



## **Willamette View Foundation**

Financial Statements and Other Information  
as of and for the Year Ended December 31, 2017  
and Report of Independent Accountants

WILLAMETTE VIEW FOUNDATION

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## REPORT OF INDEPENDENT ACCOUNTANTS

*The Board of Directors  
Willamette View Foundation:*

We have audited the accompanying financial statements of the Willamette View Foundation, which comprise the statement of financial position as of December 31, 2017, and the related statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Willamette View Foundation as of December 31, 2017, 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.

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedule of changes in net assets by fund on pages 18 and 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Summarized Comparative Information*

We have previously audited the Willamette View Foundation's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 11, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Handwritten signature in black ink that reads "Guy, Co. & Co. LLP". The signature is written in a cursive, flowing style.

April 23, 2018

## WILLAMETTE VIEW FOUNDATION

**STATEMENT OF FINANCIAL POSITION**

DECEMBER 31, 2017

(WITH COMPARATIVE AMOUNTS FOR 2016)

	<b>2017</b>	<b>2016</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 155,358	147,942
Contributions receivable (note 4)	107,477	77,819
Prepaid expenses and other assets	10,987	10,929
Investments (note 5)	17,931,619	16,286,983
Investments of assets associated with charitable gift annuity agreements (note 6)	719,080	959,056
Assets held in charitable trust (note 7)	946,428	881,714
Property and equipment (note 8)	8,848	17,696
<b>Total assets</b>	<b>\$ 19,879,797</b>	<b>18,382,139</b>
<b>Liabilities:</b>		
Accounts payable and accrued expenses	15,300	15,686
Liabilities associated with charitable gift annuity agreements (note 6)	366,710	472,998
Liabilities associated with charitable trust agreement (note 7)	735,210	689,498
<b>Total liabilities</b>	<b>1,117,220</b>	<b>1,178,182</b>
<b>Net assets (note 9):</b>		
Unrestricted:		
Designated by the Board for the Resident Assistance Fund	12,489,738	10,734,921
Undesignated – General Fund	4,353,961	4,401,572
<b>Total unrestricted</b>	<b>16,843,699</b>	<b>15,136,493</b>
Temporarily restricted:		
<i>Charitable gift annuities and trusts held for the benefit of the:</i>		
General Fund	233,119	222,282
Resident Assistance Fund	69,121	118,254
Willamette View Community Projects Fund	254,428	227,561
<i>Other restricted net assets:</i>		
Resident Assistance Fund	1,362,210	1,499,367
<b>Total temporarily restricted</b>	<b>1,918,878</b>	<b>2,067,464</b>
<b>Total net assets</b>	<b>18,762,577</b>	<b>17,203,957</b>
Commitments and contingencies (notes 13, 14, and 15)		
<b>Total liabilities and net assets</b>	<b>\$ 19,879,797</b>	<b>18,382,139</b>

See accompanying notes to financial statements.

WILLAMETTE VIEW FOUNDATION

**STATEMENT OF OPERATIONS**

YEAR ENDED DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)

	<b>2017</b>	<b>2016</b>
<b>Operating revenues and other support:</b>		
Unrestricted contributions ( <i>note 10</i> )	\$ 347,767	82,909
Recovery of expenses and other income	–	12,721
Interest and dividend income	250,316	383,301
Total operating revenues	598,083	478,931
Net assets released from restrictions ( <i>note 11</i> )	294,677	701,610
Total operating revenues and other support	892,760	1,180,541
<b>Grants and expenses:</b>		
Assistance to residents of Willamette View	272,647	320,099
Grant to Willamette View, Inc. for the Riverview capital project	1,000,000	–
Administrative expenses ( <i>note 12</i> )	387,241	626,892
Total grants and expenses	1,659,888	946,991
Net operating results	\$ (767,128)	233,550

See accompanying notes to financial statements.

