



Gary McGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

Oregon Wildlife Foundation

Consolidated Financial Statements and Other Information
as of and for the Year Ended December 31, 2018
and Report of Independent Accountants

OREGON WILDLIFE FOUNDATION

TABLE OF CONTENTS

	Page
Report of Independent Accountants	3
Consolidated Financial Statements:	
Consolidated Statement of Financial Position	5
Consolidated Statement of Activities	6
Consolidated Statement of Functional Expenses	7
Consolidated Statement of Cash Flows	8
Notes to Consolidated Financial Statements	9
Other Information:	
Governing Board and Management	22
Inquiries and Other Information	23

REPORT OF INDEPENDENT ACCOUNTANTS

*The Board of Directors
Oregon Wildlife Heritage Foundation:*

We have audited the accompanying consolidated financial statements of the Oregon Wildlife Heritage Foundation (dba the “Oregon Wildlife Foundation”), which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization’s preparation and fair presentation of the consolidated 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 organization’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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Oregon Wildlife Heritage Foundation as of December 31, 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.

Emphasis of Matter

As discussed in note 3 to the consolidated financial statements, in 2018 the Oregon Wildlife Heritage Foundation adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Summarized Comparative Information

We have previously audited the Oregon Wildlife Heritage Foundation's 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 17, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Chryi'Gou & CO. LLP

April 15, 2019

OREGON WILDLIFE FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

(WITH COMPARATIVE AMOUNTS FOR 2017)

	2018	2017
Assets:		
Cash and cash equivalents	\$ 1,269,643	1,514,031
Grants and contributions receivable <i>(note 4)</i>	238,781	262,454
Inventories	166,447	190,578
Prepaid expenses and other assets	4,923	16,567
Investments <i>(note 5)</i>	242,717	–
Beneficial interest in assets held by the Oregon Community Foundation <i>(note 6)</i>	3,472,807	3,726,972
Property and equipment <i>(note 7)</i>	181,581	197,159
Total assets	\$ 5,576,899	5,907,761
Liabilities:		
Accounts payable and accrued expenses	61,497	25,047
Accrued payroll and related expenses	7,903	10,798
Grants payable	9,250	4,306
Conditional grants <i>(note 4)</i>	22,848	31,374
Refundable event sponsorships	4,000	1,500
Funds held on behalf of others <i>(note 9)</i>	122,869	111,776
Total liabilities	228,367	184,801
Net assets:		
Without donor restrictions:		
Available for programs and general operations	484,818	541,002
Designated by the Board <i>(note 10)</i>	632,699	501,700
Net investment in capital assets	181,581	197,159
Total without donor restrictions	1,299,098	1,239,861
With donor restrictions <i>(note 11)</i>	4,049,434	4,483,099
Total net assets	5,348,532	5,722,960
Commitments and contingencies <i>(notes 4, 9, 15, 16, 17, and 18)</i>		
Total liabilities and net assets	\$ 5,576,899	5,907,761

See accompanying notes to consolidated financial statements.

