AMHERST H. WILDER FOUNDATION

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

AMHERST H. WILDER FOUNDATION
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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

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

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, 2019 and 2018, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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.

Board of Directors
Amherst H. Wilder Foundation

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, 2019 and 2018, 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 14, 2019

AMHERST H. WILDER FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 2,198,243	$ 1,932,288
Accounts and Pledges Receivable, Net	8,300,072	6,485,646
Deferred Interest Rate Swap	118,974	464,941
Other Current Assets	487,978	459,786
Total Current Assets	11,105,267	9,342,661
LAND, BUILDING, AND EQUIPMENT, Net	29,262,864	29,827,656
OTHER ASSETS		
Accounts and Pledges Receivable - Noncurrent Portion	3,492,224	586,933
Assets Held for Sale	1,950,000	-
Investments	127,014,134	132,864,442
Beneficial Interest in Trusts	1,521,318	1,262,003
Total Other Assets	133,977,676	134,713,378
Total Assets	$ 174,345,807	$ 173,883,695
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 1,113,555	$ 731,119
Other Accrued Liabilities	143,360	152,281
Accrued Payroll, Benefits, Taxes, and Withholdings	3,472,556	3,407,487
Deferred Income	1,530,379	1,262,644
Current Portion of Charitable Annuities	2,889	2,647
Current Portion of Long-Term Debt	1,922,618	1,847,416
Total Current Liabilities	8,185,357	7,403,594
LONG-TERM LIABILITIES		
Charitable Annuities, Less Current Portion	16,379	17,302
Accrued Pension Liability	17,857,446	12,887,317
Asset Retirement Obligation	62,792	61,472
Long-Term Debt, Less Current Portion	28,729,955	30,630,597
Total Long-Term Liabilities	46,666,572	43,596,688
Total Liabilities	54,851,929	51,000,282
NET ASSETS		
Without Donor Restriction	11,268,074	14,005,468
With Donor Restriction	108,225,804	108,877,945
Total Net Assets	119,493,878	122,883,413
Total Liabilities and Net Assets	$ 174,345,807	$ 173,883,695

See accompanying Notes to Consolidated Financial Statements.

AMHERST H. WILDER FOUNDATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
REVENUE AND SUPPORT						
Revenue:						
Government Fees and Grants	$ 26,408,437	$ -	$ 26,408,437	$ 22,251,012	$ -	$ 22,251,012
Private Contracts, Insurance and Fees	2,025,880	-	2,025,880	1,982,302	-	1,982,302
Consulting Revenues	3,446,899	-	3,446,899	4,013,610	-	4,013,610
Other Gains	(201,078)	-	(201,078)	209,380	-	209,380
Endowment Appropriation for Operations	204,883	12,694,226	12,899,109	203,731	14,842,355	15,046,086
Total Revenue	31,885,021	12,694,226	44,579,247	28,660,035	14,842,355	43,502,390
Support:						
Contributions and Private Grants	4,015,501	9,034,178	13,049,679	2,399,097	3,054,849	5,453,946
Net Assets Released from Restrictions	14,289,781	(14,289,781)	-	17,572,452	(17,572,452)	-
Total Revenue and Support	50,190,303	7,438,623	57,628,926	48,631,584	324,752	48,956,336
EXPENSES						
Program Service:						
Wilder Programs	24,293,461	-	24,293,461	22,657,757	-	22,657,757
Wilder Research	8,351,543	-	8,351,543	7,407,820	-	7,407,820
Wilder Center for Communities	5,774,697	-	5,774,697	5,514,301	-	5,514,301
Total Program Service	38,419,701	-	38,419,701	35,579,878	-	35,579,878
Support Service:						
General and Administrative	8,380,533	-	8,380,533	7,764,750	-	7,764,750
Fundraising	1,931,838	-	1,931,838	1,526,449	-	1,526,449
Total Support Service	10,312,371	-	10,312,371	9,291,199	-	9,291,199
Total Expenses	48,732,072	-	48,732,072	44,871,077	-	44,871,077
Subtotal Before Investment Activity and Pension Change	1,458,231	7,438,623	8,896,854	3,760,507	324,752	4,085,259

See accompanying Notes to Consolidated Financial Statements.

