

WE RAISE FOUNDATION

Financial Statements
With Independent Auditors' Report
And Supplemental Information

June 30, 2021 and 2020

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, 2021 and 2020, 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, 2021 and 2020, 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.

Capin Crouse LLP

Naperville, Illinois
November 4, 2021

WE RAISE FOUNDATION

Statements of Financial Position

	June 30,	
	2021	2020
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 770,273	\$ 640,626
Short-term investments	211,852	811,793
Other receivables	4,761	-
Short-term contributions and planned gifts receivable	85,000	85,000
Prepaid expenses	66,277	85,369
	<u>1,138,163</u>	<u>1,622,788</u>
Furniture and equipment - net	4,749	9,787
Cash surrender value of life insurance	17,736	17,204
Long-term contributions and planned gifts receivable	18,015	130,000
Long-term investments	9,551,133	7,256,236
Funds held in trust by others	1,939,799	1,518,499
	<u>12,669,595</u>	<u>10,554,514</u>
Total Assets	\$ 12,669,595	\$ 10,554,514
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 21,792	\$ 28,436
Accrued expenses	82,060	107,213
Grants payable, current portion	342,356	349,211
	<u>446,208</u>	<u>484,860</u>
Grants payable, net of current portion	262,957	186,275
	<u>709,165</u>	<u>671,135</u>
Net assets:		
Net assets without donor restrictions:		
Board designated for investments	7,729,083	6,363,008
Undesignated deficit	(630,443)	(671,808)
	<u>7,098,640</u>	<u>5,691,200</u>
Net assets with donor restrictions:		
Restricted by purpose or time	1,211,065	903,652
Restricted in perpetuity	3,650,725	3,288,527
	<u>4,861,790</u>	<u>4,192,179</u>
	<u>11,960,430</u>	<u>9,883,379</u>
Total Liabilities and Net Assets	\$ 12,669,595	\$ 10,554,514

See notes to financial statements

WE RAISE FOUNDATION

Statement of Activities Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Support:			
Contributions:			
Individuals	\$ 639,743	\$ 154,404	\$ 794,147
Organizations	45,229	9,921	55,150
Change in value of funds held in trust by others	-	467,313	467,313
Planned gifts	97,537	-	97,537
Government grants	-	185,935	185,935
	782,509	817,573	1,600,082
Revenue:			
Investment income	123,053	43,115	166,168
Net investment gain	1,566,729	643,352	2,210,081
	1,689,782	686,467	2,376,249
Net assets released from purpose restrictions	834,429	(834,429)	-
Total Support and Revenue	3,306,720	669,611	3,976,331
EXPENSES:			
Program activities:			
Grants and projects	677,434	-	677,434
Program education	360,247	-	360,247
Program support	264,271	-	264,271
	1,301,952	-	1,301,952
Supporting activities:			
Management and general	181,013	-	181,013
Fundraising	416,315	-	416,315
	597,328	-	597,328
Total Expenses	1,899,280	-	1,899,280
Change in Net Assets	1,407,440	669,611	2,077,051
Net Assets, Beginning of Year	5,691,200	4,192,179	9,883,379
Net Assets, End of Year	\$ 7,098,640	\$ 4,861,790	\$ 11,960,430

See notes to financial statements

WE RAISE FOUNDATION

Statement of Activities Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Support:			
Contributions:			
Individuals	\$ 842,587	\$ 345,643	\$ 1,188,230
Organizations	60,945	204,054	264,999
Change in value of funds held in trust by others			
Planned gifts	212,093	2,410	214,503
Government grants	-	191,400	191,400
	1,115,625	745,200	1,860,825
Revenue:			
Investment income	170,390	70,407	240,797
Net investment loss	(244,140)	(114,309)	(358,449)
Other income	2,571	-	2,571
	(71,179)	(43,902)	(115,081)
Net assets released from Time restrictions			
	-	-	-
Total Support and Revenue	1,823,052	(77,308)	1,745,744
EXPENSES:			
Program activities:			
Grants and projects	814,305	-	814,305
Program education	620,268	-	620,268
Program support	439,186	-	439,186
	1,873,759	-	1,873,759
Supporting activities:			
Management and general	286,955	-	286,955
Fundraising	615,651	-	615,651
	902,606	-	902,606
Total Expenses	2,776,365	-	2,776,365
Change in Net Assets	(953,313)	(77,308)	(1,030,621)
Net Assets, Beginning of Year	6,644,513	4,269,487	10,914,000
Net Assets, End of Year	\$ 5,691,200	\$ 4,192,179	\$ 9,883,379

