THE WOODROW WILSON NATIONAL FELLOWSHIP FOUNDATION

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

June 30, 2018

THE WOODROW WILSON NATIONAL FELLOWSHIP FOUNDATION

TABLE OF CONTENTS

June 30, 2018

Page Number

Independent Auditors' Report 1

Financial Statements

Statement of Financial Position 3

Statement of Activities 4

Statement of Cash Flows 5

Notes to Financial Statements 6

Supplementary Information

Schedule of Functional Expenses 16

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, 2018, 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 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 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 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.

P.O. Box 7648 | Princeton, NJ 08543-7648 | 609.689.9700 | Fax 609.689.9720
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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, 2018, and the changes in its net assets 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.

Mercadien, P.C.
Certified Public Accountants

October 11, 2018

THE WOODROW WILSON NATIONAL FELLOWSHIP FOUNDATION

STATEMENT OF FINANCIAL POSITION
June 30, 2018

ASSETS	
Current Assets	
Cash and cash equivalents	$ 2,680,288
Unconditional promises to give, current portion	8,231,265
Prepaid expenses and other current assets	105,567
Total current assets	11,017,120
Investments	22,790,070
Unconditional promises to give, noncurrent portion	7,202,361
Property and equipment, at cost, net of accumulated depreciation	25,711
Security deposits	26,303
Total Assets	$ 41,061,565
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable and accrued expenses	$ 546,504
Fellowships payable	2,961,490
Due to the Academy	3,459,960
Accrued vacation	188,583
Total Current Liabilities	7,156,537
Net Assets	
Unrestricted	2,830,200
Temporarily restricted	29,445,133
Permanently restricted	1,629,695
Total Net Assets	33,905,028
Total Liabilities and Net Assets	$ 41,061,565

THE WOODROW WILSON NATIONAL FELLOWSHIP FOUNDATION

STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Other Revenue				
Public Support				
Government	$ 1,472,709	$ -	$ -	$ 1,472,709
Foundations	-	21,492,253	-	21,492,253
Individuals	3,247,793	4,337,159	-	7,584,952
Net assets released from restrictions	19,716,340	(19,716,340)	-	-
Total Public Support	24,436,842	6,113,072	-	30,549,914
Other Revenue				
Investment income	280,190	89,581	-	369,771
Total Public Support and Other Revenue	24,717,032	6,202,653	-	30,919,685
Expenses				
Program Services				
Higher Education	3,070,503	-	-	3,070,503
Teaching and Leadership	18,253,079	-	-	18,253,079
Total Program Services	21,323,582	-	-	21,323,582
Supporting Services				
Management and general	1,739,082	-	-	1,739,082
Fundraising	1,105,650	-	-	1,105,650
Total Supporting Services	2,844,732	-	-	2,844,732
Total Expenses	24,168,314	-	-	24,168,314
Change in net assets	548,718	6,202,653	-	6,751,371
Net assets, beginning of year	2,281,482	23,242,480	1,629,695	27,153,657
Net assets, end of year	$ 2,830,200	$ 29,445,133	$ 1,629,695	$ 33,905,028

THE WOODROW WILSON NATIONAL FELLOWSHIP FOUNDATION

STATEMENT OF CASH FLOWS
Year Ended June 30, 2018

Cash Flows from Operating Activities	
Change in net assets	$ 6,751,371
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	14,178
Realized gain on sale of investments	(36,395)
Unrealized gain on investments	(30,255)
Amortization of U.S. Treasuries discount	(75,498)
Donated securities	(559,504)
Increase (decrease) in cash from:	
Unconditional promises to give	(10,077,343)
Prepaid expenses and other current assets	14,258
Security deposits	22,544
Accounts payable and accrued expenses	260,635
Fellowships payable	(1,629,510)
Due to the Academy	3,459,960
Deferred rent	(4,010)
Accrued vacation	(11,194)
Transfer of construction in progress to the Academy	248,742
Net cash from operating activities	(1,652,021)
Cash Flows from Investing Activities	
Disposal of capital lease equipment	6,300
Purchases of investments	(21,390,741)
Proceeds from sales of investments	23,216,865
Net cash from investing activities	1,832,424
Cash Flows from Financing Activities	
Principal payments on and retirement of capital leases payable	(13,575)
Net cash from financing activities	(13,575)
Net change in cash and cash equivalents	166,828
Cash and cash equivalents, beginning of year	2,513,460
Cash and cash equivalents, end of year	$ 2,680,288
Supplemental Disclosure of Cash Flow Information	
Donated securities	$ 559,504

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. This includes the Woodrow Wilson Academy of Teaching and Learning, Inc. (the "Academy") program, which was spun off into a separate entity in 2018 (See Note M).

