



Financial Statements
March 31, 2017 and 2016

The Women's Foundation of Minnesota

The Women's Foundation of Minnesota

Table of Contents

March 31, 2017 and 2016

Independent Auditor's Report.....	1
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities	4
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7



Independent Auditor's Report

The Board of Trustees
The Women's Foundation of Minnesota
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of The Women's Foundation of Minnesota which comprise the statements of financial position as of March 31, 2017 and 2016, and the related statements of activities 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.

Auditor 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Women's Foundation of Minnesota as of March 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Eide Sallee LLP

Minneapolis, Minnesota
August 3, 2017

	2017	2016
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,588,629	\$ 4,897,448
Promises to give, net	1,384,259	705,141
Prepaid expenses	69,583	95,546
Total current assets	<u>6,042,471</u>	<u>5,698,135</u>
Property and Equipment, Net of Accumulated Depreciation	<u>178,220</u>	<u>183,264</u>
Other Assets		
Endowment		
Investments	18,651,435	17,397,243
Promises to give, net	-	125,349
Program related investments	600,000	600,000
Due to operations	(345,275)	(2,382)
PRI interest receivable	7,104	5,604
Beneficial interest in trust	43,666	38,488
Total endowment	<u>18,956,930</u>	<u>18,164,302</u>
Security deposit	7,450	7,450
Long-term promises to give, net	<u>1,191,366</u>	<u>358,930</u>
Total other assets	<u>20,155,746</u>	<u>18,530,682</u>
Total assets	<u><u>\$ 26,376,437</u></u>	<u><u>\$ 24,412,081</u></u>

See Notes to Financial Statements

The Women's Foundation of Minnesota
 Statements of Financial Position
 March 31, 2017 and 2016

	2017	2016
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 12,442	\$ 36,999
Gift annuities payable	4,900	4,900
Accrued expenses	99,173	135,905
Grants payable	319,000	630,000
Total current liabilities	435,515	807,804
Long-Term Gift Annuities Payable	56,955	59,798
Total liabilities	492,470	867,602
Net Assets		
Unrestricted		
Undesignated	1,048,331	665,078
Board designated operating reserve	610,076	340,494
Board designated endowment	461,742	733,339
Total unrestricted	2,120,149	1,738,911
Temporarily restricted	9,589,043	7,635,971
Permanently restricted	14,174,775	14,169,597
Total net assets	25,883,967	23,544,479
Total liabilities and net assets	\$ 26,376,437	\$ 24,412,081

The Women's Foundation of Minnesota
Statement of Activities
Year Ended March 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenue				
Grants and contributions	\$ 721,572	\$ 4,459,157	\$ -	\$ 5,180,729
Special events, net	-	-	-	-
Other income	14,595	-	-	14,595
Net assets released from restriction pursuant to enowment spending- rate distribution formula	1,090,821	(1,090,821)	-	-
Net assets released from restrictions	<u>3,446,513</u>	<u>(3,446,513)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>5,273,501</u>	<u>(78,177)</u>	<u>-</u>	<u>5,195,324</u>
Expenses				
Grantmaking, research, public policy and philanthropy	4,342,522	-	-	4,342,522
Administrative	603,812	-	-	603,812
Fundraising	<u>17,076</u>	<u>-</u>	<u>-</u>	<u>17,076</u>
Total expenses	<u>4,963,410</u>	<u>-</u>	<u>-</u>	<u>4,963,410</u>
Operating Revenue in Excess of (Less Than) Expenses	310,091	(78,177)	-	231,914
Net Investment Income (Loss)	<u>71,147</u>	<u>2,031,249</u>	<u>5,178</u>	<u>2,107,574</u>
Change in Net Assets	381,238	1,953,072	5,178	2,339,488
Net Assets, Beginning of Year	<u>1,738,911</u>	<u>7,635,971</u>	<u>14,169,597</u>	<u>23,544,479</u>
Net Assets, End of Year	<u>\$ 2,120,149</u>	<u>\$ 9,589,043</u>	<u>\$ 14,174,775</u>	<u>\$ 25,883,967</u>