## WILLAMETTE VIEW FOUNDATION

**STATEMENT OF CHANGES IN NET ASSETS**

YEAR ENDED DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)

	2017			2016
	Unrestricted	Temporarily restricted	Total	
<b>Revenues, gains, and other support:</b>				
Unrestricted revenues and other support	\$ 598,083	–	598,083	478,931
Restricted contributions ( <i>note 10</i> )	–	10,600	10,600	2,000
Net assets released from restrictions ( <i>note 11</i> )	294,677	(294,677)	–	–
Total revenues, gains, and other support	892,760	(284,077)	608,683	480,931
<b>Less grants and expenses</b>	(1,659,888)	–	(1,659,888)	(946,991)
Decrease in net assets before non-operating transactions	(767,128)	(284,077)	(1,051,205)	(466,060)
<b>Non-operating transactions:</b>				
Net appreciation in the fair value of investments	2,474,334	–	2,474,334	699,463
Net appreciation in the actuarial value of charitable trust and gift annuity agreements	–	135,491	135,491	98,683
Increase (decrease) in net assets	1,707,206	(148,586)	1,558,620	332,086
Net assets at beginning of year	15,136,493	2,067,464	17,203,957	16,871,871
Net assets at end of year	\$ 16,843,699	1,918,878	18,762,577	17,203,957

See accompanying notes to financial statements.

WILLAMETTE VIEW FOUNDATION

**STATEMENT OF CASH FLOWS**

YEAR ENDED DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)

	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities:</b>		
Cash received from contributors and others	\$ 328,709	19,811
Investment earnings	250,316	383,301
Cash payments made on behalf of Willamette View residents	(272,647)	(320,099)
Other cash payments to Willamette View, Inc.	(1,000,000)	—
Cash paid to employees and suppliers	(378,837)	(578,121)
Net cash used in operating activities	(1,072,459)	(495,108)
<b>Cash flows from investing activities:</b>		
Purchases of investments	(13,167,182)	(9,838,029)
Proceeds from the sale of investments	14,129,447	9,982,725
Net cash provided by investing activities	962,265	144,696
<b>Cash flows from financing activities:</b>		
Release of funds upon the termination of charitable trust and gift annuity agreements	250,177	333,709
Distributions made under charitable trust and gift annuity agreements	(132,567)	(162,977)
Net cash provided by financing activities	117,610	170,732
Net increase (decrease) in cash and cash equivalents	7,416	(179,680)
Cash and cash equivalents at beginning of year	147,942	327,622
Cash and cash equivalents at end of year	\$ 155,358	147,942

See accompanying notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2017

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**1. Organization**

The Willamette View Foundation is a nonprofit corporation organized in 1967 in accordance with the laws of the State of Oregon and governed by a volunteer Board of Directors. The Foundation provides financial assistance and other support to residents of Willamette View, a continuing care retirement community established in Portland, Oregon in 1955. Eligible residents of Willamette View may apply to the Foundation for assistance if their personal financial resources are no longer sufficient to pay their living expenses at Willamette View.

The Foundation also periodically makes grants to Willamette View, Inc. on a selective basis for projects that help satisfy the physical, emotional, recreational, social, religious, and health needs of residents. Finally, the Foundation provides financial management services to certain residents of Willamette View to assist them with many aspects of daily, monthly, and yearly tasks related to finances.

The funds to underwrite the Foundation's various services to residents are received through contributions from Willamette View residents, family members and friends, and investment return.

*Independence of the Foundation*

Although the Foundation's mission is to provide financial and other support to Willamette View residents, the Foundation and Willamette View, Inc. are independently governed and managed.

*Fund Groups*

The Foundation has established and administers four primary funds that receive donations to provide resident assistance, grants to Willamette View, Inc., and other donor-designated gifts in the following areas:

**Resident Assistance Fund** – Funds used to assist eligible residents who outlive their available financial resources or who otherwise no longer have the resources to fully meet their expenses at Willamette View due to illness or other unexpected events.

**Willamette View Community Projects Fund** – Funds available to be granted to Willamette View, Inc. for projects that the Foundation's Board of Directors determines are in the best interests of the entire Willamette View resident community.

**Other Donor-Restricted Funds** – Funds that have been restricted for specific purposes by individual donors.

**General Fund** – Funds that are unrestricted and can be used to fund the Foundation's general operating expenses and, as directed by the Board of Directors, to any other uses that are consistent with the Foundation's mission.

