

**THE WOODROW WILSON NATIONAL
FELLOWSHIP FOUNDATION**

FINANCIAL STATEMENTS

June 30, 2015

THE WOODROW WILSON NATIONAL FELLOWSHIP FOUNDATION

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INDEPENDENT AUDITORS' REPORT

To The Board of Trustees of
The Woodrow Wilson National Fellowship Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of The Woodrow Wilson National Fellowship Foundation (the "Foundation") which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit 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 of 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 auditors' 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

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibility (Continued)

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 reasonable 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 Foundation as of June 30, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of functional expenses is presented for purposes of additional analysis and is 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.

Mercadieu, P.C.

Certified Public Accountants

October 9, 2015

THE WOODROW WILSON NATIONAL FELLOWSHIP FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 2,580,113	-	-	\$ 2,580,113
Unconditional promises to give, current portion	2,053,642	10,905,616	-	12,959,258
Prepaid expenses and other current assets	<u>56,177</u>	<u>-</u>	<u>-</u>	<u>56,177</u>
Total current assets	4,689,932	10,905,616	-	15,595,548
Investments				
Unconditional promises to give, noncurrent portion	3,171,457	23,152,875	1,629,695	27,954,027
Property and equipment, at cost, net of accumulated depreciation	-	4,362,711	-	4,362,711
Security deposits	51,222	-	-	51,222
Total Assets	<u>26,303</u>	<u>-</u>	<u>-</u>	<u>26,303</u>
	<u>\$ 7,938,914</u>	<u>\$38,421,202</u>	<u>\$ 1,629,695</u>	<u>\$47,989,811</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and accrued expenses	\$ 275,183	-	-	\$ 275,183
Fellowships payable	5,175,000	-	-	5,175,000
Capital leases payable, current portion	10,127	-	-	10,127
Accrued vacation	<u>173,263</u>	<u>-</u>	<u>-</u>	<u>173,263</u>
Total current liabilities	5,633,573	-	-	5,633,573
Net Assets				
Total Liabilities and Net Assets	<u>2,305,341</u>	<u>38,421,202</u>	<u>1,629,695</u>	<u>42,356,238</u>
	<u>\$ 7,938,914</u>	<u>\$38,421,202</u>	<u>\$ 1,629,695</u>	<u>\$47,989,811</u>

See notes to financial statements.

THE WOODROW WILSON NATIONAL FELLOWSHIP FOUNDATION

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Other Revenue				
Public Support				
Government	\$ 6,159,366	\$ 1,224,792	\$ -	\$ 7,384,158
Foundations	-	24,567,553	-	24,567,553
Individuals	2,077,106	2,327,762	-	4,404,868
Net assets released from restrictions	17,782,537	(17,782,537)	-	-
Total Public Support	26,019,009	10,337,570	-	36,356,579
Other Revenue				
Investment income	239,338	60,441	-	299,779
Miscellaneous income	1,535	-	-	1,535
Total Public Support and Other Revenue	26,259,882	10,398,011	-	36,657,893
Expenses				
Program Services				
Higher Education	6,560,446	-	-	6,560,446
Teaching and Leadership	17,219,684	-	-	17,219,684
Total Program Services	23,780,130	-	-	23,780,130
Supporting Services				
Management and general	1,120,037	-	-	1,120,037
Fundraising	624,931	-	-	624,931
Total Supporting Services	1,744,968	-	-	1,744,968
Total Expenses	25,525,098	-	-	25,525,098
Change in net assets	734,784	10,398,011	-	11,132,795
Net assets, beginning of year	1,570,557	28,023,191	1,629,695	31,223,443
Net assets, end of year	\$ 2,305,341	\$ 38,421,202	\$ 1,629,695	\$ 42,356,238

See notes to financial statements.