See notes to financial statements

WE RAISE FOUNDATION

Statement of Functional Expenses Year Ended June 30, 2021

	Program Activities			Supporting Activities				
	Grants and Projects	Program Education	Program Support	Total Program Activities	Management and General	Fund-raising	Total Supporting Activities	Total
Salaries	\$ -	\$ 189,596	\$ 157,263	\$ 346,859	\$ 54,225	\$ 160,523	\$ 214,748	\$ 561,607
Employee benefits	-	32,584	29,364	61,948	12,817	29,854	42,671	104,619
Payroll taxes	-	11,401	9,379	20,780	3,258	9,567	12,825	33,605
Professional services	-	46,332	20,172	66,504	47,075	86,915	133,990	200,494
Supplies	-	270	-	270	15,108	191	15,299	15,569
Telephone	-	3,310	2,874	6,184	1,064	2,946	4,010	10,194
Postage & shipping	-	5,295	660	5,955	384	12,339	12,723	18,678
Occupancy	-	31,740	30,693	62,433	11,638	31,766	43,404	105,837
Printing, media, and promotion		33,248	-	33,248	-	40,658	40,658	73,906
Conferences & meetings	4,200	1,855	1,848	7,903	1,005	1,453	2,458	10,361
Subscriptions & publications	-	121	-	121	1,203	-	1,203	1,324
Organization dues	-	-	-	-	1,418	-	1,418	1,418
Grants & projects	670,543	-	-	670,543	-	-	-	670,543
Equipment rental & maintenance	2,691	1,374	8,785	12,850	16,663	37,756	54,419	67,269
Insurance	-	1,861	1,973	3,834	13,896	1,087	14,983	18,817
Depreciation	-	1,260	1,260	2,520	1,259	1,260	2,519	5,039
	<u>\$ 677,434</u>	<u>\$ 360,247</u>	<u>\$ 264,271</u>	<u>\$ 1,301,952</u>	<u>\$ 181,013</u>	<u>\$ 416,315</u>	<u>\$ 597,328</u>	<u>\$ 1,899,280</u>

See notes to financial statements

WE RAISE FOUNDATION

Statement of Functional Expenses Year Ended June 30, 2020

	Program Activities			Supporting Activities				
	Grants and Projects	Program Education	Program Support	Total Program Activities	Management and General	Fund- raising	Total Supporting Activities	Total
Salaries	\$ -	\$ 323,663	\$ 272,929	\$ 596,592	\$ 101,774	\$ 273,071	\$ 374,845	\$ 971,437
Employee benefits	-	72,555	61,304	133,859	29,731	46,872	76,603	210,462
Payroll taxes	-	20,972	17,681	38,653	6,744	17,468	24,212	62,865
Professional services	-	73,297	34,183	107,480	73,298	122,510	195,808	303,288
Supplies	-	48	224	272	19,059	374	19,433	19,705
Telephone	-	3,639	2,840	6,479	1,141	2,916	4,057	10,536
Postage & shipping	13	6,695	1,021	7,729	471	17,876	18,347	26,076
Occupancy	-	31,810	27,954	59,764	11,567	25,062	36,629	96,393
Printing, media, and promotion		59,233	-	59,233	-	53,823	53,823	113,056
Conferences & meetings	56,556	23,417	7,397	87,370	9,340	3,646	12,986	100,356
Subscriptions & publications	-	-	30	30	178	-	178	208
Organization dues	-	-	1,030	1,030	1,304	-	1,304	2,334
Grants & projects	755,045	-	-	755,045	-	-	-	755,045
Equipment rental & maintenance	2,691	1,527	9,086	13,304	16,902	48,601	65,503	78,807
Insurance	-	1,582	1,677	3,259	13,615	746	14,361	17,620
Depreciation	-	1,830	1,830	3,660	1,831	2,686	4,517	8,177
	<u>\$ 814,305</u>	<u>\$ 620,268</u>	<u>\$ 439,186</u>	<u>\$ 1,873,759</u>	<u>\$ 286,955</u>	<u>\$ 615,651</u>	<u>\$ 902,606</u>	<u>\$ 2,776,365</u>