The Women's Foundation of Minnesota
Statement of Activities
Year Ended March 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenue				
Grants and contributions	\$ 546,373	\$ 3,458,412	\$ 63,500	\$ 4,068,285
Special events, net	201,663	-	-	201,663
Other income	9,227	-	-	9,227
Net assets released from restriction pursuant to endowment spending- rate distribution formula	1,405,900	(1,405,900)	-	-
Net assets released from restrictions	<u>2,415,096</u>	<u>(2,415,096)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>4,578,259</u>	<u>(362,584)</u>	<u>63,500</u>	<u>4,279,175</u>
Expenses				
Grantmaking, research, public policy and philanthropy	3,405,128	-	-	3,405,128
Administrative	599,777	-	-	599,777
Fundraising	<u>15,908</u>	<u>-</u>	<u>-</u>	<u>15,908</u>
Total expenses	<u>4,020,813</u>	<u>-</u>	<u>-</u>	<u>4,020,813</u>
Operating Revenue in Excess of (Less Than) Expenses	557,446	(362,584)	63,500	258,362
Net Investment Income (Loss)	<u>(22,222)</u>	<u>(538,821)</u>	<u>(2,820)</u>	<u>(563,863)</u>
Change in Net Assets	535,224	(901,405)	60,680	(305,501)
Net Assets, Beginning of Year	<u>1,203,687</u>	<u>8,537,376</u>	<u>14,108,917</u>	<u>23,849,980</u>
Net Assets, End of Year	<u>\$ 1,738,911</u>	<u>\$ 7,635,971</u>	<u>\$ 14,169,597</u>	<u>\$ 23,544,479</u>

The Women's Foundation of Minnesota
Statements of Cash Flows
Years Ended March 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Change in net assets	\$ 2,339,488	\$ (305,501)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation	57,644	51,494
Realized and unrealized (gain) loss on investments	(1,871,454)	863,878
Contributions restricted to endowment	(118,619)	(339,250)
Changes in operating assets and liabilities		
PRI interest receivable and other	(1,500)	25,334
Due to (from) operations	342,893	(172,499)
Promises to give	(1,511,554)	(409,185)
Prepaid expenses	25,963	(38,762)
Accounts payable	(24,557)	26,523
Gift annuities payable	(2,843)	(3,177)
Accrued expenses	(36,732)	14,583
Grants payable	(311,000)	90,000
Net Cash used for Operating Activities	(1,112,271)	(196,562)
Cash Flows from Investing Activities		
Purchase of property and equipment	(52,600)	(28,444)
Purchase of investments	(393,469)	(286,489)
Proceeds on sale of investments	1,005,553	1,172,787
Net Cash from Investing Activities	559,484	857,854
Cash Flows from Financing Activities		
Collections of contributions restricted to endowment	243,968	365,031
Net Cash from Financing Activities	243,968	365,031
Net Change in Cash and Cash Equivalents	(308,819)	1,026,323
Cash and Cash Equivalents, Beginning of Year	4,897,448	3,871,125
Cash and Cash Equivalents, End of Year	\$ 4,588,629	\$ 4,897,448

Note 1 - Principal Activity and Significant Accounting Policies

Organization

The Women's Foundation of Minnesota (the Foundation), founded in 1983 and incorporated on December 16, 1988, is the first and largest statewide women's foundation in the country. As a statewide community foundation, it is the Foundation's mission to invest in innovation to drive gender equality in Minnesota. The Foundation aims to create a world of equal opportunity where women and girls – *and all people* – hold the power to create and lead safe, prosperous lives. Through annual statewide grant-making, research, and policy, the Foundation is building pathways to economic security for young women who experience the greatest disparities in outcomes, particularly low-income women and girls, women and girls of color, and women and girls from greater Minnesota.

On April 1, 2016, the Foundation launched a new, ten-year Strategic Plan with four new Strategic Goals, including: 1) invest in organizations, leaders, and the movement to create conditions for women and girls to thrive; 2) focus on grant-making, research, and policy to create pathways to prosperity and security for low-income women and girls; 3) fortify the Foundation's assets to maximize impact and scale; and 4) galvanize resources to end sex trafficking in Minnesota.

