

# Eisenhower Fellowships

Financial Statements  
Years Ended December 31, 2015 and 2014



1835 Market Street, 26th Floor  
Philadelphia, PA 19103

215/567-7770 | [bbdcpa.com](http://bbdcpa.com)

# EISENHOWER FELLOWSHIPS

## CONTENTS

---

INDEPENDENT AUDITOR'S REPORT	1
<b>FINANCIAL STATEMENTS</b>	
<i>Statements of Financial Position</i>	3
<i>Statements of Activities</i>	4
<i>Statements of Cash Flows</i>	6
<i>Notes to Financial Statements</i>	7
<b>SUPPLEMENTARY INFORMATION</b>	
<i>Schedules of Expenses</i>	15

---



## INDEPENDENT AUDITOR'S REPORT

**Board of Trustees  
Eisenhower Fellowships  
Philadelphia, Pennsylvania**

We have audited the accompanying financial statements of Eisenhower Exchange Fellowships, Incorporated (a nonprofit organization also known as and referred to herein as Eisenhower Fellowships), which comprise the statements of financial position as of December 31, 2015 and 2014, 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 U.S. generally accepted accounting principles; 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's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 Eisenhower Fellowships as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

***Other Matter – Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of expenses on page 15 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits 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 U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*BBD, LLP.*

**Philadelphia, Pennsylvania  
May 4, 2016**

# EISENHOWER FELLOWSHIPS

## STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash	\$ 552,290	\$ 1,434,642
Contributions and grants receivable, net	1,047,275	989,800
Prepaid expenses and other	121,920	85,238
Investments	32,216,442	34,895,746
Property and equipment, net	2,574,995	2,593,933
Beneficial interest in federal trust fund	<u>7,945,450</u>	<u>8,105,424</u>
<b>Total assets</b>	<b><u>\$ 44,458,372</u></b>	<b><u>\$ 48,104,783</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	<u>\$ 321,334</u>	<u>\$ 206,955</u>
<b>NET ASSETS</b>		
Unrestricted		
Operating	700,000	700,000
Board designated	<u>31,047,349</u>	<u>34,558,365</u>
	31,747,349	35,258,365
Temporarily restricted	185,000	310,800
Permanently restricted	<u>12,204,689</u>	<u>12,328,663</u>
<b>Total net assets</b>	<b><u>44,137,038</u></b>	<b><u>47,897,828</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 44,458,372</u></b>	<b><u>\$ 48,104,783</u></b>

