

WHEAT RIDGE MINISTRIES

Financial Statements
With Independent Auditors' Report

June 30, 2018 and 2017

WE RAISE FOUNDATION

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8
Supplemental Information	
Independent Auditors' Report on Supplemental Information	21
Schedules of Activities - Unrestricted Net Assets	22

INDEPENDENT AUDITORS' REPORT

Board of Directors
We Raise Foundation
Itasca, Illinois

We have audited the accompanying financial statements of We Raise Foundation, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of We Raise Foundation as of June 30, 2018 and 2017, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Wheaton, Illinois
October 31, 2018

WE RAISE FOUNDATION

Statements of Financial Position

	June 30,	
	2018	2017
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 135,435	\$ 187,226
Short-term investments	31,159	165,679
Other receivables	8,610	53,902
Contributions and planned gifts receivable	-	25,000
Prepaid expenses	86,382	74,819
	261,586	506,626
Furniture and equipment - net	23,373	23,570
Cash surrender value of life insurance	15,906	14,508
Long-term investments	10,551,806	10,402,571
Funds held in trust by others	1,643,227	1,567,483
Total Assets	\$ 12,495,898	\$ 12,514,758
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 38,256	\$ 73,673
Accrued expenses	50,195	64,013
Grants payable, current portion	506,289	418,426
	594,740	556,112
Grants payable, net of current portion	197,325	200,661
	792,065	756,773
Net assets:		
Unrestricted:		
Board designated for investments	8,612,267	8,956,431
Net investment in furniture and equipment	23,373	23,570
Undesignated	(1,101,036)	(929,473)
	7,534,604	8,050,528
Temporarily restricted	904,750	843,847
Permanently restricted:		
General and named endowments	1,047,207	735,857
Walther League Legacy Endowment	1,038,720	1,038,670
Funds held in trust by others - interest in perpetual trusts	1,178,552	1,089,083
	3,264,479	2,863,610
	11,703,833	11,757,985
Total Liabilities and Net Assets	\$ 12,495,898	\$ 12,514,758

See notes to financial statements

WE RAISE FOUNDATION

Statement of Activities Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:				
Support:				
Contributions:				
Individuals	\$ 1,247,395	\$ 53,818	\$ 11,400	\$ 1,312,613
Congregations	25,233	1,939	-	27,172
Schools	250	-	-	250
Organizations	45,820	8,861	-	54,681
Change in value of funds held by others	-	32,460	86,946	119,406
Planned gifts	345,151	9,577	302,523	657,251
	<u>1,663,849</u>	<u>106,655</u>	<u>400,869</u>	<u>2,171,373</u>
Revenue:				
Investment income	485,462	117,752	-	603,214
Net investment gains	446,155	111,608	-	557,763
Other income	14,517	-	-	14,517
	<u>946,134</u>	<u>229,360</u>	<u>-</u>	<u>1,175,494</u>
Net assets released from:				
Purpose restrictions	275,112	(275,112)	-	-
Total support and revenue	<u>2,885,095</u>	<u>60,903</u>	<u>400,869</u>	<u>3,346,867</u>
EXPENSES:				
Program activities:				
Grants and projects	797,759	-	-	797,759
Program education	856,676	-	-	856,676
Program support	528,714	-	-	528,714
	<u>2,183,149</u>	<u>-</u>	<u>-</u>	<u>2,183,149</u>
Supporting activities:				
Management and general	316,212	-	-	316,212
Fund-raising	901,658	-	-	901,658
	<u>1,217,870</u>	<u>-</u>	<u>-</u>	<u>1,217,870</u>
Total expenses	<u>3,401,019</u>	<u>-</u>	<u>-</u>	<u>3,401,019</u>
Change in Net Assets	(515,924)	60,903	400,869	(54,152)
Net Assets, Beginning of Year	<u>8,050,528</u>	<u>843,847</u>	<u>2,863,610</u>	<u>11,757,985</u>
Net Assets, End of Year	<u>\$ 7,534,604</u>	<u>\$ 904,750</u>	<u>\$ 3,264,479</u>	<u>\$ 11,703,833</u>