AMHERST H. WILDER FOUNDATION
CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)
YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
INVESTMENT ACTIVITY						
Investment Gains	$ 252,747	$ 4,603,462	$ 4,856,209	$ 378,807	$ 8,176,297	$ 8,555,104
Endowment Appropriation for Operations	(204,883)	(12,694,226)	(12,899,109)	(203,731)	(14,842,355)	(15,046,086)
Net Investment Losses	47,864	(8,090,764)	(8,042,900)	175,076	(6,666,058)	(6,490,982)
Additional Pension Change	(4,243,489)	-	(4,243,489)	2,322,040	-	2,322,040
CHANGE IN NET ASSETS	(2,737,394)	(652,141)	(3,389,535)	6,257,623	(6,341,306)	(83,683)
Net Assets - Beginning of Year	14,005,468	108,877,945	122,883,413	7,747,845	115,219,251	122,967,096
NET ASSETS - END OF YEAR	$ 11,268,074	$ 108,225,804	$ 119,493,878	$ 14,005,468	$ 108,877,945	$ 122,883,413

See accompanying Notes to Consolidated Financial Statements.

AMHERST H. WILDER FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services			Support Services		
	Wilder Programs	Wilder Research	Wilder Center for Communities	General and Administrative	Fundraising	Total
Salaries	$ 14,024,735	$ 5,050,008	$ 2,217,480	$ 5,444,410	$ 843,967	$ 27,580,600
Employee Benefits and Payroll Taxes	3,232,875	1,164,089	511,157	1,255,004	194,545	6,357,670
Pension Expense	375,384	133,048	58,422	143,439	22,235	732,528
Total Personnel Costs	17,632,994	6,347,145	2,787,059	6,842,853	1,060,747	34,670,798
Business Expenses	320,704	86,354	54,007	117,552	12,607	591,224
Professional Fees	642,511	375,939	1,112,345	483,484	170,280	2,784,559
Program Expenses	801,444	482,055	607,328	123,069	93,306	2,107,202
Transportation	140,661	-	20,140	13,844	37	174,682
Insurance	164,397	46,920	28,932	154,138	4,716	399,103
Software	8,160	46,564	4,024	248,062	46,282	353,092
Assistance to Individuals	1,647,457	-	463,480	-	-	2,110,937
Bad Debt Expense	79,365	-	-	-	369,432	448,797
Minor Equipment	39,915	72,189	1,424	164,989	8,570	287,087
Facilities*	2,033,193	538,774	469,537	(1,668,181)	58,243	1,431,566
Interest and Financial Expense	218,748	75,018	36,026	1,275,706	21,520	1,627,018
Miscellaneous	30,626	2,981	22,012	20,440	83,148	159,207
Total Expense Before Depreciation and Discontinued Operations	23,760,175	8,073,939	5,606,314	7,775,956	1,928,888	47,145,272
Depreciation	533,286	277,604	168,383	604,577	2,950	1,586,800
Total Expenses	$ 24,293,461	$ 8,351,543	$ 5,774,697	$ 8,380,533	$ 1,931,838	$ 48,732,072

* 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, 2018

	Program Services			Support Services		
	Wilder Programs	Wilder Research	Wilder Center for Communities	General and Administrative	Fundraising	Operations Subtotal
Salaries	$ 12,676,591	$ 4,564,570	$ 2,004,322	$ 4,921,060	$ 762,839	$ 24,929,382
Employee Benefits and Payroll Taxes	2,935,217	1,056,910	464,094	1,139,454	176,633	5,772,308
Pension Expense	370,467	133,397	58,575	143,815	22,294	728,548
Total Personnel Costs	15,982,275	5,754,877	2,526,991	6,204,329	961,766	31,430,238
Business Expenses	208,150	94,235	50,752	98,070	6,238	457,445
Professional Fees	660,408	238,925	872,645	509,309	277,079	2,558,366
Program Expenses	1,067,601	270,814	481,731	129,847	58,364	2,008,357
Transportation	118,402	-	22,793	12,711	-	153,906
Insurance	153,025	36,708	16,296	140,868	1,536	348,433
Software	17,983	56,173	2,231	213,517	30,045	319,949
Assistance to Individuals	1,623,270	-	858,860	-	-	2,482,130
Bad Debt Expense	34,212	-	-	-	(10,782)	23,430
Minor Equipment	37,550	31,616	1,076	179,331	25,802	275,375
Facilities*	1,944,113	537,004	446,318	(1,651,962)	57,296	1,332,769
Interest and Financial Expense	191,741	77,421	32,559	1,305,084	15,499	1,622,304
Miscellaneous	16,142	2,801	5,466	29,026	71,940	125,375
Total Expense Before Depreciation and Discontinued Operations	22,054,872	7,100,574	5,317,718	7,170,130	1,494,783	43,138,077
Depreciation	602,885	307,246	196,583	594,620	31,666	1,733,000
Total Expenses	$ 22,657,757	$ 7,407,820	$ 5,514,301	$ 7,764,750	$ 1,526,449	$ 44,871,077