See accompanying notes

# EISENHOWER FELLOWSHIPS

## STATEMENT OF ACTIVITIES

Year ended December 31, 2015 with comparative totals for 2014

	Unrestricted			Temporarily Restricted	Permanently Restricted	Totals	
	Operating	Board Designated	Total			2015	2014
<b>REVENUE</b>							
Contributions and grants	\$ 2,536,170	\$ -	\$ 2,536,170	\$ 101,700	\$ 36,000	\$ 2,673,870	\$ 3,166,612
Other revenue	-	7,769	7,769	-	-	7,769	-
Net assets released from restrictions	192,500	35,000	227,500	(227,500)	-	-	-
Spendable draw from endowment earnings	1,905,230	(1,905,230)	-	-	-	-	-
<b>Total revenue</b>	<u>4,633,900</u>	<u>(1,862,461)</u>	<u>2,771,439</u>	<u>(125,800)</u>	<u>36,000</u>	<u>2,681,639</u>	<u>3,166,612</u>
<b>EXPENSES</b>							
<b>Program services</b>							
Fellowship programs	3,001,542	-	3,001,542	-	-	3,001,542	2,784,254
Fellowship Network	1,111,648	-	1,111,648	-	-	1,111,648	903,177
<b>Supporting services</b>							
Management and general	477,209	-	477,209	-	-	477,209	507,557
Development	508,513	-	508,513	-	-	508,513	356,615
<b>Total expenses</b>	<u>5,098,912</u>	<u>-</u>	<u>5,098,912</u>	<u>-</u>	<u>-</u>	<u>5,098,912</u>	<u>4,551,603</u>
<b>Change in net assets before other changes</b>	<u>(465,012)</u>	<u>(1,862,461)</u>	<u>(2,327,473)</u>	<u>(125,800)</u>	<u>36,000</u>	<u>(2,417,273)</u>	<u>(1,384,991)</u>
<b>OTHER CHANGES</b>							
Change in value of investments <i>(Note 6)</i>	-	(1,183,543)	(1,183,543)	-	(159,974)	(1,343,517)	410,896
Transfer of funds by Board to (from) operating reserve	465,012	(465,012)	-	-	-	-	-
<b>Total other changes</b>	<u>465,012</u>	<u>(1,648,555)</u>	<u>(1,183,543)</u>	<u>-</u>	<u>(159,974)</u>	<u>(1,343,517)</u>	<u>410,896</u>
<b>CHANGE IN NET ASSETS</b>	<u>-</u>	<u>(3,511,016)</u>	<u>(3,511,016)</u>	<u>(125,800)</u>	<u>(123,974)</u>	<u>(3,760,790)</u>	<u>(974,095)</u>
<b>NET ASSETS</b>							
Beginning of year	700,000	34,558,365	35,258,365	310,800	12,328,663	47,897,828	48,871,923
<b>End of year</b>	<u>\$ 700,000</u>	<u>\$ 31,047,349</u>	<u>\$ 31,747,349</u>	<u>\$ 185,000</u>	<u>\$ 12,204,689</u>	<u>\$ 44,137,038</u>	<u>\$ 47,897,828</u>

See accompanying notes

# EISENHOWER FELLOWSHIPS

## STATEMENT OF ACTIVITIES

Year ended December 31, 2014

	Unrestricted			Temporarily Restricted	Permanently Restricted	Total
	Operating	Board Designated	Total			
<b>REVENUE</b>						
Contributions and grants	\$ 2,833,803	\$ 71,009	\$ 2,904,812	\$ 226,800	\$ 35,000	\$ 3,166,612
Net assets released from restrictions	220,000	49,612	269,612	(269,612)	-	-
Spendable draw from endowment earnings	1,841,120	(1,841,120)	-	-	-	-
<b>Total revenue</b>	<u>4,894,923</u>	<u>(1,720,499)</u>	<u>3,174,424</u>	<u>(42,812)</u>	<u>35,000</u>	<u>3,166,612</u>
<b>EXPENSES</b>						
<b>Program services</b>						
Fellowship programs	2,784,254	-	2,784,254	-	-	2,784,254
Fellowship Network	903,177	-	903,177	-	-	903,177
<b>Supporting services</b>						
Management and general	507,557	-	507,557	-	-	507,557
Development	356,615	-	356,615	-	-	356,615
<b>Total expenses</b>	<u>4,551,603</u>	<u>-</u>	<u>4,551,603</u>	<u>-</u>	<u>-</u>	<u>4,551,603</u>
<b>Change in net assets before other changes</b>	<u>343,320</u>	<u>(1,720,499)</u>	<u>(1,377,179)</u>	<u>(42,812)</u>	<u>35,000</u>	<u>(1,384,991)</u>
<b>OTHER CHANGES</b>						
Change in value of investments <i>(Note 6)</i>	-	546,683	546,683	-	(135,787)	410,896
Transfer of funds by Board to (from) operating reserve	(343,320)	343,320	-	-	-	-
<b>Total other changes</b>	<u>(343,320)</u>	<u>890,003</u>	<u>546,683</u>	<u>-</u>	<u>(135,787)</u>	<u>410,896</u>
<b>CHANGE IN NET ASSETS</b>	<u>-</u>	<u>(830,496)</u>	<u>(830,496)</u>	<u>(42,812)</u>	<u>(100,787)</u>	<u>(974,095)</u>
<b>NET ASSETS</b>						
Beginning of year	700,000	35,388,861	36,088,861	353,612	12,429,450	48,871,923
<b>End of year</b>	<u>\$ 700,000</u>	<u>\$ 34,558,365</u>	<u>\$ 35,258,365</u>	<u>\$ 310,800</u>	<u>\$ 12,328,663</u>	<u>\$ 47,897,828</u>