See notes to financial statements

WE RAISE FOUNDATION

Statement of Activities Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:				
Support:				
Contributions:				
Individuals	\$ 1,348,432	\$ 409,860	\$ 36,660	\$ 1,794,952
Congregations	50,453	2,285	-	52,738
Schools	613	1,751	-	2,364
Organizations	18,146	1,700	-	19,846
Change in value of funds held by others	-	75,057	92,906	167,963
Planned gifts	625,906	19,212	83,326	728,444
	<u>2,043,550</u>	<u>509,865</u>	<u>212,892</u>	<u>2,766,307</u>
Revenue:				
Investment income	231,692	46,652	-	278,344
Net investment losses	902,897	194,887	-	1,097,784
Other income	3,397	-	-	3,397
	<u>1,137,986</u>	<u>241,539</u>	<u>-</u>	<u>1,379,525</u>
Net assets released from:				
Purpose restrictions	618,159	(618,159)	-	-
	<u>3,799,695</u>	<u>133,245</u>	<u>212,892</u>	<u>4,145,832</u>
EXPENSES:				
Ministry activities:				
Grants and projects	919,385	-	-	919,385
Program education	758,554	-	-	758,554
Program support	404,619	-	-	404,619
	<u>2,082,558</u>	<u>-</u>	<u>-</u>	<u>2,082,558</u>
Supporting activities:				
Management and general	344,633	-	-	344,633
Fund-raising	789,623	-	-	789,623
	<u>1,134,256</u>	<u>-</u>	<u>-</u>	<u>1,134,256</u>
Total expenses	<u>3,216,814</u>	<u>-</u>	<u>-</u>	<u>3,216,814</u>
Change in Net Assets	582,881	133,245	212,892	929,018
Net Assets, Beginning of Year	<u>7,467,647</u>	<u>710,602</u>	<u>2,650,718</u>	<u>10,828,967</u>
Net Assets, End of Year	<u>\$ 8,050,528</u>	<u>\$ 843,847</u>	<u>\$ 2,863,610</u>	<u>\$ 11,757,985</u>

See notes to financial statements

WE RAISE FOUNDATION

Statement of Functional Expenses Year Ended June 30, 2018

	Program Activities			Supporting Activities				Total
	Grants and Projects	Program Education	Program Support	Total Program Activities	Management and General	Fund-raising	Total Supporting Activities	
Salaries	\$ 30,905	\$ 319,312	\$ 280,333	\$ 630,550	\$ 69,055	\$ 222,721	\$ 291,776	\$ 922,326
Employee benefits	9,904	53,850	67,118	130,872	22,176	38,703	60,879	191,751
Payroll taxes	2,101	21,447	18,759	42,307	4,324	15,344	19,668	61,975
Professional services	6,605	241,019	95,239	342,863	124,632	300,883	425,515	768,378
Supplies	29	761	-	790	30,626	82	30,708	31,498
Telephone	-	3,892	2,741	6,633	991	3,460	4,451	11,084
Postage & shipping	291	20,691	3,623	24,605	1,439	64,645	66,084	90,689
Occupancy	-	27,442	28,388	55,830	8,756	30,281	39,037	94,867
Public information	42	118,207	-	118,249	-	164,083	164,083	282,332
Local transportation	-	-	-	-	-	-	-	-
Conferences & meetings	86,188	43,453	15,222	144,863	15,060	10,391	25,451	170,314
Subscriptions & publications	23	48	35	106	960	-	960	1,066
Organization dues	-	100	970	1,070	2,744	1,020	3,764	4,834
Grants & projects	661,671	-	-	661,671	-	-	-	661,671
Equipment rental & maintenance	-	2,604	12,764	15,368	20,532	48,079	68,611	83,979
Insurance	-	1,762	1,434	3,196	12,830	(122)	12,708	15,904
Depreciation	-	2,088	2,088	4,176	2,087	2,088	4,175	8,351
	<u>\$ 797,759</u>	<u>\$ 856,676</u>	<u>\$ 528,714</u>	<u>\$ 2,183,149</u>	<u>\$ 316,212</u>	<u>\$ 901,658</u>	<u>\$ 1,217,870</u>	<u>\$ 3,401,019</u>