See notes to financial statements

WE RAISE FOUNDATION

Statements of Cash Flows

	Year Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Reconciliation of change in net assets to net cash used in operating activities:		
Change in net assets	\$ 2,077,051	\$ (1,030,621)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	5,039	8,177
(Gain) loss on sale of investments	(946,567)	91,397
Net unrealized (gains) losses on investments	(1,263,514)	267,052
Decrease in value on cash surrender value of life insurance	(323)	(452)
Non-cash revenue recognition (Paycheck Protection Program)	(185,935)	(191,400)
Contributions restricted for endowments	(27,300)	(15,600)
Changes in:		
Other receivables	(4,761)	719
Contributions and planned gifts receivable	111,985	(140,000)
Interest receivable and prepaid expenses	19,092	(22,554)
Funds held in trust by others	(421,300)	53,513
Accounts payable and accrued expenses	(31,797)	51,579
Grants payable	69,827	(138,308)
Net Cash Used by Operating Activities	(598,503)	(875,098)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(6,103,459)	(1,239,713)
Proceeds from sale of investments	6,618,583	2,138,493
Premiums paid on life insurance policies	(209)	(204)
Purchase of furniture and equipment	-	(2,111)
Net Cash Provided by Investing Activities	514,915	896,465
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Payroll Protection Program loan	185,935	191,400
Proceeds from contributions restricted for endowments	27,300	15,600
Net Cash Provided by Financing Activities	213,235	207,000
Net Change in Cash and Cash Equivalents	129,647	36,967
Cash and Cash Equivalents, Beginning of Year	640,626	603,659
Cash and Cash Equivalents, End of Year	\$ 770,273	\$ 640,626

See notes to financial statements

WE RAISE FOUNDATION

Notes to Financial Statements

June 30, 2021 and 2020

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 fiscal year (FY) 2020 and FY 2021 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 FY 2020 and FY 2021, 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.

WE RAISE FOUNDATION

Notes to Financial Statements

June 30, 2021 and 2020

1. NATURE OF ORGANIZATION, continued:

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.

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 (GAAP) 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. At June 30, 2021 and 2020, WRF's cash balances exceeded federally insured limits by \$310,350 and \$211,682, respectively. 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

Short-term and 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 WRF Investment Policy Statement.

WE RAISE FOUNDATION

Notes to Financial Statements

June 30, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTIONS AND PLANNED GIFTS 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.

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, as 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 income 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 \$1,511,298 and \$1,176,400 as of June 30, 2021 and 2020, 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 grants 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.

WE RAISE FOUNDATION

Notes to Financial Statements

June 30, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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 (Board) 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.

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 with donor restrictions 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 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 is 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 \$55,642 and \$67,916 in 2021 and 2020, respectively, for informational materials that included fundraising 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, 2021 and 2020

3. INVESTMENTS:

Investments at June 30 consist of the following:

	Cost	Market Value	Unrealized Appreciation (Depreciation)
Year ending June 30, 2021:			
Money market funds	\$ 211,852	\$ 211,852	\$ -
Equity mutual funds	6,611,211	7,886,538	1,275,327
Bond mutual funds	1,672,119	1,664,595	(7,524)
Total	\$ 8,495,182	\$ 9,762,985	\$ 1,267,803
Year ending June 30, 2020:			
Money market funds	\$ 811,793	\$ 811,793	\$ -
Equity mutual funds	5,651,819	5,532,755	(119,064)
Bond mutual funds	1,628,046	1,723,481	95,435
Total	\$ 8,091,658	\$ 8,068,029	\$ (23,629)

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

	2021	2020
Interest and dividends	\$ 200,617	\$ 275,794
Realized gains (losses)	946,567	(91,397)
Unrealized gains (losses)	1,263,514	(267,052)
	2,410,698	(82,655)
Less: Investment expenses	(34,449)	(34,997)
Net investment income (loss)	\$ 2,376,249	\$ (117,652)

WE RAISE FOUNDATION

Notes to Financial Statements

June 30, 2021 and 2020

4. CONTRIBUTIONS AND PLANNED GIFTS RECEIVABLE:

Contributions and planned gifts receivable based on an estimate of future cash flows are as follows at June 30:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 85,000	\$ 85,000
Receivable in one to five years	18,015	130,000
	<u>\$ 103,015</u>	<u>\$ 215,000</u>

