginning of Year	(8,588,936)	133,299,652	10,770,425	135,481,141	(10,770,776)	151,612,839	10,672,416	151,514,479
NET ASSETS - END OF YEAR	$ (5,274,784)	$ 111,883,989	$ 10,787,211	$ 117,396,416	$ (8,588,936)	$ 133,299,652	$ 10,770,425	$ 135,481,141

See accompanying Notes to Consolidated Financial Statements.

AMHERST H. WILDER FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016

	Program Services			Support Services				
	Wilder Programs	Wilder Research	Wilder Center for Communities	General and Administrative	Fundraising	Operations Subtotal	Investments	Total
Salaries	$ 11,437,413	$ 5,800,301	$ 1,644,570	$ 3,173,290	$ 568,098	$ 22,623,672	$ 261,637	$ 22,885,309
Employee Benefits and Payroll Taxes	2,818,841	1,240,766	363,215	491,964	81,085	4,995,871	10,092	5,005,963
Pension Expense	3,772,205	1,913,013	542,400	1,046,591	173,985	7,448,194	115,604	7,563,798
Total Personnel Costs	18,028,459	8,954,080	2,550,185	4,711,845	823,168	35,067,737	387,333	35,455,070
Business Expenses	214,975	113,719	50,376	136,019	5,045	520,134	(2,542)	517,592
Professional Fees	1,099,688	826,975	1,004,039	504,052	45,489	3,480,243	1,152,768	4,633,011
Program Expenses	1,131,049	279,371	515,855	165,246	50,577	2,142,098	820	2,142,918
Transportation	105,385	-	6,030	3,818	-	115,233	-	115,233
Insurance	122,058	8,557	6,499	155,018	2,244	294,376	31,842	326,218
Software	19,423	87,017	301	173,289	21,114	301,144	-	301,144
Assistance to Individuals	1,539,458	-	221,110	-	-	1,760,568	-	1,760,568
Bad Debt Expense	42,312	-	1,700	-	93,101	137,113	-	137,113
Minor Equipment	28,427	112,098	1,730	166,452	244	308,951	2,731	311,682
Facilities*	1,904,081	572,103	453,930	(1,594,339)	55,052	1,390,827	(173,837)	1,216,990
Interest and Financial Expense	9,665	-	1,696	778,774	2,968	793,103	560,139	1,353,242
Miscellaneous	398,075	10,984	5,475	21,397	19,792	455,723	1,759	457,482
Total Expense Before Depreciation and Discontinued Operations	24,643,055	10,964,904	4,818,926	5,221,571	1,118,794	46,767,250	1,961,013	48,728,263
Depreciation	19,632	16,868	2,589	43,917	-	83,006	2,040,351	2,123,357
Discontinued Operations	(232,951)	-	-	-	-	(232,951)	-	(232,951)
Total Expenses	$ 24,429,736	$ 10,981,772	$ 4,821,515	$ 5,265,488	$ 1,118,794	$ 46,617,305	$ 4,001,364	$ 50,618,669

* 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, 2015

	Program Services			Support Services				
	Wilder Programs	Wilder Research	Wilder Center for Communities	General and Administrative	Fundraising	Operations Subtotal	Investments	Total
Salaries	$ 10,827,719	$ 5,181,395	$ 1,234,655	$ 2,936,713	$ 588,551	$ 20,769,033	$ 181,653	$ 20,950,686
Employee Benefits and Payroll Taxes	2,766,114	1,160,004	248,526	452,637	173,111	4,800,392	10,560	4,810,952
Pension Expense	3,096,021	1,483,814	353,572	840,997	168,545	5,942,949	77,053	6,020,002
Total Personnel Costs	16,689,854	7,825,213	1,836,753	4,230,347	930,207	31,512,374	269,266	31,781,640
Business Expenses	220,841	88,615	24,261	127,891	4,252	465,860	(1,904)	463,956
Professional Fees	892,221	531,111	522,960	491,475	15,269	2,453,036	1,449,377	3,902,413
Program Expenses	1,014,987	530,209	371,072	149,502	73,959	2,139,729	978	2,140,707
Transportation	114,416	-	5,970	3,111	-	123,497	-	123,497
Insurance	228,492	20,852	8,300	137,442	1,670	396,756	15,654	412,410
Software	19,856	81,069	150	189,696	20,384	311,155	-	311,155
Assistance to Individuals	1,764,636	-	455,433	-	-	2,220,069	-	2,220,069
Bad Debt Expense	50,543	31,753	2,000	-	62,933	147,229	-	147,229
Minor Equipment	43,952	42,879	2,422	115,852	697	205,802	3,442	209,244
Facilities*	1,665,017	559,855	351,102	(1,515,489)	72,915	1,133,400	45,672	1,179,072
Interest and Financial Expense	15,088	-	1,262	841,133	2,410	859,893	544,882	1,404,775
Miscellaneous	1,062,622	55,591	2,907	85,913	22,908	1,229,941	21,403	1,251,344
Total Expense Before Depreciation and Discontinued Operations	23,782,525	9,767,147	3,584,592	4,856,873	1,207,604	43,198,741	2,348,770	45,547,511
Depreciation	27,032	12,990	1,030	42,462	-	83,514	1,928,398	2,011,912
Discontinued Operations	(1,075,219)	-	-	-	-	(1,075,219)	-	(1,075,219)
Total Expenses	$ 22,734,338	$ 9,780,137	$ 3,585,622	$ 4,899,335	$ 1,207,604	$ 42,207,036	$ 4,277,168	$ 46,484,204

