

**AMHERST H. WILDER FOUNDATION  
CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021**



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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Consolidated Financial Statements**

#### ***Opinion***

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, 2022 and 2021, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amherst H. Wilder Foundation, as of June 30, 2022 and 2021, and the consolidated changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Amherst H. Wilder Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Amherst H. Wilder Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Amherst H. Wilder Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Amherst H. Wilder Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
October 12, 2022

**AMHERST H. WILDER FOUNDATION**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

<b>ASSETS</b>	<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 2,684,125	\$ 3,281,315
Accounts and Pledges Receivable, Net	8,853,022	8,789,583
Deferred Interest Rate Swap	148,636	-
Right to Use Asset, Current	43,988	46,029
Other Current Assets	555,497	605,973
Total Current Assets	<u>12,285,268</u>	<u>12,722,900</u>
<b>LAND, BUILDING, AND EQUIPMENT, Net</b>	24,930,556	27,254,497
<b>OTHER ASSETS</b>		
Accounts and Pledges Receivable - Noncurrent Portion	3,029,729	1,580,068
Right to Use Asset, Net of Current Portion	6,408	50,396
Assets Held for Sale	7,247,249	5,088,290
Investments	129,192,913	148,366,028
Beneficial Interest in Trusts	153,469	2,013,544
Total Other Assets	<u>139,629,768</u>	<u>157,098,326</u>
Total Assets	<u>\$ 176,845,592</u>	<u>\$ 197,075,723</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 1,129,404	\$ 1,457,777
Other Accrued Liabilities	38,769	39,950
Accrued Payroll, Benefits, Taxes, and Withholdings	3,067,249	3,259,077
Deferred Income	1,375,247	1,643,511
Current Portion of Charitable Annuities	2,889	2,889
Current Portion of Long-Term Debt	2,128,214	2,034,212
Lease Liability	43,988	46,029
Deferred Swap Rate Liability	-	12,555
Total Current Liabilities	<u>7,785,760</u>	<u>8,496,000</u>
<b>LONG-TERM LIABILITIES</b>		
Charitable Annuities, Less Current Portion	14,343	15,020
Accrued Pension Liability	12,773,690	14,672,490
Asset Retirement Obligation	64,303	65,531
Lease Liability, Less Current Portion	6,408	50,396
Long-Term Debt, Less Current Portion	24,022,045	26,271,604
Total Long-Term Liabilities	<u>36,880,789</u>	<u>41,075,041</u>
Total Liabilities	44,666,549	49,571,041
<b>NET ASSETS</b>		
Without Donor Restriction	23,304,906	20,841,308
With Donor Restriction	108,874,137	126,663,374
Total Net Assets	<u>132,179,043</u>	<u>147,504,682</u>
Total Liabilities and Net Assets	<u>\$ 176,845,592</u>	<u>\$ 197,075,723</u>

See accompanying Notes to Consolidated Financial Statements.

**AMHERST H. WILDER FOUNDATION  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022			2021		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
<b>REVENUE AND SUPPORT</b>						
Revenue:						
Government Fees and Grants	\$ 27,888,047	\$ -	\$ 27,888,047	\$ 27,910,456	\$ -	\$ 27,910,456
Private Contracts, Insurance and Fees	1,756,433	-	1,756,433	1,601,852	-	1,601,852
Consulting Revenues	3,073,843	-	3,073,843	2,708,813	-	2,708,813
Other Income	228,330	-	228,330	81,654	-	81,654
Endowment Appropriation for Operations	200,898	7,159,723	7,360,621	194,164	7,906,844	8,101,008
Total Revenue	<u>33,147,551</u>	<u>7,159,723</u>	<u>40,307,274</u>	<u>32,496,939</u>	<u>7,906,844</u>	<u>40,403,783</u>
Support:						
Contributions and Private Grants	1,780,793	6,232,930	8,013,723	(491,143)	12,026,207	11,535,064
Net Assets Released from Restrictions	<u>12,838,434</u>	<u>(12,838,434)</u>	<u>-</u>	<u>20,039,575</u>	<u>(20,039,575)</u>	<u>-</u>
Total Revenue and Support	47,766,778	554,219	48,320,997	52,045,371	(106,524)	51,938,847
<b>EXPENSES</b>						
Program Service:						
Wilder Programs	25,836,853	-	25,836,853	26,117,959	-	26,117,959
Wilder Research	7,789,033	-	7,789,033	6,703,496	-	6,703,496
Wilder Center for Communities	-	-	-	453,970	-	453,970
Total Program Service	<u>33,625,886</u>	<u>-</u>	<u>33,625,886</u>	<u>33,275,425</u>	<u>-</u>	<u>33,275,425</u>
Support Service:						
General and Administrative	10,428,685	-	10,428,685	10,483,316	-	10,483,316
Fundraising	1,815,975	-	1,815,975	1,793,193	-	1,793,193
Total Support Service	<u>12,244,660</u>	<u>-</u>	<u>12,244,660</u>	<u>12,276,509</u>	<u>-</u>	<u>12,276,509</u>
Total Expenses	<u>45,870,546</u>	<u>-</u>	<u>45,870,546</u>	<u>45,551,934</u>	<u>-</u>	<u>45,551,934</u>
Subtotal Before Investment Activity and Pension Change	1,896,232	554,219	2,450,451	6,493,437	(106,524)	6,386,913

