

WE RAISE FOUNDATION

Financial Statements
With Independent Auditors' Report

June 30, 2019 and 2018

WE RAISE FOUNDATION

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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, 2019 and 2018, 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.

Board of Directors
We Raise Foundation
Itasca, Illinois

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the statements of financial position of We Raise Foundation as of June 30, 2019 and 2018, 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.

Emphasis of Matter

We Raise Foundation has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note 2. Our opinion is not modified with respect to this matter.

Capin Crouse LLP

Naperville, Illinois
November 1, 2019

WE RAISE FOUNDATION

Statements of Financial Position

	June 30,	
	2019	2018
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 567,261	\$ 135,435
Short-term investments	1,854,754	31,159
Other receivables	719	8,610
Contributions and planned gifts receivable	75,000	-
Prepaid expenses	62,815	86,382
	2,560,549	261,586
Furniture and equipment - net	15,854	23,373
Cash surrender value of life insurance	16,547	15,906
Long-term investments	7,506,902	10,551,806
Funds held in trust by others	1,572,012	1,643,227
	\$ 11,671,864	\$ 12,495,898
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 44,622	\$ 38,256
Accrued expenses	39,448	50,195
Grants payable, current portion	423,487	506,289
	507,557	594,740
Grants payable, net of current portion	250,307	197,325
	757,864	792,065
Net assets:		
Net assets without donor restrictions:		
Board designated for investments	7,320,091	8,612,267
Undesignated deficit	(675,578)	(1,077,663)
	6,644,513	7,534,604
Net assets with donor restrictions:		
Restricted by purpose or time	972,737	904,750
Restricted in perpetuity	3,296,750	3,264,479
	4,269,487	4,169,229
	10,914,000	11,703,833
Total Liabilities and Net Assets	\$ 11,671,864	\$ 12,495,898

See notes to financial statements

WE RAISE FOUNDATION

Statement of Activities Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Support:			
Contributions:			
Individuals	\$ 806,943	\$ 223,434	\$ 1,030,377
Congregations	21,625	-	21,625
Organizations	46,068	129,525	175,593
Change in value of funds held by others	-	136,347	136,347
Planned gifts	655,926	39,775	695,701
	1,530,562	529,081	2,059,643
Revenue:			
Investment income	184,859	55,190	240,049
Net investment gains	265,200	89,482	354,682
Other income	1,756	-	1,756
	451,815	144,672	596,487
Net assets released from:			
Purpose restrictions	573,495	(573,495)	-
	2,555,872	100,258	2,656,130
EXPENSES:			
Program activities:			
Grants and projects	893,474	-	893,474
Program education	854,056	-	854,056
Program support	483,429	-	483,429
	2,230,959	-	2,230,959
Supporting activities:			
Management and general	256,376	-	256,376
Fund-raising	958,628	-	958,628
	1,215,004	-	1,215,004
Total expenses	3,445,963	-	3,445,963
Change in Net Assets	(890,091)	100,258	(789,833)
Net Assets, Beginning of Year	7,534,604	4,169,229	11,703,833
Net Assets, End of Year	\$ 6,644,513	\$ 4,269,487	\$ 10,914,000

See notes to financial statements

WE RAISE FOUNDATION

Statement of Activities Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Support:			
Contributions:			
Individuals	\$ 1,247,395	\$ 65,218	\$ 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	-	119,406	119,406
Planned gifts	345,151	312,100	657,251
	1,663,849	507,524	2,171,373
Revenue:			
Investment income	485,462	117,752	603,214
Net investment losses	446,155	111,608	557,763
Other income	14,517	-	14,517
	946,134	229,360	1,175,494
Net assets released from:			
Purpose restrictions	275,112	(275,112)	-
	2,885,095	461,772	3,346,867
EXPENSES:			
Ministry activities:			
Grants and projects	797,759	-	797,759
Program education	856,676	-	856,676
Program 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	(515,924)	461,772	(54,152)
Net Assets, Beginning of Year	8,050,528	3,707,457	11,757,985
Net Assets, End of Year	\$ 7,534,604	\$ 4,169,229	\$ 11,703,833