See notes to financial statements

WE RAISE FOUNDATION

Statement of Functional Expenses
Year Ended June 30, 2017

	Program Activities			Supporting Activities			Total	
	Grants and Projects	Program Education	Program Support	Total Program Activities	Management and General	Fund-raising		Total Supporting Activities
Salaries	\$ 41,217	\$ 354,383	\$ 261,195	\$ 656,795	\$ 91,837	\$ 271,667	\$ 363,504	\$ 1,020,299
Employee benefits	27,786	60,076	44,555	132,417	51,110	38,015	89,125	221,542
Payroll taxes	3,887	26,428	15,262	45,577	(3,061)	22,739	19,678	65,255
Professional services	14,000	65,400	30,274	109,674	58,943	97,946	156,889	266,563
Supplies	-	1,364	-	1,364	22,752	679	23,431	24,795
Telephone	-	4,887	1,819	6,706	677	4,759	5,436	12,142
Postage & shipping	591	35,281	4,517	40,389	2,931	65,697	68,628	109,017
Occupancy	-	27,254	30,449	57,703	6,673	29,603	36,276	93,979
Public information	4,962	101,994	-	106,956	5,142	142,479	147,621	254,577
Local transportation	-	30	-	30	-	-	-	30
Conferences & meetings	62,062	76,299	6,819	145,180	70,999	80,504	151,503	296,683
Subscriptions & publications	-	49	53	102	284	146	430	532
Organization dues	459	45	970	1,474	3,135	2,390	5,525	6,999
Grants & projects	764,421	-	-	764,421	-	-	-	764,421
Equipment rental & maintenance	-	73	3,178	3,251	19,906	27,453	47,359	50,610
Insurance	-	2,877	3,166	6,043	12,787	3,250	16,037	22,080
Depreciation	-	2,114	2,362	4,476	518	2,296	2,814	7,290
	<u>\$ 919,385</u>	<u>\$ 758,554</u>	<u>\$ 404,619</u>	<u>\$ 2,082,558</u>	<u>\$ 344,633</u>	<u>\$ 789,623</u>	<u>\$ 1,134,256</u>	<u>\$ 3,216,814</u>

See notes to financial statements

WE RAISE FOUNDATION

Statements of Cash Flows

	Year Ended June 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Reconciliation of change in net assets to net cash used in operating activities:		
Change in net assets	\$ (54,152)	\$ 929,018
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	8,351	7,290
Gain on sale of investments	(696,937)	(367,393)
Net unrealized losses (gains) on investments	139,174	(730,391)
(Increase) decrease in value on cash surrender value of life insurance	(1,200)	28,073
Contributions restricted for endowments	(311,400)	(119,986)
Changes in:		
Other receivables	45,292	(13,776)
Contributions and planned gifts receivable	25,000	(25,000)
Interest receivable and prepaid expenses	(11,563)	(12,428)
Funds held in trust by others	(75,744)	(188,465)
Accounts payable and accrued expenses	(49,235)	(51,549)
Grants payable	84,527	18,208
Net Cash Used in Operating Activities	(897,887)	(526,399)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(4,629,717)	(3,326,722)
Proceeds from sale of investments	5,172,766	3,715,898
Premiums paid on life insurance policies	(198)	(197)
Purchase of furniture and equipment	(8,155)	(8,800)
Net Cash Provided by Investing Activities	534,696	380,179
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for endowments	311,400	119,986
Net Cash Provided by Financing Activities	311,400	119,986
Net Change in Cash and Cash Equivalents	(51,791)	(26,234)
Cash and Cash Equivalents, Beginning of Year	187,226	213,460
Cash and Cash Equivalents, End of Year	\$ 135,435	\$ 187,226
SUPPLEMENTAL DISCLOSURES:		
Disposal of fully depreciated equipment	\$ 1,419	\$ 3,616

See notes to financial statements

WE RAISE FOUNDATION

Notes to Financial Statements
June 30, 2018 and 2017

1. NATURE OF ORGANIZATION:

We Raise Foundation (WRF) is a nonprofit organization formerly known as Wheat Ridge Ministries. In January 2018, WRF changed its name to reflect a new strategic direction. This new direction involved the creation of marketing and communication tools, including website, print materials, brand identity and online digital presence.

WRF partners with Christian organizations and emerging leaders to raise consciousness, community leadership, and capital. WRF's vision is people free from poverty, violence, and inequality and this is achieved through three priority granting areas: education, workforce development, and criminal justice. Motivated by the belief that freedom is grace in action, WRF provides grants and assistance with resource development. This unique approach to non-profit investing offers grantees comprehensive assessments, crowdfunding assistance, and research, in addition to grants. With a strategic approach to assisting grantees in these ways, WRF leverages donor funding and multiplies its impact in the pursuit of sustainability for the organizations it serves. In addition, WRF convenes and connects leaders in key topic areas to collaborate and share knowledge.

Currently, grants are made under these grant programs:

GrantsPlus: WRF's largest and most competitive grant program, partnering with Christian organizations that work at the intersection of poverty, violence, and inequality. Grants are particularly focused on education, workforce development, or criminal justice and for FY17 and FY18 provide up to \$50,000 over a term of up to three years. WRF serves primarily as a first investor for programs or organizations that are three years or younger, while also making targeted investments in existing programs or organizations that have proven to be highly effective in their field. Letters of inquiry are accepted twice a year.