During the year ended March 31, 2017, the Foundation invested \$2.25 million to create equal opportunity and build pathways to economic security for women and girls who experience the greatest disparities in outcomes through grant-making, program related investments, research, and public policy.

Grant-making

For the year ended March 31, 2017, the Foundation had four competitive grant-making funds: girlsBEST (girls Building Economic Success Together) Fund, Innovation Fund, MN Girls Are Not For Sale Fund, and Pathways to Prosperity (P2P) Fund.

1. girlsBEST (girls Building Economic Success Together) Fund: Through girlsBEST, the Foundation awards grants to girl-led, girl-driven statewide programs that increase the readiness of low-income girls, girls of color, and girls from greater Minnesota (ages 12-18) to achieve future economic prosperity through four program tracks: Academics; Entrepreneurship; Employment Development and High-paying/High-skill Careers; and Public Education and Advocacy.
2. Innovation Fund: Through the Innovation Fund, the Foundation provides general operating support to organizations that drive gender equality in Minnesota. Because gender inequality looks different in every community, we use our Intersectional Lens Framework™ to look at how gender, race, place (geography), and equality (class, age, ability, LGBTQ, immigration status) intersect to help identify the most innovative solutions to build greater gender equality. Priority is given to organizations that ensure women's safe and healthy lives.
3. MN Girls Are Not For Sale Fund: MN Girls Are Not For Sale is an eight-year, \$7.5 million campaign of the Women's Foundation of Minnesota to galvanize resources to end sex trafficking in Minnesota. Grantees drove legislative action to change state laws to recognize girls under age 18 who had been sex-trafficked as victims of a crime, not the criminals; pursued sustainable housing for sex-trafficked young women to age 24 to ensure that advocates can create and sustain holistic shelters for survivors; and developed a statewide, county multi-jurisdictional model for intervention and services.

4. Pathways to Prosperity (P2P) Fund: The Foundation launched the Pathways to Prosperity (P2P) Fund to create unrestricted pathways to prosperity through education, employment, and wealth creation for low-income women, women of color, and women in greater Minnesota. The P2P Fund invests in organizations and institutions with best practices that focus on: Education and Workforce Development; Wealth-Building; Entrepreneurship; and Policy/Advocacy Efforts that ensure pathways to prosperity for women.

Research, Education and Public Policy

The Foundation has funded, conducted, and published original research on women and girls in Minnesota since its groundbreaking research in 1990. We use research to raise awareness and energize the momentum to shift attitudes, institutions, systems, and policies that create pathways to economic prosperity, safety, wellness, and equal leadership for all the state's women and girls. Through research, a baseline is provided for measuring where to apply needed interventions and benchmark continued progress on the road to equality for all women and girls in Minnesota. Our commitment to funding research and solid data has enabled us to focus and expand our grant-making, educate opinion and policy makers, advocate public policy, and raise public awareness and engagement to benefit women, families, and all Minnesotans.

In 2009, the Foundation launched the Status of Women & Girls in Minnesota (Status) research project in partnership with the University of Minnesota's Humphrey School's Center on Gender, Women, and Public Policy. Data specific to Minnesota women and girls has been gathered, analyzed, and published in economics, safety, health, and leadership. The Status research and community input expands the available data on women and girls, provides ongoing trend analysis, informs the Foundation's annual grant-making and policy agenda, identifies new areas where research is needed, and raises public awareness about the needs of women and girls in Minnesota. During the year ended March 31, 2017, the Foundation made a grant to the University of Minnesota's Robert J. Jones Urban Research and Outreach-Engagement Center (UROC) to evaluate and redesign the Status project, which will be published later in 2017.

In March 2012, the Foundation released GENDER EQUALITY Explorer, a public, free, web-based research tool that pulls data from the U.S. Census Bureau's American Community Survey. Users can create tables, maps, and reports to illustrate, analyze, and understand the status of women and girls in their community.

Cash and Cash Equivalents

The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of the Foundation are excluded from this definition.