See accompanying Notes to Consolidated Financial Statements.

**AMHERST H. WILDER FOUNDATION  
CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)  
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022			2021		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
<b>INVESTMENT ACTIVITY</b>						
Investment Gains (Losses)	\$ (1,458,869)	\$ (11,183,733)	\$ (12,642,602)	\$ 848,296	\$ 31,570,123	\$ 32,418,419
Endowment Appropriation for Operations	(200,898)	(7,159,723)	(7,360,621)	(194,164)	(7,906,844)	(8,101,008)
Net Investment Gains (Losses)	(1,659,767)	(18,343,456)	(20,003,223)	654,132	23,663,279	24,317,411
<b>NONOPERATING ACTIVITY</b>						
Additional Pension Change	2,227,133	-	2,227,133	6,140,446	-	6,140,446
<b>CHANGE IN NET ASSETS</b>	2,463,598	(17,789,237)	(15,325,639)	13,288,015	23,556,755	36,844,770
Net Assets - Beginning of Year	20,841,308	126,663,374	147,504,682	7,553,293	103,106,619	110,659,912
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 23,304,906</u>	<u>\$ 108,874,137</u>	<u>\$ 132,179,043</u>	<u>\$ 20,841,308</u>	<u>\$ 126,663,374</u>	<u>\$ 147,504,682</u>

See accompanying Notes to Consolidated Financial Statements.

**AMHERST H. WILDER FOUNDATION**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2022**

	Program Services		Support Services		Total
	Wilder Programs	Wilder Research	General and Administrative	Fundraising	
Salaries	\$ 15,003,264	\$ 4,785,524	\$ 6,105,854	\$ 1,050,875	\$ 26,945,517
Employee Benefits and Payroll Taxes	3,243,281	1,034,495	1,319,913	227,169	5,824,858
Pension Expense	468,730	149,509	190,758	32,831	841,828
Total Personnel Costs	<u>18,715,275</u>	<u>5,969,528</u>	<u>7,616,525</u>	<u>1,310,875</u>	<u>33,612,203</u>
Business Expenses	192,787	13,228	125,516	2,089	333,620
Professional Fees	725,487	295,558	778,044	71,122	1,870,211
Program Expenses	1,322,141	599,327	194,200	87,502	2,203,170
Transportation	54,766	-	9,327	-	64,093
Insurance	160,093	43,586	118,561	5,642	327,882
Software	15,910	121,717	307,696	48,732	494,055
Assistance to Individuals	1,767,267	-	-	-	1,767,267
Bad Debt Expense	66,226	-	-	217,715	283,941
Minor Equipment	41,975	55,434	128,866	-	226,275
Facilities*	2,035,729	438,675	(1,023,857)	60,885	1,511,432
Interest and Financial Expense	130,128	38,889	1,102,491	9,216	1,280,724
Miscellaneous	7,986	710	446,542	698	455,936
Total Expense Before Depreciation and Discontinued Operations	<u>25,235,770</u>	<u>7,576,652</u>	<u>9,803,911</u>	<u>1,814,476</u>	<u>44,430,809</u>
Depreciation	601,083	212,381	624,774	1,499	1,439,737
Total Expenses	<u>\$ 25,836,853</u>	<u>\$ 7,789,033</u>	<u>\$ 10,428,685</u>	<u>\$ 1,815,975</u>	<u>\$ 45,870,546</u>