THE WOODROW WILSON NATIONAL FELLOWSHIP FOUNDATION

STATEMENT OF CASH FLOWS

Year Ended June 30, 2015

Cash Flows from Operating Activities	
Change in net assets	\$ 11,132,795
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	26,882
Provision for uncollectable promises to give	100,000
Realized gain on sale of investments	(32,063)
Unrealized gain on investments	(28,217)
Amortization of U.S. treasuries discount	(63,081)
Donated securities	(1,191,358)
Increase (decrease) in cash from:	
Unconditional promises to give	(3,664,401)
Prepaid expenses and other current assets	(26,248)
Accounts payable and accrued expenses	132,613
Fellowships payable	1,020,000
Accrued vacation	<u>(26,820)</u>
Net cash from operating activities	<u>7,380,102</u>
Cash Flows from Investing Activities	
Leasehold improvements	(26,358)
Purchases of investments	(21,441,022)
Proceeds from sales of investments	<u>13,782,221</u>
Net cash from investing activities	<u>(7,685,159)</u>
Cash Flows from Financing Activities	
Principal payments on capital leases	<u>(13,375)</u>
Net cash from financing activities	<u>(13,375)</u>
Net change in cash and cash equivalents	(318,432)
Cash and cash equivalents, beginning of year	<u>2,898,545</u>
Cash and cash equivalents, end of year	<u>\$ 2,580,113</u>
Supplemental Disclosure of Cash Flow Information	
Interest paid on capital leases	<u>\$ 189</u>
Supplemental Disclosure of Non-cash Investing and Financing Activities	
Donated securities	<u>\$ 1,191,358</u>

THE WOODROW WILSON NATIONAL FELLOWSHIP FOUNDATION

NOTES TO FINANCIAL STATEMENTS

A. NATURE OF ORGANIZATION

The Woodrow Wilson National Fellowship Foundation (the "Foundation") is a not-for-profit charitable organization located in Princeton, New Jersey. The primary mission of the Foundation is to identify and develop leaders and institutions to meet the nation's critical challenges, working through education.

As a fellowship organization, the Foundation focuses primarily on Higher Education Fellowships and Teaching and Leadership Fellowships.

The Higher Education Fellowships include a suite of fellowships that support the development of future leaders at a variety of career stages in several critical fields. These programs strengthen the representation of diverse groups in the professoriate, support the work of emerging scholars and young faculty in the social sciences and humanities, and prepare experts for the United States Foreign Service.

The Teaching and Leadership Fellowships represent a major effort to recruit, prepare and mentor school leaders as well as candidates for teaching in high-need subjects like mathematics and the sciences, transform their clinical preparation for teaching, and support their commitment to long-term careers in high-need urban and rural schools.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The Foundation presents its financial statements according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently. Temporarily restricted net assets are subject to donor-imposed stipulations that will be met by the actions of the Foundation or the passage of time. Unrestricted net assets are not subject to donor-imposed stipulations on when or how they can be spent.

Cash Equivalents

Cash equivalents include time deposits with original maturities of ninety days or less, and exclude money market funds included in the investment portfolio.

THE WOODROW WILSON NATIONAL FELLOWSHIP FOUNDATION

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at fair value in the statement of financial position. Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the investment in an orderly transaction between market participants on the measurement date. In determining fair value, the Foundation uses various methods including market, income, and cost approaches. Based on these approaches, the Foundation often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets carried at fair value are classified and disclosed in one of the following three categories:

- Level 1 — Quoted prices for identical assets and liabilities traded in active exchange markets.
- Level 2 — Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
- Level 3 — Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. The Foundation does not have any Level 3 investments.

Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Interest and dividend income is recognized when earned. Amortization of the discount on treasury strips is recorded using the straight-line method.

Contributions and Promises to Give

Contributions and foundation grants are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as non-current promises to give and are recorded at the present value of their net realizable value, using risk-free prevailing interest rates applicable to the years in which the promises are received to discount the amounts.

THE WOODROW WILSON NATIONAL FELLOWSHIP FOUNDATION

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Promises to Give (Continued)

In estimating the fair value of unconditional promises to give, management considers promises of \$5,000 or more individually. The relationship with the donor, the donor's past history of making timely payments, and the donor's overall creditworthiness are considered and incorporated into a fair value measurement computed using present value techniques. Unconditional promises to give less than \$5,000 are measured in the aggregate using present value techniques, and management considers historical trends of collection, the type of donor (individual, corporation/foundation), general economic conditions in the geographical area in which the majority of the donors live, the Foundation's policies concerning enforcement of promises to give, and market interest rate assumptions. The change in amortization of the discount for the time value of money, computed using the effective interest rate method, is reported as contribution revenue.