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 is required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets - net assets not subject to donor-imposed stipulations, and therefore are expendable for operating purposes.
- Temporarily restricted net assets - net assets subject to donor-imposed stipulations that will be met by actions of the Foundation and/or by the passage of time.
- Permanently restricted net assets - net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or donor-specified purposes.

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.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Promises to Give (Continued)

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.

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. Grant expense includes the transfer of the balance of contributions received by the Foundation on behalf of the Academy.

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, 2018.

U.S. GAAP requires management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management evaluated the Foundation’s tax positions and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Foundation did not record any interest or penalties on uncertain tax positions in the accompanying statement of financial position as of June 30, 2018, or in the accompanying statement of activities for the year then ended. If the Foundation were to incur any income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes.

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.

Recent Accounting Pronouncements

ASU 2014-09 issued in May 2014, *Revenue from Contracts with Customers (Topic 606)*, requires 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. The updated standard will be effective for the Foundation for the year ending June 30, 2020.

ASU 2016-02 issued in February 2016, *Leases (Topic 842)*, requires an entity (lessee) that leases assets for a term exceeding a one-year period to recognize a right-of-use asset and corresponding lease liability on the statement of financial position. ASU 2016-02 will result in lessees recognizing right-of-use assets and lease liabilities for most leases currently accounted for as operating leases under the legacy lease accounting guidance. ASU 2016-02 introduces limited changes to the lessor accounting model, none of which rise to the same level of significance as the changes made to the lessee accounting model. ASU 2016-02 also requires entities to disclose in the footnotes to their financial statements information about the amount, timing and uncertainty for the payments they make for lease agreements. ASU 2016-02 will be effective for the Foundation for the year ending June 30, 2021.

ASU 2016-14 issued in August 2016, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which now requires net assets to be presented in two classes, instead of three. The two classes will be net assets with donor restrictions and net assets without donor restrictions. Additional enhanced disclosures will be required to present the amounts and purposes of board designations, composition of net assets with donor restrictions and how the restrictions affect the use of resources. ASU 2016-14 requires the entity to communicate qualitative and quantitative information on how it manages its liquid resources available to meet the cash flow needs for general expenditures within one year of the statement of financial position date, including disclosure of the availability of financial

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

assets at the statement of financial position date, affected by 1) its nature, 2) external limits imposed by donors, grantors, laws and contracts with others, and 3) internal limits imposed by governing board decisions. ASU 2016-14 requires reporting of expenses by both their natural and functional classification. ASU 2016-14 also requires reporting of investment returns net of external and direct internal investment expenses and removes the requirement to disclose the netting of such investment expenses. ASU 2016-14 requires reporting of the underwater amounts of donor-restricted endowment funds in net assets with donor restrictions and enhances disclosures about underwater endowments. ASU 2016-14 will be effective for the Foundation for the year ending June 30, 2019.

ASU 2018-08 issued in June 2018, *Not-For-Profit Entities (Topic 958): Clarifying Scope and the Accounting Guidance for Contributions Received and Contributions Made*, clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments assist entities in 1) evaluating whether transactions should be accounted for as contributions within the scope of Topic 958 or as exchange transactions subject to other guidance and 2) determining whether a contribution is conditional. ASU 2018-08 requires that the Foundation apply this amendment for contributions received in which the Foundation serves as the resource recipient for the year ending June 30, 2020, and for contributions made in which the Foundation serves as the resource provider for the year ending June 30, 2021.

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 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.

Current spending from the endowment equals interest and investment income net of fees, 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.