\* 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, 2021**

	Program Services			Support Services		Subtotal
	Wilder Programs	Wilder Research	Wilder Center for Communities	General and Administrative	Fundraising	
Salaries	\$ 14,042,983	\$ 4,075,291	\$ 250,909	\$ 6,938,295	\$ 1,104,000	\$ 26,411,478
Employee Benefits and Payroll Taxes	3,089,890	896,690	55,208	1,526,639	242,914	5,811,341
Pension Expense	456,361	132,437	8,154	225,477	35,877	858,306
Total Personnel Costs	<u>17,589,234</u>	<u>5,104,418</u>	<u>314,271</u>	<u>8,690,411</u>	<u>1,382,791</u>	<u>33,081,125</u>
Business Expenses	113,693	5,669	613	73,040	562	193,577
Professional Fees	731,417	413,240	114,119	462,377	58,906	1,780,059
Program Expenses	1,316,651	254,196	1,989	76,437	30,993	1,680,266
Transportation	64,374	-	652	14,529	-	79,555
Insurance	155,422	48,526	2,196	162,462	5,202	373,808
Software	34,513	112,667	43	291,262	33,199	471,684
Assistance to Individuals	3,052,137	-	-	-	-	3,052,137
Bad Debt Expense	56,289	-	-	-	91,523	147,812
Minor Equipment	45,163	52,373	-	100,803	-	198,339
Facilities*	2,100,482	428,562	12,157	(1,238,323)	74,422	1,377,300
Interest and Financial Expense	179,525	45,741	2,197	1,230,392	20,765	1,478,620
Miscellaneous	17,611	3,372	-	61,553	93,331	175,867
Total Expense Before Depreciation and Discontinued Operations	<u>25,456,511</u>	<u>6,468,764</u>	<u>448,237</u>	<u>9,924,943</u>	<u>1,791,694</u>	<u>44,090,149</u>
Depreciation	661,448	234,732	5,733	558,373	1,499	1,461,785
Total Expenses	<u>\$ 26,117,959</u>	<u>\$ 6,703,496</u>	<u>\$ 453,970</u>	<u>\$ 10,483,316</u>	<u>\$ 1,793,193</u>	<u>\$ 45,551,934</u>

\* 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, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (15,325,639)	\$ 36,844,770
Adjustments to Reconcile Change in Net Asset to Net Cash Used by Operating Activities:		
Contributions Restricted for Endowment	(1,647,616)	(108,500)
Depreciation and Amortization	1,439,737	1,461,785
Amortization of Bond Premium	(164,837)	(96,155)
Amortization of Debt Issuance Costs	43,492	-
Loss on Disposal of Land, Building, and Equipment	(44,555)	-
Net Realized and Unrealized (Gain) Loss on Investments	14,635,974	(30,821,626)
Change in Value of Beneficial Interest in Trusts	28,755	(534,208)
Adjustment for Pension Liability	(2,227,133)	(6,140,446)
(Increase) Decrease in:		
Accounts and Pledges Receivable	(1,513,100)	1,877,139
Other Assets	50,476	(218,121)
Assets Held for Sale	35,643	-
Increase (Decrease) in:		
Accounts Payable	(328,373)	(5,592)
Other Accrued Liabilities	(1,181)	(89,218)
Accrued Payroll, Benefits, Taxes, and Withholdings	(193,056)	547,818
Deferred Income	(268,264)	572,098
Refundable Advance	-	(5,731,317)
Accrued Pension Liability	328,333	(1,278,032)
Net Cash Used by Operating Activities	(5,151,344)	(3,719,605)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Land, Building, and Equipment	(490,181)	(679,946)
Purchase of Investments	(60,618,909)	(45,204,469)
Proceeds from Sale of Investments	64,380,388	50,966,838
Net Cash Provided by Investing Activities	3,271,298	5,082,423
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Deferred Interest Rate Swap	(161,191)	(64,837)
Bond Premium	-	2,623,647
Contributions Restricted for Endowment	1,647,616	108,500
Distribution from Beneficial Interest in Trust	1,831,320	-
Payments on Charitable Annuities	(677)	(695)
Long-Term Debt Payments	(2,034,212)	(23,204,898)
Issuance of New Debt	-	20,231,290
Net Cash Provided (Used) by Financing Activities	1,282,856	(306,993)
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	(597,190)	1,055,825
Cash and Cash Equivalents - Beginning of Year	3,281,315	2,225,490
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 2,684,125	\$ 3,281,315
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest Paid	\$ 1,167,457	\$ 1,344,525

See accompanying Notes to Consolidated Financial Statements.