OREGON WILDLIFE FOUNDATION

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	2018		Total	2017
	Without donor restrictions	With donor restrictions		
Revenues, gains, and other support:				
Grants and contributions	\$ 6,761	498,422	505,183	596,327
Memberships	25,527	–	25,527	27,815
Special events, net of direct costs of \$46,821 in 2018 and \$37,573 in 2017	112,180	41,975	154,155	147,415
Gift store sales revenue, net of costs of sales of \$337,648 in 2018 and \$326,339 in 2017	315,238	–	315,238	283,539
Other sales	19,811	–	19,811	17,691
Interest income	4,240	–	4,240	3,172
Net change in beneficial interest in general operating assets held by the Oregon Community Foundation (<i>note 6</i>)	(3,068)	–	(3,068)	15,693
Other	871	–	871	21,289
Total revenues and gains	481,460	540,397	1,021,957	1,112,941
Appropriation of endowment assets for expenditure (<i>notes 6 and 12</i>)	–	149,681	149,681	152,158
Net assets released from restrictions (<i>note 13</i>)	1,010,653	(1,010,653)	–	–
Total revenues, gains, and other support	1,492,213	(320,575)	1,171,638	1,265,099
Expenses (<i>note 14</i>):				
Program services	1,156,903	–	1,156,903	605,565
Supporting services:				
Management and general	155,090	–	155,090	141,153
Fundraising	115,444	–	115,444	112,464
Total expenses	1,427,437	–	1,427,437	859,182
Increase (decrease) in net assets before non-operating activities	64,776	(320,575)	(255,799)	405,917
Non-operating activities:				
Endowment gifts	–	140,000	140,000	–
Endowment return (<i>note 5</i>)	(5,539)	(6,744)	(12,283)	–
Net change in beneficial interest in endowment assets held by the Oregon Community Foundation (<i>notes 6 and 12</i>)	–	(96,665)	(96,665)	494,399
Appropriation of endowment assets for expenditure (<i>notes 6 and 12</i>)	–	(149,681)	(149,681)	(152,158)
Increase (decrease) in net assets	59,237	(433,665)	(374,428)	748,158
Net assets at beginning of year	1,239,861	4,483,099	5,722,960	4,974,802
Net assets at end of year	\$ 1,299,098	4,049,434	5,348,532	5,722,960

See accompanying notes to consolidated financial statements.

OREGON WILDLIFE FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	2018				2017
	Program services	Management and general	Fundraising	Total	
Salaries and related expenses	\$ 236,470	99,454	102,276	438,200	420,574
Project costs	844,654	–	–	844,654	310,904
Professional services	–	36,477	–	36,477	31,048
Bank fees	13,726	716	3,136	17,578	15,827
Supplies	11,234	995	474	12,703	12,260
Telephone	7,369	1,582	1,403	10,354	11,905
Occupancy	4,148	4,875	5,474	14,497	11,363
Income taxes	13,159	693	–	13,852	10,234
Insurance	5,857	1,333	1,205	8,395	8,392
Membership and newsletter	–	–	1,055	1,055	3,331
Travel	1,258	87	18	1,363	1,375
Postage	191	225	252	668	1,157
Printing	–	197	–	197	812
Repairs and maintenance	486	922	–	1,408	517
Conference and meetings	488	112	–	600	250
Other	3,064	6,643	151	9,858	4,481
Total expenses before depreciation	1,142,104	154,311	115,444	1,411,859	844,430
Depreciation	14,799	779	–	15,578	14,752
Total expenses	\$ 1,156,903	155,090	115,444	1,427,437	859,182

See accompanying notes to consolidated financial statements.

OREGON WILDLIFE FOUNDATION

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	2018	2017
Cash flows from operating activities:		
Cash received from grantors, donors, and members	\$ 743,330	509,733
Cash received from sales and other sources	684,661	660,313
Cash received from interest	12,294	3,172
Distribution of investment return earned on assets held by the Oregon Community Foundation (<i>note 6</i>)	154,432	156,989
Cash paid for programs and operating costs	(1,716,051)	(1,247,804)
Net cash provided by (used in) operating activities	(121,334)	82,403
Cash flows from investing activities:		
Purchase of investments	(255,000)	–
Reinvestment of investment income	(8,054)	–
Capital expenditures	–	(17,187)
Net cash used in investing activities	(263,054)	(17,187)
Cash flows from financing activities:		
Proceeds from contributions restricted for long-term investment	140,000	–
Net cash provided by financing activities	140,000	–
Net increase (decrease) in cash and cash equivalents	(244,388)	65,216
Cash and cash equivalents at beginning of year	1,514,031	1,448,815
Cash and cash equivalents at end of year	\$ 1,269,643	1,514,031

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

1. The Organization

The Oregon Wildlife Heritage Foundation (“Oregon Wildlife Foundation”) is a nonprofit organization established in 1981 through the efforts of the Oregon Fish and Wildlife Commission and a small group of dedicated, volunteer business leaders to initiate, organize, and support projects through public and private partnerships that benefit fish and wildlife throughout the State of Oregon.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Foundation are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Principles of Consolidation – The accompanying financial statements include the accounts of the Foundation and its single-member, limited liability corporation, Spruce Gifts & Provisions (formerly known as “Bonneville Gift Store”). All significant inter-company investments, accounts, and transactions have been eliminated.