C. ENDOWMENT POLICY (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2018, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Invested endowment balance, June 30, 2017	$ -	$ -	$ 1,629,695	$ 1,629,695
Interest and investment income	17,825	9,193	-	27,018
Investment fees	(1,948)	(1,005)	-	(2,953)
Net appreciation (realized and unrealized)	53,733	27,713	-	81,446
Net investment return	69,610	35,901	-	105,511
Appropriated for expenditure	(69,610)	(35,901)	-	(105,511)
Invested endowment balance, June 30, 2018	$ -	$ -	$ 1,629,695	$ 1,629,695

D. RESTRICTIONS ON NET ASSETS

The Foundation's Board of Trustees has chosen to place the following limitations on unrestricted net assets:

Pennsylvania Teaching Fellowship	$ 1,500,000
Undesignated	1,330,200
Total unrestricted net assets	$ 2,830,200

Temporarily restricted net assets are available for the following purposes as of June 30, 2018:

Teaching and Leadership Fellowships	$ 24,038,493
Higher Education Fellowships	5,241,263
Other awards and prizes	165,377
Total temporarily restricted net assets	$ 29,445,133

Net assets totaling $19,716,340 were released from donor restrictions for the year ended June 30, 2018, and represent expenses incurred to satisfy donor restrictions.

Permanently restricted net assets consist of the following endowment funds as of June 30, 2018:

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	92,794
Total permanently restricted net assets	$ 1,629,695

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.

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, 2018, approximately 34% of the Foundation's gross unconditional promises to give were from two entities.

F. INVESTMENTS

Investments consist of the following as of June 30, 2018:

	Cost	Fair Value	Unrealized (Depreciation) Appreciation
Cash equivalents	$ 2,399,413	$ 2,409,681	$ 10,268
U.S. government treasuries	7,877,681	7,842,724	(34,957)
U.S. government treasury strips, net*	3,591,613	3,719,469	127,856
Mutual funds	6,752,207	7,243,278	491,071
Certificates of deposit	1,575,000	1,574,918	(82)
Total	$ 22,195,914	$ 22,790,070	$ 594,156

* U.S. government treasury strips cost basis is presented net of the unamortized discount of $72,635 for the year ended June 30, 2018.

Investment income consists of the following for the year ended June 30, 2018:

Interest and dividend income	$ 227,623
Amortization of U.S. treasury strips discount	75,498
Realized gain on sale of investments	36,395
Unrealized gain on investments	30,255
Total investment income	$ 369,771

Bank and investment management fees were $36,571 for the year ended June 30, 2018.

G. FAIR VALUE MEASUREMENT

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

	Level 1	Level 2	Level 3	Fair Value Total
Investments				
Cash equivalents	$ 2,409,681	$ -	$ -	$ 2,409,681
U.S. government treasuries	7,842,724	-	-	7,842,724
U.S. government treasury strips	-	3,719,469	-	3,719,469
Mutual funds	7,243,278	-	-	7,243,278
Certificates of deposit	-	1,574,918	-	1,574,918
Total Investments	$ 17,495,683	$ 5,294,387	$ -	$ 22,790,070

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

H. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following as of June 30, 2018:

Teaching and Leadership Fellowships	$12,973,461
Higher Education Fellowships	2,844,021
Annual Fund	123,222
Total unconditional promises to give	15,940,704
Less discount to net present value	(507,078)
Net unconditional promises to give	$15,433,626

Unconditional promises to give in the amount of $7,675,500 due after June 30, 2019, are discounted at varying short term treasury rates.

I. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2018:

	Life/Years	
Furniture and equipment	3-5	$ 214,129
Equipment held under capital leases	3-5	25,324
Subtotal property and equipment		239,453
Less: accumulated depreciation		213,742
Net property and equipment		$ 25,711

J. COMMITMENTS AND CONTINGENCIES

Government supported programs as well as certain private foundation grants 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 conditional commitments as of June 30, 2018, were $39,500.