## 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.

**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.

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 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. Pledges are reported net of an allowance for uncollectible amounts and a discount to the present value of the future cash flows. The allowance is provided based upon management’s judgment including such factors as prior collection history, type of contribution, and nature of fundraising activity. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

**In-Kind Contributions** – The Foundation reports as revenue the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills, and represent services that would have been purchased had they not been donated. 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, 2017, no in-kind contributions were recorded.

**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. Only the balances held in the Foundation’s operating accounts are reported as cash. All other cash and cash equivalents, including unrestricted and temporarily restricted net assets invested in money market funds that will be used to satisfy current operational requirements, are classified as investments.

**Investments** – Investments are carried at fair value. Appreciation (decline) 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 changes in net assets. Interest income is recorded as it is earned, and reported net of \$67,130 in 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 initially 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 three to five years for furniture and equipment. Leasehold improvements are amortized over the lesser of the term of the lease or remaining useful life of the improvements, which is generally three years.

**Revenue Recognition** – All contributions and grants are considered available for unrestricted use unless specifically restricted by donor. Bequests are recorded as revenue at the time the Foundation has an established right to the bequest and the proceeds are measurable.

**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 are recorded when the proceeds are measurable and, with respect to wills, when the probate court has declared the testamentary instrument valid.

**Beneficial Interest in Trusts** – The Foundation receives contributions of property in which the donor or donor-designated beneficiary may retain a life interest. The assets are invested and administered by the Foundation as trustee, and distributions are made to the beneficiaries during the term of the agreement. These funds are generally invested in fixed income securities and equity and fixed income mutual funds. The Foundation records its remainder interest in these trusts at fair value based on estimated future cash receipts. Subsequent adjustments to the assets’ carrying value are reported in the accompanying statement of changes in net assets as “net appreciation (decline) in the actuarial value of charitable trust and gift annuity agreements.”

**Obligations Under Split-Interest Agreements** – Obligations under split-interest agreements, including charitable remainder trusts and charitable gift annuities, are recorded when incurred at the present value of the distributions to be made to the donor-designated beneficiaries. Distributions are paid over the lives of the beneficiaries or another specified period. Present values are determined using discount rates established by the Internal Revenue Service and actuarially-determined expected lives. Obligations under split-interest agreements are revalued annually at December 31 to reflect actual experience; the discount rate is not changed. The net revaluations, together with any remaining recorded obligations after all trust or gift obligations under terminated agreements have been satisfied, are reported in the accompanying financial statements as “net appreciation (decline) in the actuarial value of charitable trust and gift annuity agreements.”

**Grants** – Grants are made from available income and principal in accordance with restrictions imposed by donors and as approved by the Board of Directors. Grants are accrued when awarded and no longer conditional.

**Operations** – Results from operations are reported in the accompanying statement of operations as all transactions increasing or decreasing unrestricted net assets, except for the net unrealized appreciation (decline) in the fair value of long-term investments and changes associated with charitable trust and gift annuity agreements.

**Income Taxes** – The Willamette View Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and has been classified as a public charity as defined in Sections 170(b)(1)(A)(vi) and 509(a)(1).

**Concentrations of Credit Risk** – The Foundation’s financial instruments consist primarily of cash equivalents, money market funds, fixed income securities, equity securities, private equity securities, and various mutual funds, 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.

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.

Certain receivables also may, 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.

**Subsequent Events** – As required by FASB ASC No. 855-10, *Subsequent Events*, subsequent events have been evaluated by management through April 23, 2018, which is the date the financial statements were available to be issued.

**Summarized Financial Information for 2016** – The accompanying financial information as of and for the year ended December 31, 2016 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. Accounting Amendment Adoption

In May of 2015, the FASB issued Accounting Standards Update (“ASU”) 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, which exempts investments measured using the net asset value practical expedient in FASB ASC No. 820, *Fair Value Measurements and Disclosures*, from categorization within the fair value hierarchy. The guidance requires retrospective application and is effective for fiscal years beginning after December 15, 2016. Accordingly, investments measured at net asset value are removed from the fair value hierarchy described in note 16.

### 4. Contributions Receivable

Contributions receivable totaled \$107,477 at December 31, 2017, representing outstanding bequests expected to be collected in less than one year.