See accompanying notes

# EISENHOWER FELLOWSHIPS

## STATEMENTS OF CASH FLOWS

Years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Change in net assets</i>	\$ (3,760,790)	\$ (974,095)
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Depreciation expense	128,010	102,126
Net realized and unrealized loss on investments	2,205,993	440,351
Change in value of beneficial interest in federal trust fund	159,974	135,787
Contributions restricted for long-term purposes	(36,000)	(35,000)
(Increase) decrease in		
Contributions and grants receivable, net	(271,475)	243,372
Prepaid expenses and other	(36,682)	(18,170)
Increase (decrease) in		
Accounts payable and accrued expenses	<u>114,379</u>	<u>30,024</u>
<b>Net cash used for operating activities</b>	<u>(1,496,591)</u>	<u>(75,605)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(3,556,417)	(5,714,104)
Proceeds from sale of investments	4,029,728	6,170,445
Purchase of property and equipment	<u>(109,072)</u>	<u>(14,886)</u>
<b>Net cash provided by investing activities</b>	<u>364,239</u>	<u>441,455</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Collections of contributions restricted for investment in endowment	<u>250,000</u>	<u>250,000</u>
<b>Net change in cash</b>	(882,352)	615,850
<b>CASH</b>		
Beginning of year	<u>1,434,642</u>	<u>818,792</u>
<b>End of year</b>	<u>\$ 552,290</u>	<u>\$ 1,434,642</u>

See accompanying notes



# EISENHOWER FELLOWSHIPS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

---

### (1) NATURE OF OPERATIONS

Eisenhower Fellowships ("**EF**"), formally known as Eisenhower Exchange Fellowships, Incorporated, is a nonprofit organization located in Philadelphia, Pennsylvania that grants fellowships for a period of travel in the United States to individuals from foreign countries who have demonstrated leadership achievement in their respective countries and professions. The fellowships enable these individuals to interact with their professional counterparts to gain new perspectives on key professional issues, and to experience American culture. Americans' travel abroad on fellowships gives them similar experiences and new perspectives. EF's Global Fellowship Network provides an opportunity for the sharing of information, ideas and perspectives among Fellows, trustees and staff to advance the ongoing mission of the organization.

A core feature of the fellowship is that it is lifelong. There has always been activity among alumni, including over two dozen conferences that helped Fellows to maintain EF ties. In recent years, alumni have formed country associations and used October 14, the Eisenhower Day of Fellowship, as an occasion to organize activities of interest and importance to them and their communities. In 2011, as a way to add greater impact to the life-long Eisenhower Fellowship experience, the board amended the organization mission statement to include the collaboration among our Fellows, as well as with others in their personal networks, to achieve specific, scalable, measurable outcomes that can advance peace, justice and prosperity.

### (2) SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting and, accordingly, revenues are recognized when earned and expenses are recognized when incurred.

#### **Financial Statement Presentation**

EF reports information regarding its financial position and activities according to the following three classes of net assets:

##### ***Unrestricted net assets***

Net assets that are not subject to donor-imposed restrictions.

##### ***Temporarily restricted net assets***

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of EF and/or the passage of time. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions."

##### ***Permanently restricted net assets***

Net assets that are subject to donor-imposed restrictions that such assets be maintained indefinitely.

#### **Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

# EISENHOWER FELLOWSHIPS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

---

### **Fair Value Measurements**

Generally accepted accounting principles ("**GAAP**") define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of EF. Unobservable inputs reflect EF's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

**Level 1** – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that EF has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not entail a significant degree of judgment.