* 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, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (18,084,725)	$ (16,033,338)
Adjustments to Reconcile Change in Net Asset to Net Cash Provided (Used) by Operating Activities:		
Contributions Restricted for Endowment	(16,786)	(98,509)
Depreciation and Amortization	2,123,357	2,011,912
Loss on Disposal of Land, Building, and Equipment	34,347	-
Deferred Lease Incentives	19,150	73,159
Net Realized and Unrealized Loss (Gain) on Investments	2,467,554	5,006,797
Gain on Sale of Real Estate	(1,259,745)	(4,116,433)
Change in Value of Beneficial Interest in Trusts	30,350	7,174
Change in Value of Charitable Annuities	(2,761)	16,069
Adjustment for Minimum Pension Liability	(577,047)	799,114
(Increase) Decrease in:		
Accounts and Pledges Receivable	(437,743)	(583,486)
Other Assets	474,007	(70,085)
Increase (Decrease) in:		
Accounts Payable	375,513	169,285
Other Accrued Liabilities	(188,270)	(15,128)
Accrued Payroll, Benefits, Taxes, and Withholdings	462,379	183,410
Deferred Income	(367,947)	296,238
Accrued Pension Liability	(5,182,594)	3,014,771
Net Cash Used by Operating Activities from Continuing Operations	(20,130,961)	(9,339,050)
Net Cash (Used) Provided by Operating Activities from Discontinued Operations	(613,818)	99,261
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Land, Building, and Equipment	(510,707)	(687,397)
Purchase of Investments	(61,820,170)	(48,999,152)
Proceeds from Sale of Real Estate	-	4,404,433
Proceeds from Sale of Investments	71,878,462	55,813,573
Net Cash Provided by Investing Activities from Continuing Operations	9,547,585	10,531,457
Net Cash Provided by Investing Activities from Discontinued Operations	2,280,683	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred Interest Rate Swap	122,430	-
Contributions Restricted for Endowment	16,786	98,509
Payments on Charitable Annuities	(22,046)	(22,046)
Proceeds from Long-Term Debt	10,087,500	-
Long-Term Debt Payments	(835,000)	(810,000)
Net Cash Provided (Used) by Financing Activities from Continuing Operations	9,369,670	(733,537)
Net Cash Used by Financing Activities from Discontinued Operations	(92,219)	(175,070)
NET INCREASE IN CASH AND CASH EQUIVALENTS	360,940	383,061
Cash and Cash Equivalents - Beginning of Year	1,104,937	721,876
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,465,877	$ 1,104,937

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Amherst H. Wilder Foundation (the 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 (the 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 three primary service groups:

- Wilder programs provide a wide variety of services to children, families, single adults, and the elderly including: behavioral health services, housing and employment services, child care, and health care and supportive services.
- Wilder Research offers program evaluation, support, and research services.
- Wilder Center for Communities brings people together through leadership programs, community initiatives, public policy, convening, and volunteerism.

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, 2016 and 2015.

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 Foundation's consolidated financial statements.

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 (FDIC) 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, 2016 and 2015 was $3,740,485 and $3,700,845, respectively, including allowance for uncollectible accounts of $35,181 and $111,394, 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.

Investments

The direct investment in real estate is valued at the lower of cost or market. All other investments are stated at fair value. 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 Measurements

The Foundation 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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).