Emerging Leader Grants: WRF provides grants as an investment in the development of leaders, between the ages of 20-35, at Christian organizations who are leading new programs at the intersection of poverty, violence, and inequality. For FY17 and FY18, grants were up to \$10,000 over two years for new programs led by young adult leaders and used to help fund start-up expenses for the new program. These grants are awarded quarterly.

Crowdfunding Grants: WRF hosts and guides its GrantsPlus grantees through the creation of an incentivized crowdfunding campaign.

Select Grants: From time to time, WRF will fund a limited number of projects outside of the above competitive grant programs that promote its mission. These grants may be initiated by a donor or a member of the WRF staff.

WRF derives the major portion of its support from the generous gifts of individuals, congregations, schools, and other organizations, and from investment earnings. WRF's endowment funds include those designated by the Board of Directors for investment (funds from the sale of the Lutheran Sanatorium in Wheat Ridge, Colorado, plus a portion of subsequent planned gifts), the Walther League Legacy Endowment (assets from the Walther League merger, plus additional gifts), and general and named endowments.

WE RAISE FOUNDATION

Notes to Financial Statements
June 30, 2018 and 2017

1. NATURE OF ORGANIZATION, continued:

WRF is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (Code) and comparable Illinois state law, and contributions to it are tax deductible within the limitations prescribed by the Code. WRF has been classified as a publicly supported organization that is not a private foundation under section 509(a) of the Code.

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The financial statements of WRF have been prepared using the accrual basis of accounting. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates. The more significant accounting policies are summarized below.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking and money market accounts. Certain items that meet the definition of cash equivalents but are part of the larger pool of investments are included in short-term investments. These accounts from time to time may exceed federally insured limits; however, WRF has not experienced any loss on these accounts and does not believe it is exposed to any significant risk.

INVESTMENTS

Long-term investments are reported at fair value. Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Unrealized gains and losses are included in net investment gains (losses). Financial instruments that potentially subject WRF to credit risk consist principally of interest bearing bonds, notes and common stocks. WRF maintains a diversified portfolio of investments and it has placed its portfolio with two investment managers. One manager manages fixed income securities and equity securities using a value style. The other manager manages equity securities using a growth style.

CONTRIBUTIONS RECEIVABLE

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using the five-year average return for a short/intermediate bond fund applied to the years in which the promises are expected to be received. Amortization of the discount is included in contribution revenues in the statements of activities. The allowance for uncollectible amounts is provided for contributions receivable estimated as uncollectible. Planned gifts are recorded as income at the time WRF has an established right to the gift and the proceeds are measurable.

WE RAISE FOUNDATION

Notes to Financial Statements
June 30, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

FURNITURE AND EQUIPMENT

Expenditures for furniture and equipment in excess of \$500 are recorded at cost. Donated assets to be used in the ministry are capitalized at their fair market value on the date of the gift. Depreciation is recorded using the straight-line method based on estimated useful lives of five years.

FUNDS HELD IN TRUST BY OTHERS

WRF has several arrangements whereby a donor has established a term or perpetual trust that is administered by a third party. WRF is a designated beneficiary and has the irrevocable right to receive the income earned on the trust assets for the term or in perpetuity. Annual distributions from the trusts are reported as unrestricted investment income, or, if restricted by the donor, in temporarily restricted investment income. For perpetual trusts, adjustments to the amount reported as an asset, based on an annual review using the same basis as was used to measure the asset initially, are recognized as permanently restricted change in value of perpetual trusts. For term trusts, adjustments to the amount reported as an asset, based on an annual review using the same basis as was used to measure the asset initially, are recognized as temporarily restricted change in value of funds held for others. The amount reported on the statements of financial position represents WRF's share of the fair value of the assets in the trust as of the fiscal year end.

WRF is also the remainder beneficiary of several split-interest agreements which are held by others. The related income from these arrangements that have been restricted by the donors has been recorded as temporarily restricted or permanently restricted. The recorded value on the statements of financial position is the actuarial present value of WRF's future interest in the split-interest agreements.

The portion of funds held in trust by others, which are restricted in perpetuity, totaled \$1,178,552 and \$1,089,083 as of June 30, 2018 and 2017, respectively, and are included in permanently restricted net assets in the statements of financial position.

GRANTS PAYABLE AND EXPENSE

Grant expense and the related grant payable are recorded when the grants are approved and grantees are notified of the award. Grants are made for the purposes described in Note 1.