**AMHERST H. WILDER FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**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 two primary service groups:

- Wilder Programs provide a wide variety of services to children, families, single adults and the elderly including: mental health and wellness services, school based programs, community impact programs - (African American Babies Coalition & Projects and St. Paul Promise Neighborhood), supportive housing services, healthy aging and caregiving services, direct housings assistance to support the well-being of families.
- Wilder Research offers program evaluation, support, and research services.
- Wilder Center for Communities fully transitioned in FY21. Four programs, St. Paul Promise Neighborhood, Community Equity Program, African American Babies Coalition and Public Policy, integrated to other parts of the organization and completed transition in June of 2020. Youth Leadership Institute, Shannon Leadership Institute, and Community Initiatives worked with management to establish themselves as their own 501c3 or practice. The Latino Leadership Program, The DEI Collaborative, and Neighborhood Leadership Program, found homes with new organizations. St. Paul Promise Neighborhood, African American Babies Coalition, Community Equity Program, and Public Policy, integrated into the new strategic vision for the Wilder Foundation. Wilder advocates for systemic equity and social and economic opportunities through public policy efforts, and hosts a leadership program focused on supporting people identifying as Black, Indigenous and People of Color (BIPOC) to become more engaged with the legislative process.

**AMHERST H. WILDER FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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, 2022 and 2021.

**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 Restriction* – 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 donor-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 consolidated 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.

**AMHERST H. WILDER FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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, 2022 and 2021 was \$7,627,799 and \$7,052,871, respectively, including allowance for uncollectible accounts of \$9,694 and \$13,227, 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.

**AMHERST H. WILDER FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**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.

**AMHERST H. WILDER FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**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.

**AMHERST H. WILDER FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**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.

**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.

**Subsequent Events**

In preparing these consolidated financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 12, 2022, the date the consolidated financial statements were issued.



**AMHERST H. WILDER FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**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:

	<u>2022</u>	<u>2021</u>
Unconditional Pledges Receivable	\$ 4,591,942	\$ 3,382,520
Unamortized Discount	(183,438)	(40,020)
Allowance for Uncollectible Accounts	(153,552)	(25,720)
Total	<u>\$ 4,254,952</u>	<u>\$ 3,316,780</u>
Amounts Due in:		
Less Than One Year	\$ 1,378,775	\$ 1,762,432
One to Five Years	3,213,167	1,620,088
Total	<u>\$ 4,591,942</u>	<u>\$ 3,382,520</u>

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 3.42% and 2.8% at June 30, 2022 and 2021, respectively.

**NOTE 3 LAND, BUILDING, AND EQUIPMENT**

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

	<u>2022</u>		<u>2021</u>	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	\$ 3,251,636	\$ -	\$ 3,395,116	\$ -
Land Improvements	1,703,037	1,196,246	2,395,461	1,471,483
Buildings and Building Improvements	31,563,270	11,733,837	34,658,337	13,281,293
Construction in Progress	870	-	3,282	-
Equipment	7,913,260	6,571,434	7,906,509	6,351,432
Total	<u>\$ 44,432,073</u>	<u>\$ 19,501,517</u>	<u>\$ 48,358,705</u>	<u>\$ 21,104,208</u>
Land, Buildings, and Equipment	<u>\$ 24,930,556</u>		<u>\$ 27,254,497</u>	

Depreciation expense was \$1,439,737 and \$1,461,785 as of June 30, 2022 and 2021, respectively.

**AMHERST H. WILDER FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 4 ASSETS HELD FOR SALE**

The Foundation has the following properties held for sale as of June 30:

	<u>2022</u>	<u>2021</u>
Wilder Forest	\$ 3,878,309	\$ 3,922,863
411-417 Lexington	1,950,000	1,165,427
650 Marshall	1,418,940	-
Total	<u>\$ 7,247,249</u>	<u>\$ 5,088,290</u>

These properties have been transferred net of depreciation, from land, building, and equipment and placed into assets held for sale on the consolidated statements of financial position. All of these properties are expected to sell within one year audit report date.

On August 19, 2022, the 411-417 Lexington property was sold for a purchase price of \$2,500,000. The Foundation will be recording a gain on the property sale during the year ended June 30, 2023.