Promises to Give

Unconditional promises to give, expected to be collected within one year, are reported at net realizable value. Unconditional promises to give, expected to be collected in future years, are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The adjustment to net present value for contributions and pledges receivable was \$45,721 and \$14,922 at March 31, 2017 and 2016, respectively. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At March 31, 2017 and 2016, the allowance was \$2,810 and \$1,397, respectively.

Property and Equipment

Property and equipment additions over \$500 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to seven years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Foundation reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended March 31, 2017 and 2016.

Beneficial Interest in Charitable Trust

The Foundation receives contributions of property in which the donor may retain a life interest. The assets are invested and administered by an unrelated trustee and distributions are made to the beneficiaries during the term of the agreement. These funds are invested in debt and equity securities, and the Foundation records its interest in these trusts at fair value based on the estimated future cash receipts discounted at the applicable Federal rate of return; this rate was determined to be 4.4% at March 31, 2017. Initial recognition and subsequent adjustments to the assets carrying value are recognized as contribution revenue and changes in value of split interest agreements, respectively, and are classified as permanently restricted, temporarily restricted or unrestricted, depending on donor-stipulated purpose and time restrictions, if any. The value of these trusts was \$43,666 and \$38,488 for the years ended March 31, 2017 and 2016, respectively.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the statement of financial position. Investments include money market funds also at fair value. Donated investments are reflected in the financial statements at their fair value on the date of donation. Investment income and realized and unrealized gains/losses are reported as changes in net assets in the reporting period in which the income and gains/losses are recognized.

Charitable Gift Annuities

The Foundation has established a gift annuity program whereby donors may contribute assets to the Foundation in exchange for the right to receive a fixed dollar annual return during their lifetime. A portion of the transfer is considered to be a charitable contribution. The difference between the amount provided for the gift annuity and the present value of the liability for future payments is recognized as unrestricted contributions at the date of the gift, unless the donor has established restrictions on the contribution component. The Foundation uses published mortality tables adopted by the United States Internal Revenue Service. The annuity table is revalued annually based upon computed present values. Resulting gains (losses) are recorded as revenue in the appropriate net asset class. During the years ended March 31, 2017 and 2016, there were no contributions received under this program.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets available for use in general operations. Unrestricted Board designated net assets consist of net assets designated by the Board of Trustees for operating reserve and quasi-endowment.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Foundation and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by the Foundation's Board of Trustees.

The Foundation reports support that is restricted by the donor as an increase in unrestricted net assets if the restriction expires in the same month in which the support is received. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restriction.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Foundation. The restrictions stipulate that resources be maintained permanently but permit the Foundation to expend the income generated in accordance with the provisions of the agreements.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Materials and In-Kind Contributions

The Foundation receives donated services from a variety of unpaid volunteers assisting The Women's Foundation of Minnesota in providing crucial programmatic and professional services. However, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Foundation records donated professional services at the respective fair values of the services received. No significant contributions of such goods were received during the years ended March 31, 2017 and 2016.

Functional Allocation of Expenses

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

Income Taxes

The Foundation is organized as a Minnesota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Foundation has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Foundation believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

The Foundation manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from foundations and individuals supportive of the Foundation's mission. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Trustees. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Trustees believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

Subsequent Events

The Foundation has evaluated subsequent events through August 3, 2017, the date the financial statements were available to be issued.

Note 2 - Fair Value Measurements and Disclosures

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3 – Unobservable inputs for the asset or liability. In these situations, the Foundation develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Foundation's assessment of the quality, risk or liquidity profile of the asset or liability.

As of March 31, 2017 and 2016, the limited liability company assets are valued at the Net Asset Value (NAV) per share, or its equivalent, based on the fair value of the underlying assets and liabilities. Assets and liabilities for which observable market quotations from independent pricing services and broker/dealers are readily available are valued at such market quotations. Assets and liabilities that are not publicly traded or whose market prices are not readily available are valued at fair value as determined in good faith by the fund manager using the following methods: discounted cash flow models and comparisons of financial ratios of peer companies that are public and other unobservable factors. When an external event such as a purchase transaction, public offering or subsequent equity sales occurs, the manager considers the pricing indicated by the external event to corroborate and/or assist in the valuation. These are considered to be Level 2 measurements.

