



**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, 2010  
and Report of Independent Accountants

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**Gary McGee & Co. LLP**  
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**REPORT OF INDEPENDENT ACCOUNTANTS**

*The Board of Directors  
Oregon Wildlife Heritage Foundation:*

We have audited the accompanying consolidated statement of financial position of the Oregon Wildlife Heritage Foundation and Subsidiary as of December 31, 2010, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Oregon Wildlife Heritage Foundation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the consolidated financial statements of the Oregon Wildlife Heritage Foundation and Subsidiary as of December 31, 2009 and, in our report dated June 14, 2010, we expressed an unqualified opinion on those financial statements.

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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Oregon Wildlife Heritage Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2010 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Oregon Wildlife Heritage Foundation and Subsidiary as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

*Gary McGee & Co. LLP*

June 3, 2011

OREGON WILDLIFE HERITAGE FOUNDATION AND SUBSIDIARY

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

DECEMBER 31, 2010

(WITH COMPARATIVE AMOUNTS FOR 2009)

	<b>2010</b>	<b>2009</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 889,360	877,674
Grants and contributions receivable <i>(note 3)</i>	43,825	109,950
Accounts receivable	392	3,941
Inventories	71,222	82,730
Prepaid expenses and other assets	765	759
Investments	-	11,314
Beneficial interest in assets held by the Oregon Community Foundation <i>(note 4)</i>	3,263,088	3,062,839
Property and equipment <i>(note 5)</i>	265,752	281,469
<b>Total assets</b>	<b>\$ 4,534,404</b>	<b>4,430,676</b>
<b>Liabilities:</b>		
Accounts payable and accrued expenses	11,247	40,976
Accrued payroll liabilities	4,587	16,478
Grants payable	2,414	6,378
Refundable advances	-	4,210
Funds held on behalf of others <i>(note 7)</i>	167,399	259,616
<b>Total liabilities</b>	<b>185,647</b>	<b>327,658</b>
<b>Net assets:</b>		
Unrestricted:		
Available for programs and general operations	465,899	424,610
Designated by the Board <i>(note 8)</i>	355,414	281,461
Net investment in capital assets	265,752	281,469
<b>Total unrestricted</b>	<b>1,087,065</b>	<b>987,540</b>
Temporarily restricted <i>(note 8)</i>	801,775	655,561
Permanently restricted <i>(note 8)</i>	2,459,917	2,459,917
<b>Total net assets</b>	<b>4,348,757</b>	<b>4,103,018</b>
Commitments and contingencies <i>(notes 11, 12, and 13)</i>		
<b>Total liabilities and net assets</b>	<b>\$ 4,534,404</b>	<b>4,430,676</b>

See accompanying notes to consolidated financial statements.

OREGON WILDLIFE HERITAGE FOUNDATION AND SUBSIDIARY

**CONSOLIDATED STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)

	2010			Total	2009
	Unrestricted	Temporarily restricted	Permanently restricted		
<b>Revenues, gains, and other support:</b>					
Grants and contributions	\$ 54,988	798,142	–	853,130	167,259
Memberships	53,202	5,110	–	58,312	82,570
Special events, net of direct costs of \$36,029 in 2010 and \$59,370 in 2009	78,195	4,475	–	82,670	118,150
Gift store sales revenue, net of costs of sales of \$174,567 in 2010 and \$187,934 in 2009	187,348	–	–	187,348	212,657
Other sales	17,100	–	–	17,100	21,441
Interest income	4,138	1,195	–	5,333	6,430
Increase in beneficial interest in general operating assets held by the Oregon Community Foundation ( <i>note 4</i> )	10,860	–	–	10,860	17,463
Other	6,420	–	–	6,420	27,727
Total revenues and gains	412,251	808,922	–	1,221,173	653,697
Appropriation of endowment assets for expenditure ( <i>notes 4 and 8</i> )	–	146,250	–	146,250	153,060
Net assets released from restrictions ( <i>note 9</i> )	999,799	(999,799)	–	–	–
Total revenues, gains, and other support	1,412,050	(44,627)	–	1,367,423	806,757
<b>Expenses (<i>note 10</i>):</b>					
Program services	1,108,680	–	–	1,108,680	517,379
Supporting services:					
Management and general	144,502	–	–	144,502	166,143
Fundraising	59,343	–	–	59,343	84,450
Total expenses	1,312,525	–	–	1,312,525	767,972
Increase (decrease) in net assets before non-operating activities	99,525	(44,627)	–	54,898	38,785
<b>Non-operating activities:</b>					
Increase in beneficial interest in endowment assets held by the Oregon Community Foundation ( <i>notes 4 and 8</i> )	–	337,091	–	337,091	566,562
Appropriation of endowment assets for expenditure ( <i>notes 4 and 8</i> )	–	(146,250)	–	(146,250)	(153,060)
Increase in net assets	99,525	146,214	–	245,739	452,287
Net assets at beginning of year	987,540	655,561	2,459,917	4,103,018	3,650,731
Net assets at end of year	\$ 1,087,065	801,775	2,459,917	4,348,757	4,103,018