**Level 2** – Valuations based on quoted prices in markets that are not active or based on similar instruments in active markets or based on models derived from valuations observable in active markets.

**Level 3** – Valuations based on inputs that are unobservable, that is, inputs that reflect EF's own assumptions.

### **Investments and Investment Income**

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statement of activities. Investments in limited partnerships are reported at fair value based upon the valuation of the partnership's underlying securities, with gains and losses included in the statements of activities. Investment income is recorded as earned. Restricted investment income whose restrictions are satisfied in the same period are classified as unrestricted.

EF invests in professionally managed portfolios that contain various types of securities (**See Note 4**). Such investments are exposed to market and credit risk. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in the near term would materially affect investment balances and the amounts reported in the financial statements.

### **Property and Equipment**

EF capitalizes all expenditures for property and equipment in excess of \$1,000. Property and equipment is carried at cost if purchased and at fair value at the date of donation if contributed. Depreciation is computed using the straight-line method over the estimated lives of the assets.

### **Beneficial Interest in Federal Trust Fund**

The beneficial interest in federal trust fund is reported at the fair market value of the trust.

### **Contributions and Grants**

Contributions and grants are recorded as unrestricted, temporarily restricted or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions and grants whose restrictions are satisfied in the same period are reported as unrestricted.

Unconditional contributions and grants are recognized as revenue when the related promise to give is received. Conditional contributions and grants are recognized as revenue when the conditions are satisfied.

### **Functional Allocation of Expenses**

The costs of providing various program and supporting services have been presented on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited based primarily upon the relative time spent by EF's employees on each function.

---

# EISENHOWER FELLOWSHIPS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

### Income Tax Status

EF is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to EF's tax-exempt purpose is subject to taxation as unrelated business income. In addition, EF qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1).

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the financial statements. EF believes that it had no uncertain tax positions as defined in GAAP.

### Concentrations of Credit Risk

Financial instruments which potentially subject EF to concentrations of credit risk are cash and contributions and grants receivable. EF maintains cash deposits at various high-quality banks and financial institutions. At times, such deposits may exceed federally-insured limits. Management performs ongoing evaluations of contributions and grants receivable for potential credit losses. Collateral is not required.

### (3) CONTRIBUTIONS AND GRANTS RECEIVABLE

Receivables are expected to be collected as follows:

	<u>2015</u>	<u>2014</u>
Less than one year	\$ 797,275	\$ 492,500
One to five years	<u>250,000</u>	<u>535,000</u>
Total receivables	1,047,275	1,027,500
Less discount to net present value	<u>-</u>	<u>(37,700)</u>
Net receivables	<u>\$1,047,275</u>	<u>\$ 989,800</u>

### (4) INVESTMENTS

Investments at December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 446,254	\$ 446,254	\$ 1,546,467	\$ 1,546,467
Mutual funds				
Equity	16,159,470	14,857,859	18,336,034	18,229,603
Exchange traded funds				
Equity	2,747,053	2,462,744	2,329,225	2,336,321
Equity securities	2,265,191	2,115,657	1,976,589	2,200,632
Limited partnerships	<u>12,718,641</u>	<u>12,333,928</u>	<u>10,252,974</u>	<u>10,582,723</u>
	<u>\$34,336,609</u>	<u>\$32,216,442</u>	<u>\$34,441,289</u>	<u>\$34,895,746</u>

## EISENHOWER FELLOWSHIPS

### NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

---

Limited partnerships consisted of the following at December 31, 2015:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Equity long/short funds (a)	\$ 3,582,109	None	End of Month	10 - 90 days
Greater China Fund (b)	1,078,456	None	End of Month	30 days
Fixed income funds (c)	3,163,206	None	End of Month	10 - 30 days
Blended funds (d)	2,352,796	None	End of Month	65 - 90 days
Japanese equities fund (e)	998,359	None	Daily	6 business days
Emerging markets equities fund (f)	<u>1,159,002</u>	None	Daily	10 business days
	<u>\$12,333,928</u>			

(a) – This category includes investments in three limited partnerships that primarily invest in both long and short U.S. and non-U.S. equities. The fair values of the investments in this category have been estimated using the net asset value per share. Two of the limited partnerships (\$2,701,086 at December 31, 2015) have three year lock-up periods that will not allow redemptions until December 31, 2016. The remaining limited partnership (\$881,023 at December 31, 2015) has a two year lock-up period that will not allow redemptions until March 31, 2016.

