AMHERST H. WILDER FOUNDATION

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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, 2020 and 2019, 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, 2020 and 2019, 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 8, 2020

AMHERST H. WILDER FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 2,225,490	$ 2,198,243
Accounts and Pledges Receivable, Net	9,693,277	8,300,072
Deferred Interest Rate Swap	-	118,974
Other Current Assets	387,852	487,978
Total Current Assets	12,306,619	11,105,267
LAND, BUILDING, AND EQUIPMENT, Net	28,036,336	29,262,864
OTHER ASSETS		
Accounts and Pledges Receivable - Noncurrent Portion	2,553,513	3,492,224
Assets Held for Sale	1,950,000	1,950,000
Investments	126,445,061	127,014,134
Beneficial Interest in Trusts	1,479,336	1,521,318
Total Other Assets	132,427,910	133,977,676
Total Assets	$ 172,770,865	$ 174,345,807
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 1,463,369	$ 1,113,555
Other Accrued Liabilities	129,168	143,360
Accrued Payroll, Benefits, Taxes, and Withholdings	2,712,664	3,472,556
Deferred Income	1,071,413	1,530,379
Current Portion of Charitable Annuities	2,889	2,889
Current Portion of Long-Term Debt	3,868,098	1,922,618
Deferred Swap Rate Liability	77,392	-
Total Current Liabilities	9,324,993	8,185,357
LONG-TERM LIABILITIES		
Charitable Annuities, Less Current Portion	15,715	16,379
Accrued Pension Liability	22,090,968	17,857,446
Asset Retirement Obligation	64,126	62,792
Long-Term Debt, Less Current Portion	30,615,151	28,729,955
Total Long-Term Liabilities	52,785,960	46,666,572
Total Liabilities	62,110,953	54,851,929
NET ASSETS		
Without Donor Restriction	7,553,293	11,268,074
With Donor Restriction	103,106,619	108,225,804
Total Net Assets	110,659,912	119,493,878
Total Liabilities and Net Assets	$ 172,770,865	$ 174,345,807

See accompanying Notes to Consolidated Financial Statements.

AMHERST H. WILDER FOUNDATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
REVENUE AND SUPPORT						
Revenue:						
Government Fees and Grants	$ 26,376,179	$ -	$ 26,376,179	$ 26,408,437	$ -	$ 26,408,437
Private Contracts, Insurance and Fees	1,760,323	-	1,760,323	2,025,880	-	2,025,880
Consulting Revenues	2,997,886	-	2,997,886	3,446,899	-	3,446,899
Other Losses	(143,328)	-	(143,328)	(201,078)	-	(201,078)
Endowment Appropriation for Operations	269,106	10,820,894	11,090,000	204,883	12,694,226	12,899,109
Total Revenue	31,260,166	10,820,894	42,081,060	31,885,021	12,694,226	44,579,247
Support:						
Contributions and Private Grants	(3,440,859)	13,698,283	10,257,424	4,015,501	9,034,178	13,049,679
Net Assets Released from Restrictions	20,220,009	(20,220,009)	-	14,289,781	(14,289,781)	-
Total Revenue and Support	48,039,316	4,299,168	52,338,484	50,190,303	7,438,623	57,628,926
EXPENSES						
Program Service:						
Wilder Programs	24,579,379	-	24,579,379	24,293,461	-	24,293,461
Wilder Research	7,275,771	-	7,275,771	8,351,543	-	8,351,543
Wilder Center for Communities	4,683,832	-	4,683,832	5,774,697	-	5,774,697
Total Program Service	36,538,982	-	36,538,982	38,419,701	-	38,419,701
Support Service:						
General and Administrative	8,560,668	-	8,560,668	8,380,533	-	8,380,533
Fundraising	1,450,477	-	1,450,477	1,931,838	-	1,931,838
Total Support Service	10,011,145	-	10,011,145	10,312,371	-	10,312,371
Total Expenses	46,550,127	-	46,550,127	48,732,072	-	48,732,072
Subtotal Before Investment Activity and Pension Change	1,489,189	4,299,168	5,788,357	1,458,231	7,438,623	8,896,854

See accompanying Notes to Consolidated Financial Statements.