**NOTE 5 INVESTMENTS**

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

	<u>2022</u>	<u>2021</u>
Cash Equivalents	\$ 7,514,508	\$ 6,995,538
U.S. Government Agency Bonds	4,397,782	4,267,266
U.S. Treasuries	12,391,140	5,080,836
Corporate Bonds	15,975,364	23,889,359
International Equity Funds	17,847,503	28,713,626
Domestic Large Cap Equity Funds	20,557,223	22,153,642
Domestic Small-Mid Cap Equity Funds	8,761,435	9,574,103
Private Equity Limited Partnerships	13,206,753	13,138,941
Real Estate Limited Partnerships	2,558,884	2,523,394
Real Estate Investments	400,000	1,184,572
Hedge Funds	19,129,474	25,148,120
Special Opportunities	6,452,847	5,696,631
Total Investments	<u>\$ 129,192,913</u>	<u>\$ 148,366,028</u>

**AMHERST H. WILDER FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 6 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% at June 30, 2022. 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 \$153,469 and \$2,013,544 at June 30, 2022 and 2021, respectively. All trusts are restricted by the donor.

**NOTE 7 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, 2022 and 2021, 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.

	2022			Total
	Level 1	Level 2	Level 3	
Investments:				
U.S. Government Agency Bonds	\$ 4,397,782	\$ -	\$ -	\$ 4,397,782
U.S. Treasuries	12,391,140	-	-	12,391,140
Corporate Bonds	15,975,364	-	-	15,975,364
International Equity Funds	17,847,503	-	-	17,847,503
Domestic Large Cap Equity Funds	20,557,223	-	-	20,557,223
Domestic Small-Mid Cap Equity Funds	7,735,435	1,026,000	-	8,761,435
Investments Accounted for at				
Net Asset Value	-	-	-	41,347,958
Total Investments	<u>\$ 78,904,447</u>	<u>\$ 1,026,000</u>	<u>\$ -</u>	<u>\$ 121,278,405</u>
Beneficial Interest in Trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,469</u>	<u>\$ 153,469</u>

**AMHERST H. WILDER FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Fair Value Classifications (Continued)**

	2021			Total
	Level 1	Level 2	Level 3	
Investments:				
U.S. Government Agency Bonds	\$ 4,267,266	\$ -	\$ -	\$ 4,267,266
U.S. Treasuries	5,080,836	-	-	5,080,836
Corporate Bonds	23,889,359	-	-	23,889,359
International Equity Funds	28,713,626	-	-	28,713,626
Domestic Large Cap Equity Funds	22,153,642	-	-	22,153,642
Domestic Small-Mid Cap Equity Funds	8,592,220	981,883	-	9,574,103
Special Opportunities	-	36,052	-	36,052
Investments Accounted for at				
Net Asset Value	-	-	-	46,471,034
Total Investments	<u>\$ 92,696,949</u>	<u>\$ 1,017,935</u>	<u>\$ -</u>	<u>\$ 140,185,918</u>
Beneficial Interest in Trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,013,544</u>	<u>\$ 2,013,544</u>

**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:

	Beneficial Interest in Trusts
Balance - July 1, 2021	\$ 2,013,544
Distribution	(1,831,320)
Change in Value of Trusts	(28,755)
Balance - June 30, 2022	<u>\$ 153,469</u>

	Beneficial Interest in Trusts
Balance - July 1, 2020	\$ 1,479,336
Change in Value of Trusts	534,208
Balance - June 30, 2021	<u>\$ 2,013,544</u>

**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:

**AMHERST H. WILDER FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Net Asset Value Per Share (Continued)**

	2022	2021		Redemption	Redemption
	Net Asset	Net Asset	Unfunded	Frequency	Notice Period
	Value	Value	Commitments		
Private Equity Limited Partnerships	\$ 13,206,753	\$ 13,138,941	\$ 13,750,229	N/A	N/A
Hedge Funds	19,129,474	25,148,120	-	Quarterly	60 Days
Real Estate Limited Partnerships	2,558,884	2,523,394	893,150	N/A	N/A
Special Opportunities	6,452,847	5,660,579	3,312,304	N/A	N/A
Total	<u>\$ 41,347,958</u>	<u>\$ 46,471,034</u>	<u>\$ 17,955,683</u>		

**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 to 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.

**AMHERST H. WILDER FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 8 SELF-INSURED BENEFIT LIABILITIES**

**Workers' Compensation**

The Foundation is self-insured for workers' compensation. As of June 30, 2022 and 2021, the Foundation has recorded liabilities of \$134,493 and \$107,476, 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 9 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, 2022 and 2021 were \$17,232 and \$17,909, respectively.