See notes to financial statements

WE RAISE FOUNDATION

Statement of Functional Expenses Year Ended June 30, 2019

	Program Activities				Supporting Activities			Total
	Grants and Projects	Program Education	Program Support	Total Program Activities	Management and General	Fund- raising	Total Supporting Activities	
Salaries	\$ 29,843	\$ 331,096	\$ 294,753	\$ 655,692	\$ 77,499	\$ 242,946	\$ 320,445	\$ 976,137
Employee benefits	11,410	57,998	69,782	139,190	25,832	41,436	67,268	206,458
Payroll taxes	1,947	21,703	19,377	43,027	5,108	15,776	20,884	63,911
Professional services	-	278,244	32,330	310,574	67,379	337,959	405,338	715,912
Supplies	-	50	5	55	22,944	772	23,716	23,771
Telephone	-	3,905	3,120	7,025	867	2,691	3,558	10,583
Postage & shipping	170	14,500	2,096	16,766	868	66,112	66,980	83,746
Occupancy	-	31,251	33,152	64,403	6,604	23,587	30,191	94,594
Printing, media, and promotion	402	69,446	-	69,848	-	165,337	165,337	235,185
Conferences & meetings	77,087	40,408	12,543	130,038	13,422	10,389	23,811	153,849
Subscriptions & publications	-	-	18	18	271	23	294	312
Organization dues	-	100	970	1,070	3,774	1,020	4,794	5,864
Grants & projects	770,821	-	-	770,821	-	-	-	770,821
Equipment rental & maintenance	1,794	1,656	11,482	14,932	16,451	47,729	64,180	79,112
Insurance	-	1,682	1,784	3,466	13,340	834	14,174	17,640
Depreciation	-	2,017	2,017	4,034	2,017	2,017	4,034	8,068
	\$ 893,474	\$ 854,056	\$ 483,429	\$ 2,230,959	\$ 256,376	\$ 958,628	\$ 1,215,004	\$ 3,445,963

See notes to financial statements

WE RAISE FOUNDATION

Statement of Functional Expenses Year Ended June 30, 2018

	Program Activities				Supporting Activities			
	Grants and Projects	Program Education	Program Support	Total Program Activities	Management and General	Fund- raising	Total Supporting Activities	Total
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
Printing, media, and promotion	42	118,207	-	118,249	-	164,083	164,083	282,332
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

Statements of Cash Flows

	Year Ended June 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Reconciliation of change in net assets to net cash used in operating activities:		
Change in net assets	\$ (789,833)	\$ (54,152)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	8,068	8,351
Gain on sale of investments	(1,116,050)	(696,937)
Net unrealized losses on investments	761,368	139,174
Decrease in value on cash surrender value of life insurance	(440)	(1,200)
Contributions restricted for endowments	(10,600)	(311,400)
Changes in:		
Other receivables	7,891	45,292
Contributions and planned gifts receivable	(75,000)	25,000
Interest receivable and prepaid expenses	23,567	(11,563)
Funds held in trust by others	71,215	(75,744)
Accounts payable and accrued expenses	(4,381)	(49,235)
Grants payable	(29,820)	84,527
Net Cash Used in Operating Activities	(1,154,015)	(897,887)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(18,102,748)	(4,629,717)
Proceeds from sale of investments	19,678,740	5,172,766
Premiums paid on life insurance policies	(201)	(198)
Purchase of furniture and equipment	(549)	(8,155)
Net Cash Provided by Investing Activities	1,575,241	534,696
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for endowments	10,600	311,400
Net Cash Provided by Financing Activities	10,600	311,400
Net Change in Cash and Cash Equivalents	431,826	(51,791)
Cash and Cash Equivalents, Beginning of Year	135,435	187,226
Cash and Cash Equivalents, End of Year	\$ 567,261	\$ 135,435
SUPPLEMENTAL DISCLOSURES:		
Disposal of fully depreciated equipment	\$ 7,335	\$ 1,419

See notes to financial statements

WE RAISE FOUNDATION

Notes to Financial Statements
June 30, 2019 and 2018

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 FY18 and FY19 provide up to \$100,000 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 FY18 and FY19, grants were up to \$15,000 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, 2019 and 2018

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. At June 30, 2019, WRF's cash balances exceeded federally insured limits by \$317,261. WRF does not believe these funds to be at substantial risk of loss due to the lack of federal insurance coverage. WRF has not experienced any loss on these accounts.

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, prior to September 2019, had placed its portfolio with two investment managers. One manager managed fixed income securities and equity securities using a value style. The other manager managed equity securities using a growth style. Starting in 2019, We Raise Foundation changed to a new investment manager and thus liquidated all positions held by the previous investment managers. The new investment manager has discretion to select investment funds in accordance with the We Raise Foundation Investment Policy Statement.

