



Gary McGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

Oregon Wildlife Heritage Foundation

Consolidated Financial Statements and Other Information
as of and for the Year Ended December 31, 2013
and Report of Independent Accountants

OREGON WILDLIFE HERITAGE FOUNDATION

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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, which comprise the consolidated statement of financial position as of December 31, 2013, and the related consolidated 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 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, 2013, 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.

Summarized Comparative Information

We have previously audited the Oregon Wildlife Heritage Foundation's 2012 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 7, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Ernst & Young LLP

May 15, 2014

OREGON WILDLIFE HERITAGE FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2013

(WITH COMPARATIVE AMOUNTS FOR 2012)

	2013	2012
Assets:		
Cash and cash equivalents	\$ 769,136	846,309
Grants and contributions receivable <i>(note 3)</i>	171,232	57,827
Inventories	119,378	80,881
Prepaid expenses and other assets	4,395	1,690
Beneficial interest in assets held by the Oregon Community Foundation <i>(note 4)</i>	3,448,112	3,200,959
Property and equipment <i>(note 5)</i>	226,267	235,211
Total assets	\$ 4,738,520	4,422,877
Liabilities:		
Accounts payable and accrued expenses	11,321	19,735
Accrued payroll and related expenses	7,235	—
Grants payable	27,412	19,342
Funds held on behalf of others <i>(note 7)</i>	56,619	83,225
Total liabilities	102,587	122,302
Net assets:		
Unrestricted:		
Available for programs and general operations	391,100	412,962
Designated by the Board <i>(note 8)</i>	430,183	401,923
Net investment in capital assets	226,267	235,211
Total unrestricted	1,047,550	1,050,096
Temporarily restricted <i>(note 8)</i>	1,024,920	790,562
Permanently restricted <i>(note 8)</i>	2,563,463	2,459,917
Total net assets	4,635,933	4,300,575
Commitments and contingencies <i>(notes 11, 12, and 13)</i>		
Total liabilities and net assets	\$ 4,738,520	4,422,877

See accompanying notes to consolidated financial statements.

OREGON WILDLIFE HERITAGE FOUNDATION

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

	2013			Total	2012
	Unrestricted	Temporarily restricted	Permanently restricted		
Revenues, gains, and other support:					
Grants and contributions	\$ 8,181	185,637	103,546	302,364	594,175
Memberships	37,104	7,550	—	39,654	42,442
Special events, net of direct costs of \$25,177 in 2013 and \$28,229 in 2012	101,988	3,500	—	105,488	112,759
Gift store sales revenue, net of costs of sales of \$249,122 in 2013 and \$216,655 in 2012	229,568	—	—	229,568	215,535
Other sales	14,594	—	—	14,594	19,230
Interest income	1,868	118	—	1,986	2,186
Net change in beneficial interest in general operating assets held by the Oregon Community Foundation (<i>note 4</i>)	12,319	—	—	12,319	9,966
Loss on disposal of assets	(1,135)	—	—	(1,135)	—
Other	4,893	—	—	4,893	1,889
Total revenues and gains	409,380	196,805	103,546	709,731	998,182
Appropriation of endowment assets for expenditure (<i>notes 4 and 8</i>)	—	136,419	—	136,419	131,720
Net assets released from restrictions (<i>note 9</i>)	338,165	(338,165)	—	—	—
Total revenues, gains, and other support	747,545	(4,941)	103,546	846,150	1,129,902
Expenses (<i>note 10</i>):					
Program services	531,174	—	—	531,174	942,722
Supporting services:					
Management and general	123,200	—	—	123,200	131,403
Fundraising	95,717	—	—	95,717	66,947
Total expenses	750,091	—	—	750,091	1,141,072
Increase (decrease) in net assets before non-operating activities	(2,546)	(4,941)	103,546	96,059	(11,170)
Non-operating activities:					
Net change in beneficial interest in endowment assets held by the Oregon Community Foundation (<i>notes 4 and 8</i>)	—	375,718	—	375,718	305,117
Appropriation of endowment assets for expenditure (<i>notes 4 and 8</i>)	—	(136,419)	—	(136,419)	(131,720)
Increase (decrease) in net assets	(2,546)	234,358	103,546	335,358	162,227
Net assets at beginning of year	1,050,096	790,562	2,459,917	4,300,575	4,138,348
Net assets at end of year	\$ 1,047,550	1,024,920	2,563,463	4,635,933	4,300,575

See accompanying notes to consolidated financial statements.