## 5. Investments

The following summarizes the investments held by the Foundation at December 31, 2017:

<i>Fixed income mutual funds:</i>	
Multi-sector bond fund	\$ 2,668,680
Intermediate bond fund	1,947,660
	<hr/>
	4,616,340
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<i>Equity mutual funds:</i>	
Foreign large growth	1,078,045
U.S. large value	802,922
Emerging markets small value	743,231
U.S. small-cap	416,515
U.S. large blend	272,105
Emerging markets large blend	213,786
	<hr/>
	3,526,604
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<i>Interest in private equity:</i>	
Global equity fund	8,232,712
Absolute return fund	1,528,918
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	9,761,630
Cash sweep accounts	27,045
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	\$ 17,931,619
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Investment performance is reviewed on a quarterly basis by the Investment Committee of the Foundation's Board of Directors.

## 6. Investments of Assets Associated with Charitable Gift Annuity Agreements

Having entered into 66 charitable gift annuity agreements since 1994, the Foundation held 16 charitable gift annuities at December 31, 2017. Under the terms of these gifts, the Foundation has agreed, in return for gifted assets, to make payments to gift beneficiaries for the balance of their lives. Upon the death of the beneficiary (and, in certain cases, the beneficiary's spouse), the Foundation will receive the balance of the remaining assets.

At December 31, 2017, the Foundation held \$719,080 in assets associated with these gift annuities, as follows:

<i>Fixed income mutual funds:</i>	
Non-traditional bond fund	\$ 85,245
Intermediate bond fund	70,318
Short-term bond fund	56,715
Multi-sector bond fund	56,701
Core bond fund	15,002
	<hr/>
	283,981
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<i>Equity mutual funds:</i>	
U.S. large blend	92,774
Foreign large growth	72,143
U.S. small blend	50,719
Emerging markets large blend	50,709
U.S. mid-cap blend	50,470
U.S. large growth	42,700
World allocation large value	35,809
	<hr/>
	395,324
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<i>Blended mutual fund:</i>	
Real estate	35,456
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Cash sweep accounts	4,319
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	\$ 719,080
	<hr/>

The Foundation has also recorded a liability for these charitable gift annuities, representing the actuarially-determined present value of the estimated future payments to be made to the beneficiaries, using discount rates that range from 4.99% to 14.63%. The liability recorded at December 31, 2017 totaled \$366,710.

Section 731.038 of the Oregon Revised Statutes applies to all charitable organizations that issue charitable gift annuities. It requires that issuing organizations (1) have a minimum of \$300,000 in net assets as shown by annual audited financial statements prepared by an independent certified public accountant; (2) have been in continuous operation for at least five years; and (3) maintain a separate and distinct trust fund as a reserve fund adequate to meet the future payments under all outstanding annuity agreements.

## 7. Assets Held in Charitable Trust

The Foundation is the trustee and the remainderman of a charitable remainder trust. The terms of the trust agreement require that the trust's current beneficiary be paid annually an amount equal to 5.0% of the fair value of the trust as of January 1 of each year. Upon the death of the beneficiary, 50% of the remaining assets will revert to the Foundation.

At December 31, 2017, charitable trust assets with a fair value totaling \$946,428 were held by the Foundation and invested as follows:

### *Fixed income mutual funds:*

Non-traditional bond fund	\$	111,358
Intermediate-bond fund		92,059
Short-term bond fund		74,089
Multi-sector bond fund		73,991
Core bond fund		19,577

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371,074

### *Equity mutual funds:*

U.S. large blend	121,193
Foreign large growth	94,242
U.S. small blend	65,678
Emerging markets large blend	66,242
U.S. mid-cap blend	65,735
U.S. large growth	55,641
World allocation large value	47,339

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516,070

### *Blended mutual fund:*

Real estate	46,315
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Cash sweep and checking accounts	12,969
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\$ 946,428

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The Foundation has recorded a liability associated with this trust totaling \$735,210 at December 31, 2017. Of this total, \$523,991 represents the actuarially-determined present value of the estimated future payments to be made to the beneficiary using a discount rate of 6.725%. The balance of \$211,219 represents the estimated present value of the remainder portion of the trust that is payable to another organization.