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, 2019 and 2018

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 investment income without donor restrictions, or, if restricted by the donor, in investment income with donor restrictions. 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 change in value of perpetual trusts with donor restrictions. 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 change in value of funds held for others with donor restrictions. 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 with donor restrictions. 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 \$1,200,222 and \$1,178,552 as of June 30, 2019 and 2018, respectively, and are included in net assets with donor restrictions 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:

Net assets without donor restrictions are those currently available for ministry purposes under the direction of the Board of Directors and those designated by the Board for a specific use.

Net assets with donor restrictions 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. They also include funds restricted by donors in perpetuity as endowments or perpetual trusts.

WE RAISE FOUNDATION

Notes to Financial Statements
June 30, 2019 and 2018

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 with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 with donor restrictions class of net assets. Income distributions from these funds are reported as investment income that increases net assets with donor restrictions or net assets without donor restrictions.

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. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, which are allocated on a square footage basis, as well as salaries and benefits, travel, and certain office expenses, which are allocated on the basis of estimates of time and effort.

WRF incurred joint costs of \$242,940 and \$255,922 in 2019 and 2018, 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.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. WRF adopted the provisions of this new standard during the year ended June 30, 2019. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources (Note 12), and disclosures related to functional allocation of expenses were expanded (Note 2 and statement of functional expenses).

WE RAISE FOUNDATION

Notes to Financial Statements
June 30, 2019 and 2018

3. LONG-TERM INVESTMENTS:

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

	Cost	Market Value	Unrealized Appreciation (Depreciation)
Year ending June 30, 2019:			
Equity mutual funds	\$ 5,446,416	\$ 5,630,323	\$ 183,907
Bond mutual funds	1,817,063	1,876,579	59,516
Total	\$ 7,263,479	\$ 7,506,902	\$ 243,423
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

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

	2019	2018
Interest and dividends	\$ 284,830	\$ 641,124
Realized gains	1,116,050	696,937
Unrealized losses	(761,368)	(139,174)
	639,512	1,198,887
Less: Investment expenses	(44,781)	(37,910)
Net investment income	\$ 594,731	\$ 1,160,977

WE RAISE FOUNDATION

Notes to Financial Statements
June 30, 2019 and 2018

4. CONTRIBUTIONS AND PLANNED GIFTS RECEIVABLE:

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

	2019	2018
Contributions receivable	\$ 75,000	\$ -

5. FURNITURE AND EQUIPMENT:

Furniture and equipment consist of the following at June 30:

	2019	2018
Furniture and equipment	\$ 98,373	\$ 105,159
Leasehold improvements	4,672	4,672
	103,045	109,831
Less accumulated depreciation	(87,191)	(86,458)
	\$ 15,854	\$ 23,373

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>	
2020	\$ 423,487
2021	167,000
2022	100,000
	690,487
Less present value discount	(16,693)
Less current portion	(423,487)
	\$ 250,307

Long-term grants payable have been discounted to present value using a discount rate of 2.76% as of June 30, 2019.

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, 2019 and 2018, were \$79,101 and \$76,143, respectively.

WE RAISE FOUNDATION

Notes to Financial Statements
June 30, 2019 and 2018

8. LEASE COMMITMENT:

As of June 30, 2019, 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:

2020		\$ 104,110
2021		<u>10,562</u>
		<u><u>\$ 114,672</u></u>

Lease expense for the years ended June 30, 2019 and 2018, amounted to \$94,594 and \$94,867, respectively.

9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Time restrictions:		
Funds held in trust by others	\$ 371,791	\$ 455,100
Contributions and planned gifts receivable	75,000	-
	<u>446,791</u>	<u>455,100</u>
Purpose restrictions:		
Unspent earnings on permanently restricted endowment funds	480,237	428,202
Program activities	45,710	21,448
	<u>525,947</u>	<u>449,650</u>
Restricted in perpetuity:		
General and named endowments	1,056,807	1,047,207
Walther League Legacy Endowment	1,039,720	1,038,720
Funds held in trust by others - interest in perpetual trusts	1,200,222	1,178,552
	<u>3,296,749</u>	<u>3,264,479</u>
Total net assets with donor restrictions	<u><u>\$ 4,269,487</u></u>	<u><u>\$ 4,169,229</u></u>

WE RAISE FOUNDATION

Notes to Financial Statements
June 30, 2019 and 2018

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.