(b) – This category includes an investment in a limited partnership that invests in a wide variety of securities and financial instruments, U.S. and non-U.S., primarily in the securities of companies conducting business in or deriving income from the Asian economies with a focus on the greater China region. The fair values of the investment in this category have been estimated using the net asset value per share. Investments in this category do not have lock-up redemption restrictions at December 31, 2015.

(c) – This category includes investments in two limited partnerships. One limited partnership invests primarily in publicly-traded debt obligations of U.S. and foreign governments, their agencies and supranationals. The other limited partnership invests primarily in bank loans and high yield bonds. There are no lock-up redemption restrictions on these limited partnerships. The fair values of the investments in this category have been estimated using the net asset value per share.

(d) – This category includes investments in two limited partnerships. The limited partnerships invest in instruments related to any level of an issuer's capital structure (including bank debt, corporate bonds, trade claims, convertible securities, equities, credit default swaps, options and other derivatives, as well as the debt and equity of structured credit products). One of the limited partnerships offers liquidity with 65 days notice and has a one year lock-up period that ended in January of 2015. The other limited partnership offers liquidity with 90 days' notice and had a one year lock-up period that ended in March of 2015.

(e) – This category includes an investment in a limited partnership that invests primarily in a portfolio of Japanese equity securities that are believed to possess fundamental value. The fair value of the investment in this category has been estimated using the net asset value per share. There are no lock-up redemption restrictions on this investment at December 31, 2015.

(f) – This category includes an investment in a limited partnership that invests in a diversified portfolio of small and mid capitalization equity securities of companies located in emerging markets. The fair value of the investment in this category has been estimated using the net asset value per share. There are no lock-up redemption restrictions on this investment at December 31, 2015.

#### (5) BENEFICIAL INTEREST IN FEDERAL TRUST FUND

EF is the income beneficiary of a federal trust fund established by Congress pursuant to the Eisenhower Exchange Fellowship Act of 1990, as amended by House Bill H.R. 3019 enacted in March 1996. The income from the trust is restricted to fellowship programs and withdrawal of the earnings is subject to an annual Congressional appropriation.

---

# EISENHOWER FELLOWSHIPS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

---

### (6) CHANGE IN VALUE OF INVESTMENTS

Change in value of investments was comprised of the following:

	<u>2015</u>	<u>2014</u>
Interest and dividends, net	\$ 784,450	\$ 752,634
Distributions from federal trust fund	238,000	234,400
Net realized gain	368,631	1,947,313
Net unrealized loss	(2,574,624)	(2,387,664)
Change in value of beneficial interest in federal trust fund	<u>(159,974)</u>	<u>(135,787)</u>
	<u>\$ (1,343,517)</u>	<u>\$ 410,896</u>

### (7) PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Land	\$ 723,608	\$ 723,608
Building and improvements	2,437,927	2,365,694
Office equipment	362,747	340,618
Furniture and fixtures	<u>159,859</u>	<u>145,149</u>
	3,684,141	3,575,069
Less accumulated depreciation	<u>(1,109,146)</u>	<u>(981,136)</u>
	<u>\$ 2,574,995</u>	<u>\$ 2,593,933</u>

Depreciation expense for the years ended December 31, 2015 and 2014 was \$128,010 and \$102,126, respectively.