* 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, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (3,389,535)	$ (83,683)
Adjustments to Reconcile Change in Net Asset to Net Cash Used by Operating Activities:		
Contributions Restricted for Endowment	(73,572)	(274,380)
Depreciation and Amortization	1,586,800	1,733,000
Loss on Disposal of Land, Building, and Equipment	-	47,021
Net Realized and Unrealized Gain on Investments	(2,417,912)	(5,603,594)
Change in Value of Beneficial Interest in Trusts	(29,404)	(121,047)
Change in Value of Charitable Annuities	1,966	(44,266)
Adjustment for Pension Liability	4,243,489	(2,322,040)
(Increase) Decrease in:		
Accounts and Pledges Receivable	(4,719,717)	(779,891)
Other Assets	(28,192)	134,367
Increase (Decrease) in:		
Accounts Payable	382,436	6,804
Other Accrued Liabilities	(8,921)	(3,254)
Accrued Payroll, Benefits, Taxes, and Withholdings	66,389	84,789
Deferred Income	267,735	(308,339)
Accrued Pension Liability	726,640	728,548
Net Cash Used by Operating Activities	(3,391,798)	(6,805,965)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Land, Building, and Equipment	(1,022,008)	(408,342)
Purchase of Investments	(59,616,519)	(56,845,082)
Proceeds from Sale of Investments	65,934,739	66,040,074
Net Cash Provided by Investing Activities	5,296,212	8,786,650
CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred Interest Rate Swap	345,967	(213,013)
Contribution to Beneficial Interest in Trust	(229,911)	-
Contributions Restricted for Endowment	73,572	274,380
Payments on Charitable Annuities	(2,647)	(16,397)
Long-Term Debt Payments	(1,825,440)	(1,756,764)
Net Cash Used by Financing Activities	(1,638,459)	(1,711,794)
NET INCREASE IN CASH AND CASH EQUIVALENTS	265,955	268,891
Cash and Cash Equivalents - Beginning of Year	1,932,288	1,663,397
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,198,243	$ 1,932,288
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	$ 1,514,365	$ 1,520,225

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, 2019 and 2018.

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 categories:

Net Assets Without Donor Restriction – Resources over which the board of directors has discretionary control.

Net Assets With Donor Restricted – Resources subject to a donor-imposed restriction which will be satisfied by actions of the Foundation or the passage of time. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The donors of these resources permit the Foundation to use all or part of the income earned, including capital appreciation, or related investments for with or without donors restricted purposes.

The Foundation has elected to present with donor restricted contributions, which are fulfilled in the same time period, within the without donor restricted net asset class.

Tax-Exempt Status

The Foundation has tax-exempt status under Section 501(c)(3) of the Internal Revenue Code (IRC) and Minnesota Statutes. The Foundation has been classified as an organization that is a public charity under the IRC 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, 2019 and 2018 was $6,041,918 and $5,163,293, respectively, including allowance for uncollectible accounts of $5,417 and $14,706, 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 without donor-restricted 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 nonactive 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).

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 income. These fees are recorded as deferred income until they are earned.

Deferred Financing Costs

Deferred financing costs consist of finance and closing costs of tax-exempt revenue bonds. These amounts are being amortized over the life of the related liability. These costs are presented net with the related long-term debt (Note 9).

Government Contract and Fee Revenue

Conditional government grants and contract funds 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. There is no government contract revenue recognized over a period of time.