The Foundation has a multi-year agreement with The Massachusetts Institute of Technology ("MIT") to develop modules that will instruct teacher candidates of the Academy. Total cost for this subcontract is estimated to be approximately $10M for the period of May 2015 through July 2021. Payments are made to MIT as MIT incurs expenses and benchmarks and milestones are met. During the year ended June 30, 2018, this agreement was re-assigned to the Academy from the Foundation, therefore future commitments are obligations of the Academy.

K. OPERATING LEASE

The Foundation has a lease commitment for approximately 3,250 square feet of office space located in Cambridge, Massachusetts which began on April 1, 2017, and expires on December 31, 2026. The lease also allows for rental of two parking spaces at $200 per month each, with annual increases not to exceed 5%. During the year ended June 30, 2018, all parties (the Foundation, the Academy and the landlord) have agreed to re-assign the lease to the Academy, pending the approval of the Academy's tax-exempt status as a 501(c)(3) organization. Future minimum lease expenses under the operating lease are as follows:

Year ending June 30,	
2019	$ 116,790
2020	116,790
2021	116,790
2022	116,790
2023	116,790
Thereafter	409,765
	$ 993,715

L. RETIREMENT PLAN

The Foundation has a contributory defined contribution retirement plan under Internal Revenue Code 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, 2018, was $423,878. The plan is administered by TIAA-CREF.

M. TRANSACTIONS WITH THE ACADEMY

Prior to its incorporation date of November 15, 2017, the Academy was a program of the Foundation. Before the Academy was incorporated, the Foundation received grants and contributions from various private foundations and individuals restricted for the Academy program. Prior to incorporation, the Foundation incurred program costs, expended funds for leasehold improvements, and purchased equipment on behalf of the Academy program. On November 15, 2017, the Foundation granted the balance of contributions received and receivable by the Foundation on behalf of the Academy, net of expenses and other costs incurred against these contributions, to the Academy. Total grant expense of $8,302,746 has been recorded on the schedule of functional expense as grants and fellowships to individuals and organizations. At June 30, 2018, the Foundation owed the Academy $3,459,960 (including $1,625,000 of unconditional promises to give) which is reflected as Due to the Academy on the statement of financial position which is payable over two years. In addition, certain agreements that the Foundation signed on behalf of the Academy program have been or will be formally re-assigned to the Academy. This includes the lease agreement (See Note K) and the agreement with MIT (See Note J).

N. RELATED PARTIES

Total gifts and pledges from various board members were $5,074,506 for the year ended June 30, 2018. Of the total gifts and pledges, including those made in prior years, there was $102,500 outstanding at June 30, 2018. The Foundation believes that all remaining gifts and pledges from related parties are collectible.

O. SUBSEQUENT EVENTS

Management has evaluated events for potential recognition and disclosure that occurred through October 11, 2018, the date the financial statements were available to be issued. There were no items determined by management to require disclosure.

SUPPLEMENTARY INFORMATION

THE WOODROW WILSON NATIONAL FELLOWSHIP FOUNDATION

SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended June 30, 2018

	Program Services			Supporting Services			
	Higher Education	Teaching and Leadership	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Grants and fellowships to individuals and organizations	$ 1,905,554	$ 12,871,009	$ 14,776,563	$ -	$ -	$ -	$ 14,776,563
Salary, fringe benefits and payroll taxes	813,168	3,010,168	3,823,336	1,343,697	747,552	2,091,249	5,914,585
Service and professional fees	98,505	1,719,549	1,818,054	117,780	245,774	363,554	2,181,608
Travel and accommodations	203,290	432,387	635,677	78,411	11,945	90,356	726,033
Printing, postage, delivery, copying and other office expenses	9,920	12,309	22,229	50,321	38,406	88,727	110,956
Bank and investment fees	3,330	1,173	4,503	27,999	4,069	32,068	36,571
Other office and business expenses	36,736	206,484	243,220	106,696	57,904	164,600	407,820
Total expenses before depreciation	3,070,503	18,253,079	21,323,582	1,724,904	1,105,650	2,830,554	24,154,136
Depreciation	-	-	-	14,178	-	14,178	14,178
Total Expenses	$ 3,070,503	$ 18,253,079	$ 21,323,582	$ 1,739,082	$ 1,105,650	$ 2,844,732	$ 24,168,314