OREGON WILDLIFE HERITAGE FOUNDATION

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

	2013	2012
Cash flows from operating activities:		
Cash received from grantors, donors, and members	\$ 356,578	812,883
Cash received from sales and other sources	498,177	453,109
Cash received from interest	1,986	2,186
Distribution of investment return earned on assets held by the Oregon Community Foundation (<i>note 4</i>)	140,884	135,990
Cash paid for programs and operating costs	(1,068,898)	(1,349,280)
Net cash provided by (used in) operating activities	(71,273)	54,888
Cash flows from investing activities:		
Capital expenditures	(5,900)	-
Transfer of funds to the Oregon Community Foundation (<i>note 4</i>)	-	(1,000)
Net cash used in investing activities	(5,900)	(1,000)
Net increase (decrease) in cash and cash equivalents	(77,173)	53,888
Cash and cash equivalents at beginning of year	846,309	792,421
Cash and cash equivalents at end of year	\$ 769,136	846,309

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

1. The Organization

The Oregon Wildlife Heritage Foundation (the “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, the Bonneville Gift Store. All significant intercompany investments, accounts, and transactions have been eliminated.

Basis of Presentation – The Foundation has adopted the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) No. 958-605, *Revenue Recognition*, and FASB ASC No. 958-205, *Presentation of Financial Statements*. Under these provisions, net assets and all balances and transactions 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:

- *Unrestricted net assets* – Net assets not subject to donor-imposed stipulations.
- *Temporarily restricted net assets* – 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 externally restricted contributions and investment return to be used for specific programs and activities in the future.
- *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 specific purposes.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary 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.

Contributions – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the 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.

When applicable, contributions receivable for the support of future operations, programs, and activities are recorded at the present value of the estimated future cash flows, net of an allowance for uncollectible amounts. The allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any.

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

In-Kind Contributions – The Foundation receives contributed services from a large number of volunteers who assist in fundraising and other efforts through their participation in a range of businesses and activities. In accordance with FASB ASC No. 958-605, the value of such services, which the Foundation considers not practicable to estimate, has not been recognized in the statement of activities. Significant services received which create or enhance a non-financial asset or require specialized skills that the Foundation would have purchased if not donated are recognized in the consolidated statement of activities. During the year ended December 31, 2013, no contributed services were recorded.

In-kind contributions of 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, 2013, no contributions of equipment and other materials were recorded.

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 Foundation.

Cash Equivalents – For purposes of the financial statements, the Foundation considers all liquid investments having initial maturities of three months or less to be cash equivalents. At December 31, 2013, the Foundation held \$796,136 in cash and cash equivalents, including \$2,383 in endowment funds as cash.

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.

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.

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 Foundation members are considered equivalent to unrestricted contributions and are recognized as revenue when received.

Outstanding Legacies – The Foundation is the beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. The Foundation'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 and its beneficial interest in assets held by the Oregon Community Foundation ("OCF") (see note 4), 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"). In addition, the market value of securities is dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values. 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.

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, 2013, the Foundation held \$465,658 in excess of the 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.

Endowment Funds and Interpretation of Relevant Law – Effective January 1, 2008, the State of Oregon adopted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") which governs Oregon charitable institutions with respect to the management, investment and expenditure of donor-restricted endowment funds.

The 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 permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) subsequent gifts to the endowment, and (3) accumulations made pursuant to the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Net earnings (realized and unrealized) on the investment of endowment assets are classified as temporarily restricted 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 permanently restricted represents only those amounts required to be retained permanently as a result of explicit donor stipulations.