NET ASSETS

Net assets and changes therein are reported as follows:

Unrestricted net assets are those currently available for ministry purposes under the direction of the Board of Directors, those designated by the Board for a specific use and those invested in furniture and equipment.

Temporarily restricted net assets are those contributed with donor stipulations for specific operating purposes or programs or those with time restrictions. They are not currently available for use in WRF's ministries until commitments regarding their use have been fulfilled.

Permanently restricted net assets are those restricted by donors in perpetuity as endowments or perpetual trusts.

WE RAISE FOUNDATION

Notes to Financial Statements
June 30, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE AND RECEIVABLES

Contributions are recorded when cash is received or when ownership of donated assets is transferred. Contributions restricted by the donor for a specific purpose are recorded as support in the temporarily restricted class of net assets until funds have been expended by WRF for the purposes specified. Upon satisfaction of the restriction or lapsing of time restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions restricted by the donor in perpetuity are recorded as support in the permanently restricted class of net assets. Income distributions from these funds are reported as investment income that increases unrestricted or temporarily restricted net assets.

PROMISES TO GIVE

WRF receives indications of intent to support the ministry that are commitments to provide monthly, quarterly or annual gifts of a specified amount. These commitments are open ended and subject to unilateral change by the donor. Because the commitments do not express a term or period, the amount of the commitment is not measurable. Considering these factors, these commitments are not considered to be unconditional promises to give and are not recognized prior to receipt of the contribution.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing program and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting activities benefited.

WRF incurred joint costs of \$255,922 and \$217,044 in 2018 and 2017, respectively, for informational materials that included fund-raising appeals. Of those costs, 87.5% were allocated to fund-raising and 12.5% to program education.

WE RAISE FOUNDATION

Notes to Financial Statements
June 30, 2018 and 2017

3. LONG-TERM INVESTMENTS:

Long-term investments at June 30 consist of the following:

	Cost	Market Value	Unrealized Appreciation (Depreciation)
Year ending June 30, 2018:			
Common Stocks	\$ 2,812,094	\$ 3,265,680	\$ 453,586
Mutual Funds - Growth	2,017,423	2,033,883	16,460
Mutual Funds - International Growth	1,980,046	2,553,981	573,935
Fixed Income Fund	2,745,357	2,698,262	(47,095)
 Total	 \$ 9,554,920	 \$ 10,551,806	 \$ 996,886
 Year ending June 30, 2017:			
Common Stocks	\$ 3,167,542	\$ 3,791,956	\$ 624,414
Mutual Funds - Growth	1,904,512	1,985,766	81,254
Mutual Funds - International Growth	2,400,199	2,825,117	424,918
Fixed Income Fund	1,794,258	1,799,732	5,474
 Total	 \$ 9,266,511	 \$ 10,402,571	 \$ 1,136,060

Investment income at year end consists of the following for the years ended June 30:

	2018	2017
Interest and dividends	\$ 641,124	\$ 315,315
Realized gains	696,937	367,393
Unrealized gains (losses)	(139,174)	730,391
	1,198,887	1,413,099
Less: Investment expenses	(37,910)	(36,971)
 Net investment income (loss)	 \$ 1,160,977	 \$ 1,376,128

WE RAISE FOUNDATION

Notes to Financial Statements
June 30, 2018 and 2017

4. CONTRIBUTIONS AND PLANNED GIFTS RECEIVABLE:

WRF had unconditional promises to give that were due through 2018. Because the receivables are expected to be collected within one year, no present value discount was established as of June 30, 2018. All amounts are considered fully collectible so no allowance is considered necessary.

The net amount of this receivable is based on an estimate of future cash flows at June 30:

	2018	2017
Contributions receivable	\$ -	\$ 25,000

5. FURNITURE AND EQUIPMENT:

Furniture and equipment consist of the following:

	2018	2017
Furniture and equipment	\$ 105,159	\$ 98,423
Leasehold improvements	4,672	4,672
	109,831	103,095
Less accumulated depreciation	(86,458)	(79,525)
	\$ 23,373	\$ 23,570

6. GRANTS PAYABLE:

As described in Note 1, WRF annually makes grants to various organizations. These grants are payable over a number of years. The grants are scheduled to be paid as follows:

<u>Fiscal year ending June 30,</u>	
2019	\$ 506,289
2020	185,500
2021	25,000
	716,789
Less present value discount	(13,175)
Less current portion	(506,289)
	\$ 197,325

Long-term grants payable have been discounted to present value using a discount rate of 3.10% as of June 30, 2018.