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, 2019 and 2018, are as follows:

	Fair Value	Level 1	Level 2	Level 3
June 30, 2019:				
Mutual funds	\$ 7,506,902	\$ 7,506,902	\$ -	\$ -
Cash surrender value of life insurance	16,547	-	16,547	-
Total investments	<u>7,523,449</u>	<u>7,506,902</u>	<u>16,547</u>	<u>-</u>
Funds held in trust by others:				
Terminal trusts	56,590	-	56,590	-
Perpetual trusts	1,200,222	-	1,200,222	-
Beneficial interests in charitable remainder unitrusts	<u>315,200</u>	<u>-</u>	<u>-</u>	<u>315,200</u>
Total funds held in trust by others	<u>1,572,012</u>	<u>-</u>	<u>1,256,812</u>	<u>315,200</u>
Total assets at fair value	<u><u>\$ 9,095,461</u></u>	<u><u>\$ 7,506,902</u></u>	<u><u>\$ 1,273,359</u></u>	<u><u>\$ 315,200</u></u>

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10. FAIR VALUE MEASUREMENTS, continued:

	Fair Value	Level 1	Level 2	Level 3
June 30, 2018:				
Common stock	\$ 3,265,680	\$ 3,265,680	\$ -	\$ -
Mutual funds	7,286,126	7,286,126	-	-
Cash surrender value of life insurance	15,906	-	15,906	-
Total investments	10,567,712	10,551,806	15,906	-
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	1,643,227	-	1,188,127	455,100
Total assets at fair value	\$ 12,210,939	\$ 10,551,806	\$ 1,204,033	\$ 455,100

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, 2017	\$ 478,400
Change in value	(23,300)
Balance as of June 30, 2018	455,100
Change in value	(139,900)
Balance as of June 30, 2019	\$ 315,200

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Notes to Financial Statements
June 30, 2019 and 2018

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 net assets with donor restrictions (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 net assets restricted in perpetuity is classified as net assets restricted by purpose or time 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, 2019 and 2018

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, 2019:

	With Donor Restrictions				Total Funds
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	
Donor-restricted funds	\$ -	\$ 2,096,527	\$ 480,237	\$ 2,576,764	\$ 2,576,764
Board-designated funds	7,320,091	-	-	-	7,320,091
Total funds	\$ 7,320,091	\$ 2,096,527	\$ 480,237	\$ 2,576,764	\$ 9,896,855

Changes in endowment net assets for year ended June 30, 2019:

	With Donor Restrictions				Total Funds
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	
Endowment net assets, beginning of year	\$ 8,612,267	\$ 2,085,927	\$ 428,202	\$ 2,514,129	\$ 11,126,396
Investment return, net	428,382	-	144,672	144,672	573,054
Contributions	-	10,600	-	10,600	10,600
Amount appropriated for expenditures	(1,720,558)	-	(92,637)	(92,637)	(1,813,195)
	(1,292,176)	10,600	52,035	62,635	(1,229,541)
Endowment net assets, end of year	\$ 7,320,091	\$ 2,096,527	\$ 480,237	\$ 2,576,764	\$ 9,896,855

WE RAISE FOUNDATION

Notes to Financial Statements
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11. ENDOWMENT FUNDS, continued:

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

	With Donor Restrictions				Total Funds
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	
Donor-restricted funds	\$ -	\$ 2,085,927	\$ 428,202	\$ 2,514,129	\$ 2,514,129
Board-designated funds	8,612,267	-	-	-	8,612,267
 Total funds	<u>\$ 8,612,267</u>	<u>\$ 2,085,927</u>	<u>\$ 428,202</u>	<u>\$ 2,514,129</u>	<u>\$ 11,126,396</u>

Changes in endowment net assets for year ended June 30, 2018:

	With Donor Restrictions				Total Funds
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	
Endowment net assets, beginning of year	\$ 8,956,431	\$ 1,774,527	\$ 218,842	\$ 1,993,369	\$ 10,949,800
Investment return, net	928,353	-	229,360	229,360	1,157,713
Contributions	149,483	311,400	-	311,400	460,883
Amount appropriated for expenditures	(1,422,000)	-	(20,000)	(20,000)	(1,442,000)
	(344,164)	311,400	209,360	520,760	176,596
 Endowment net assets, end of year	<u>\$ 8,612,267</u>	<u>\$ 2,085,927</u>	<u>\$ 428,202</u>	<u>\$ 2,514,129</u>	<u>\$ 11,126,396</u>

WE RAISE FOUNDATION

Notes to Financial Statements
June 30, 2019 and 2018

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 the past, these deficiencies resulted from unfavorable market conditions. There was \$0 in deficiencies as of both June 30, 2019 and 2018.