### (8) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets (of which \$150,000 is held in cash) are available for the following periods:

	<u>Balance December 31, 2014</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance December 31, 2015</u>
Time restrictions				
Contributions and grants for future periods	<u>\$310,800</u>	<u>\$101,700</u>	<u>\$(227,500)</u>	<u>\$185,000</u>

### (9) PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Beneficial interest in federal trust fund	\$ 7,945,450	\$ 8,105,424
Endowment	<u>4,259,239</u>	<u>4,223,239</u>
	<u>\$12,204,689</u>	<u>\$12,328,663</u>

---

# EISENHOWER FELLOWSHIPS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

Donors of the endowment require EF to retain permanently the historic-dollar-value of the endowment. Income from the endowment and the beneficial interest in federal trust fund are restricted for fellowship programs.

### (10) ENDOWMENT FUND

An accounting standard was issued which provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("**UPMIFA**"). EF is not subject to this guidance since Pennsylvania has not enacted a version of UPMIFA. The standard also required additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

In accordance with Pennsylvania statutes, EF has adopted investment and spending policies for its endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of these endowment assets over the long-term. EF's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

In 2005, Eisenhower Fellowship's Board approved a spending rule for purposes of controlling annual withdrawals from the Endowment to support operations. The current policy permits a maximum 4.5% draw, based on the value of the endowment principal over the twelve quarters preceding the beginning of the fiscal year. This 4.5% distribution is not to be exceeded on average over any given three year period.

Changes in the endowment assets for the years ended December 31, 2014 and 2015 are as follows:

	<b>(Board- Designated) Unrestricted</b>	<b>Permanently Restricted</b>	<b>Total Endowment Assets</b>
<b><u>2014</u></b>			
Endowment net assets, beginning of year	\$32,533,199	\$11,500,450	\$44,033,649
Contributions	51,009	250,000	301,009
Change in value of investments	312,283	(135,787)	176,496
Spending policy distribution	(1,841,120)	-	(1,841,120)
Other additions	<u>331,136</u>	<u>-</u>	<u>331,136</u>
Endowment net assets, end of year	<u>\$31,386,507</u>	<u>\$11,614,663</u>	<u>\$43,001,170</u>
	<b>(Board- Designated) Unrestricted</b>	<b>Permanently Restricted</b>	<b>Total Endowment Assets</b>
<b><u>2015</u></b>			
Endowment net assets, beginning of year	\$31,386,507	\$11,614,663	\$43,001,170
Contributions	-	250,000	250,000
Change in value of investments	(1,421,543)	(159,974)	(1,581,517)
Spending policy distribution	(1,905,230)	-	(1,905,230)
Other additions	<u>397,469</u>	<u>-</u>	<u>397,469</u>
Endowment net assets, end of year	<u>\$28,457,203</u>	<u>\$11,704,689</u>	<u>\$40,161,892</u>

# EISENHOWER FELLOWSHIPS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

### (11) RETIREMENT PLAN

EF sponsors an employee retirement plan (the "*Plan*") qualified under Section 403(b) of the Internal Revenue Code covering substantially all employees. The Plan provides for employer contributions equal to 3% of employees' compensation. Employer contributions were \$61,777 for 2015 and \$41,654 for 2014.

### (12) ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS

The following is a summary of assets measured at fair value on a recurring basis and the valuation inputs used to value them:

<u>December 31, 2015</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Contributions and grants receivable, net	\$ 1,047,275	\$ -	\$1,047,275	\$ -
Investments				
Money market funds	446,254	446,254	-	-
Mutual funds –				
Equity	14,857,859	14,857,859	-	-
Exchange traded funds – Equity	2,462,744	2,462,744	-	-
Equity securities	2,115,657	2,115,657	-	-
Limited partnerships (a)	<u>12,333,928</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	32,216,442	19,882,514	-	-
Beneficial interest in federal trust fund	<u>7,945,450</u>	<u>-</u>	<u>7,945,450</u>	<u>-</u>
	<u>\$41,209,167</u>	<u>\$19,882,514</u>	<u>\$8,992,725</u>	<u>\$ -</u>
<u>December 31, 2014</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Contributions and grants receivable, net	\$ 989,800	\$ -	\$ 989,800	\$ -
Investments				
Money market funds	1,546,467	1,546,467	-	-
Mutual funds –				
Equity	18,229,603	18,229,603	-	-
Exchange traded funds – Equity	2,336,321	2,336,321	-	-
Equity securities	2,200,632	2,200,632	-	-
Limited partnerships (a)	<u>10,582,723</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	34,895,746	24,313,023	-	-
Beneficial interest in federal trust fund	<u>8,105,424</u>	<u>-</u>	<u>8,105,424</u>	<u>-</u>
	<u>\$43,990,970</u>	<u>\$24,313,023</u>	<u>\$9,095,224</u>	<u>\$ -</u>