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

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor-imposed stipulations. From time to time, the Foundation’s Board of Directors may designate from net assets for particular purposes and objectives.
- *Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time. These balances represent the unexpended portion of donor-restricted contributions and investment return to be used for specific programs and activities as directed by the donor. The balances also include net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation (e.g., endowment funds). Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are also reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of management, such differences, if any, would not be significant.

Cash Equivalents – For purposes of the financial statements, the organization considers all liquid investments having initial maturities of three months or less to be cash equivalents.

Cash and cash equivalents held as part of the Foundation's investment portfolio, and where management's intention is to use the cash to acquire investments to be held long-term, are classified as investments.

Inventories – Inventories, which consist primarily of educational materials and other items held for sale in the Bonneville Gift Shop, are carried at the lower of cost or market value.

Investments – All investments are carried at fair value. The net change in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (decline) of those investments, is reported in the statement of activities. Investment income is accrued as earned, and reported net of investment advisory fees. Security transactions are recorded on a trade date basis.

The Foundation has some exposure to investment risks, including interest rate, market and credit risks, for marketable securities. Due to the level of risk exposure, it is possible that near-term valuation changes for investment securities may occur to an extent that could materially affect the amounts reported in the accompanying financial statements.

Capital Assets and Depreciation – Property and equipment are carried at cost, and at fair value when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally 30 to 40 years for buildings, and 5 to 10 years for land improvements, furniture, and equipment.

Contributions – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the donor's commitment is received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions and grants received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions.

Unconditional promises to give with payments due in future periods, are recorded as increases in net assets with donor restrictions at the estimated present value of future cash flows using credit adjusted discount rates which articulate to the collection period of the respective pledge. Such discount rates are not subsequently revised.

Unconditional contributions and grants receivable are reported net of an allowance for estimated uncollectible promises. Amortization of the discount is recorded as additional contribution revenue in subsequent years in the appropriate net asset class. Promises to give are written off when deemed uncollectible.

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Contributions of capital assets without donor stipulations concerning the use of such long-lived assets are reported as revenues of the net assets without donor restrictions class. Contributions of cash or other assets to be used to acquire capital assets with such donor stipulations are reported as net assets with donor restrictions; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

In-Kind Contributions – A number of unpaid volunteers have made significant contributions of their time to develop and implement the Foundation’s programs. Under generally accepted accounting principles, significant services received which create or enhance a non-financial asset or require specialized skills that the organization would have purchased if not donated are recognized in the statement of activities. During the year ended December 31, 2018, no contributed services were recorded.

In-kind contributions of land, buildings, equipment, and other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of the Foundation’s activities. During the year ended December 31, 2018, the Foundation recorded \$1,003 in supplies and \$5,000 in the free use of facilities for fundraising events.

Benefits Provided to Donors at Special Events – The Foundation conducts special fundraising events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of the benefits received by participants at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the organization.

Revenue Recognition – All grants and contributions are considered available for unrestricted use unless specifically restricted by the donor. Service revenues are recognized at the time services are provided and the revenues are earned. Membership payments received from organization members are considered equivalent to unrestricted contributions and are recognized as revenue when received.

Outstanding Legacies – The Oregon Wildlife Foundation is the beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. The organization’s share of such bequests is recorded when the probate courts declare the testamentary instrument valid and the proceeds are measurable.

Advertising and Marketing Expenses – Advertising and marketing costs are charged to expense as they are incurred.

Concentrations of Credit Risk – The Foundation’s financial instruments consist primarily of cash equivalents, investments and its beneficial interest in assets held by the Oregon Community Foundation (the “OCF”), which may subject the organization to concentrations of credit risk as, from time to time, for example, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation (“FDIC”). The Foundation’s beneficial interest in funds held by the OCF is dependent upon changes in the fair values of the underlying investments and the ability of the OCF to honor its commitment. Also see note 6.

All checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC for up to \$250,000 for each depositor, for each insured bank, for each account ownership category. At December 31, 2018, the organization held \$804,504 in excess of FDIC-insured limits.