Government fees are reported at the amount that reflects the consideration to which the Foundation expects to be entitled in exchange for providing services to their program participants. These amounts are due from third-party payors (including health insurers and government programs), and includes variable consideration for retrospective revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Foundation bills the participants and third-party payors several days after the services are performed.

There is no government contract or fee revenue that is recognized over a period of time.

Private Contracts, Insurance, and Fees

Private contracts and fees are recorded as revenue when earned. Revenue is earned when services are performed or rent is due. Funds received but not yet earned are shown as deferred revenue.

Insurance revenues are recognized based on the date of service after performance of the appointment.

Consulting Revenues

Consulting revenues are recorded as revenue when earned. Performance obligations are defined in each consulting contract and generally relate to services performed under each contract. Funds received but not yet earned are shown as deferred revenue.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions received are recorded as support without or with donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions 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, these include business expenses, professional fees, program expenses, transportation, and minor equipment. Facilities and depreciation are allocated based on the building usage. Salaries and related benefits are allocated based on hours worked on each program, directly allocated by program employees' time coding. Insurance, software, and interest and financial expenses are allocated based off of the number of full time equivalent employees in each function as well as the square footage used.

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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of Accounting Principles

In August 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented which increased net assets without donor restrictions at July 1, 2017 by $2,396,763 and decreased net asset with donor restrictions by $2,396,763 resulting from the reclassifications of underwater endowment funds as required under ASU 2016-14.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Accounting Principles (Continued)

In March 2017, FASB issued Accounting Standards Update (ASU) 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. The update improves the presentation of net periodic pension cost and net periodic postretirement benefit cost. Employers are required to report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the consolidated statement of activities separately from this component. We have implemented ASU 2017-07 and have adjusted the presentation in these consolidated financial statements accordingly.

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in the update assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

The Foundation's consolidated financial statements reflect the application of ASU 2018-08 guidance beginning in fiscal year 2019. The adoption of ASU 2018-08 did not impact the Foundation's reported revenue.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606).* Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Foundation's consolidated financial statements reflect the application of ASC 606 guidance beginning in fiscal year 2019. The adoption of ASU 2014-09 did not impact the Foundation's reported revenue.

Reclassifications

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year presentation. The reclassifications had no effect 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 14, 2019, 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:

	2019	2018
Unconditional Pledges Receivable	$ 6,308,005	$ 2,054,253
Unamortized Discount	(113,945)	(62,504)
Allowance for Uncollectible Accounts	(443,682)	(82,463)
Total	$ 5,750,378	$ 1,909,286
Amounts Due in:		
Less Than One Year	$ 2,701,836	$ 1,404,816
One to Five Years	3,606,169	649,437
Total	$ 6,308,005	$ 2,054,253

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 3.4% and 4.3% at June 30, 2019 and 2018, respectively.

NOTE 3 LAND, BUILDING, AND EQUIPMENT

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

	2019		2018	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	$ 3,395,116	$ -	$ 3,395,116	$ -
Land Improvements	2,401,845	1,241,643	2,386,215	1,123,731
Buildings and Building Improvements	34,122,562	11,457,104	33,445,225	10,516,724
Construction in Progress	-	-	13,030	-
Equipment	8,367,708	6,403,321	8,075,639	5,891,963
Vehicles	155,032	77,331	105,033	60,184
Total	$ 48,442,263	$ 19,179,399	$ 47,420,258	$ 17,592,602
Land, Buildings, and Equipment	$ 29,262,864		$ 29,827,656	

Depreciation expense was $1,586,800 and $1,733,000 as of June 30, 2019 and 2018, respectively.

NOTE 4 INVESTMENTS

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

	2019	2018
Cash Equivalents	$ 6,063,060	$ 2,417,175
U.S. Government Agency Bonds	10,022,300	11,792,510
Corporate Bonds	13,081,739	15,899,376
International Equity Funds	30,652,242	39,436,541
Domestic Large Cap Equity Funds	24,460,462	16,889,029
Domestic Small-Mid Cap Equity Funds	5,957,799	10,713,919
Private Equity Limited Partnerships	6,959,799	6,607,177
Real Estate Limited Partnerships	2,192,792	1,909,467
Real Estate Investments	4,322,862	6,272,862
Hedge Funds	23,301,079	15,219,602
Commodities	-	5,706,784
Total Investments	$ 127,014,134	$ 132,864,442

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 5.0% at June 30, 2019. 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 with donor restriction, or without donor restriction depending on donor-stipulated purpose and time restrictions, if any. The value of these trusts was $1,521,318 and $1,262,003 at June 30, 2019 and 2018, respectively. All trusts are restricted by the donor.