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Subsequent Events

In preparing these consolidated financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 6, 2016, 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:

	2016	2015
Unconditional Pledges Receivable	$ 2,102,929	$ 1,740,332
Unamortized Discount	(63,723)	(47,933)
Allowance for Uncollectible Accounts	(59,800)	(89,914)
Total	$ 1,979,406	$ 1,602,485
Amounts Due in:		
Less Than One Year	$ 1,554,492	$ 831,363
One to Five Years	547,437	906,969
Over Five Years	1,000	2,000
Total	$ 2,102,929	$ 1,740,332

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 3.5% and 4.19% at June 30, 2016 and 2015, respectively.

NOTE 3 LAND, BUILDING, AND EQUIPMENT

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

	2016		2015	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	$ 3,395,116	$ -	$ 3,395,116	$ -
Land Improvements	2,362,349	891,092	2,369,792	781,933
Buildings and Building Improvements	33,252,236	8,727,067	33,191,030	7,832,895
Construction in Progress	4,220	-	4,220	-
Equipment	9,116,579	5,698,303	8,999,761	4,896,840
Vehicles	51,139	20,242	51,139	7,458
Total	$ 48,181,639	$ 15,336,704	$ 48,011,058	$ 13,519,126
Land, Buildings, and Equipment	$ 32,844,935		$ 34,491,932	

Depreciation expense for continuing operations was $2,123,357 and $2,011,912 as of June 30, 2016 and 2015, respectively.

NOTE 4 INVESTMENTS

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

	2016	2015
Cash Equivalents	$ 9,988,923	$ 6,303,479
U.S. Government Agency Bonds	9,588,828	12,793,078
Corporate Bonds	9,632,163	10,567,426
International Equity Funds	37,231,070	45,087,720
Domestic Large Cap Equity Funds	13,099,505	17,308,325
Domestic Small-Mid Cap Equity Funds	13,057,182	11,989,853
Private Equity Limited Partnerships	5,661,628	4,228,760
Real Estate Limited Partnerships	6,975,542	7,835,606
Real Estate Investments	6,332,745	6,332,745
Hedge Funds	16,067,017	16,683,977
Commodities	8,781,711	9,811,191
Total Investments	$ 136,416,314	$ 148,942,160

During the year ended June 30, 2016, property at Wilder Square was sold for $2,271,563. The parcel of land was previously included on the consolidated statement of financial position at cost, approximating $1,020,938.

During the year ended June 30, 2015, property at Wilder Forest was sold for $4,488,320. The parcel of land was previously included on the consolidated statement of financial position at cost, approximately $288,000.

NOTE 4 INVESTMENTS (CONTINUED)

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

	2016	2015
Net Realized and Unrealized Losses on Investments	$ (2,467,554)	$ (890,364)
Interest and Dividends	2,749,679	2,888,293
Investment Expenses	(4,001,364)	(4,277,168)
Endowment Appropriation for Operations	(19,092,533)	(17,540,713)
Total Investment Losses	$ (22,811,772)	$ (19,819,952)

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, 2016. 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 $1,039,006 and $1,069,356 at June 30, 2016 and 2015, 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 $19,092,533 and $17,540,713 in the years ended June 30, 2016 and 2015, respectively.

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

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.

In 2016, the Foundation adopted ASU No. 2015-07 which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share expedient. This has been applied retrospectively.

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, 2016 and 2015, 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.

	2016			
	Level 1	Level 2	Level 3	Total
Investments:				
U.S. Government Agency Bonds	$ 9,588,828	$ -	$ -	$ 9,588,828
Corporate Bonds	9,632,163	-	-	9,632,163
International Equity Funds	35,708,975	-	-	35,708,975
Domestic Large Cap Equity Funds	13,099,505	-	-	13,099,505
Domestic Small-Mid Cap Equity Funds	13,057,182	-	-	13,057,182
Commodities	8,781,711	-	-	8,781,711
Investments Accounted for at Net Asset Value	-	-	-	30,226,282
Total Investments	$ 89,868,364	$ -	$ -	$ 120,094,646
Beneficial Interest in Trusts	$ -	$ -	$ 1,039,006	$ 1,039,006