**NOTE 10 REFUNDABLE ADVANCE**

On May 19, 2020, the Foundation received proceeds in the amount of \$5,731,317 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP Loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. Therefore, the Foundation has classified this loan as a conditional contribution for accounting purposes.

The Foundation recognized \$5,731,317 of contributions and grants revenue related to this agreement during the year ended June 30, 2021, which represents the portion of the PPP loan for which the performance barriers have been met.

On June 8, 2022, the SBA processed the Foundation's PPP Loan forgiveness application and the Foundation was notified that the PPP loan qualified for full forgiveness.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Foundation's financial position.

**AMHERST H. WILDER FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 11 LONG-TERM DEBT**

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

<u>Description</u>	<u>2022</u>	<u>2021</u>
Bonds Payable:		
Series 1998 Pooled Revenue Bonds (Care Choice Member Projects), due serially through August 1, 2023, interest at 4.25% to 5.75%.	\$ 260,000	\$ 420,000
Housing and Redevelopment Authority of the City of St. Paul, Minnesota, Series 2020A and 2020B, Revenue Refunding Bonds (Amherst H. Wilder Foundation Project) due in varying annual payments through December 1, 2036, interest varies from 3.0% - 5.0% (4.0% at June 30, 2022).	<u>19,441,667</u>	<u>20,296,667</u>
Subtotal Bonds Payable	19,701,667	20,716,667
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.	<u>4,611,055</u>	<u>5,630,267</u>
Total Long-Term Debt	24,312,722	26,346,934
Add: Bond Premium	2,362,655	2,527,492
Less: Current Maturities of Long-Term Debt	(2,128,214)	(2,034,212)
Less: Debt Issuance Costs	<u>(525,118)</u>	<u>(568,610)</u>
Long-Term Debt, Excluding Current Maturities and Debt Issuance Costs	<u>\$ 24,022,045</u>	<u>\$ 26,271,604</u>

At June 30, 2022, the long-term debt installments are due in the following fiscal years:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 2,128,214
2024	2,117,969
2025	2,104,685
2026	2,293,937
2027	1,044,167
Thereafter	<u>14,623,750</u>
Total Long-Term Debt	<u>\$ 24,312,722</u>

Interest expense was \$1,167,457 and \$1,344,525 during the years ended June 30, 2022 and 2021, respectively.

**AMHERST H. WILDER FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 11 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% as selected by the Foundation and the bank and expires June 30, 2022. There have been no borrowings on the line as of June 30, 2022 and 2021. On June 30, 2022, the line of credit was renewed through June 30, 2023.

**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 2.40%. At June 30, 2022 and 2021, the fair value of the swap agreement was \$148,636 and \$(12,555), respectively.

**NOTE 12 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, 2022 and 2021, and for the years then ended.

The changes in the projected benefit obligation are as follows:

	2022	2021
Change in Projected Benefit Obligation:		
Projected Benefit Obligation - Beginning of Year	\$ 79,100,446	\$ 81,602,666
Interest Cost	2,177,865	2,251,014
Changes in Actuarial Assumptions	(13,054,096)	(687,173)
Benefits Paid	(4,384,321)	(4,267,672)
Plan Experience Different from that Expected	(383,395)	201,611
Projected Benefit Obligation - End of Year	\$ 63,456,499	\$ 79,100,446



**AMHERST H. WILDER FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 12 BENEFITS PLANS (CONTINUED)**

**Defined Benefit Plan (Continued)**

	<u>2022</u>	<u>2021</u>
Change in Plan Assets:		
Fair Value of Plan Assets - Beginning of Year	\$ 64,427,956	\$ 59,511,698
Employer Contributions	513,496	2,136,335
Benefits and Expenses Paid	(5,250,620)	(5,148,944)
Actual Return on Plan Assets	(9,008,023)	7,928,867
Fair Value of Plan Assets - End of Year	<u>\$ 50,682,809</u>	<u>\$ 64,427,956</u>
Funded Status of the Plan:		
Benefit Obligation	\$ 63,456,499	\$ 79,100,446
Fair Value of Plan Assets	<u>50,682,809</u>	<u>64,427,956</u>
Excess of Benefit Obligation over Fair Value of Plan Assets	<u>\$ 12,773,690</u>	<u>\$ 14,672,490</u>
Components of Net Periodic Benefit Costs:		
Service Cost	\$ 841,828	\$ 858,306
Interest Cost	2,177,865	2,251,014
Expected Return on Plan Assets	(3,093,310)	(2,905,785)
Amortization of Unrecognized Net Actuarial Loss	1,436,101	2,333,864
Net Periodic Pension Cost	<u>\$ 1,362,484</u>	<u>\$ 2,537,399</u>
Underfunded Plan Information:		
Projected Benefit Obligation - End of Year	\$ 63,456,499	\$ 79,100,446
Accumulated Benefit Obligation - End of Year	63,456,499	79,100,446
Fair Value of Assets - End of Year	50,682,809	64,427,956