WE RAISE FOUNDATION

Notes to Financial Statements
June 30, 2018 and 2017

7. PENSION:

WRF is a participant in a defined contribution pension plan administered through the Lutheran Church - Missouri Synod Concordia Plan Services, Concordia Retirement Plan. All employees are eligible to participate in the plan. Employer contributions for the years ended June 30, 2018 and 2017, were \$76,143 and \$86,633, respectively.

8. LEASE COMMITMENT:

As of June 30, 2018, WRF rents office space and equipment under the terms of leases that expire between July 2020 and February 2021. The office space lease includes base monthly payments starting at \$7,540 with annual increases throughout the life of the lease and a five month rent abatement period. The equipment lease has monthly payments of \$297.

Minimum lease commitments are as follows:

2019	\$	101,716
2020		104,110
2021		10,562
	\$	216,388

Lease expense for the years ended June 30, 2018 and 2017, amounted to \$94,867 and \$93,979, respectively.

9. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of the following:

	2018	2017
Time restriction:		
Funds held in trust by others	\$ 455,100	\$ 478,400
Contributions and planned gifts receivable	-	25,000
Purpose restriction:		
Unspent earnings on permanently restricted endowment funds	428,202	218,842
Program activities	21,448	121,605
	\$ 904,750	\$ 843,847

10. FAIR VALUE MEASUREMENTS:

WRF has adopted the Fair Value Measurement and Disclosure topic of the FASB Accounting Standards Codification. These standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

WE RAISE FOUNDATION

Notes to Financial Statements
June 30, 2018 and 2017

10. FAIR VALUE MEASUREMENTS, continued:

The valuations for the hierarchy are determined as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

WRF uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, WRF measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs are not available.

Fair values of assets measured on a recurring basis at June 30, 2018 and 2017, are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
June 30, 2018:				
Common stock:				
Materials	\$ 56,373	\$ 56,373	\$ -	\$ -
Consumer	483,171	483,171	-	-
Health care	455,793	455,793	-	-
Energy	218,599	218,599	-	-
Financial	556,172	556,172	-	-
Industrials	298,703	298,703	-	-
Information technology	826,102	826,102	-	-
Real Estate	191,676	191,676	-	-
Utilities	179,091	179,091	-	-
Mutual funds:				
Growth funds	4,587,864	4,587,864	-	-
Fixed income funds	2,698,262	2,698,262	-	-
Cash surrender value of life insurance	15,906	-	15,906	-
Total investments	<u>10,567,712</u>	<u>10,551,806</u>	<u>15,906</u>	<u>-</u>
Funds held in trust by others:				
Terminal trusts	9,575	-	9,575	-
Perpetual trusts	1,178,552	-	1,178,552	-
Beneficial interests in charitable remainder unitrusts	455,100	-	-	455,100
Total funds held in trust by others	<u>1,643,227</u>	<u>-</u>	<u>1,188,127</u>	<u>455,100</u>
Total assets at fair value	<u><u>\$ 12,210,939</u></u>	<u><u>\$ 10,551,806</u></u>	<u><u>\$ 1,204,033</u></u>	<u><u>\$ 455,100</u></u>

WE RAISE FOUNDATION

Notes to Financial Statements
June 30, 2018 and 2017

10. FAIR VALUE MEASUREMENTS, continued:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
June 30, 2017:				
Common stock:				
Materials	\$ 154,133	\$ 154,133	\$ -	\$ -
Consumer	784,832	784,832	-	-
Health care	446,041	446,041	-	-
Energy	155,357	155,357	-	-
Financial	582,074	582,074	-	-
Industrials	429,383	429,383	-	-
Information technology	777,341	777,341	-	-
Real Estate	218,723	218,723	-	-
Utilities	244,072	244,072	-	-
Mutual funds:				
Growth funds	4,810,883	4,810,883	-	-
Fixed income funds	1,799,732	1,799,732	-	-
Cash surrender value of life insurance	14,508	-	14,508	-
Total investments	<u>10,417,079</u>	<u>10,402,571</u>	<u>14,508</u>	<u>-</u>
Funds held in trust by others:				
Terminal trusts	-	-	-	-
Perpetual trusts	1,089,083	-	1,089,083	-
Beneficial interests in charitable remainder unitrusts	478,400	-	-	478,400
Total funds held in trust by others	<u>1,567,483</u>	<u>-</u>	<u>1,089,083</u>	<u>478,400</u>
Total assets at fair value	<u>\$ 11,984,562</u>	<u>\$ 10,402,571</u>	<u>\$ 1,103,591</u>	<u>\$ 478,400</u>