Certain receivables may also, from time to time, subject the organization to concentrations of credit risk. To minimize its exposure to significant losses from customer or donor insolvencies, the organization’s management evaluates the financial condition of its customers and donors, and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics. When necessary, receivables are reported net of an allowance for uncollectible accounts.

Income Taxes – The Oregon Wildlife Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and comparable state law. The Bonneville Gift Store is a single-member, limited liability corporation, with the organization as its single, controlling member, and is disregarded for tax purposes. The Foundation has been recognized as a public charity under IRC Sections 170(b)(1)(A)(vi) and 509(a)(1).

Operating Results – Operating results reported in the consolidated statement of activities reflect all transactions that change net assets without donor restrictions, except for the net investment return on endowment and related assets (less the amounts appropriated by the Board to support current operations). In accordance with the Foundation’s endowment distribution policy, only the portion of total investment return distributed under this policy to meet operating needs is included in operating revenue. Other operating investment income consists of interest, dividends, and other investment return earned on unrestricted, non-endowment assets.

Subsequent Events – Subsequent events have been evaluated by management through April 15, 2019, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2017 – The accompanying financial information as of and for the year ended December 31, 2017, is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

Other Significant Accounting Policies – Other significant accounting policies are set forth in the financial statements and the following notes.

3. Recently-Adopted Accounting Standards

On August 18, 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and the availability of resources, and the lack of consistency in the type of information provided about expenses and investment return.

The Oregon Wildlife Foundation implemented ASU No. 2016-14 during the 2018 fiscal year and has adjusted the presentation of these consolidated financial statements as follows.

	Without donor restrictions	With donor restrictions	Total
Net assets at December 31, 2017, as previously reported:			
Unrestricted	\$ 1,239,861	–	1,239,861
Temporarily restricted	–	1,919,595	1,919,595
Permanently restricted	–	2,563,504	2,563,504
Net assets at December 31, 2017	\$ 1,239,861	4,483,099	5,722,960

4. Grants and Contributions Receivable

Grants and contributions receivable consist of unconditional promises expected to be collected in less than one year and total \$238,781 at December 31, 2018.

In addition, at December 31, 2018 the Foundation held nine conditional grants totaling \$355,874. These awards are conditioned upon the organization incurring certain expenses and meeting matching requirements in accordance with the grant agreements. Accordingly, these awards have not yet been reported in the accompanying consolidated financial statements because the related conditions had not been satisfied as of December 31, 2018. Of the \$355,874 total, the Foundation held \$22,848 in cash advances as of December 31, 2018, an amount which has been reported in the accompanying consolidated statement of financial position as a conditional grant liability.

5. Investments

The following is a summary of investments held at December 31, 2018:

Foreign Large-cap mutual funds	\$	44,124
Fixed income mutual funds		34,869
Large-cap mutual funds		32,034
U.S. Treasury bond funds		25,329
Balanced index fund		22,769
Mid-cap mutual funds		16,307
Emerging markets mutual funds		11,807
Small-cap mutual funds		8,074
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Total investments		195,313
Cash equivalents		47,404
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	\$	242,717

Investments are held for the following purposes:

Donor-restricted endowment fund	\$	133,256
Board-designated endowment fund		109,461
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	\$	242,717

Investment return for the year ended December 31, 2018 is summarized as follows:

Interest and dividends	\$	8,054
Net decline in the fair value of investments		(20,337)
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	\$	(12,283)

6. Beneficial Interest in Assets Held by the Oregon Community Foundation

The Oregon Wildlife Foundation has established several funds at the Oregon Community Foundation, which holds and invests them as component funds for the benefit of the organization. These include both donor-restricted endowment (see note 12) and Board-designated funds.

These funds were established through a transfer of assets to the OCF in return for the contractual promise of a perpetual stream of future distributions back to the organization, based on the OCF's spending rate and related policies (described below). Although the OCF accepted the transferred assets subject to its own variance power, the Foundation has retained a future economic beneficial interest in the transferred assets, having named itself as the beneficiary of the transferred funds and related future investment return. As of December 31, 2018, management believes that future distributions from the OCF are capable of fulfillment and consistent with the OCF's mission.