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

	<u>2022</u>	<u>2021</u>
Actuarial Assumptions:		
Assumptions Used to Determine Benefit Obligations at June 30:		
Assumed Discount Rate	4.72 %	2.85 %
Assumed Annual Increase in Salaries	N/A	N/A
Assumptions For Net Periodic Benefit Cost at Previous July 1:		
Assumed Discount Rate	2.85 %	2.83 %
Assumed Annual Increase in Salaries	N/A	N/A
Expected Long-Term Return on Plan Assets	5.0 %	5.0 %

**AMHERST H. WILDER FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 12 BENEFIT PLANS (CONTINUED)**

**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, 2022 and 2021 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, 2022 and 2021, 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:

	2022	2021
Cash and Cash Equivalents	2.00 %	8.50 %
Equity Securities	38.20 %	30.80 %
Bonds	54.00 %	36.80 %
Other	5.80 %	23.90 %

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.

	2022			
	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 1,007,108	\$ -	\$ -	\$ 1,007,108
Equity Fund	-	19,353,680	-	19,353,680
Bonds	-	27,361,648	-	27,361,648
Other	-	2,960,373	-	2,960,373
Total	\$ 1,007,108	\$ 49,675,701	\$ -	\$ 50,682,809

	2021			
	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 5,492,528	\$ -	\$ -	\$ 5,492,528
Equity Fund	-	19,864,916	-	19,864,916
Bonds	-	23,716,940	-	23,716,940
Other	-	15,353,572	-	15,353,572
Total	\$ 5,492,528	\$ 58,935,428	\$ -	\$ 64,427,956

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.

**AMHERST H. WILDER FOUNDATION  
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**NOTE 12 BENEFIT PLANS (CONTINUED)**

**Investment Policies and Strategies, Including Target Allocations (Continued)**

Expected Foundation contributions in fiscal year 2023 are \$-0-. Estimated future benefit payments, which reflect expected future services, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 4,617,392
2024	4,698,441
2025	4,619,748
2026	4,723,382
2027	4,659,450
Thereafter	22,190,223

**Defined Contribution Plan**

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

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

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

The total amounts charged to the consolidated statements of activities for the required and discretionary contributions for the years ended June 30, 2022 and 2021 were \$813,902 and \$707,730, respectively.

**AMHERST H. WILDER FOUNDATION  
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**NOTE 13 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:

	2022	2021
Balance - Beginning of Year	\$ 65,531	\$ 64,126
Change in Present Value of the Obligation:		
Accretion Expense (Income)	(1,228)	1,405
Balance - End of Year	\$ 64,303	\$ 65,531

**NOTE 14 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, 2022 and 2021.

**AMHERST H. WILDER FOUNDATION**  
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**NOTE 14 WITH DONOR-RESTRICTED NET ASSETS (CONTINUED)**

**With Donor-Restricted Net Assets**

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

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose:		
Wilder Programs	\$ 5,554,707	\$ 6,298,838
Wilder Research	773,205	713,269
Pledges for Future Periods	4,254,952	3,184,750
Campaign for Families	4,837,931	4,460,707
Total	<u>15,420,795</u>	<u>14,657,564</u>
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	-	1,576,095
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	9,550,950	8,124,744
Total	<u>12,152,950</u>	<u>10,726,744</u>
Subject to Endowment Spending Policy and Appropriation:		
Endowment Earnings	81,292,529	99,695,108
Total Endowments	<u>93,445,479</u>	<u>110,421,852</u>
Total Net Assets with Donor Restrictions	<u>\$ 108,874,137</u>	<u>\$ 126,663,374</u>

**Net Assets Released from Restrictions**

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

	<u>2022</u>	<u>2021</u>
Time and Purpose Restriction	<u>\$ 12,838,434</u>	<u>\$ 20,039,575</u>

**AMHERST H. WILDER FOUNDATION**  
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**NOTE 15 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 \$9,201,669, a current fair value of \$5,867,065, and a deficiency of \$3,334,604 as of June 30, 2022. Deficiencies of this nature together have an original value of \$7,665,350, a current fair value of \$5,172,348, and a deficiency of \$2,493,002 as of June 30, 2021. 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.