AMHERST H. WILDER FOUNDATION
CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
INVESTMENT ACTIVITY						
Investment Gains	$ 261,428	$ 1,402,541	$ 1,663,969	$ 252,747	$ 4,603,462	$ 4,856,209
Endowment Appropriation for Operations	(269,106)	(10,820,894)	(11,090,000)	(204,883)	(12,694,226)	(12,899,109)
Net Investment Losses	(7,678)	(9,418,353)	(9,426,031)	47,864	(8,090,764)	(8,042,900)
Additional Pension Change	(5,196,292)	-	(5,196,292)	(4,243,489)	-	(4,243,489)
CHANGE IN NET ASSETS	(3,714,781)	(5,119,185)	(8,833,966)	(2,737,394)	(652,141)	(3,389,535)
Net Assets - Beginning of Year	11,268,074	108,225,804	119,493,878	14,005,468	108,877,945	122,883,413
NET ASSETS - END OF YEAR	$ 7,553,293	$ 103,106,619	$ 110,659,912	$ 11,268,074	$ 108,225,804	$ 119,493,878

See accompanying Notes to Consolidated Financial Statements.

AMHERST H. WILDER FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services			Support Services		
	Wilder Programs	Wilder Research	Wilder Center for Communities	General and Administrative	Fundraising	Total
Salaries	$ 14,167,116	$ 4,632,477	$ 2,213,090	$ 5,800,296	$ 790,500	$ 27,603,479
Employee Benefits and Payroll Taxes	3,155,718	1,031,882	492,965	1,292,013	176,084	6,148,662
Pension Expense	441,938	144,509	69,037	180,938	24,659	861,081
Total Personnel Costs	17,764,772	5,808,868	2,775,092	7,273,247	991,243	34,613,222
Business Expenses	268,126	57,637	34,577	95,863	3,562	459,765
Professional Fees	629,816	225,170	281,043	540,284	96,498	1,772,811
Program Expenses	736,969	205,904	511,886	119,091	54,667	1,628,517
Transportation	104,109	-	16,299	12,581	4	132,993
Insurance	89,943	28,903	16,757	97,393	2,575	235,571
Software	2,464	113,114	2,938	257,122	27,254	402,892
Assistance to Individuals	1,777,317	-	443,165	-	-	2,220,482
Bad Debt Expense	127,495	-	800	-	61,872	190,167
Minor Equipment	29,100	49,977	1,037	122,226	5,707	208,047
Facilities*	2,185,928	477,756	430,104	(1,776,300)	64,775	1,382,263
Interest and Financial Expense	196,271	62,112	4,481	1,226,066	19,485	1,508,415
Miscellaneous	65,741	3,414	5,639	40,385	121,336	236,515
Total Expense Before Depreciation and Discontinued Operations	23,978,051	7,032,855	4,523,818	8,007,958	1,448,978	44,991,660
Depreciation	601,328	242,916	160,014	552,710	1,499	1,558,467
Total Expenses	$ 24,579,379	$ 7,275,771	$ 4,683,832	$ 8,560,668	$ 1,450,477	$ 46,550,127

* 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, 2019

	Program Services			Support Services		
	Wilder Programs	Wilder Research	Wilder Center for Communities	General and Administrative	Fundraising	Operations Subtotal
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 STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (8,833,966)	$ (3,389,535)
Adjustments to Reconcile Change in Net Asset to Net Cash Used by Operating Activities:		
Contributions Restricted for Endowment	(434,940)	(73,572)
Depreciation and Amortization	1,558,467	1,586,800
Loss on Disposal of Land, Building, and Equipment	70,855	-
Net Realized and Unrealized (Gain) Loss on Investments	(120,362)	(2,417,912)
Change in Value of Beneficial Interest in Trusts	41,982	(29,404)
Change in Value of Charitable Annuities	-	1,966
Adjustment for Pension Liability	5,196,292	4,243,489
(Increase) Decrease in:		
Accounts and Pledges Receivable	(454,494)	(4,719,717)
Other Assets	100,126	(28,192)
Increase (Decrease) in:		
Accounts Payable	349,814	382,436
Other Accrued Liabilities	(14,192)	(8,921)
Accrued Payroll, Benefits, Taxes, and Withholdings	(758,558)	66,389
Deferred Income	(458,966)	267,735
Accrued Pension Liability	(962,770)	726,640
Net Cash Used by Operating Activities	(4,720,712)	(3,391,798)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Land, Building, and Equipment	(402,794)	(1,022,008)
Purchase of Investments	(62,460,474)	(59,616,519)
Proceeds from Sale of Investments	63,149,909	65,934,739
Net Cash Provided by Investing Activities	286,641	5,296,212
CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred Interest Rate Swap	196,366	345,967
Contribution to Beneficial Interest in Trust	-	(229,911)
Contributions Restricted for Endowment	434,940	73,572
Payments on Charitable Annuities	(664)	(2,647)
Long-Term Debt Payments	(1,900,641)	(1,825,440)
Issuance of New Debt	5,731,317	-
Net Cash Provided (Used) by Financing Activities	4,461,318	(1,638,459)
NET INCREASE IN CASH AND CASH EQUIVALENTS	27,247	265,955
Cash and Cash Equivalents - Beginning of Year	2,198,243	1,932,288
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,225,490	$ 2,198,243
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	$ 1,405,330	$ 1,514,365

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, 2020 and 2019.