The Foundation accounts for its interest in these funds using the equity method of accounting, which approximates the present value of the estimated expected future cash flow that will inure to the Foundation in the future. Management's estimate of fair value is based solely upon information provided by the OCF.

Continued

Changes in the Foundation’s beneficial interest in these funds for the year ended December 31, 2018 are summarized as follows:

	Donor-restricted endowment			General operating reserve	Total
	Bernice Fisk endowment	Robert D. and Beulah Drake endowment	Total		
Balance at beginning of year	\$ 359,148	3,253,171	3,612,319	114,653	3,726,972
Less decline in the fair value of the funds	(9,611)	(87,054)	(96,665)	(3,068)	(99,733)
Less the distribution of investment return to the Foundation	(14,870)	(134,811)	(149,681)	(4,751)	(154,432)
Balance at end of year	\$ 334,667	3,031,306	3,365,973	106,834	3,472,807

Under the terms of its agreement with the OCF, the funds are invested at the discretion of OCF’s Board of Directors and are held in a mixture of asset classes designed to maximize return while minimizing risk. The Oregon Wildlife Foundation generally receives periodic distributions of the net investment return earned on these assets (generally 4.45% of the average fair market value of the funds using a trailing 13-quarter average), which are made each June and December. During the year ended December 31, 2018, the organization received total distributions of \$154,432, of which \$149,681 represented distributions from endowment assets and \$4,751 from general operating and expendable assets.

7. Property and Equipment

A summary of the Foundation’s property and equipment at December 31, 2018 is as follows:

Gift store building	\$ 426,024
Furniture	27,390
Land improvements	20,950
Operating equipment	5,532
	479,896
Less accumulated depreciation	(298,315)
	\$ 181,581

In addition to the above, the Spruce Gifts and Provisions (see note 8) is situated on land controlled by the Oregon Department of Fish and Wildlife, and made available rent-free to the organization. Because an estimate of the value of this ongoing contribution to the organization is not readily determinable, no value has been ascribed to this in-kind contribution nor included in the accompanying financial statements.

8. Spruce Gifts and Provisions

The Foundation’s gift store, Spruce Gifts and Provisions, was organized by the Foundation in 1990 as a wholly-owned, for-profit corporation to manage the store located at the Bonneville Fish Hatchery in Cascade Locks, Oregon. The gift store features a variety of fish and wildlife art, woodcarvings, and pottery, as well as specialty foods from Oregon.

In 2003, the organization’s Board of Directors converted the Bonneville Gift Store to a single-member, limited liability corporation, with the organization as its single, controlling member.

9. Funds Held on Behalf of Others

The Foundation serves as custodian on behalf of the Oregon Department of Fish and Wildlife and other organizations. Funds received in this capacity are invested with the organization's assets, but are accounted for separately.

A summary of funds held on behalf of others at December 31, 2018 is as follows:

Oregon Department of Fish and Wildlife	\$ 69,582
Willamette Habitat Restoration	48,391
Youth Outdoor Day	4,896
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	\$ 122,869
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10. Net Assets without Donor Restrictions

The following summarizes the Oregon Wildlife Foundation's net assets without donor restrictions as of December 31, 2018:

<i>Designated by the Board of Directors for the following purposes:</i>	
Projects	\$ 281,991
Project reserves	134,413
Operations endowment (note 5 and 12)	109,461
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	525,865
For operating reserves (note 6)	106,834
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	\$ 632,699
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11. Net Assets with Donor Restrictions

The following summarizes the Oregon Wildlife Foundation's net assets with donor-imposed restrictions, which represent contributions, grants, and other unexpended revenues and gains as of December 31, 2018:

<i>Expendable net assets restricted for the following purposes:</i>	
Deschutes River	\$ 122,413
Pacific Seafood Environmental Enhancement Fund	109,592
Chemut Wildlife Undercrossing	62,699
Clackamas River	34,319
Elakha Alliance	22,195
Sturgeon Lake	14,132
Crooked River Analysis	11,953
Trout Creek Habitat project	6,941
Small Fish and Game project	6,045
Eastern Oregon projects	5,175
North Fork Fish Habitat	5,000
Linnton Frog Project	2,723
Other	11,770
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	414,957
<i>Expendable net assets unrestricted as to purpose, but restricted as to time:</i>	
Pledges to benefit the Foundation's general operations in future periods	135,248
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	550,205
<i>Endowments:</i>	
Bernice Fisk Endowment ¹	334,667
Robert D. and Beulah Drake Endowment ²	3,031,306
Operations Endowment ²	133,256
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Total endowment	3,499,229
	<hr/>
Total net assets with donor restrictions	\$ 4,049,434
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¹ Income is restricted for the restoration and enhancement of wildlife in the Deschutes River watershed.

² Endowment is without purpose restrictions established by donors.

12. Endowment

The Foundation's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowment. As required by generally accepted accounting principles, net assets associated with endowment, including funds designated by the Board of Directors to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

The following summarizes the Foundation's endowment-related activities for the year ended December 31, 2018:

	With donor restrictions			Without donor restrictions	Total endowment
	Accumulated endowment return	Endowment principal	Total		
Endowment net assets at beginning of year	\$ 1,048,815	2,563,504	3,612,319	–	3,612,319
Contributions and bequests	–	140,000	140,000	–	140,000
Transfer of general operating funds to Board-designated endowment	–	–	–	115,000	115,000
Net change in the beneficial interest in assets held by the Oregon Community Foundation	(96,665)	–	(96,665)	–	(96,665)
Net investment return	(6,744)	–	(6,744)	(5,539)	(12,283)
Appropriation of endowment assets for expenditure	(149,681)	–	(149,681)	–	(149,681)
Endowment net assets at end of year	\$ 795,725	2,703,504	3,499,229	109,461	3,608,690

Interpretation of Relevant Law – The Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) governs Oregon charitable institutions with respect to the management, investment and expenditure of donor-restricted endowment funds.

The Foundation's Board of Directors has interpreted Oregon's adoption of UPMIFA as requiring the Foundation to adopt investment and spending policies that preserve the fair value of the original gift as of the date of gift, absent explicit donor stipulations to the contrary. Although the Foundation has a long-term fiduciary duty to the donor (and to others) for a fund of perpetual duration, the preservation of the endowment's purchasing power is only one of several factors that are considered in managing and investing these funds. Furthermore, in accordance with UPMIFA, a portion of the endowment's original gift may be appropriated for expenditure in support of the restricted purposes of the endowment if this is consistent with a spending policy that otherwise satisfies the requisite standard of prudence under UPMIFA.

As a result of this interpretation, the Foundation classifies as endowment principal (1) the original value of gifts donated to the donor-restricted endowment, (2) subsequent gifts to the endowment, and (3) accumulations to the endowment made pursuant to the direction of the applicable donor gift instrument.

Net earnings (realized and unrealized) on the investment of endowment assets are classified as accumulated endowment return until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA and until expended in a manner consistent with the purpose or time restrictions, if any, imposed by the donor. Any investment return classified as endowment principal represents only those amounts required to be retained permanently as a result of explicit donor stipulations.

In the absence of donor stipulations or law to the contrary, losses or appropriations of a donor-restricted endowment reduce accumulated endowment return to the extent that donor-imposed restrictions on net appreciation of the fund have not been satisfied before the loss or appropriation occurs. Any remaining loss or appropriation reduces endowment principal.

Endowments with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowments may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In addition, the Foundation’s Board of Directors interprets UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law, and the organization has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater. At December 31, 2018, funds with original gift values of \$140,000, fair values of \$133,256, and deficiencies of \$6,744 were reported in net assets with donor restrictions.