The fair values of beneficial interests in charitable trust is determined by management using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets, and is based on the fair values of trust investments as reported by the trustees. The fair value of the Foundation's beneficial interest in assets held by the trustee is based on the fair value of fund investments as reported by the trustee. These are considered to be Level 3 measurements.

The Women's Foundation of Minnesota
Notes to Financial Statements
March 31, 2017 and 2016

The following table presents assets measured at fair value on a recurring basis at March 31, 2017 and 2016:

	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)	Total
<u>March 31, 2017</u>				
Beneficial interest in charitable trust	\$ -	\$ -	\$ 43,666	\$ 43,666
Endowment investments				
Commonfund Institutional Multi-Strategy Equity Fund, LLC	\$ -	\$ 13,704,380	\$ -	\$ 13,704,380
Commonfund Institutional Multi-Strategy Bond Fund, LLC	-	4,947,055	-	4,947,055
	<u>\$ -</u>	<u>\$ 18,651,435</u>	<u>\$ -</u>	<u>\$ 18,651,435</u>
<u>March 31, 2016</u>				
Beneficial interest in charitable trust	\$ -	\$ -	\$ 38,488	\$ 38,488
Endowment investments				
Commonfund Institutional Multi-Strategy Equity Fund, LLC	\$ -	\$ 12,546,091	\$ -	\$ 12,546,091
Commonfund Institutional Multi-Strategy Bond Fund, LLC	-	4,851,152	-	4,851,152
	<u>\$ -</u>	<u>\$ 17,397,243</u>	<u>\$ -</u>	<u>\$ 17,397,243</u>

Below is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended March 31, 2017 and 2016:

	2017	2016
Balance, beginning of year	\$ 38,488	\$ 41,308
Unrealized gains (losses)	5,178	(2,820)
Balance, end of year	<u>\$ 43,666</u>	<u>\$ 38,488</u>

Investments in certain entities that calculate the NAV per share are as follows at March 31, 2017:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
CFI Multi-Strategy Equity Fund	\$ 13,704,380	\$ -	Monthly *	30 days
CFI Multi-Strategy Bond Fund	<u>4,947,055</u>	<u>-</u>	Monthly *	30 days
	<u>\$ 18,651,435</u>	<u>\$ -</u>		

Investments in certain entities that calculate the NAV per share are as follows at March 31, 2016:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
CFI Multi-Strategy Equity Fund	\$ 12,546,091	\$ -	Monthly *	30 days
CFI Multi-Strategy Bond Fund	<u>4,851,152</u>	<u>-</u>	Monthly *	30 days
	<u>\$ 17,397,243</u>	<u>\$ -</u>		

*The funds allow monthly redemption; however, in an effort to streamline operations, these transactions with Commonfund occur on a quarterly basis for internal purposes. As funds are received, they are recorded according to program and fund restriction. The total amount due to or from investments is tracked until a redemption or deposit from investments is initiated. This amount is netted against the investment draw used to fund operations.

CFI Multi-Strategy Equity Fund – The investment objective of the Multi-Strategy Equity Fund is to offer an investment program that will provide the strategy and manager diversification that an endowment would normally require for its public equity allocation. The fund is designed to add value over long time periods, above the return of the U.S. equity market as measured by the S&P 500 Index with similar risk characteristics.

CFI Multi-Strategy Bond Fund – The investment objective of the Multi-Strategy Bond Fund is to offer an actively managed, multi-manager investment program that will provide broad exposure to global debt markets. The fund is designed to add value above the return of the broad U.S. bond market over a full market cycle, as measured by the Barclays Capital U.S. Aggregate Bond Index with similar risk characteristics.