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, 2019 and 2018, 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.

WE RAISE FOUNDATION

Notes to Financial Statements
June 30, 2019 and 2018

12. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects WRF's financial assets as of June 30, 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, assets held for others, assets held in trusts and state required annuity reserves, perpetual and term endowments and accumulated earnings subject to appropriation beyond one year, unfunded portions of line of credit commitments, or because the board has set aside funds for specific projects or a long-term investment as board designated endowments. These board designations could be drawn upon if the board approves that action.

	<u>June 30,</u> <u>2019</u>
Financial assets:	
Cash and cash equivalents	\$ 567,261
Short-term investments	1,854,754
Other receivables	719
Cash surrender value of life insurance	16,547
Long-term investments	7,506,902
Funds held in trust by others	<u>1,572,012</u>
Financial assets, at year-end	11,518,195
Less those unavailable for general expenditure within one year, due to:	
Investments held in trusts and state required annuity reserves	(1,572,012)
Perpetual and term endowments and accumulated earnings subject to appropriation beyond one year	<u>(2,576,764)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 7,369,419</u></u>

WRF structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At June 30, 2019, the Board had \$7,320,091 of funds designated for operating reserves that could be drawn upon to meet its general expenditures if the board approved of such action. For fiscal year 2020, the Board has authorized \$1,501,229 of these funds to be used for general expenditures.

12. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through November 1, 2019, 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, 2019 and 2018, and our report thereon dated November 1, 2019, 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 - net assets without donor restrictions 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

Naperville, Illinois
November 1, 2019

WE RAISE FOUNDATION

Schedule of Activities - Net Assets Without Donor Restrictions Year Ended June 30, 2019

	<u>Operating</u>	<u>Investment</u>	<u>Total Without Donor Restrictions</u>
SUPPORT AND REVENUE:			
Support:			
Contributions:			
Individuals	\$ 806,943	\$ -	\$ 806,943
Congregations	21,625	-	21,625
Schools	-	-	-
Organizations	46,068	-	46,068
Planned gifts	655,926	-	655,926
	<u>1,530,562</u>	<u>-</u>	<u>1,530,562</u>
Revenue:			
Investment income	21,677	163,182	184,859
Net investment gains	-	265,200	265,200
Other income	1,756	-	1,756
	<u>23,433</u>	<u>428,382</u>	<u>451,815</u>
Net assets released from restrictions by satisfaction of restrictions	573,495	-	573,495
Transfers into investments	(92,637)	92,637	-
Transfers into operations	1,813,195	(1,813,195)	-
	<u>2,294,053</u>	<u>(1,720,558)</u>	<u>573,495</u>
Total support and revenue and reclassifications	<u>3,848,048</u>	<u>(1,292,176)</u>	<u>2,555,872</u>
EXPENSES:			
Ministry activities:			
Grants and projects	893,474	-	893,474
Ministry communications	854,056	-	854,056
Ministry support	483,429	-	483,429
	<u>2,230,959</u>	<u>-</u>	<u>2,230,959</u>
Supporting activities:			
Management and general	256,376	-	256,376
Fund-raising	958,628	-	958,628
	<u>1,215,004</u>	<u>-</u>	<u>1,215,004</u>
Total expenses	<u>3,445,963</u>	<u>-</u>	<u>3,445,963</u>
Change in Net Assets	402,085	(1,292,176)	(890,091)
Net Assets, Beginning of Year	<u>(1,077,663)</u>	<u>8,612,267</u>	<u>7,534,604</u>
Net Assets, End of Year	<u>\$ (675,578)</u>	<u>\$ 7,320,091</u>	<u>\$ 6,644,513</u>

WE RAISE FOUNDATION

Schedule of Activities - Net Assets Without Donor Restrictions Year Ended June 30, 2018

	Operating	Investment	Total Without Donor Restrictions
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 losses	-	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