## 8. Property and Equipment

A summary of property and equipment at December 31, 2017 is as follows:

Furniture and equipment	\$	39,830
Leasehold improvements		24,209
		64,039
Less accumulated depreciation		(55,191)
	\$	8,848

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## 9. Net Asset Balances At December 31, 2017

At December 31, 2017, the Foundation's net assets totaled \$18,762,577 and were restricted by donors, designated by the Board, or undesignated, as follows:

Resident Assistance Fund	\$	13,921,069
General Fund		4,587,080
Willamette View Community Projects Fund		254,428
	\$	18,762,577

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## 10. Contributions

Contributions for the year ended December 31, 2017 are summarized as follows:

### *Unrestricted contributions:*

Contributions	\$	3,640
Bequests and legacies		344,127

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347,767

### *Temporarily restricted contributions:*

Contributions		10,600
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Total 2017 contributions \$ 358,367

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### 11. Net Assets Released from Restrictions

During the year ended December 31, 2017, net assets totaling \$294,677 were released from donor restrictions by incurring expenses in satisfaction of the restricted purpose or by the occurrence of other events specified by the Foundation's donors. Accordingly, corresponding amounts are reported as reclassifications from temporarily restricted net assets to unrestricted net assets in the accompanying statements of operations and changes in net assets.

### 12. Administrative Expenses

The costs of operating the Foundation and overseeing its general activities and programs are reported as administrative expenses. Administrative expenses for the year ended December 31, 2017 were as follows:

Salaries and related expenses	\$	217,882
Professional services		45,123
Insurance		44,917
Occupancy		40,142
Office expenses		13,903
Promotion		6,672
Depreciation		8,848
Other		9,754
	\$	387,241

### 13. Operating Lease Commitments

The Foundation leases office space and certain office equipment under operating leases that expire in November of 2018 and January of 2023, respectively. The Foundation's future annual lease commitments under these agreements are as follows:

<i>Years ending December 31,</i>	
2018	\$ 33,465
2019	4,577
2020	4,577
2021	4,577
2022	4,577
Thereafter	381
	\$ 52,154

Office lease and equipment rent expense for the year ended December 31, 2017 totaled \$35,509.

### 14. Retirement Plan

The Foundation provides all employees with a defined contribution retirement savings plan, as described under Section 401(k) of the Internal Revenue Code. Participating employees may make voluntary contributions to the plan on a pre-tax basis, up to the limits allowed by law, from the first day of the month following one year of employment. The Foundation makes an annual safe harbor contribution equal to 3% of the annual compensation of each employee. Employees are fully vested in this contribution amount at all times. In addition, the Foundation makes an additional contribution of 2% of the annual compensation of each eligible employee. Employees vest in the 2% additional employer contribution at the rate of 20% annually, starting on the second year of service and are fully vested upon completion of the sixth year of service. Employees select from among several investment options. Foundation contributions to the plan totaled \$7,208 for the year ended December 31, 2017.

## 15. Financial Management Services

Consistent with its charitable purposes, the Foundation also provides certain financial management services for qualified residents of Willamette View who request such services. These funds of the residents: (i) totaled \$13,286,128 as of December 31, 2017, (ii) constitute neither assets nor liabilities of the Foundation, and (iii) consequently, are not included in the accompanying financial statements.

## 16. 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). Investments valued using the net asset value practical expedient are excluded from the fair value hierarchy.

At December 31, 2017, the Foundation's financial assets that are included in the fair value hierarchy consist of investments (see notes 5, 6, and 7), which are measured at fair value on a recurring basis using quoted prices for identical assets (i.e., Level 1).

At December 31, 2017, investments measured at fair value on a recurring basis were as follows:

*Investments included in the fair value hierarchy:*

Fixed income mutual funds	\$ 5,271,395
Equity mutual funds	4,437,998
Blended mutual funds	81,771

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Total investments included in the fair value hierarchy	9,791,164
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*Investments measured at net asset value:*

Investments in private equity partnerships <sup>1</sup>	9,761,630
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Total investments at fair value	\$ 19,552,794
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<sup>1</sup>The fair value of the Foundation's investment in private equity partnerships is based on the net asset value of the Foundation's ownership interest in the partner's capital, which includes assumptions and methods that are prepared by the general partners of the limited partnerships and were reviewed by the Foundation's management.