(a) Certain investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. These investments have been included in the table to permit reconciliation of the amounts presented in the statements of financial position.

## **EISENHOWER FELLOWSHIPS**

### ***NOTES TO FINANCIAL STATEMENTS***

**December 31, 2015 and 2014**

---

#### **(13) SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 4, 2016, the date on which the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2015 that require recognition or disclosure in the financial statements.



**SUPPLEMENTARY INFORMATION**

# EISENHOWER FELLOWSHIPS

## SCHEDULES OF EXPENSES

Years ended December 31, 2015 and 2014

	2015									
	Program Services						Supporting Services			
	Multi-Nation Program (MNP)	Women's Leadership Program	U.S.A. Fellows	Fellowship Network	Zhi-Xing China Program	Total Program Services	Management and General	Development	Total Supporting Services	Total
Program costs	\$ 648,728	\$ 666,835	\$ 252,596	\$ 371,461	\$ 107,229	\$ 2,046,849	\$ -	\$ -	\$ -	\$ 2,046,849
Personnel	366,083	477,208	169,389	561,763	91,562	1,666,005	347,159	381,841	729,000	2,395,005
Professional services	20,534	29,881	10,258	96,522	4,237	161,432	32,407	38,286	70,693	232,125
Building and maintenance	35,273	45,752	14,532	52,474	6,692	154,723	54,640	-	54,640	209,363
Administration	18,716	24,835	7,670	29,428	3,532	84,181	21,315	29,991	51,306	135,487
Other	-	-	-	-	-	-	21,688	58,395	80,083	80,083
	<u>\$ 1,089,334</u>	<u>\$ 1,244,511</u>	<u>\$ 454,445</u>	<u>\$ 1,111,648</u>	<u>\$ 213,252</u>	<u>\$ 4,113,190</u>	<u>\$ 477,209</u>	<u>\$ 508,513</u>	<u>\$ 985,722</u>	<u>\$ 5,098,912</u>
	2014									
	Program Services						Supporting Services			
	Multi-Nation Program (MNP)	Innovation	U.S.A. Fellows	Fellowship Network	Total Program Services	Management and General	Development	Total Supporting Services	Total	
Program costs	\$ 619,264	\$ 611,979	\$ 265,607	\$ 242,510	\$ 1,739,360	\$ -	\$ -	\$ -	\$ 1,739,360	
Personnel	389,401	424,722	136,028	478,319	1,428,470	380,035	252,283	632,318	2,060,788	
Professional services	68,199	76,197	22,013	86,821	253,230	16,307	42,278	58,585	311,815	
Building and maintenance	38,496	43,325	12,518	47,242	141,581	50,739	-	50,739	192,320	
Administration	19,772	22,252	6,480	30,423	78,927	19,646	15,419	35,065	113,992	
Other	20,024	6,068	1,909	17,862	45,863	40,830	46,635	87,465	133,328	
	<u>\$ 1,155,156</u>	<u>\$ 1,184,543</u>	<u>\$ 444,555</u>	<u>\$ 903,177</u>	<u>\$ 3,687,431</u>	<u>\$ 507,557</u>	<u>\$ 356,615</u>	<u>\$ 864,172</u>	<u>\$ 4,551,603</u>	