Note 3 - Net Investment Return

Net investment return consists of the following for the years ended March 31, 2017 and 2016:

	2017	2016
Interest and dividends	\$ 291,909	\$ 356,125
Net realized and unrealized gain (loss)	1,871,454	(863,878)
Less investment management and custodial fees	(55,789)	(56,110)
	\$ 2,107,574	\$ (563,863)

Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at March 31, 2017 and 2016:

	2017	2016
Within one year	\$ 1,384,259	\$ 705,141
In one to five years	1,239,897	500,598
Subtotal promises to give	2,624,156	1,205,739
Less allowance for doubtful pledges	(2,810)	(1,397)
Less present value discount	(45,721)	(14,922)
Total promises to give	\$ 2,575,625	\$ 1,189,420
Current portion of promises to give	\$ 1,384,259	\$ 705,141
Long-term portion of promises to give	1,191,366	484,279
Total promises to give	\$ 2,575,625	\$ 1,189,420

At March 31, 2017 and 2016, three donors accounted for 74% and 67% of total promises to give, respectively. Three grantors accounted for approximately 54% and 45% of total grants at March 31, 2017 and 2016, respectively.

Note 5 - Property and Equipment

Property and equipment consist of the following for the years ended March 31, 2017 and 2016:

	2017	2016
Furnitures and fixtures	\$ 498,515	\$ 448,315
Leasehold improvements	33,304	30,903
	531,819	479,218
Less accumulated depreciation	(353,599)	(295,954)
	\$ 178,220	\$ 183,264

Depreciation expense for the years ended March 31, 2017 and 2016, was \$57,644 and \$51,494, respectively.

Note 6 - Board Designated Net Assets

The Board of the Foundation has designated certain assets of the Foundation to function as an endowment to maintain the grant-making capacity of the Foundation with a balance of \$461,742 and \$733,339 at March 31, 2017 and 2016, respectively. In addition, the Board has designated certain assets of the organization to function as various operating reserves. Total funds designated for this purpose were \$610,076 and \$340,494 as of March 31, 2017 and 2016, respectively.

Note 7 - Leases

The Foundation leases office space under various operating leases expiring at various dates through January 2024.

Future minimum lease payments are as follows:

Years Ending March 31,	Amount
2018	\$ 45,207
2019	46,822
2020	48,437
2021	50,051
2022	51,666
Thereafter	53,280
	\$ 295,463

Rent expense for the years ended March 31, 2017 and 2016, was \$110,686 and \$106,402, respectively.

Note 8 - Endowment

The Foundation's endowment (the endowment) includes both donor-restricted endowment funds and funds designated by the Foundation Board to function as endowments to provide annual funding for specific activities and general operations. The endowment also includes certain unrestricted net assets designated for quasi-endowment by the Board of Trustees. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Foundation has interpreted the Minnesota 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, unless there are explicit donor stipulations to the contrary. At March 31, 2017, there were no such donor stipulations. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the endowment; (b) the original value of subsequent gifts donated to the endowment (including promises to give net of discount and allowance for doubtful accounts); and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted endowment is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

As of March 31, 2017 and 2016, the Foundation had the following endowment net assets composition by type of fund:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>March 31, 2017</u>				
Donor-restricted endowment funds	\$ -	\$ 4,320,413	\$ 14,174,775	\$ 18,495,188
Board designated endowment funds	461,742	-	-	461,742
	<u>\$ 461,742</u>	<u>\$ 4,320,413</u>	<u>\$ 14,174,775</u>	<u>\$ 18,956,930</u>
<u>March 31, 2016</u>				
Donor-restricted endowment funds	\$ -	\$ 3,261,366	\$ 14,169,597	\$ 17,430,963
Board designated endowment funds	733,339	-	-	733,339
	<u>\$ 733,339</u>	<u>\$ 3,261,366</u>	<u>\$ 14,169,597</u>	<u>\$ 18,164,302</u>

Investment and Spending Policies

The Foundation 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 Foundation must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that maintain the principal plus the consumer price index and to re-invest excess earnings that are equal to or exceed the various benchmarks that are representative of the asset allocation models. Investment risks are considered within the context of all managed assets and the need to meet specific objectives as determined by the Finance Committee. Volatility and risk will be controlled through asset allocation strategies and the selection of Investment Managers of mutual funds.