See accompanying notes to consolidated financial statements.

OREGON WILDLIFE HERITAGE FOUNDATION AND SUBSIDIARY

**CONSOLIDATED STATEMENT OF CASH FLOWS**

YEAR ENDED DECEMBER 31, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)

	<b>2010</b>	<b>2009</b>
<b>Cash flows from operating activities:</b>		
Cash received from grantors, donors, and members	\$ 1,079,256	423,355
Cash received from sales and other sources	388,984	449,759
Cash received from interest	5,333	6,430
Distribution of investment return earned on assets held by the Oregon Community Foundation ( <i>note 4</i> )	150,802	157,824
Cash paid for programs and operating costs	(1,618,554)	(1,146,891)
Net cash provided by (used in) operating activities	5,821	(109,523)
<b>Cash flows from investing activities:</b>		
Capital expenditures	(2,349)	(7,926)
Purchases of investments	-	(23,125)
Transfer of funds to the Oregon Community Foundation ( <i>note 4</i> )	(3,100)	(4,145)
Proceeds received on the sale of investments	11,314	79,738
Reinvestment of investment income	-	(1,752)
Net cash provided by investing activities	5,865	42,790
Net increase (decrease) in cash and cash equivalents	11,686	(66,733)
Cash and cash equivalents at beginning of year	877,674	944,407
Cash and cash equivalents at end of year	\$ 889,360	877,674

See accompanying notes to consolidated financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2010

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**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 the Foundation's 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, pledges 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.

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, 2010, no in-kind contributions 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.

**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. Cost is determined using the average cost method.



**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 years to 40 years for buildings, and 5 to 10 years for 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.

At December 31, 2010, the Foundation is a one-third remainder beneficiary of a credit shelter trust (with an estimated total fair value of \$460,948 at December 31, 2010). Distributions of income and principal are made at the sole discretion of the trustee to named beneficiaries of the trust during their lifetime. Upon termination of the trust, a one-third remainder of the trust will be distributed to the Foundation. Because the remainder amount is uncertain and not readily measurable, the Foundation's beneficial interest in the trust has not been recorded in the accompanying financial statements.

**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). These financial instruments may subject the Foundation to concentrations of credit risk as, from time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation, the fair value of securities are dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in fair 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 interest bearing checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC for up to \$250,000 per depositor, per insured bank, for each account ownership category. In addition, Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act provides depositors with temporary unlimited coverage for noninterest-bearing transaction accounts. This unlimited protection became effective on December 31, 2010 and terminates on December 31, 2012. At December 31, 2010, the Foundation held \$483,767 in excess of the FDIC-insured limits.

Finally, certain receivables may also, from time to time, subject the Foundation to concentrations of credit risk. To minimize its exposure to significant losses from customer or donor insolvencies, 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, 2010, the Foundation's Board of Directors appropriated endowment assets totaling \$146,250 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 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 Section 509(a)(1) of the Internal Revenue Code. For tax purposes, the Foundation's open audit periods are for the years ended December 31, 2007 to December 31, 2009.

The Foundation has adopted the recognition requirements for uncertain income tax positions as required by FASB ASC No. 740-10 (formerly known as FASB Interpretation No. 48, *Accounting for Uncertainty in 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 affect 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, 2010.