5. FURNITURE AND EQUIPMENT:

Furniture and equipment consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 95,339	\$ 95,339
Leasehold improvements	4,672	4,672
	100,011	100,011
Less accumulated depreciation	<u>(95,262)</u>	<u>(90,224)</u>
	<u>\$ 4,749</u>	<u>\$ 9,787</u>

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>	
2022	\$ 342,356
2023	238,000
2024	50,000
	<u>630,356</u>
Less present value discount	(25,043)
Less current portion	<u>(342,356)</u>
	<u>\$ 262,957</u>

Long-term grants payable have been discounted to present value using a discount rate of 4.3% as of June 30, 2021.

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, 2021 and 2020, were \$45,246 and \$70,778, respectively.

WE RAISE FOUNDATION

Notes to Financial Statements

June 30, 2021 and 2020

8. LEASE COMMITMENT:

As of June 30, 2021, WRF rents office space under the terms of a lease that expires January 2026. The office space lease includes base monthly payments starting at \$9,048 with annual increases throughout the life of the lease and a six month rent abatement period.

Minimum lease commitments are as follows:

2022	\$	101,519
2023		103,549
2024		105,620
2025		107,732
2026		59,938
		<u>59,938</u>
	\$	<u>478,358</u>

Lease expense for the years ended June 30, 2021 and 2020, amounted to \$105,837 and \$96,393, respectively.

9. NET ASSETS WITH DONOR RESTRICTIONS:

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

	<u>2021</u>	<u>2020</u>
Time restrictions:		
Funds held in trust by others	\$ 432,843	\$ 344,276
Contributions and planned gifts receivable	28,015	215,000
	<u>460,858</u>	<u>559,276</u>
Purpose restrictions:		
Unspent earnings on permanently restricted endowment funds	666,769	274,652
Program activities	83,438	69,724
	<u>750,207</u>	<u>344,376</u>
Restricted in perpetuity:		
General and named endowments	1,097,707	1,071,407
Walther League Legacy Endowment	1,041,720	1,040,720
Funds held in trust by others - interest in perpetual trusts	1,511,298	1,176,400
	<u>3,650,725</u>	<u>3,288,527</u>
Total Net Assets with Donor Restrictions	<u>\$ 4,861,790</u>	<u>\$ 4,192,179</u>

WE RAISE FOUNDATION

Notes to Financial Statements

June 30, 2021 and 2020

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 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, 2021 and 2020, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
June 30, 2021:				
Mutual funds	\$ 9,551,133	\$ 9,551,133	\$ -	\$ -
Money market funds	211,852	211,852	-	-
Cash surrender value of life insurance	17,736	-	17,736	-
Total investments	<u>9,780,721</u>	<u>9,762,985</u>	<u>17,736</u>	<u>-</u>
Funds held in trust by others:				
Terminal trusts	68,601	-	68,601	-
Perpetual trusts	1,511,298	-	1,511,298	-
Beneficial interests in charitable remainder unitrusts	359,900	-	-	359,900
Total funds held in trust by others	<u>1,939,799</u>	<u>-</u>	<u>1,579,899</u>	<u>359,900</u>
	<u>\$ 11,720,520</u>	<u>\$ 9,762,985</u>	<u>\$ 1,597,635</u>	<u>\$ 359,900</u>

WE RAISE FOUNDATION

Notes to Financial Statements

June 30, 2021 and 2020

10. FAIR VALUE MEASUREMENTS, continued:

	Total	Level 1	Level 2	Level 3
June 30, 2020:				
Mutual funds	\$ 7,256,236	\$ 7,256,236	\$ -	\$ -
Money market funds	811,793	811,793	-	-
Cash surrender value of life insurance	17,204	-	17,204	-
Total investments	8,085,233	8,068,029	17,204	-
Funds held in trust by others:				
Terminal trusts	54,900	-	54,900	-
Perpetual trusts	1,176,399	-	1,176,399	-
Beneficial interests in charitable remainder unitrusts	287,200	-	-	287,200
Total funds held in trust by others	1,518,499	-	1,231,299	287,200
Total assets at fair value	\$ 9,603,732	\$ 8,068,029	\$ 1,248,503	\$ 287,200