NOTE 6 FAIR VALUE MEASUREMENTS

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.

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, 2019 and 2018, 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.

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

	2019			
	Level 1	Level 2	Level 3	Total
Investments:				
U.S. Government Agency Bonds	$ 10,022,300	$ -	$ -	$ 10,022,300
Corporate Bonds	13,081,739	-	-	13,081,739
International Equity Funds	29,933,252	718,990	-	30,652,242
Domestic Large Cap Equity Funds	24,460,462	-	-	24,460,462
Domestic Small-Mid Cap Equity Funds	5,957,799	-	-	5,957,799
Investments Accounted for at Net Asset Value	-	-	-	32,453,670
Total Investments	$ 83,455,552	$ 718,990	$ -	$ 116,628,212
Beneficial Interest in Trusts	$ -	$ -	$ 1,521,318	$ 1,521,318

	2018			
	Level 1	Level 2	Level 3	Total
Investments:				
U.S. Government Agency Bonds	$ 11,792,510	$ -	$ -	$ 11,792,510
Corporate Bonds	15,899,376	-	-	15,899,376
International Equity Funds	38,056,007	1,380,534	-	39,436,541
Domestic Large Cap Equity Funds	16,889,029	-	-	16,889,029
Domestic Small-Mid Cap Equity Funds	10,713,919	-	-	10,713,919
Commodities	5,706,784	-	-	5,706,784
Investments Accounted for at Net Asset Value	-	-	-	23,736,246
Total Investments	$ 99,057,625	$ 1,380,534	$ -	$ 124,174,405
Beneficial Interest in Trusts	$ -	$ -	$ 1,262,003	$ 1,262,003

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, 2019 and 2018:

	Beneficial Interest in Trusts
Balance - July 1, 2018	$ 1,262,003
Contributions	229,911
Change in Value of Trusts	29,404
Balance - June 30, 2019	$ 1,521,318

	Beneficial Interest in Trusts
Balance - July 1, 2017	$ 1,140,956
Change in Value of Trusts	121,047
Balance - June 30, 2018	$ 1,262,003

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

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:

	2019 Net Asset Value	2018 Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Equity Limited Partnerships	$ 6,959,799	$ 6,607,177	$ 6,561,000	N/A	N/A
Hedge Funds	23,301,079	15,219,602	-	Quarterly	60 Days
Real Estate Limited Partnerships	2,192,792	1,909,467	1,202,000	N/A	N/A
Total	$ 32,453,670	$ 23,736,246	$ 7,763,000		

Basis for Fair Value Measurements

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 SELF-INSURED BENEFIT LIABILITIES

Workers' Compensation

The Foundation is self-insured for workers' compensation. As of June 30, 2019 and 2018, the Foundation has recorded liabilities of $140,480 and $128,882, respectively, for claims incurred but not yet reported. This liability has been recorded within Accrued Payroll, Benefits, Taxes, and Withholdings on the consolidated statements of financial position.

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

NOTE 8 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 without donor-restricted 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, 2019 and 2018 were $19,268 and $19,949, respectively.

NOTE 9 LONG-TERM DEBT

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

Description	2019	2018
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.	$ 715,000	$ 850,000
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, 2019 and 2018).	22,670,000	23,480,000
Subtotal Bonds Payable	23,385,000	24,330,000
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	7,552,155	8,454,571
Total Long-Term Debt	30,937,155	32,784,571
Less: Current Maturities of Long-Term Debt	(1,922,618)	(1,847,416)
Less: Debt Issuance Costs	(284,582)	(306,558)
Long-Term Debt, Excluding Current Maturities and Debt Issuance Costs	$ 28,729,955	$ 30,630,597

At June 30, 2019, the long-term debt installments are due in the following fiscal years:

Year Ending June 30,	Amount
2020	$ 1,922,618
2021	1,994,270
2022	2,079,212
2023	2,165,714
2024	2,173,386
Thereafter	20,601,955
Total Long-Term Debt	$ 30,937,155

Interest expense was $1,514,365 and $1,520,225 during the years ended June 30, 2019 and 2018, respectively.