Contributions of donated noncash assets are recorded at fair value in the period received.

Grant revenue from cost-reimbursement grants or contracts is recognized when the program expenditures have been incurred.

Property and Equipment

Property and equipment acquired are recorded at cost. It is the Foundation's policy to capitalize expenditures for individual items costing in excess of \$5,000. Lesser amounts are expensed. Property and equipment are depreciated over the useful lives of the related assets using the straight-line method, with a half year depreciation recognized in the years of acquisition and disposal. Repairs and maintenance that do not extend the useful lives of the related assets are expensed as incurred.

Fellowships and Grants

Fellowships are recorded as expenses at the time the individual accepts the award and are generally payable within one year. Tuition assistance and room and board are recorded when the expense has been incurred.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. Income generated by activities that would be considered unrelated to the Foundation's mission would be subject to tax, which, if incurred, would be recognized as a current expense. No such tax has been recognized as of June 30, 2015.

Functional Expense Allocation

The costs of providing program services and support services of the Foundation have been summarized on a functional basis in the statement of activities. Accordingly, certain operating costs have been allocated among the functional categories according to the reasonable benefit that the programs derived from these expenses.

THE WOODROW WILSON NATIONAL FELLOWSHIP FOUNDATION

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606) - Deferral of the Effective Date*, which defers the effective date of ASU 2014-09 by one year. Early adoption is permitted only as of annual reporting periods beginning after December 15, 2016. The updated standard will be effective for the Foundation for the year ending June 30, 2020. The Foundation has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. ASU 2014-15 explicitly requires management to evaluate, at each annual or interim reporting period, whether there are conditions or events which raise substantial doubt about the entity's ability to continue as a going concern and to provide related disclosures. ASU 2014-15 is effective for the year ending June 30, 2017. The Foundation elected to adopt the provisions of ASU 2014-15 for the year ended June 30, 2015. The adoption of ASU 2014-15 did not have a material impact on these financial statements.

C. ENDOWMENT POLICY

The Foundation's endowment consists of six individual funds established for a variety of purposes. As required by U.S. GAAP, 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 Uniform Prudent Management of Institutional Funds Act ("UPMIFA") to require standard care that is reasonable and prudent over its endowed funds. The Foundation currently classifies permanently restricted net assets at the original historic dollar value of gifts donated to the permanent endowment. The remaining portion of the endowment funds is classified as temporarily restricted until appropriated for expenditure.

Spending from the endowment equals interest and investment income, and net realized and unrealized gains. Funds from earnings on permanently restricted net assets appropriated for expenditure are expended according to donor restrictions and are classified as net assets released from restrictions on the accompanying statement of activities.

The Board of Trustees has adopted the investment objective of preserving the endowment's principal by investing in high quality instruments. The return on endowment funds includes dividends, interest and capital gains less any capital losses and expenses. The holdings must adhere to asset allocation ranges in the Foundation's Investment Policy Statement and the securities held must be appropriate for the portfolio objectives, asset class and investment style of the funds selected under the Foundation's investment management process.

THE WOODROW WILSON NATIONAL FELLOWSHIP FOUNDATION

NOTES TO FINANCIAL STATEMENTS

C. ENDOWMENT POLICY (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2015, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Invested endowment balance, June 30, 2014	\$ -	\$ -	\$ 1,629,695	\$ 1,629,695
Interest and investment income	17,542	8,897	-	26,439
Investment fees	(1,857)	(932)	-	(2,789)
Net appreciation (realized and unrealized)	<u>25,369</u>	<u>12,204</u>	-	<u>37,573</u>
Net investment return	<u>41,054</u>	<u>20,169</u>	-	<u>61,223</u>
Appropriated for expenditure	<u>(41,054)</u>	<u>(20,169)</u>	-	<u>(61,223)</u>
Subtotal	-	-	<u>1,629,695</u>	<u>1,629,695</u>
Invested endowment balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,629,695</u>	<u>\$ 1,629,695</u>

D. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes as of June 30, 2015:

Teaching and Leadership Fellowships	\$32,765,304
Higher Education Fellowships	5,516,954
Other awards and prizes	<u>138,944</u>
Total temporarily restricted net assets	<u>\$38,421,202</u>

Net assets totaling \$17,782,537 were released from donor restrictions for the year ended June 30, 2015 and represent expenses incurred to satisfy donor restrictions.