	2015			
	Level 1	Level 2	Level 3	Total
Investments:				
U.S. Government Agency Bonds	$ 12,793,078	$ -	$ -	$ 12,793,078
Corporate Bonds	10,567,426	-	-	10,567,426
International Equity Funds	43,593,042	-	-	43,593,042
Domestic Large Cap Equity Funds	17,308,325	-	-	17,308,325
Domestic Small-Mid Cap Equity Funds	11,989,853	-	-	11,989,853
Commodities	9,811,191	-	-	9,811,191
Investments Accounted for at Net Asset Value	-	-	-	30,243,021
Total Investments	$ 106,062,915	$ -	$ -	$ 136,305,936
Beneficial Interest in Trusts	$ -	$ -	$ 1,069,356	$ 1,069,356

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, 2016 and 2015:

	Beneficial Interest in Trusts
Balance - July 1, 2015	$ 1,069,356
Change in Value of Trusts	(30,350)
Balance - June 30, 2016	$ 1,039,006

	Beneficial Interest in Trusts
Balance - July 1, 2014	$ 1,076,530
Net Realized and Unrealized Gains on Investments	-
Change in Value of Trusts	(7,174)
Balance - June 30, 2015	$ 1,069,356

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:

	2016 Net Asset Value	2015 Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
International Equity Funds	$ 1,522,095	$ 1,494,678	$ -	Monthly	2-15 Days
Private Equity Limited Partnerships	5,661,628	4,228,760	-	N/A	N/A
Hedge Funds	16,067,017	16,683,977	-	Quarterly	60 Days
Real Estate Limited Partnerships	6,975,542	7,835,606	5,113,000	N/A	N/A
	$ 30,226,282	$ 30,243,021	$ 5,113,000		

Basis for Fair Value Measurements

International Equity Funds

Internal 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.

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

Basis for Fair Value Measurements (Continued)

Private Equity Limited Partnerships

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.

Hedge Fund Investments

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.

Real Estate Limited Partnerships

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.

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, 2016 and 2015 were $86,228 and $111,035, respectively.

NOTE 8 LONG-TERM DEBT

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

Description	2016	2015
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.	$ 1,100,000	$ 1,215,000
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% (4.0% at June 30, 2015).	25,010,000	25,730,000
Subtotal Bonds Payable	26,110,000	26,945,000
Mortgages:		
Real Estate Term Note, Wilder Center, payable in variable monthly installments starting August 1, 2016, interest stated at 2.25% + LIBOR, due on June 30, 2026.	10,087,500	-
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.	-	92,219
Total Long-Term Debt	36,197,500	27,037,219
Less: Current Maturities of Long-Term Debt	1,634,188	927,219
Long-Term Debt, Excluding Current Maturities	$ 34,563,312	$ 26,110,000

At June 30, 2016, the long-term debt installments are due in the following fiscal years:

Year Ending June 30,	Amount
2017	$ 1,634,188
2018	1,778,740
2019	1,847,416
2020	1,922,618
2021	1,994,270
Thereafter	27,020,268
Total Debt Payments	$ 36,197,500

Interest expense was $1,252,339 and $1,218,699 during the years ended June 30, 2016 and 2015, 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, 2016. There have been no borrowings on the line as of June 30, 2016 and 2015.

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. Effective November 15, 2009, the plan was amended to freeze participation and benefit accruals so that no employee of the Foundation may first become a participant in the plan on or after that date and no participant in the plan may accrue any benefits on or after that date. 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, 2016 and 2015, and for the years then ended.

The changes in the projected benefit obligation are as follows:

	2016	2015
Change in Projected Benefit Obligation:		
Projected Benefit Obligation - Beginning of Year	$ 82,295,312	$ 77,879,944
Interest Cost	3,607,656	3,569,061
Changes in Actuarial Assumptions	4,941,809	4,407,787
Benefits Paid	(12,272,900)	(3,695,113)
Plan Experience Different from that Expected	741,694	133,633
Projected Benefit Obligation - End of Year	$ 79,313,571	$ 82,295,312
Change in Plan Assets:		
Fair Value of Plan Assets - Beginning of Year	$ 58,152,841	$ 57,551,358
Employer Contributions	12,443,606	3,005,233
Benefits Paid	(13,070,052)	(4,093,319)
Actual Return on Plan Assets	3,404,346	1,689,569
Fair Value of Plan Assets - End of Year	$ 60,930,741	$ 58,152,841

NOTE 9 BENEFIT PLANS (CONTINUED)

Defined Benefit Plan (Continued):