NOTE 9 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 for worker's compensation, 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, 2020. There have been no borrowings on the line as of June 30, 2019 and 2018.

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 without donor restricted fund balance and investment grade securities with the bank.

Deferred Interest Rate Swap

In conjunction with the mortgage, the Foundation entered into an interest rate swap agreement with a financial institution to minimize the risks associated with market rate fluctuations due to the variable rate of the mortgage (one-month LIBOR + 2.25%). Pursuant to the terms of the interest rate swap agreement, the Foundation pays interest to the financial institution at a fixed rate of 3.717%. As of June 30, 2019, the notional amount of the swap agreement was consistent with the outstanding amount of the loan noted in the table above. At June 30, 2019 and 2018, the fair value of the swap agreement was $118,974 and $464,941, respectively.

NOTE 10 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, 2019 and 2018, and for the years then ended.

NOTE 10 BENEFIT PLANS (CONTINUED)

The changes in the projected benefit obligation are as follows:

	2019	2018
Change in Projected Benefit Obligation:		
Projected Benefit Obligation - Beginning of Year	$ 70,626,982	$ 75,409,127
Interest Cost	2,954,378	2,843,280
Changes in Actuarial Assumptions	5,658,417	(3,227,779)
Benefits Paid	(4,053,844)	(3,950,334)
Plan Experience Different from that Expected	201,427	(447,312)
Projected Benefit Obligation - End of Year	$ 75,387,360	$ 70,626,982
Change in Plan Assets:		
Fair Value of Plan Assets - Beginning of Year	$ 57,739,665	$ 60,928,318
Benefits and Expenses Paid	(4,911,618)	(4,686,876)
Actual Return on Plan Assets	4,701,867	1,498,223
Fair Value of Plan Assets - End of Year	$ 57,529,914	$ 57,739,665
Funded Status of the Plan:		
Benefit Obligation	$ 75,387,360	$ 70,626,982
Fair Value of Plan Assets	57,529,914	57,739,665
Excess of Benefit Obligation over Fair Value of Plan Assets	$ 17,857,446	$ 12,887,317
Components of Net Periodic Benefit Costs:		
Service Cost	$ 732,528	$ 728,548
Interest Cost	2,954,378	2,843,280
Expected Return on Plan Assets	(2,805,482)	(2,925,342)
Amortization of Unrecognized Net Actuarial Loss	1,526,685	1,874,395
Net Periodic Pension Cost	$ 2,408,109	$ 2,520,881

	2019	2018
Underfunded Plan Information:		
Projected Benefit Obligation - End of Year	$ 75,387,360	$ 70,626,982
Accumulated Benefit Obligation - End of Year	75,387,360	70,626,982
Fair Value of Assets - End of Year	57,529,914	57,739,665

NOTE 10 BENEFIT PLANS (CONTINUED)

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

	2019	2018
Actuarial Assumptions:		
Assumptions Used to Determine Benefit Obligations at June 30:		
Assumed Discount Rate	3.59 %	4.30 %
Assumed Annual Increase in Salaries	N/A	N/A
Assumptions For Net Periodic Benefit Cost at Previous July 1:		
Assumed Discount Rate	4.30 %	3.90 %
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, 2019 and 2018 was developed based on a transition from annuity contracts to equity securities. The overall long-term rate of return is assumed to be 5%.

Investment Policies and Strategies, Including Target Allocations

As of June 30, 2019 and 2018, the investment policy for the plan is to transition from the current insured LDI contract to a portfolio that includes 30% return-seeking assets.

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

	2019	2018
Cash and Cash Equivalents	2.1 %	1.2 %
Equity Securities	24.3	23.8
Bonds	42.1	38.2
Other	31.5	36.7

NOTE 10 BENEFIT PLANS (CONTINUED)

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, 2019 and 2018.