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

	Beneficial Interests in Charitable Remainder Unitrusts
Balance as of June 30, 2019	\$ 315,200
Change in value	(28,000)
Balance as of June 30, 2020	287,200
Change in value	72,700
Balance as of June 30, 2021	\$ 359,900

WE RAISE FOUNDATION

Notes to Financial Statements

June 30, 2021 and 2020

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, money market 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 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 funds 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, 2021 and 2020

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 funds
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, 2021:

	With Donor Restrictions				Total Funds
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	
Donor-restricted funds	\$ -	\$ 2,139,427	\$ 666,769	\$ 2,806,196	\$ 2,806,196
Board-designated funds	7,729,083	-	-	-	7,729,083
Total funds	\$ 7,729,083	\$ 2,139,427	\$ 666,769	\$ 2,806,196	\$ 10,535,279

Changes in endowment net assets for year ended June 30, 2021:

	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	\$ 6,363,008	\$ 2,112,127	\$ 274,652	\$ 2,386,779	\$ 8,749,787
Investment return, net	1,671,725	-	686,467	686,467	2,358,192
Contributions	-	27,300	-	27,300	27,300
Amount appropriated for expenditures	(305,650)	-	(294,350)	(294,350)	(600,000)
	1,366,075	27,300	392,117	419,417	1,785,492
Endowment net assets, end of year	\$ 7,729,083	\$ 2,139,427	\$ 666,769	\$ 2,806,196	\$ 10,535,279

WE RAISE FOUNDATION

Notes to Financial Statements

June 30, 2021 and 2020

11. ENDOWMENT FUNDS, continued:

Endowment net asset composition by type of fund as of June 30, 2020:

	With Donor Restrictions				Total Funds
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	
Donor-restricted funds	\$ -	\$ 2,112,127	\$ 274,652	\$ 2,386,779	\$ 2,386,779
Board-designated funds	6,363,008	-	-	-	6,363,008
 Total funds	<u>\$ 6,363,008</u>	<u>\$ 2,112,127</u>	<u>\$ 274,652</u>	<u>\$ 2,386,779</u>	<u>\$ 8,749,787</u>

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	\$ 7,320,091	\$ 2,096,527	\$ 480,237	\$ 2,576,764	\$ 9,896,855
Investment return, net	(93,766)	-	(43,902)	(43,902)	(137,668)
Contributions	-	15,600	-	15,600	15,600
Amount appropriated for expenditures	(863,317)	-	(161,683)	(161,683)	(1,025,000)
	(957,083)	15,600	(205,585)	(189,985)	(1,147,068)
 Endowment net assets, end of year	<u>\$ 6,363,008</u>	<u>\$ 2,112,127</u>	<u>\$ 274,652</u>	<u>\$ 2,386,779</u>	<u>\$ 8,749,787</u>

WE RAISE FOUNDATION

Notes to Financial Statements

June 30, 2021 and 2020

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 were no deficiencies as of June 30, 2021 and 2020.

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 consumer price index (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% 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, 2021 and 2020, 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, 2021 and 2020

12. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects WRF's financial assets, 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.

	June 30,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 770,273	\$ 640,626
Short-term investments	211,852	811,793
Other receivables	4,761	-
Cash surrender value of life insurance	17,736	17,204
Long-term investments	9,551,133	7,256,236
Funds held in trust by others	1,939,799	1,518,499
Financial assets, at year-end	<u>12,495,554</u>	<u>10,244,358</u>
Less those unavailable for general expenditure within one year, due to:		
Investments held in trusts and state required annuity reserves	(1,939,799)	(1,518,499)
Perpetual and term endowments and accumulated earnings subject to appropriation beyond one year	<u>(2,806,196)</u>	<u>(2,386,779)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,749,559</u>	<u>\$ 6,339,080</u>

WRF structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At June 30, 2021, the Board had \$7,729,083 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 2022, the Board has authorized \$859,082 of these funds to be used for general expenditures.

WE RAISE FOUNDATION

Notes to Financial Statements

June 30, 2021 and 2020

13. RISKS AND UNCERTAINTIES:

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global economic activity and contributed to significant declines and volatility in financial markets, in addition to significant job loss. COVID-19 could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the COVID-19 outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to WRF and its financial results.