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, 2020 and 2019 was $6,122,627 and $6,041,918, respectively, including allowance for uncollectible accounts of $53,448 and $5,417, 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Subsequent Events

In preparing these consolidated financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 8, 2020, 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:

	2020	2019
Unconditional Pledges Receivable	$ 6,327,579	$ 6,308,005
Unamortized Discount	(76,945)	(113,945)
Allowance for Uncollectible Accounts	(126,471)	(443,682)
Total	$ 6,124,163	$ 5,750,378
Amounts Due in:		
Less Than One Year	$ 3,697,121	$ 2,701,836
One to Five Years	2,630,458	3,606,169
Total	$ 6,327,579	$ 6,308,005

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 2.4% and 3.4% at June 30, 2020 and 2019, respectively.

NOTE 3 LAND, BUILDING, AND EQUIPMENT

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

	2020		2019	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	$ 3,395,116	$ -	$ 3,395,116	$ -
Land Improvements	2,395,461	1,353,786	2,401,845	1,241,643
Buildings and Building Improvements	34,225,286	12,350,696	34,122,562	11,457,104
Equipment	7,662,897	5,937,942	8,367,708	6,403,321
Vehicles	-	-	155,032	77,331
Total	$ 47,678,760	$ 19,642,424	$ 48,442,263	$ 19,179,399
Land, Buildings, and Equipment	$ 28,036,336		$ 29,262,864	

Depreciation expense was $1,558,467 and $1,586,800 as of June 30, 2020 and 2019, respectively.

NOTE 4 INVESTMENTS

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

	2020	2019
Cash Equivalents	$ 13,508,716	$ 6,063,060
U.S. Government Agency Bonds	8,361,074	10,022,300
Corporate Bonds	14,554,916	13,081,739
International Equity Funds	23,882,486	30,652,242
Domestic Large Cap Equity Funds	21,862,649	24,460,462
Domestic Small-Mid Cap Equity Funds	5,848,844	5,957,799
Private Equity Limited Partnerships	11,441,090	6,959,799
Real Estate Limited Partnerships	2,290,340	2,192,792
Real Estate Investments	4,322,862	4,322,862
Hedge Funds	20,372,084	23,301,079
Total Investments	$ 126,445,061	$ 127,014,134

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, 2020. 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 $1,479,336 and $1,521,318 at June 30, 2020 and 2019, 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, 2020 and 2019, 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)

	2020			
	Level 1	Level 2	Level 3	Total
Investments:				
U.S. Government Agency Bonds	$ 8,361,074	$ -	$ -	$ 8,361,074
Corporate Bonds	14,554,916	-	-	14,554,916
International Equity Funds	23,473,850	408,636	-	23,882,486
Domestic Large Cap Equity Funds	21,862,649	-	-	21,862,649
Domestic Small-Mid Cap Equity Funds	5,848,844	-	-	5,848,844
Investments Accounted for at Net Asset Value	-	-	-	34,103,514
Total Investments	$ 74,101,333	$ 408,636	$ -	$ 108,613,483
Beneficial Interest in Trusts	$ -	$ -	$ 1,479,336	$ 1,479,336

	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

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, 2020 and 2019:

	Beneficial Interest in Trusts
Balance - July 1, 2019	$ 1,521,318
Change in Value of Trusts	(41,982)
Balance - June 30, 2020	$ 1,479,336

	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

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:

	2020 Net Asset Value	2019 Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Equity Limited Partnerships	$ 11,441,090	$ 6,959,799	$ 11,381,000	N/A	N/A
Hedge Funds	20,372,084	23,301,079	-	Quarterly	60 Days
Real Estate Limited Partnerships	2,290,340	2,192,792	1,155,000	N/A	N/A
Total	$ 34,103,514	$ 32,453,670	$ 12,536,000		

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, 2020 and 2019, the Foundation has recorded liabilities of $50,523 and $140,480, 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, 2020 and 2019 were $18,604 and $19,268, respectively.