Investment and Spending Policies – In accordance with UPMIFA, the Foundation’s Board of Directors has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs and operations supported by its endowment, while also seeking to maintain the long-term purchasing power of the endowment assets. Therefore, the Board of Directors considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

The Foundation receives annual distributions of the net investment return earned on these assets (generally 4.5% of the average fair market value of the funds using a trailing 13-quarter average). Actual endowment return earned in excess of distributions under this policy is reinvested as part of the Foundation’s endowment management and is reported as a non-operating item in the accompanying statement of activities. For years where actual endowment return is less than distributions under the policy, the short-fall is covered by realized and unrealized returns from prior years. If cumulative endowment return is exhausted, any remaining loss or appropriation reduces endowment principal. In years where the overall endowment is underwater, the Board may permit continued spending from principal only in accordance with its policies for spending from underwater endowments. See *Endowments with Deficiencies*.

During the year ended December 31, 2018, the Board appropriation of donor-restricted endowment assets totaled \$149,681.

13. Net Assets Released from Restrictions

During the year ended December 31, 2018, the Foundation incurred various expenses in satisfaction of the restricted purposes specified by donors, or satisfied the restriction by the occurrence of other events. Accordingly, during the year ended December 31, 2018, corresponding net asset reclassifications have been recorded in the accompanying statement of activities, totaling \$1,010,653.

14. Expenses

The costs of providing the various programs and activities of the Foundation have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Depreciation and amortization of capital assets is allocated to operating programs and supporting activities based on benefit estimates prepared by management.

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the organization, and therefore require allocation on a reasonable basis that is consistently applied. Those expenses include salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other expenses, which are allocated on the basis of estimates of time and effort.

15. Contingencies

Certain amounts received or receivable under the Foundation's agreements with the Oregon Department of Fish and Wildlife and other governmental agencies are subject to audit and adjustment by those granting agencies and others. Any expenditure disallowed as a result of such audits would become a liability of the organization's general operating funds. In the opinion of the Foundation's management, any adjustments that might result from such audits would not be material to the organization's overall financial statements.

16. Commitments

As of December 31, 2018, the Foundation had made several funding commitments to grantees in support of project costs, and conditioned upon the incurrence of expenses in accordance with the terms of the grant agreements. Accordingly, grant expenses associated with these awards have not yet been included in the accompanying financial statements because the associated conditions had not been satisfied as of December 31, 2018. Outstanding conditional grants at December 31, 2018 totaled \$272,331.

In addition, the Foundation has entered into two agreements with conservation specialists for services to be provided in connection with the Pacific Bird Joint Venture project over 2017-20 fiscal periods. Outstanding commitments under this agreement totaled \$34,208 at December 31, 2018.

17. Operating Lease

The Foundation leases its administrative office space under an agreement that expires in April of 2023. The Foundation has the option to renew the lease at the end of term.

At December 31, 2018, the approximate minimum rental commitment under this lease is as follows:

<i>Years ending December 31,</i>	
2019	\$ 15,909
2020	15,019
2021	15,428
2022	15,854
2023	5,812
	<hr/>
	\$ 68,022

Rent expense on the above lease totaled \$14,498 for the year ended December 31, 2018.

18. Retirement Plan

The organization has adopted a SIMPLE IRA plan. All full-time employees are eligible to make voluntary contributions to the plan 90 days after they are hired on a pre-tax basis up to the limits allowed by law. Employee contributions are matched at 100% for eligible participant deferrals up to 3.0% of the participant's annual compensation. Both employee and employer contributions are fully vested at all times. Contributions by the organization to the plan totaled \$9,836 for the year ended December 31, 2018.

19. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure within one year of the statement of financial position date comprise the following at December 31, 2018:

<i>Total financial assets available to fund general operations:</i>	
Cash and cash equivalents	\$ 1,269,643
Contribution and grants receivable	238,781
Inventories	166,447
Investments	242,717
Beneficial interest in assets held by the Oregon Community Foundation	3,472,807
	<hr/>
	5,390,395
	<hr/>

Less financial assets not available within the year ending December 31, 2019:

Financial assets restricted by donors for endowment	(3,499,229)
Operating reserve held by the Oregon Community Foundation ¹	(106,834)
Financial assets designated by the Board for quasi-endowment	(109,461)
Less funds held on behalf of others	(122,869)
	<hr/>
	(3,838,393)
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Plus other funds subject to appropriation for expenditure:

Fiscal year 2019 endowment appropriations for operations	150,142
Board reserve funds approved for expenditure	4,765
	<hr/>
	154,907
	<hr/>
	\$ 1,706,909
	<hr/>

¹ Use of Board Reserve Fund monies in excess of calculated draw requires approval by both the Oregon Wildlife Foundation Board and the Oregon Community Foundation Board.