To satisfy its long-term objectives, the Foundation relies on a balanced asset allocation model in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a policy that reflects a commitment to endowment growth by balancing the re-investment of annual earnings with the operating needs of the Foundation. Accordingly, over the long-term, the Foundation expects the current policy to allow its endowment to grow at a rate of return that equals or exceeds the various benchmarks that are representative of the asset allocation model identified. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts, changes in inflation, and investment return.

The Women's Foundation of Minnesota
Notes to Financial Statements
March 31, 2017 and 2016

Changes in endowment net assets for the years ended March 31, 2017 and 2016, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Year ended March 31, 2017</u>				
Endowment net assets, beginning of year	\$ 733,339	\$ 3,261,366	\$ 14,169,597	\$ 18,164,302
Investment return	73,203	2,031,249	5,178	2,109,630
Contributions	-	118,619	-	118,619
Distributions				
Donor advised fund grants	(314,629)	-	-	(314,629)
Appropriations	(1,044,000)	-	-	(1,044,000)
Donor advised fund administrative fees	(76,992)	-	-	(76,992)
Net assets released pursuant to spending- rate policy	<u>1,090,821</u>	<u>(1,090,821)</u>	<u>-</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 461,742</u>	<u>\$ 4,320,413</u>	<u>\$ 14,174,775</u>	<u>\$ 18,956,930</u>
<u>Year ended March 31, 2016</u>				
Endowment net assets, beginning of year	\$ 753,839	\$ 4,930,337	\$ 14,108,917	\$ 19,793,093
Investment return	(20,500)	(538,821)	(2,820)	(562,141)
Contributions	-	275,750	63,500	339,250
Distributions				
Donor advised fund grants	(245,185)	-	-	(245,185)
Appropriations	(1,085,410)	-	-	(1,085,410)
Donor advised fund administrative fees	(75,305)	-	-	(75,305)
Net assets released pursuant to spending- rate policy	<u>1,405,900</u>	<u>(1,405,900)</u>	<u>-</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 733,339</u>	<u>\$ 3,261,366</u>	<u>\$ 14,169,597</u>	<u>\$ 18,164,302</u>

Note 9 - Restricted Net Assets

Temporarily Restricted

Temporarily restricted net assets at March 31, 2017 and 2016, consist of the following:

	2017	2016
Endowment - general	\$ 556,748	\$ (204,749)
Endowment - donor advised funds	3,763,665	3,466,116
Operations - general	4,557,944	3,729,663
Operations - donor advised funds	710,686	644,941
	\$ 9,589,043	\$ 7,635,971

Temporarily restricted net assets released from restriction for the years ended March 31, 2017 and 2016, consist of the following:

	2017	2016
General endowment funds released	\$ 699,200	\$ 1,085,411
Donor advised endowment funds released	391,621	320,489
General operating funds released	449,116	453,838
Donor advised operating funds released	2,997,397	1,961,258
	\$ 4,537,334	\$ 3,820,996

Permanently Restricted

Permanently restricted net assets are subject to donor imposed restrictions that they be maintained permanently by the Foundation. Permanently restricted net assets consisted of the following at March 31, 2017 and 2016:

	2017	2016
General endowment	\$ 10,057,162	\$ 10,057,162
Permanent fund for girls	2,321,750	2,321,750
Entrepreneurial activities for girls	250,000	250,000
Other special endowment funds	20,000	20,000
Donor advised endowment funds	1,525,863	1,520,685
	\$ 14,174,775	\$ 14,169,597

Note 10 - Pension Expense

The Foundation sponsors a 401(k) plan that covers substantially all employees. Pension plan expense was \$85,037 and \$68,799 for the years ended March 31, 2017 and 2016, respectively.

Note 11 - Special Events

Net special event revenue for The Stir consisted of the following for the years ended March 31, 2017 and 2016:

	2017	2016
Revenue	\$ -	\$ 194,574
Contributions	-	116,437
Gross special event revenue	-	311,011
Direct expenses	-	(109,348)
Net special event revenue	\$ -	\$ 201,663