With regard to endowment losses or appropriations in excess of the fair value of the original gift, in accordance with FASB ASC No. 958-320, *Investments – Debt and Equity Securities*, the portion of a donor-restricted endowment that is classified as permanently restricted is not reduced by losses on the investments of the fund, except to the extent required by the donor, including losses related to specific investments that the donor requires the Foundation to hold in perpetuity. Similarly, the amount of permanently restricted net assets is not reduced by the Foundation's appropriations from the fund. In the absence of donor stipulations or law to the contrary, losses or appropriations of a donor-restricted endowment reduce temporarily restricted net assets to the extent that donor-imposed temporary restrictions on net appreciation of the fund have not been satisfied before the loss or appropriation occurs. Any remaining loss or appropriation reduces unrestricted net assets.

In accordance with UPMIFA, the 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 donor-restricted endowment fund;
- The purposes of the Foundation and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Foundation; 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 management of endowment 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 intended to be covered by realized and unrealized returns from prior years.

During the year ended December 31, 2013, the Foundation's Board of Directors appropriated endowment assets totaling \$136,419 for expenditure in accordance with this policy (see note 8).

Income Taxes – The 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 Foundation 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). For tax purposes, the Foundation’s open audit periods are for the years ended December 31, 2010 to December 31, 2012.

The Foundation has adopted the recognition requirements for uncertain income tax positions as required by FASB ASC No. 740-10, *Income Taxes*. Under this standard, income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

The Foundation has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Foundation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Foundation’s financial condition, results of operations, or cash flows. Accordingly, the Foundation has not recorded any reserves or related accruals for interest and penalties for uncertain tax positions at December 31, 2013.

The Foundation’s policy is to classify income tax-related interest and penalties in interest expense and other expenses, respectively, if any.

Operating Results – Operating results reported in the consolidated statement of activities reflect all transactions that change unrestricted net assets, 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 – As required by FASB ASC No. 855, *Subsequent Events*, subsequent events have been evaluated by management through May 15, 2014, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2012 – The accompanying financial information as of and for the year ended December 31, 2012, 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. Grants and Contributions Receivable

Grants and contributions receivable consist of unconditional promises expected to be collected in less than one year and total \$171,232 at December 31, 2013, including an endowment contribution receivable totaling \$101,163.

In addition, at December 31, 2013, the Foundation held three conditional, purpose-restricted grants totaling \$71,927. The awards are conditioned upon the Foundation incurring certain expenses in accordance with the grant agreements. The grants have not been included in the accompanying financial statements because the associated conditions had not been satisfied as of December 31, 2013.

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

The Foundation has established several funds at the Oregon Community Foundation, which holds and invests them as component funds for the benefit of the Foundation. These include both donor-restricted endowment (see note 8) and other expendable restricted and unrestricted 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 Foundation, 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 bene-

ficial interest in the transferred assets, having named itself as the beneficiary of the transferred funds and related future investment return. As of December 31, 2013, management believes that future distributions from the OCF are capable of fulfillment and consistent with the OCF's mission.

In accordance with FASB ASC No. 958-605, 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.

Changes in the Foundation's beneficial interest in these funds for the year ended December 31, 2013 are summarized as follows:

	<u>Donor-restricted endowment</u>			General operating reserve	Total
	Bernice Fisk endowment	Robert D. and Beulah Drake endowment	Total		
Balance at beginning of year	\$ 215,938	2,883,410	3,099,348	101,611	3,200,959
Plus increase in the fair value of the funds	26,172	349,546	375,718	12,319	388,037
Less the distribution of investment return to the Foundation	(9,602)	(126,817)	(136,419)	(4,465)	(140,884)
Balance at end of year	\$ 232,508	3,106,139	3,338,647	109,465	3,448,112

Under the terms of its agreement with the OCF, funds are invested at the discretion of the OCF and are held in a mixture of asset classes designed to maximize return while minimizing risk. OCF's asset allocation at December 31, 2013 was as follows: 40% equities (both domestic and international); 15% fixed income; 20% marketable alternative investments; 10% private equity/venture capital; and 15.0% inflation hedge investments. Annual distributions of the net investment return earned on these assets (generally 4.5% of the average fair value of the funds using a trailing 13-quarter average) are generally made each June and December. During the year ended December 31, 2013, the Foundation received total distributions of \$140,884, of which \$136,419 represented distributions from endowment assets and \$4,465 from general operating and expendable assets.