Permanently restricted net assets consist of the following endowment funds as of June 30, 2015:

Humanities Initiatives Fund	\$ 603,609
Richard W. Couper Humanities Initiative Funds	400,000
Taplin Endowment	379,825
Goheen Endowment	120,375
Rosenhaupt Endowment	33,092
General Endowment	<u>92,794</u>
Total permanently restricted net assets	<u>\$ 1,629,695</u>

The earnings on the endowments are to be used for the various program initiatives as stipulated by the donors.

E. CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash balances in a financial institution with a branch located in Plainsboro, New Jersey. Certain balances are insured by the Federal Deposit Insurance Corporation ("FDIC").

The Foundation maintains its investment balances in several financial institutions. The balances are insured by the Securities Investor Protection Corporation ("SIPC") up to \$500,000 per customer. The SIPC does not protect investors from market risks.

As of June 30, 2015, approximately 55% of the Foundation's gross unconditional promises to give were from three entities.

THE WOODROW WILSON NATIONAL FELLOWSHIP FOUNDATION

NOTES TO FINANCIAL STATEMENTS

F. INVESTMENTS

Investments consist of the following as of June 30, 2015:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized (Depreciation) Appreciation</u>
Cash equivalents	\$ 1,691,732	\$ 1,691,732	\$ -
U.S. government treasuries	10,105,641	10,110,177	4,536
U.S. government treasury strips, net*	13,014,604	13,013,940	(664)
Mutual funds	1,451,784	1,787,429	335,645
Certificate of deposits	1,250,000	1,249,973	(27)
Corporate bonds	101,570	100,776	(794)
Total	<u>\$ 27,615,331</u>	<u>\$ 27,954,027</u>	<u>\$ 338,696</u>

* U.S. government treasury strips cost basis is presented net of the unamortized discount of \$292,919 for the year ended June 30, 2015.

Investment income consists of the following for the year ended June 30, 2015:

Interest and dividend income	\$ 176,418
Amortization of U.S. treasury strips discount	63,081
Realized gain on sale of investments	32,063
Unrealized gain on investments	28,217
Total investment income	<u>\$ 299,779</u>

Bank and investment management fees were \$43,271 for the year ended June 30, 2015.

G. FAIR VALUE MEASUREMENT

Fair values of assets measured on a recurring basis at June 30, 2015 are as follows:

	<u>June 30, 2015</u>			<u>Fair Value Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Investments				
Cash equivalents	\$ 1,691,732	\$ -	\$ -	\$ 1,691,732
U.S. government treasuries	10,110,177	-	-	10,110,177
U.S. government treasury strips	-	13,013,940	-	13,013,940
Mutual funds	1,787,429	-	-	1,787,429
Certificate of deposits	-	1,249,973	-	1,249,973
Corporate bonds	100,776	-	-	100,776
Total Investments	<u>\$ 13,690,114</u>	<u>\$ 14,263,913</u>	<u>\$ -</u>	<u>\$ 27,954,027</u>

U.S. government treasury strips (Level 2) will be held to maturity. Certificate of deposits (Level 2) are short-term maturities.

THE WOODROW WILSON NATIONAL FELLOWSHIP FOUNDATION

NOTES TO FINANCIAL STATEMENTS

H. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following as of June 30, 2015:

Teaching and Leadership Fellowships	\$11,763,025
Higher Education Fellowships	5,175,936
Annual Fund	413,490
President's Venture Fund	<u>513,000</u>
Total unconditional promises to give	17,865,451
Less discount to net present value	(43,482)
Less allowance for uncollectable promises	<u>(500,000)</u>
Net unconditional promises to give	<u>\$17,321,969</u>

Unconditional promises to give in the amount of \$4,401,915 due after June 30, 2016, are discounted at varying short term treasury rates.

I. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2015:

	<u>Life/Years</u>	
Furniture and equipment	3-5	\$ 206,308
Equipment held under capital leases	3-5	<u>65,341</u>
Subtotal property and equipment		271,649
Less: accumulated depreciation		<u>220,427</u>
Net property and equipment		<u>\$ 51,222</u>

J. CAPITAL LEASE OBLIGATIONS

The Foundation leases certain equipment under capital leases. The assets and liabilities are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over their estimated productive lives. This amortization is included in depreciation expense.

The future lease payments under capital leases are as follows:

<u>Year Ending June 30,</u>	
2016	<u>\$ 10,127</u>

K. COMMITMENTS AND CONTINGENCIES

Government supported programs are subject to audit by the granting agency.

The Foundation leases office space under a non-cancelable operating lease that provides for minimum annual rental payments through the year ending June 30, 2020.

Under its various programs, the Foundation has committed grants to individuals and organizations. The payments are contingent on successful completion of the current year obligation before any future payments will be made. The total future commitments as of June 30, 2015, were \$4,816,930.

THE WOODROW WILSON NATIONAL FELLOWSHIP FOUNDATION

NOTES TO FINANCIAL STATEMENTS

K. COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Foundation has entered into contracts with the United States Department of State to administer the Thomas R. Pickering Foreign Affairs Fellowship Programs. The available funds remaining on these contracts as of June 30, 2015, were \$8,585,030. Revenue under these contracts will be recognized in future years as the Foundation incurs expenditures per the terms and conditions of the contracts.

L. RETIREMENT PLAN

The Foundation has a contributory defined contribution retirement plan under Internal Revenue Service Section 403(b). Employees that meet certain eligibility criteria are eligible to participate. Employees are fully vested in the plan when they become eligible to participate. The Foundation matches employee contributions up to 10% of the employee's salary, provided the employee contributes a minimum of 5% of their salary to the plan. The Foundation's contribution to the plan for the year ended June 30, 2015, was \$380,571. The plan is administered by TIAA-CREF.

M. RELATED PARTIES

Total gifts and pledges from various board members were \$4,133,364 for the year ended June 30, 2015. Of the total gifts and pledges, including those made in prior years, there was \$701,500 outstanding at June 30, 2015. The Foundation believes that all remaining gifts and pledges from related parties are collectible.

N. SUBSEQUENT EVENTS

Management has evaluated events for potential recognition and disclosure that occurred after June 30, 2015, but before October 9, 2015, the date the financial statements were available to be issued. No items were determined by management to require disclosure.

SUPPLEMENTARY INFORMATION

THE WOODROW WILSON NATIONAL FELLOWSHIP FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended June 30, 2015

	Program Services			Supporting Services		
	Higher Education	Teaching and Leadership	Total Program Services	Management and General	Fundraising	Total Supporting Services
Grants and fellowships to individuals and organizations	\$ 5,086,109	\$ 11,031,556	\$ 16,117,665	\$ -	\$ -	\$ -
Salary, fringe benefits and payroll taxes	1,084,657	3,421,814	4,506,471	657,422	404,171	1,061,593
Service and professional fees	124,180	1,708,832	1,833,012	46,252	133,073	179,325
Travel and accommodations	175,834	739,831	915,665	49,492	14,552	64,044
Printing, postage, delivery, copying and other office expenses	14,280	20,879	35,159	44,270	29,041	73,311
Bank and investment fees	2,969	5,474	8,443	31,959	2,869	34,828
Other office and business expenses	72,417	291,298	363,715	263,760	41,225	304,985
Total expenses before depreciation	6,560,446	17,219,684	23,780,130	1,093,155	624,931	1,718,086
Depreciation	-	-	-	26,882	-	26,882
Total Expenses	<u>\$ 6,560,446</u>	<u>\$ 17,219,684</u>	<u>\$ 23,780,130</u>	<u>\$ 1,120,037</u>	<u>\$ 624,931</u>	<u>\$ 1,744,968</u>
						<u>\$ 25,525,098</u>

See notes to financial statements.