As part of its liquidity management, the Oregon Wildlife Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

20. Fair Value Measurements

Included in the accompanying financial statements are certain financial instruments carried at fair value. These instruments include:

- Investments
- Contributions and grants receivable
- Assets held in charitable trust

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale; similarly, the fair value of a liability is the amount at which the liability could be transferred in a current transaction between willing parties. Fair values are based on quoted market prices when available.

When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality.

All financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined under generally accepted accounting principles. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities and the lowest ranking to fair values determined using methodologies and models with unobservable inputs, as follows:

- *Level 1* – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- *Level 2* – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.
- *Level 3* – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect Vanguard's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

At December 31, 2018, the Foundation's beneficial interest in assets held by the OCF is reported at fair value on a recurring basis. These assets are measured at fair value using information received from the OCF (i.e., Level 3). See note 6 for a summary of the change in these assets during the year ended December 31, 2018.

In addition, the Foundation held \$195,313 in mutual funds held at net asset value (i.e., Level 2). See note 5 for a summary of the change in these assets during the year ended December 31, 2018.

21. Statement of Cash Flows Reconciliation

The following presents a reconciliation of the decrease in net assets (as reported on the statement of activities) to net cash used in operating activities (as reported on the statement of cash flows):

Decrease in net assets	\$ (374,428)
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<i>Adjustments to reconcile decrease in net assets to net cash used in operating activities:</i>	
Depreciation	15,578
Distribution of investment return earned on assets held by the Oregon Community Foundation (<i>note 6</i>)	154,432
Net change in beneficial interest in assets held by the Oregon Community Foundation (<i>note 6</i>)	99,733
Net decline in the fair market value of investments	20,337
Proceeds from contributions restricted for long-term investment	(140,000)
<i>Net changes in:</i>	
Grants and contributions receivable	23,673
Inventories	24,131
Prepaid expenses and other assets	11,644
Accounts payable and accrued expenses	36,450
Accrued payroll and related expenses	(2,895)
Grants payable	4,944
Conditional grants	(8,526)
Refundable event sponsorships	2,500
Funds held on behalf of others	11,093
<hr/>	
Total adjustments	253,094
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Net cash used in operating activities	\$ (121,334)
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OREGON WILDLIFE FOUNDATION

GOVERNING BOARD AND MANAGEMENT

AS OF DECEMBER 31, 2018

Officers

Ryland Moore
President

Morgan Smith
Past President

Brad Staples
Vice President

Campbell Kid
Secretary

Mark Wojcik
Treasurer

Board of Directors

Met Braestrup

Blair Bubenik

Carl Burnham

Dave Cummings

Strawn Dixon

Chip Graeper

Sarah Halton

Jim Irvine

Craig Johnston

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Kim MacColl

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Tony Pullen

Tom Rask

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Bill Shake

Kerry Shepherd

Lori Steele

Rob Stuart

Management and Staff

Tim Greseth
Executive Director

Pam Simser
Operations Manager

Sherri Phillips
*Development and Marketing
Manager*

Sarah Armstrong
Communications Coordinator

Angelique Williams
*Manager, Spruce Gifts and
Provisions*

OREGON WILDLIFE FOUNDATION

INQUIRIES AND OTHER INFORMATION

Administrative Offices

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901 S.E. Oak Street, Suite 103
Portland, Oregon 97214

(503) 255-6059

Spruce Gifts and Provisions

70741 N.E. Sturgeon Lane
Cascade Locks, Oregon 97014

(541) 374-8447

Spruce Gifts and Provisions can be found at the entrance to the Oregon Department of Fish and Wildlife's Bonneville Fish Hatchery. From I-84, traveling east or west, take highway Exit #40 to Bonneville Fish Hatchery, then turn left at the "Y" just inside the gates.

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