5. Property and Equipment

A summary of the Foundation's property and equipment at December 31, 2013 is as follows:

Gift store building	\$	410,360
Furniture		22,863
Land improvements		20,950
Operating equipment		9,409
Vending machines		1,721
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		465,303
Less accumulated depreciation		(239,036)
		<hr/>
	\$	226,267

In addition to the above, the Bonneville Gift Store (see note 6) is situated on land controlled by the Oregon Department of Fish and Wildlife, and made available rent-free to the Foundation. Because an estimate of the value of this ongoing contribution to the Foundation is not readily determinable, no value has been ascribed to this in-kind contribution nor included in the accompanying financial statements.

6. Bonneville Gift Store

The Bonneville Gift Store was organized by the Foundation in 1990 as a wholly-owned, for-profit corporation to manage the Bonneville Gift 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 Foundation's Board of Directors converted the Bonneville Gift Store to a single-member, limited liability corporation, with the Foundation as its single, controlling member.

7. 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 Foundation's assets, but are accounted for separately.

A summary of funds held on behalf of others at December 31, 2013 is as follows:

Willamette Habitat Restoration	\$	44,255
Oregon Department of Fish and Wildlife		7,494
Youth Outdoor Day		4,770
Other		100
		<hr/>
	\$	56,619

8. Restrictions and Limitations on Net Asset Balances

Board-Designated Net Assets

The Foundation's Board of Directors has designated \$430,183 of unrestricted net assets to the following purposes:

<i>For programs:</i>	
Projects	\$ 184,173
Project reserves	136,545
	<hr/>
	320,718
For operating reserves (<i>note 4</i>)	109,465
	<hr/>
	\$ 430,183

Temporarily Restricted Net Assets

Temporarily restricted net assets held at December 31, 2013 represent \$1,024,920 in contributions, grants, and other unexpended revenues and gains available for specific program purposes and future periods, as follows:

<i>Expendable grants and contributions:</i>	
Deschutes River	\$ 59,572
Clackamas River	34,319
Catch a Poacher	17,959
Pine Creek	10,000
Alsea River Boat Ramp	5,500
Other	6,090
For general operating purposes in future periods	12,750
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	146,190
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<i>Expendable endowment earnings:</i>	
Purpose restricted earnings not yet appropriated for expenditure (Bernice Fisk Endowment)	82,509
Purpose unrestricted earnings not yet appropriated for expenditure (Robert D. and Beulah Drake Endowment)	796,221
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	878,730
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	\$ 1,024,920
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Permanently Restricted Net Assets

At December 31, 2013, the Foundation held \$2,563,463 in donor-restricted endowment funds, as follows:

Bernice Fisk Endowment ¹	\$ 251,163
Robert D. and Beulah Drake Endowment ²	2,312,300
	<hr/>
	\$ 2,563,463
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¹ Income is restricted for the restoration and enhancement of wildlife in the Deschutes River watershed.

² Income is unrestricted as to purpose.

The Foundation's endowment consists of two individual funds. As required by generally accepted accounting principles, net assets associated with 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, 2013:

	Temporarily restricted	Permanently restricted	Total
Endowment net assets at beginning of year	\$ 639,431	2,459,917	3,099,348
Contributions ¹	-	103,546	103,546
Net change in beneficial interest in assets held by the Oregon Community Foundation	375,718	-	375,718
Appropriation of endowment assets for expenditure	(136,419)	-	(136,419)
	<hr/>	<hr/>	<hr/>
Endowment net assets at end of year	\$ 878,730	2,563,463	3,442,193
	<hr/>	<hr/>	<hr/>

¹ Contributions consist of \$101,163 in pledges receivable and \$2,383 held in cash as of December 31, 2013.