The following is a reconciliation of charitable remainder unitrusts for which significant unobservable inputs (Level 3) were used in determining value:

	Beneficial Interests in Charitable Remainder Unitrusts
Balance as of June 30, 2016	\$ 333,500
Change in value	<u>144,900</u>
Balance as of June 30, 2017	478,400
Change in value	<u>(23,300)</u>
Balance as of June 30, 2018	<u>\$ 455,100</u>

WE RAISE FOUNDATION

Notes to Financial Statements
June 30, 2018 and 2017

10. FAIR VALUE MEASUREMENTS, continued:

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position:

Level 1

Common stock, mutual funds and exchange traded funds are carried at fair value based on quoted market prices.

Level 2

Cash surrender value of life insurance: The fair value of the cash surrender value of life insurance policies is based on WRF's share of the cash surrender value of the respective life insurance policy as represented by the insurance company.

Funds held in trust by others: The fair values of terminal and perpetual trusts are based upon WRF's share of trust assets including certificates of deposit, mutual funds and other publicly traded investments and corporate bonds.

Level 3

Fair values for the beneficial interests in charitable remainder trusts are determined by calculating the present value of the future distributions expected to be received, using published life expectancy tables and a 4.88% discount rate.

11. ENDOWMENT FUNDS:

WRF's endowment consists of 15 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of WRF has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring 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, WRF classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

WE RAISE FOUNDATION

Notes to Financial Statements
June 30, 2018 and 2017

11. ENDOWMENT FUNDS, continued:

In accordance with UPMIFA, WRF 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 organization

Endowment net asset composition by type of fund as of June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ -	\$ 428,202	\$ 2,085,927	\$ 2,514,129
Board designated endowment funds	8,612,267	-	-	8,612,267
Total endowment funds	\$ 8,612,267	\$ 428,202	\$ 2,085,927	\$ 11,126,396
Endowment net assets, beginning of year	\$ 8,956,431	\$ 218,842	\$ 1,774,527	\$ 10,949,800
Investment return:				
Interest and dividend income	482,198	117,752	-	599,950
Net gains (realized and unrealized)	446,155	111,608	-	557,763
Total investment return	928,353	229,360	-	1,157,713
Contributions	149,483	-	311,400	460,883
Amounts appropriated for expenditure	(1,422,000)	(20,000)	-	(1,442,000)
	(344,164)	209,360	311,400	176,596
Endowment net assets, end of year	\$ 8,612,267	\$ 428,202	\$ 2,085,927	\$ 11,126,396

WE RAISE FOUNDATION

Notes to Financial Statements
June 30, 2018 and 2017

11. ENDOWMENT FUNDS, continued:

Endowment net asset composition by type of fund as of June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ -	\$ 218,842	\$ 1,774,527	\$ 1,993,369
Board designated endowment funds	8,956,431	-	-	8,956,431
Total endowment funds	\$ 8,956,431	\$ 218,842	\$ 1,774,527	\$ 10,949,800
Endowment net assets, beginning of year	\$ 8,338,881	\$ 156,053	\$ 1,654,540	\$ 10,149,474
Investment return:				
Interest and dividend income	215,905	46,652	-	262,557
Net losses (realized and unrealized)	902,897	194,887	-	1,097,784
Total investment return	1,118,802	241,539	-	1,360,341
Contributions	16,748	-	119,987	136,735
Amounts appropriated for expenditure	(518,000)	(178,750)	-	(696,750)
	617,550	62,789	119,987	800,326
Endowment net assets, end of year	\$ 8,956,431	\$ 218,842	\$ 1,774,527	\$ 10,949,800

Following is a description of amounts classified as permanently restricted net assets (endowment only):

	June 30,	
	2018	2017
Permanently restricted net assets:		
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by UPMIFA	\$ 2,085,927	\$ 1,774,527

WE RAISE FOUNDATION

Notes to Financial Statements
June 30, 2018 and 2017

11. ENDOWMENT FUNDS, continued:

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires WRF to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. In the past, these deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the Board. There was \$0 in deficiencies as of both June 30, 2018 and 2017.

Return objectives and risk parameters: WRF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the increase or decrease in the CPI while assuming a moderate level of investment risk. WRF expects its endowment funds, over time, to provide an average rate of return of approximately 5 percent above CPI annually. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, WRF 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). WRF 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.