14. PAYCHECK PROTECTION PROGRAM LOAN:

During the years ended June 30, 2021 and 2020, WRF was a recipient of a Paycheck Protection Program (PPP) loan of \$185,935 and \$191,400, respectively, granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Under the program terms, PPP loans are forgiven and recognized as grant revenue if the loan proceeds are used to maintain compensation costs and employee headcount, and other qualifying expenses (mortgage interest, rent and utilities) incurred following receipt of the loan. WRF met the criteria for both years and the full amount of the loan was recognized as grant revenue at June 30, 2021 and 2020.

15. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through November 4, 2021, 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, 2021 and 2020, and our report thereon dated November 4, 2021, 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 4, 2021

WE RAISE FOUNDATION

Schedule of Activities - Net Assets Without Donor Restrictions Year Ended June 30, 2021

	Operating	Investment	Total
SUPPORT AND REVENUE:			
Support:			
Contributions:			
Individuals	\$ 639,743	\$ -	\$ 639,743
Organizations	45,229	-	45,229
Planned gifts	97,537	-	97,537
	782,509	-	782,509
Revenue:			
Investment income	18,058	104,995	123,053
Net investment gains	-	1,566,729	1,566,729
Other income	-	-	-
	18,058	1,671,724	1,689,782
Net assets released from restrictions by satisfaction of restrictions	834,429	-	834,429
Transfers into investments	(294,350)	294,350	-
Transfers into operations	600,000	(600,000)	-
	1,140,079	(305,650)	834,429
Total support and revenue and reclassifications	1,940,646	1,366,074	3,306,720
EXPENSES:			
Program activities:			
Grants and projects	677,434	-	677,434
Program education	360,247	-	360,247
Program support	264,271	-	264,271
	1,301,952	-	1,301,952
Supporting activities:			
Management and general	181,013	-	181,013
Fundraising	416,315	-	416,315
	597,328	-	597,328
Total Expenses	1,899,280	-	1,899,280
Change in Net Assets	41,366	1,366,074	1,407,440
Net Assets, Beginning of Year	(671,808)	6,363,008	5,691,200
Net Assets, End of Year	\$ (630,442)	\$ 7,729,082	\$ 7,098,640

See notes to financial statements

WE RAISE FOUNDATION

Schedule of Activities - Net Assets Without Donor Restrictions

Year Ended June 30, 2020

	Operating	Investment	Total
SUPPORT AND REVENUE:			
Support:			
Contributions:			
Individuals	\$ 842,587	\$ -	\$ 842,587
Organizations	60,945	-	60,945
Planned gifts	212,093	-	212,093
	<u>1,115,625</u>	<u>-</u>	<u>1,115,625</u>
Revenue:			
Investment income	20,016	150,374	170,390
Net investment losses	-	(244,140)	(244,140)
Other income	2,571	-	2,571
	<u>22,587</u>	<u>(93,766)</u>	<u>(71,179)</u>
Net assets released from restrictions by satisfaction of restrictions	778,606	-	778,606
Transfers into investments	(161,683)	161,683	-
Transfers into operations	1,025,000	(1,025,000)	-
	<u>1,641,923</u>	<u>(863,317)</u>	<u>778,606</u>
Total support and revenue and reclassifications	<u>2,780,135</u>	<u>(957,083)</u>	<u>1,823,052</u>
EXPENSES:			
Program activities:			
Grants and projects	814,305	-	814,305
Program education	620,268	-	620,268
Program support	439,186	-	439,186
	<u>1,873,759</u>	<u>-</u>	<u>1,873,759</u>
Supporting activities:			
Management and general	286,955	-	286,955
Fundraising	615,651	-	615,651
	<u>902,606</u>	<u>-</u>	<u>902,606</u>
Total Expenses	<u>2,776,365</u>	<u>-</u>	<u>2,776,365</u>
Change in Net Assets	3,770	(957,083)	(953,313)
Net Assets, Beginning of Year	<u>(675,578)</u>	<u>7,320,091</u>	<u>6,644,513</u>
Net Assets, End of Year	<u>\$ (671,808)</u>	<u>\$ 6,363,008</u>	<u>\$ 5,691,200</u>

See notes to financial statements