9. Net Assets Released from Restrictions

During the year ended December 31, 2013, the Foundation incurred expenses totaling \$338,165 in satisfaction of the restricted purposes imposed on contributions by donors.

10. 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.

Expenses by natural classification are summarized as follows:

	2013	2012
Salaries and related expenses	\$ 287,499	329,922
Project costs	271,412	679,566
Professional services	93,032	36,010
Depreciation	13,709	13,895
Bank fees	12,736	11,814
Telephone	12,571	12,286
Supplies	11,212	9,774
Occupancy	11,204	11,324
Income taxes	11,071	10,777
Insurance	6,002	6,015
Conference and meetings	4,015	3,595
Printing	3,439	2,833
Membership and newsletter	2,329	1,292
Travel	2,109	3,196
Repairs and maintenance	1,022	2,682
Postage	640	1,409
Provision for uncollectible grants and contributions receivable	2,700	300
Other	3,389	4,382
	\$ 750,091	1,141,072

11. 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 Foundation'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 Foundation's overall financial statements.

12. Commitments

The Foundation has made various funding commitments to grantee organizations to support certain project costs. These commitments are conditioned upon the organizations incurring actual expenditures in accordance with the grant agreements. Accordingly, these grant expenses have not been included in the accompanying financial statements because the associated conditions had not been met as of December 31, 2013. Conditional grants payable at December 31, 2013 totaled \$133,633.

13. Operating Leases

The Foundation leases its administrative office space under an agreement that expired in December of 2013. Rent expense under this lease agreement totaled \$11,204 for the year ended December 31, 2013.

Subsequent to year end, the Foundation entered into an agreement to lease the same space through December of 2014. Minimum future lease payments of \$11,204 are due in the next year under this lease agreement.

14. Fair Value Measurements

The accompanying financial statements report certain financial instruments of the Foundation at fair value. These assets have been classified, for disclosure purposes, based on a hierarchy defined by FASB ASC No. 820, *Fair Value Measurements and Disclosures*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

At December 31, 2013, 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 4 for a summary of the change in these assets during the year ended December 31, 2013.

15. Reclassification of 2012 Comparative Totals

Certain 2012 amounts presented herein have been reclassified to conform to the 2013 presentation.

16. Statement of Cash Flows Reconciliation

The following presents a reconciliation of the increase 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):

Increase in net assets	\$ 335,358
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<i>Adjustments to reconcile increase in net assets to net cash used in operating activities:</i>	
Depreciation	13,709
Distribution of investment return earned on assets held by the Oregon Community Foundation (<i>note 4</i>)	140,884
Net changed in beneficial interest in assets held by the Oregon Community Foundation (<i>note 4</i>)	(388,037)
Loss on disposal of assets	1,135
Provision for uncollectible grants and contributions receivable	2,700
<i>Net changes in:</i>	
Grants and contributions receivable	(116,105)
Inventories	(38,497)
Prepaid expenses and other assets	(2,705)
Accounts payable and accrued expenses	(8,414)
Accrued payroll and related expenses	7,235
Grant payable	8,070
Funds held on behalf of others	(26,606)
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Total adjustments	(406,631)
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Net cash used in operating activities	\$ (71,273)
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OREGON WILDLIFE HERITAGE FOUNDATION

GOVERNING BOARD AND MANAGEMENT

AS OF DECEMBER 31, 2013

Officers

Morgan Smith
President

David Cummings
Chairman

Nels Paine
Vice President

Brian Witt
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Chad Averill
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Board of Directors

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Marla Rae

Tom Rask

Bill Smith

Brad Staples

Rob Stuart

Fred VanNatta

Management and Staff

Tim Greseth
Executive Director

Pam Simser
Office Manager

Angelique Williams
Manager, Bonneville Gift Store

OREGON WILDLIFE HERITAGE FOUNDATION

INQUIRIES AND OTHER INFORMATION

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Portland, Oregon 97230

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Portland, Oregon 97294-3406

(503) 255-6059

Bonneville Gift Store

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

(541) 374-8447
(541) 374-9006 Fax

The Bonneville Gift Store 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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