	2019			
	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	$ 1,226,892	$ -	$ -	$ 1,226,892
Equity Fund	-	13,971,322	-	13,971,322
Bonds	-	24,222,583	-	24,222,583
Other	-	18,109,117	-	18,109,117
Total	$ 1,226,892	$ 56,303,022	$ -	$ 57,529,914

	2018			
	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	$ 671,224	$ -	$ -	$ 671,224
Equity Fund	-	13,770,157	-	13,770,157
Bonds	-	22,082,984	-	22,082,984
Other	-	21,215,300	-	21,215,300
Total	$ 671,224	$ 57,068,441	$ -	$ 57,739,665

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 2020 are $740,271. Estimated future benefit payments, which reflect expected future services, are as follows:

Year Ending June 30,	Amount
2020	$ 4,292,817
2021	4,358,505
2022	4,425,131
2023	4,456,298
2024	4,557,555
Thereafter	23,158,383

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.

NOTE 10 BENEFIT PLANS (CONTINUED)

Defined Contribution Plan (Continued)

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, 2019 and 2018 were approximately $1,141,245 and $1,032,270, respectively.

NOTE 11 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 Foundation's obligation to dismantle and remove the asbestos:

	2019	2018
Balance - Beginning of Year	$ 61,472	$ 60,204
Increase in Present Value of the Obligation:		
Accretion Expense	1,320	1,268
Balance - End of Year	$ 62,792	$ 61,472

NOTE 12 WITH DONOR 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, 2019 and 2018.

With Donor Restricted Net Assets

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

	2019	2018
Subject to Expenditure for Specified Purpose:		
Wilder Programs	$ 4,276,004	$ 1,473,420
Wilder Center for Communities	288,927	32,767
Wilder Research	672,532	882,675
Pledges for Future Periods	5,707,310	1,840,892
Campaign for Families	655,032	-
Capital Campaign Gifts	3,069	8,069
Total	11,602,874	4,237,823
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
Beneficial Interest in Trust, the income from which is expendable to support Wilder programs upon the end of the term of the Trust	1,150,320	1,114,758
Charitable Gifts under Annuity Contracts	7,863	7,863
Endowments:		
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
Original endowment established by Amherst H.Wilder Fanny S. Wilder, and Cornelia D. Appleby Wilder.	2,602,000	2,602,000
Other Endowments	6,560,675	6,522,665
Endowment for a center for children with reactive attachment disorders	1,000,000	1,000,000
Total	10,162,675	10,124,665
Subject to Endowment Spending Policy and Appropriation:		
Endowment Earnings	85,302,072	93,392,836
Total Endowments	95,464,747	103,517,501
Total Net Assets with Donor Restrictions	$ 108,225,804	$ 108,877,945

NOTE 12 WITH DONOR RESTRICTED NET ASSETS (CONTINUED)

Net Assets Released from Restrictions

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

	2019	2018
Time and Purpose Restriction	$ 14,289,781	$ 17,572,452

NOTE 13 ENDOWMENT

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, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater when the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the Foundation

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. Deficiencies of this nature together have an original value of $7,460,359, a current fair value of $4,037,369, and a deficiency of $3,422,990 as of June 30, 2019. Deficiencies of this nature together have an original value of $7,422,349, a current fair value of $4,148,097, and a deficiency of $3,274,252 as of June 30, 2018. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the board of directors.

NOTE 13 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 6.8%, 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:

	2019		
	Without Donor Restriction	With Donor Restriction	Total
Donor-Restricted Endowment Funds	$ -	$ 10,162,675	$ 10,162,675
Restricted Endowment Earnings	-	85,302,072	85,302,072
Board-Designated Endowment Funds	2,139,159	-	2,139,159
Total Endowment Funds	$ 2,139,159	$ 95,464,747	$ 97,603,906

NOTE 13 ENDOWMENT (CONTINUED)

Endowment Investment and Spending Policies (Continued)

	2018		
	Without Donor Restriction	With Donor Restriction	Total
Donor-Restricted Endowment Funds	$ -	$ 10,124,665	$ 10,124,665
Restricted Endowment Earnings	-	93,392,836	93,392,836
Board-Designated Endowment Funds	2,311,002	-	2,311,002
Total Endowment Funds	$ 2,311,002	$ 103,517,501	$ 105,828,503