NOTE 9 LONG-TERM DEBT

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

Description	2020	2019
Bonds Payable:		
Series 1998 Pooled Revenue Bonds (Care Choice Member Projects), due serially through August 1, 2023, interest at 4.25% to 5.75%.	$ 570,000	$ 715,000
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, 2020 and 2019).	21,835,000	22,670,000
Subtotal Bonds Payable	22,405,000	23,385,000
Mortgages:		
Real Estate Term Note, Wilder Center, payable in variable monthly installments starting August 1, 2016, interest stated at 2.25%, due on June 30, 2026	6,609,537	7,552,155
Notes Payable:		
Paycheck Protection Program loan, at a fixed rate of 1%. Principal payments beginning 6 months after loan origination for 18 months with final payment due May 19, 2022. Loan is subject to forgiveness by the Small Business Administration if the Foundation meets applicable staffing and spending criteria.	5,731,317	-
Total Long-Term Debt	34,745,854	30,937,155
Less: Current Maturities of Long-Term Debt	(3,868,098)	(1,922,618)
Less: Debt Issuance Costs	(262,605)	(284,582)
Long-Term Debt, Excluding Current Maturities and Debt Issuance Costs	$ 30,615,151	$ 28,729,955

The foundation received a loan in the amount of $5,731,317 to fund payroll, rent and utilities through the federal Paycheck Protection Program. The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration.

NOTE 9 LONG-TERM DEBT (CONTINUED)

Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Foundation fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Foundation will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in November 2020 principal interest payments will be required through the maturity date in May 2022. Management estimates that 80% of the loan is forgivable.

At June 30, 2020, the long-term debt installments are due in the following fiscal years:

Year Ending June 30,	Amount
2021	$ 3,868,098
2022	5,936,700
2023	2,165,714
2024	2,173,386
2025	2,174,268
Thereafter	18,427,688
Total Long-Term Debt	$ 34,745,854

Interest expense was $1,405,330 and $1,514,365 during the years ended June 30, 2020 and 2019, respectively.

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% as selected by the Foundation and the bank, and expires June 30, 2021. There have been no borrowings on the line as of June 30, 2020 and 2019.

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, 2020, the notional amount of the swap agreement was consistent with the outstanding amount of the loan noted in the table above. At June 30, 2020 and 2019, the fair value of the swap agreement was $(77,392) and $118,974, 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, 2020 and 2019, and for the years then ended.

The changes in the projected benefit obligation are as follows:

	2020	2019
Change in Projected Benefit Obligation:		
Projected Benefit Obligation - Beginning of Year	$ 75,387,360	$ 70,626,982
Interest Cost	2,628,251	2,954,378
Changes in Actuarial Assumptions	7,765,699	5,658,417
Benefits Paid	(4,176,948)	(4,053,844)
Plan Experience Different from that Expected	(1,696)	201,427
Projected Benefit Obligation - End of Year	$ 81,602,666	$ 75,387,360
Change in Plan Assets:		
Fair Value of Plan Assets - Beginning of Year	$ 57,529,914	$ 57,739,665
Employer Contributions	1,823,851	-
Benefits and Expenses Paid	(5,036,278)	(4,911,618)
Actual Return on Plan Assets	5,194,211	4,701,867
Fair Value of Plan Assets - End of Year	$ 59,511,698	$ 57,529,914
Funded Status of the Plan:		
Benefit Obligation	$ 81,602,666	$ 75,387,360
Fair Value of Plan Assets	59,511,698	57,529,914
Excess of Benefit Obligation over Fair Value of Plan Assets	$ 22,090,968	$ 17,857,446
Components of Net Periodic Benefit Costs:		
Service Cost	$ 861,081	$ 732,528
Interest Cost	2,628,251	2,954,378
Expected Return on Plan Assets	(2,794,440)	(2,805,482)
Amortization of Unrecognized Net Actuarial Loss	1,781,413	1,526,685
Net Periodic Pension Cost	$ 2,476,305	$ 2,408,109

NOTE 10 BENEFIT PLANS (CONTINUED)

	2020	2019
Underfunded Plan Information:		
Projected Benefit Obligation - End of Year	$ 81,602,666	$ 75,387,360
Accumulated Benefit Obligation - End of Year	81,602,666	75,387,360
Fair Value of Assets - End of Year	59,511,698	57,529,914

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

	2020	2019
Actuarial Assumptions:		
Assumptions Used to Determine Benefit Obligations at June 30:		
Assumed Discount Rate	2.83 %	3.59 %
Assumed Annual Increase in Salaries	N/A	N/A
Assumptions For Net Periodic Benefit Cost at Previous July 1:		
Assumed Discount Rate	3.59 %	4.30 %
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, 2020 and 2019 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, 2020 and 2019, 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:

	2020	2019
Cash and Cash Equivalents	3.93 %	2.10 %
Equity Securities	26.03 %	24.30 %
Bonds	40.03 %	42.10 %
Other	30.01 %	31.50 %

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.