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 June 3, 2011, which is the date the financial statements were available to be issued.

**Summarized Financial Information for 2009** – The accompanying financial information as of and for the year ended December 31, 2009, 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 are summarized as follows at December 31, 2010:

<i>Unconditional promises expected to be collected in</i>	
Less than one year	\$ 37,825
One year to five years	6,000
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	\$ 43,825

In addition, at December 31, 2010, the Foundation held three conditional, purpose-restricted grants totaling \$43,405. These awards are conditioned upon the Foundation incurring appropriate 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, 2010.

### 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 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, 2010, 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, 2010 are summarized as follows:

	<b>Bernice Fisk endowment</b>	<b>Robert D. and Beulah Drake endowment</b>	<b>General operating reserve</b>	<b>Restricted expendable funds for the Deschutes River project</b>	<b>Total</b>
Balance at beginning of year	\$ 206,555	2,760,061	92,078	4,145	3,062,839
Plus additions to the funds	–	–	3,000	100	3,100
Plus increase in the fair value of the funds	23,920	313,171	10,860	–	347,951
Less the distribution of investment return to the Foundation	(10,386)	(135,864)	(4,552)	–	(150,802)
Balance at end of year	\$ 220,089	2,937,368	101,386	4,245	3,263,088

Under the terms of its agreement with the OCF, the 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. 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, 2010, the Foundation received total distributions of \$150,802, of which \$146,250 represented distributions from endowment assets and \$4,552 from general operating assets.

## 5. Property and Equipment

A summary of the Foundation's capital assets at December 31, 2010 is as follows:

Gift store building	\$ 410,360
Furniture	33,092
Operating equipment	19,314
Land improvements	20,950
Vending machines	1,721
	485,437
Less accumulated depreciation	(219,685)
	\$ 265,752

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, 2010 is as follows:

Oregon Department of Fish and Wildlife	\$ 111,700
Willamette Gravel Operators	19,182
Willamette Habitat Restoration	16,111
Catch a Poacher	17,818
Youth Outdoor Day	2,588
	<hr/>
	\$ 167,399

## 8. Restrictions and Limitations on Net Asset Balances

### *Board-Designated Net Assets*

The Foundation's Board of Directors has designated \$355,414 of unrestricted net assets to the following purposes:

#### *For programs:*

Project reserves	\$ 112,050
Fish enhancement	59,763
Special projects	16,868
Wildlife fund	58,280
Special events	7,067

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254,028

*For operating reserves (note 4)* 101,386

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\$ 355,414

### *Temporarily Restricted Net Assets*

Temporarily restricted net assets held at December 31, 2010 represent \$801,775 in contributions, grants, and other unexpended revenues and gains available for specific program purposes and future periods, as follows:

#### *Expendable grants and contributions:*

Clackamas River	\$ 43,390
Deschutes River	35,503
Fish Camp	7,367
For general operating purposes in future periods	17,975

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104,235

#### *Expendable endowment earnings:*

Purpose restricted earnings not yet appropriated for expenditure (Bernice Fisk Endowment)	70,089
Purpose unrestricted earnings not yet appropriated for expenditure (Robert D. and Beulah Drake Endowment)	627,451

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697,540

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\$ 801,775

*Permanently Restricted Net Assets*

At December 31, 2010, the Foundation held \$2,459,917 in true endowment funds, as follows:

Bernice Fisk Endowment <sup>1</sup>	\$ 150,000
Robert D. and Beulah Drake Endowment <sup>2</sup>	2,309,917
	<hr/>
	\$ 2,459,917

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.

<sup>1</sup> Income is restricted for the restoration and enhancement of wildlife in the Deschutes River watershed.

<sup>2</sup> Income is unrestricted.