**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.

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**NOTE 15 ENDOWMENT (CONTINUED)**

**Endowment Investment and Spending Policies (Continued)**

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%.

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. 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:

	2022		
	Without Donor Restriction	With Donor Restriction	Total
Donor-Restricted Endowment Funds	\$ -	\$ 12,152,950	\$ 12,152,950
Restricted Endowment Earnings	-	81,292,529	81,292,529
Board-Designated Endowment Funds	2,229,035	-	2,229,035
Total Endowment Funds	<u>\$ 2,229,035</u>	<u>\$ 93,445,479</u>	<u>\$ 95,674,514</u>
	2021		
	Without Donor Restriction	With Donor Restriction	Total
Donor-Restricted Endowment Funds	\$ -	\$ 10,726,744	\$ 10,726,744
Restricted Endowment Earnings	-	99,695,108	99,695,108
Board-Designated Endowment Funds	2,006,366	-	2,006,366
Total Endowment Funds	<u>\$ 2,006,366</u>	<u>\$ 110,421,852</u>	<u>\$ 112,428,218</u>

**AMHERST H. WILDER FOUNDATION  
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**NOTE 15 ENDOWMENT (CONTINUED)**

**Endowment Investment and Spending Policies (Continued)**

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

	2022		
	Without Donor Restriction	With Donor Restriction	Total
Endowment Fund Balance - June 30, 2021	\$ 2,006,366	\$ 110,421,852	\$ 112,428,218
Contributions	423,567	1,647,616	2,071,183
Earnings and Expenses:			
Investment Income	-	1,770,839	1,770,839
Investment Expenses	-	(423,753)	(423,753)
Unrealized and Realized Losses	-	(12,530,819)	(12,530,819)
Total Earnings and Expenses	-	(11,183,733)	(11,183,733)
Transfer	-	(280,533)	(280,533)
Appropriations	(200,898)	(7,159,723)	(7,360,621)
Endowment Fund Balance - June 30, 2022	<u>\$ 2,229,035</u>	<u>\$ 93,445,479</u>	<u>\$ 95,674,514</u>
	2021		
	Without Donor Restriction	With Donor Restriction	Total
Endowment Fund Balance - June 30, 2020	\$ 1,874,053	\$ 86,650,073	\$ 88,524,126
Contributions	326,477	108,500	434,977
Transfer	-	-	-
Earnings and Expenses:			
Investment Income	-	1,237,758	1,237,758
Investment Expenses	-	(494,886)	(494,886)
Unrealized and Realized Gains	-	30,827,251	30,827,251
Total Earnings and Expenses	-	31,570,123	31,570,123
Appropriations	(194,164)	(7,906,844)	(8,101,008)
Endowment Fund Balance - June 30, 2021	<u>\$ 2,006,366</u>	<u>\$ 110,421,852</u>	<u>\$ 112,428,218</u>

**NOTE 16 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.



**AMHERST H. WILDER FOUNDATION  
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**NOTE 16 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Leases**

The Foundation leases certain vehicles and office equipment under terms of noncancelable operating leases expiring in various years through 2024. The leases are presented as a right to use asset and corresponding lease liability on the consolidated statements of financial position. Rent expense under the leases was \$49,163 and \$64,902 in 2022 and 2021, respectively. A maturity analysis of annual undiscounted cash flows for operating lease liabilities as of June 30, 2022, is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 45,626
2024	6,616
Total	<u>\$ 52,242</u>

**NOTE 17 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, 2022 and 2021, 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:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 2,684,125	\$ 3,281,315
Accounts and Pledges Receivable, Net	8,853,022	8,789,583
Investments	129,192,913	148,366,028
Less: Donor-Imposed Restrictions	(108,874,137)	(126,663,374)
Less: Nonliquid Investments	<u>(400,000)</u>	<u>(1,184,572)</u>
Total Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 31,455,923</u>	<u>\$ 32,588,980</u>



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