Spending policies and how the investment objectives relate to spending policy: A WRF board approved policy allows withdrawals from the investment portfolio each year to support operations. The amount withdrawn for the years ended June 30, 2018 and 2017, was based upon 5% of the average market value for a twelve quarter rolling average as of December 31, preceding the fiscal year the withdrawal occurs. Additional withdrawals have been approved by the board in connection with the strategic plan. The actual market value is equal to the net additions to the portfolio since inception increased or decreased by investment earnings over time. This policy is intended to limit spending to an amount that will allow the WRF investment portfolio to grow at a rate that will maintain purchasing power.

12. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through October 31, 2018, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTAL INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION**

Board of Directors
We Raise Foundation
Itasca, Illinois

We have audited the financial statements of We Raise Foundation as of and for the years ended June 30, 2018 and 2017, and our report thereon dated October 31, 2018, which expresses an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of activities - unrestricted net assets are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Capin Crouse LLP

Wheaton, Illinois
October 31, 2018

WE RAISE FOUNDATION

Schedule of Activities - Unrestricted Net Assets Year Ended June 30, 2018

	Operating	Investment	Total Unrestricted
SUPPORT AND REVENUE:			
Support:			
Contributions:			
Individuals	\$ 1,247,395	\$ -	\$ 1,247,395
Congregations	25,233	-	25,233
Schools	250	-	250
Organizations	45,820	-	45,820
Planned gifts	345,151	-	345,151
	1,663,849	-	1,663,849
Revenue:			
Investment income	15,125	470,337	485,462
Net investment gains	-	446,155	446,155
Other income	2,656	11,861	14,517
	17,781	928,353	946,134
Net assets released from restrictions by satisfaction of restrictions	275,112	-	275,112
Transfers into investments	(169,483)	169,483	-
Transfers into operations	1,442,000	(1,442,000)	-
	1,547,629	(1,272,517)	275,112
Total support and revenue and reclassifications	3,229,259	(344,164)	2,885,095
EXPENSES:			
Ministry activities:			
Grants and projects	797,759	-	797,759
Ministry communications	856,676	-	856,676
Ministry support	528,714	-	528,714
	2,183,149	-	2,183,149
Supporting activities:			
Management and general	316,212	-	316,212
Fund-raising	901,658	-	901,658
	1,217,870	-	1,217,870
Total expenses	3,401,019	-	3,401,019
Change in Net Assets	(171,760)	(344,164)	(515,924)
Net Assets, Beginning of Year	(905,903)	8,956,431	8,050,528
Net Assets, End of Year	\$ (1,077,663)	\$ 8,612,267	\$ 7,534,604

WE RAISE FOUNDATION

Schedule of Activities - Unrestricted Net Assets Year Ended June 30, 2017

	Operating	Investment	Total Unrestricted
SUPPORT AND REVENUE:			
Support:			
Contributions:			
Individuals	\$ 1,348,432	\$ -	\$ 1,348,432
Congregations	50,453	-	50,453
Schools	613	-	613
Organizations	18,146	-	18,146
Planned gifts	625,906	-	625,906
	<u>2,043,550</u>	<u>-</u>	<u>2,043,550</u>
Revenue:			
Investment income	15,787	215,905	231,692
Net investment losses	-	902,897	902,897
Other income	3,397	-	3,397
	<u>19,184</u>	<u>1,118,802</u>	<u>1,137,986</u>
Net assets released from restrictions by satisfaction of restrictions	618,159	-	618,159
Transfers into investments	(195,498)	195,498	-
Transfers into operations	696,750	(696,750)	-
	<u>1,119,411</u>	<u>(501,252)</u>	<u>618,159</u>
Total support and revenue and reclassifications	<u>3,182,145</u>	<u>617,550</u>	<u>3,799,695</u>
EXPENSES:			
Ministry activities:			
Grants and projects	919,385	-	919,385
Ministry communications	758,554	-	758,554
Ministry support	404,619	-	404,619
	<u>2,082,558</u>	<u>-</u>	<u>2,082,558</u>
Supporting activities:			
Management and general	344,633	-	344,633
Fund-raising	789,623	-	789,623
	<u>1,134,256</u>	<u>-</u>	<u>1,134,256</u>
Total expenses	<u>3,216,814</u>	<u>-</u>	<u>3,216,814</u>
Change in Net Assets	(34,669)	617,550	582,881
Net Assets, Beginning of Year	<u>(871,234)</u>	<u>8,338,881</u>	<u>7,467,647</u>
Net Assets, End of Year	<u>\$ (905,903)</u>	<u>\$ 8,956,431</u>	<u>\$ 8,050,528</u>