The following summarizes the Foundation's endowment-related activities for the year ended December 31, 2010:

	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Endowment net assets at beginning of year	\$ 506,699	2,459,917	2,966,616
Increase in beneficial interest in assets held by the Oregon Community Foundation	337,091	—	337,091
Appropriation of endowment assets for expenditure	(146,250)	—	(146,250)
Endowment net assets at end of year	\$ 697,540	2,459,917	3,157,457

## 9. Net Assets Released from Restrictions

During the year ended December 31, 2010, the Foundation incurred expenses totaling \$999,799 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 consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses by natural classification are summarized as follows:

	2010	2009
Salaries and related expenses	\$ 308,644	357,657
Project costs	852,827	219,518
Professional services	30,137	53,518
Depreciation	17,247	17,740
Participation fees	12,963	23,101
Provision for uncollectible grants and contributions receivable	12,800	-
Telephone	11,672	10,934
Occupancy	11,298	11,496
Supplies	8,888	13,328
Bank fees	7,949	10,091
Membership and newsletter	5,887	5,437
Conference and meetings	5,722	5,711
Insurance	5,015	5,736
Travel	4,313	6,507
Repairs and maintenance	3,781	250
Income taxes	1,507	5,118
Postage	864	5,425
Printing	-	1,965
Other	11,011	14,440
	\$ 1,312,525	767,972

## 11. Contingencies

Certain amounts received or receivable under the Foundation's agreements with the Oregon Department of Fish and Wildlife and other government 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 up on the organizations incurring actual expenditures in accordance with the grant agreements. Conditional grants payable at December 31, 2010 totaled \$58,811. These amounts will be recorded in the financial statements in the period in which the conditions are satisfied.

## 13. Operating Leases

The Foundation leases its administrative office space under an agreement expiring in December of 2012.

Minimum future lease payments under this lease as of December 31, 2010, are as follows:

<i>Years ending December 31,</i>		
2011	\$	11,094
2012		11,204
	\$	22,298

Rent expense under this lease agreement totaled \$10,358 for the year ended December 31, 2010.



#### 14. Fair Value Measurements

The accompanying financial statements report the Foundation's investments 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, 2010, 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, 2010.

#### 15. Reclassification of 2009 Comparative Totals

Certain 2009 amounts presented herein have been reclassified to conform to the 2010 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 provided by operating activities (as reported on the statement of cash flows):

Increase in net assets	\$ 245,739
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<i>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</i>	
Depreciation	17,247
Loss on disposal of capital assets	819
Cash distributions received from the Oregon Community Foundation for operations	150,802
Increase in beneficial interest in assets held by the Oregon Community Foundation	(347,951)
Provision for uncollectible grants and contributions receivable	12,800
<i>Net changes in:</i>	
Grants and contributions receivable	53,325
Accounts receivable	3,549
Inventories	11,508
Prepaid expenses and other assets	(6)
Accounts payable and accrued expenses	(29,729)
Accrued payroll liabilities	(11,891)
Grants payable	(3,964)
Refundable advances	(4,210)
Funds held on behalf of others	(92,217)
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Total adjustments	(239,918)
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Net cash provided by operating activities	\$ 5,821
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**GOVERNING BOARD AND MANAGEMENT**

AS OF DECEMBER 31, 2010

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**Officers**

E. Kimbark MacColl, Jr.  
*President*

E. Randolph Labbe  
*Chairman*

David L. Cummings  
*Vice President*

Bill Shake  
*Secretary*

Chad Averill  
*Treasurer*

**Board of Directors**

Andy Anderson

Lindsay Ball

Jeff Bird

John Chaney

John Davidson

Donald Denman

Roy Elicker

John Esler

Dale Forster

Bob Keerins

John Kilkenny

Gordon King

Bill Kinnune

Chuck McNair

Nels Paine

Dennis Pixton

John Rudi

William Smith

Brad Staples

Mark Stevenson

Robert Stuart

**Management and Staff**

Tim Greseth  
*Executive Director*

Rod Brobeck  
*Project Director*

Pam Simser  
*Office Manager*

Angelique Williams  
*Manager, Bonneville Gift Store*

**INQUIRIES AND OTHER INFORMATION**

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**Administrative Offices**

OREGON WILDLIFE HERITAGE FOUNDATION  
1122 N.E. 122nd Street, Suite 114B  
Portland, Oregon 97230

P.O. Box 30406  
Portland, Oregon 97294-3406

(503) 255-6059  
(503) 255-6467 Fax

**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.*

**Website**

[www.owhf.org](http://www.owhf.org)

**E-Mail**

[owhf@aol.com](mailto:owhf@aol.com)