	2020			
	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	$ 2,336,457	$ -	$ -	$ 2,336,457
Equity Fund	-	15,492,644	-	15,492,644
Bonds	-	23,823,085	-	23,823,085
Other	-	17,859,512	-	17,859,512
Total	$ 2,336,457	$ 57,175,241	$ -	$ 59,511,698

	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

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 2021 are $2,136,679. Estimated future benefit payments, which reflect expected future services, are as follows:

Year Ending June 30,	Amount
2021	$ 4,397,336
2022	4,464,185
2023	4,482,732
2024	4,585,089
2025	4,670,152
Thereafter	23,197,884

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, 2020 and 2019 were $799,411 and $1,141,245, 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:

	2020	2019
Balance - Beginning of Year	$ 62,792	$ 61,472
Increase in Present Value of the Obligation:		
Accretion Expense	1,334	1,320
Balance - End of Year	$ 64,126	$ 62,792

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, 2020 and 2019.

With Donor Restricted Net Assets

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

	2020	2019
Subject to Expenditure for Specified Purpose:		
Wilder Programs	$ 4,435,581	$ 4,276,004
Wilder Center for Communities	718,497	288,927
Wilder Research	1,075,108	672,532
Pledges for Future Periods	6,101,094	5,707,310
Campaign for Families	2,985,643	655,032
Capital Campaign Gifts	3,069	3,069
Total	15,318,992	11,602,874
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	1,129,691	1,150,320
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	7,016,244	6,560,675
Endowment for a center for children with reactive attachment disorders	1,000,000	1,000,000
Total	10,618,244	10,162,675
Subject to Endowment Spending Policy and Appropriation:		
Endowment Earnings	76,031,829	85,302,072
Total Endowments	86,650,073	95,464,747
Total Net Assets with Donor Restrictions	$ 103,106,619	$ 108,225,804

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:

	2020	2019
Time and Purpose Restriction	$ 20,220,009	$ 14,289,781

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 $8,015,919, a current fair value of $4,102,440, and a deficiency of $3,913,479 as of June 30, 2020. 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. 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 Foundations' policy for the use of endowment funding is based on a three year goal to get to 5% spend of the projected endowment balance for fiscal year beginning 2023. For fiscal year 2020, the goal was set to 7% of the projected endowment balance on July 1, 2019. In establishing this policy, the Foundation considered the long-term expected return on the endowment and the need to preserve the endowment and not spend beyond returns over the long-term. This is a shift in the spending formula adopted in 2018. This change is consistent with the Foundations 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:

	2020		
	Without Donor Restriction	With Donor Restriction	Total
Donor-Restricted Endowment Funds	$ -	$ 10,618,244	$ 10,618,244
Restricted Endowment Earnings	-	76,031,829	76,031,829
Board-Designated Endowment Funds	1,874,053	-	1,874,053
Total Endowment Funds	$ 1,874,053	$ 86,650,073	$ 88,524,126

NOTE 13 ENDOWMENT (CONTINUED)

Endowment Investment and Spending Policies (Continued)

	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

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

	2020		
	Without Donor Restriction	With Donor Restriction	Total
Endowment Fund Balance - June 30, 2019	$ 2,139,159	$ 95,464,747	$ 97,603,906
Contributions	4,000	455,569	459,569
Transfer	-	148,110	148,110
Earnings and Expenses:			
Investment Income	-	1,805,286	1,805,286
Investment Expenses	-	(452,252)	(452,252)
Unrealized and Realized Gains	-	49,507	49,507
Total Earnings and Expenses	-	1,402,541	1,402,541
Appropriations	(269,106)	(10,820,894)	(11,090,000)
Endowment Fund Balance - June 30, 2020	$ 1,874,053	$ 86,650,073	$ 88,524,126

	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

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 2024. Aggregate annual minimum rental commitments under noncancelable operating leases are payable in the years ended June 30 as follows:

Year Ending June 30,	Amount
2021	$ 64,499
2022	47,642
2023	39,696
2024	6,616
Total Minimum Lease Payments	$ 158,453

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, 2020 and 2019, 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:

	2020	2019
Cash and Cash Equivalents	$ 2,225,490	$ 2,198,243
Accounts and Pledges Receivable, Net	9,693,277	8,300,072
Investments	126,445,061	127,014,134
Less: Donor Imposed Restrictions	(103,106,619)	(108,225,804)
Less: Nonliquid Investments	(4,322,862)	(4,322,862)
Total Financial Assets Available to Meet General Expenditures within One Year	$ 30,934,347	$ 24,963,783