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

	2019		
	Without Donor Restriction	With Donor Restriction	Total
Endowment Fund Balance - June 30, 2018	$ 2,311,002	$ 103,517,501	$ 105,828,503
Contributions	33,040	38,010	71,050
Earnings and Expenses:			
Investment Income	-	2,711,786	2,711,786
Investment Expenses	-	(526,236)	(526,236)
Unrealized and Realized Gains	-	2,417,912	2,417,912
Total Earnings and Expenses	-	4,603,462	4,603,462
Appropriations	(204,883)	(12,694,226)	(12,899,109)
Endowment Fund Balance - June 30, 2019	$ 2,139,159	$ 95,464,747	$ 97,603,906

	2018		
	Without Donor Restriction	With Donor Restriction	Total
Endowment Fund Balance - June 30, 2017	$ 2,514,733	$ 110,009,888	$ 112,524,621
Contributions	-	173,671	173,671
Earnings and Expenses:			
Investment Income	-	3,283,249	3,283,249
Investment Expenses	-	(663,525)	(663,525)
Unrealized and Realized Gains	-	5,556,573	5,556,573
Total Earnings and Expenses	-	8,176,297	8,176,297
Appropriations	(203,731)	(14,842,355)	(15,046,086)
Endowment Fund Balance - June 30, 2018	$ 2,311,002	$ 103,517,501	$ 105,828,503

NOTE 14 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 vehicles and office equipment under terms of noncancelable operating leases expiring in various years through 2022. Aggregate annual minimum rental commitments under noncancelable operating leases are payable in the years ended June 30 as follows:

Year Ending June 30,	Amount
2020	$ 78,657
2021	64,499
2022	47,642
2023	39,696
2024	6,616
Total Minimum Lease Payments	$ 237,110

NOTE 15 LIQUIDITY AND AVAILABILITY

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Foundation has various sources of liquidity at its disposal, included cash and cash equivalents, receivables and investments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities of programs and research, as well as the conduct of services undertaken to support those activities to be general expenditures. In addition to the financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by endowment resources. As of June 30, 2019 and 2018, the following table shows the financial assets held by the Foundation and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures:

	2019	2018
Cash and Cash Equivalents	$ 2,198,243	$ 1,932,288
Accounts and Pledges Receivable, Net	8,300,072	6,485,646
Investments	127,014,134	132,864,442
Less: Donor Imposed Restrictions	(108,225,804)	(122,883,413)
Less: Nonliquid Investments	(4,322,862)	(6,272,862)
Total Financial Assets Available to Meet General Expenditures within One Year	$ 24,963,783	$ 12,126,101

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Amherst H. Wilder Foundation under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Amherst H. Wilder Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Amherst H. Wilder Foundation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Amherst H. Wilder Foundation has elected to not use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

AMHERST H. WILDER FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? ______ yes ___x___ no

   - Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___x___ yes ______ none reported

3. Noncompliance material to financial statements noted? ______ yes ___x___ no

Federal Awards

1. Internal control over major federal programs:

   - Material weakness(es) identified? ______ yes ___x___ no

   - Significant deficiency(ies) identified that are not considered to be material weakness(es)? ______ yes ___x___ none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ______ yes ___x___ no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
14.267	Continuum of Care Program

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee? ___x___ yes ______ no

Section II – Financial Statement Findings

2019-001 Preparation of Year-End Financial Statements

Condition: The Foundation required assistance with the application of accounting disclosures and procedures related to certain disclosures significant to the consolidated financial statements.

Criteria: Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, results of operations, cash flows, and disclosures in the consolidated financial statements, in conformity with U.S. generally accepted accounting principles.

Cause of Condition: Management requested us to assist in preparing a draft of the consolidated financial statements, including the related footnote disclosures.

Repeat Finding: The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2018-001.

Effect of Condition: Consolidated financial statements could be missing required disclosure information.

Recommendation: We recommend that the Foundation continue to review and approve the annual consolidated financial statements.

Views of responsible officials and planned corrective actions: Management requested that CliftonLarsonAllen LLP assist in preparing a draft of the audited consolidated financial statements, including the related footnote disclosures. The outsourcing is a result of management's cost benefit decision to use outside accounting expertise rather than incurring this internal specialized resource cost. Management will continue to review the consolidated financial statements in detail and compare to schedules prepared and management's trial balance to ensure amounts are proper.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).