	2016	2015
Funded Status of the Plan:		
Benefit Obligation	$ 79,313,571	$ 82,295,312
Fair Value of Plan Assets	60,930,741	58,152,841
Excess of Benefit Obligation over Fair Value of Plan Assets	$ 18,382,830	$ 24,142,471
Components of Net Periodic Benefit Costs:		
Service Cost	$ 399,878	$ 346,933
Interest Cost	3,607,656	3,569,061
Expected Return on Plan Assets	(2,852,738)	(2,852,132)
Amortization of Unrecognized Net Actuarial Loss	2,712,923	4,956,139
One-time settlement expense recognition	3,393,293	-
Net Periodic Pension Cost	$ 7,261,012	$ 6,020,001
Underfunded Plan Information:		
Projected Benefit Obligation - End of Year	$ 79,313,571	$ 82,295,312
Accumulated Benefit Obligation - End of Year	79,313,571	82,295,312
Fair Value of Assets - End of Year	60,930,741	58,152,841

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

	2016	2015
Actuarial Assumptions:		
Assumptions Used to Determine Benefit Obligations at June 30:		
Assumed Discount Rate	3.76 %	4.45 %
Assumed Annual Increase in Salaries	0%	0%
Assumptions For Net Periodic Benefit Cost at Previous July 1:		
Assumed Discount Rate	4.45 %	4.36 %
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, 2016 and 2015 was developed based on the mix of assets in the portfolio. At July 1, 2015, 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%.

NOTE 9 BENEFIT PLANS (CONTINUED)

Investment Policies and Strategies, Including Target Allocations

As of June 30, 2016, the plan is to transition from the current Insured LDI contract to a portfolio that includes 30% return-seeking assets. As of June 30, 2015, 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 (the measurement date) by asset category is as follows:

	2016	2015
Equity Securities	30.8%	0.0%
Other	69.2%	100.0%

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, 2016 and 2015.

	2016			
	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	$ 10,644,823	$ -	$ -	$ 10,644,823
Equity Fund	15,482,353	-	-	15,482,353
Other	-	34,803,565	-	34,803,565
Total	$ 26,127,176	$ 34,803,565	$ -	$ 60,930,741

	2015			
	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	$ 5,900,583	$ -	$ -	5,900,583
Other	-	52,252,258	-	52,252,258
Total	$ 5,900,583	$ 52,252,258	$ -	$ 58,152,841

The Foundation attempts to mitigate investment risk by rebalancing between classes as the Foundation's 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 2016 are $932,601. Estimated future benefit payments, which reflect expected future services, are as follows:

June 30, 2017	$ 3,864,225
June 30, 2018	4,012,804
June 30, 2019	4,096,026
June 30, 2020	4,173,281
June 30, 2021	4,282,253
For Years Ended June 30, 2022 Through 2026	22,336,462

NOTE 9 BENEFIT PLANS (CONTINUED)

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, 2016 and 2015 were approximately $965,000 and $590,000, respectively.

NOTE 10 SELF-INSURED BENEFIT LIABILITIES

Workers' Compensation

The Foundation is self-insured for workers' compensation. As of June 30, 2016 and 2015, the Foundation has recorded liabilities of $422,223 and $320,040, 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, 2016 and 2015.

Temporarily Restricted Net Assets

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

	2016	2015
Wilder Programs	$ 4,431,332	$ 4,686,201
Wilder Center for Communities	395,564	419,652
Endowment Earnings	104,838,521	126,235,112
Wilder Research	222,963	438,378
Pledges for Future Periods	1,977,540	1,502,240
Capital Campaign Gifts	18,069	18,069
Total Temporarily Restricted Net Assets	$ 111,883,989	$ 133,299,652

Permanently Restricted Net Assets

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

	2016	2015
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	917,954	939,811
Investments to be held in perpetuity, the income from which is expendable to support Wilder programs	6,259,394	6,198,053
Charitable Gifts under Annuity Contracts	7,863	30,561
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	$ 10,787,211	$ 10,770,425

NOTE 11 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)

Net Assets Released from Restrictions

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

	2016	2015
Time and Purpose Restriction	$ 21,622,997	$ 19,237,250

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.

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 $2,303,264 as of June 30, 2016 and $2,184,850 as of June 30, 2015. 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.

NOTE 12 ENDOWMENT (CONTINUED)

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.

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:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	$ -	$ 2,614,016	$ -	$ 2,614,016
Restricted Endowment Earnings	(2,303,264)	104,838,521	9,845,192	112,380,449
Board Designated Endowment Funds	975,587	-	-	975,587
Total Endowment Funds	$ (1,327,677)	$ 107,452,537	$ 9,845,192	$ 115,970,052

NOTE 12 ENDOWMENT (CONTINUED)

Endowment Investment and Spending Policies (Continued)

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	$ -	$ 2,836,531	$ -	$ 2,836,531
Restricted Endowment Earnings	(2,184,850)	126,235,112	9,778,768	133,829,030
Board Designated Endowment Funds	1,083,354	-	-	1,083,354
Total Endowment Funds	$ (1,101,496)	$ 129,071,643	$ 9,778,768	$ 137,748,915

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

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Fund Balance - June 30, 2015	$ (1,101,496)	$ 129,071,643	$ 9,778,768	$ 137,748,915
Contributions	-	-	66,424	66,424
Earnings and Expenses:				
Investment Income	-	2,829,125	-	2,829,125
Investment Expenses	-	(4,299,523)	-	(4,299,523)
Unrealized and Realized Gains	-	(1,282,356)	-	(1,282,356)
Total Earnings and Expenses	-	(2,752,754)	-	(2,752,754)
Transfer of Unrestricted Earnings for Funds not Above Water	(118,414)	118,414	-	-
Appropriations	(107,767)	(18,984,766)	-	(19,092,533)
Endowment Fund Balance - June 30, 2016	$ (1,327,677)	$ 107,452,537	$ 9,845,192	$ 115,970,052

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Fund Balance - June 30, 2014	$ (407,116)	$ 147,969,440	$ 9,666,186	$ 157,228,510
Contributions	-	-	112,582	112,582
Earnings and Expenses:				
Investment Income	-	2,917,045	-	2,917,045
Investment Expenses	-	(4,078,145)	-	(4,078,145)
Unrealized and Realized Losses	-	(890,364)	-	(890,364)
Total Earnings and Expenses	-	(2,051,464)	-	(2,051,464)
Transfer of Unrestricted Earnings for Funds not Above Water	(615,465)	615,465	-	-
Appropriations	(78,915)	(17,461,798)	-	(17,540,713)
Endowment Fund Balance - June 30, 2015	$ (1,101,496)	$ 129,071,643	$ 9,778,768	$ 137,748,915

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.

Leases

The Foundation leases certain buildings, vehicles, and office equipment under terms of noncancelable operating leases expiring in various years through 2021. Aggregate annual minimum rental commitments under noncancelable operating leases are payable in the years ending June 30 as follows:

Year Ending June 30,	Amount
2017	$ 96,948
2018	74,526
2019	35,780
2020	20,804
2021	16,010
Total Minimum Lease Payments	$ 244,068

NOTE 14 SUPPLEMENTAL CASH FLOW INFORMATION

	2016	2015
Cash Paid for Interest	$ 1,289,657	$ 1,218,699
Income Taxes Paid	$ 25	$ 25

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. In addition to the programs listed below, Children's Placement Services, Dental Services, and Home Health and Homemaker Services were concluded in prior years.

The specific programs and the financial impact from closing for fiscal years 2016 and 2015 are as follows:

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 continued to be operated by the Foundation until the properties were sold.

NOTE 15 DISCONTINUED OPERATIONS (CONTINUED)

Housing Management Services (Continued)

During fiscal year 2015 and through September 2015, the Foundation continued to operate only one property, Wilder Square. On October 1, 2015, Wilder Square was sold for approximately $2.2 million.

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

	2016	2015
Accounts and Pledges Receivable	$ -	$ 21,182
Other Current Assets	-	19,470
Other Assets	-	1,479
Assets Held for Sale	-	1,020,938
Total Assets	$ -	$ 1,063,069
Accounts Payable and Accrued Liabilities	$ -	$ 475,260
Deposits Held in Trust	-	54,865
Asset Retirement Obligation	-	125,824
Long-Term Debt	-	92,219
Total Liabilities	$ -	$ 748,168

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

	2016	2015
Revenues from Operations	$ 409,924	$ 1,151,028
Gain on Disposal of Assets Held for Sale	1,259,745	-
Expenses	(232,951)	(1,075,219)
Change in Net Assets	$ 1,436,718	$ 75,809

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.

NOTE 16 ASSET RETIREMENT OBLIGATIONS (CONTINUED)

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

	2016	2015
Balance - Beginning of Year	$ 182,587	$ 177,090
Increase in Present Value of the Obligation:		
Accretion Expense	2,235	5,497
Disposal of Land and Buildings	(125,823)	-
Balance - End of Year	$ 58,999	$ 182,587

The total amount classified as Asset Retirement Obligation from Discontinued Operations was $-0- and $125,823 as of June 30, 2016 and 2015, respectively.