The following table provides additional information regarding the nature, characteristics, and risks of the investments measured at fair value using the net asset per share value at December 31, 2017:

	Redemption frequency	Redemption notice	Amount
Global equity	monthly	16 days	\$ 8,232,712
Absolute return	quarterly	90 days	1,528,918
			\$ 9,761,630

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There were no outstanding commitments to these funds at December 31, 2017.

## 17. Statement of Cash Flows Reconciliation

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

Increase in net assets	\$ 1,558,620
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<i>Adjustments to reconcile increase in net assets to net cash used in operating activities:</i>	
Depreciation	8,848
Net appreciation in the fair value of investments	(2,474,334)
Net appreciation in the actuarial value of charitable trust and gift annuity agreements	(135,491)
<i>Net changes in:</i>	
Contributions receivable	(29,658)
Prepaid expenses and other assets	(58)
Accounts payable and accrued expenses	(386)
<hr/>	
Total adjustments	(2,631,079)
<hr/>	
Net cash used in operating activities	\$ (1,072,459)
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## WILLAMETTE VIEW FOUNDATION

**SCHEDULE OF CHANGES IN NET ASSETS BY FUND**

YEAR ENDED DECEMBER 31, 2017

	<b>Undesignated General Fund</b>	<b>Unrestricted Designated by Board for Resident Assistance Fund</b>	<b>Total unrestricted</b>
Net assets at January 1, 2017	\$ 4,401,572	10,734,921	15,136,493
<b>Revenues:</b>			
Contributions	347,767	–	347,767
Investment income	250,316	–	250,316
Net appreciation in the fair value of investments	719,517	1,754,817	2,474,334
Net appreciation in the actuarial value of charitable trust and gift annuity agreements	–	–	–
Total revenues and gains	1,317,600	1,754,817	3,072,417
Transfer upon termination of gift annuities and charitable trusts	22,030	–	22,030
Total revenues, gains, and other support	1,339,630	1,754,817	3,094,447
<b>Expenses:</b>			
Assistance to residents, grants and other distributions	(1,000,000)	–	(1,000,000)
Administrative expenses	(387,241)	–	(387,241)
Total expenses	(1,387,241)	–	(1,387,241)
Increase (decrease) in net assets	(47,611)	1,754,817	1,707,206
Net assets at December 31, 2017	\$ 4,353,961	12,489,738	16,843,699

<b>Restricted by donors</b>	<b>Temporarily restricted Charitable trust and gift annuity agreements</b>			<b>Total temporarily restricted</b>	<b>Total all funds</b>
	<b>Resident Assistance Fund</b>	<b>General Fund</b>	<b>Resident Assistance Fund</b>		
1,499,367	222,282	118,254	227,561	2,067,464	17,203,957
10,600	–	–	–	10,600	358,367
–	–	–	–	–	250,316
–	–	–	–	–	2,474,334
–	32,867	75,757	26,867	135,491	135,491
10,600	32,867	75,757	26,867	146,091	3,218,508
124,890	(22,030)	(124,890)	–	(22,030)	–
135,490	10,837	(49,133)	26,867	124,061	–
(272,647)	–	–	–	(272,647)	(1,272,647)
–	–	–	–	–	(387,241)
(272,647)	–	–	–	(272,647)	(1,659,888)
(137,157)	10,837	(49,133)	26,867	(148,586)	1,558,620
1,362,210	233,119	69,121	254,428	1,918,878	18,762,577

**GOVERNING BOARD, MANAGEMENT, AND ADVISORS**

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**BOARD OF DIRECTORS AND OFFICERS**

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Bill Spooner, *Vice President*  
Ron Gustafson, *Secretary/Treasurer*  
Carol Cameron  
Jon Coney  
Thomas DeSouza  
Jonathan Enz  
Patricia Fisher  
Robert Potter

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Greg Default  
Dennis Braun  
Michael Gallagher  
Marc Robins

**EXECUTIVE MANAGEMENT**

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*Executive Director*

**ATTORNEYS**

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Wyse Kadish, *LLP*

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Adam J. Dale  
*Associate Vice President*  
*Investment Officer*  
*Wells Fargo Advisors, LLC*

Michael Rosen  
*Principal and Chief Investment Officer*  
*Angeles Investment Advisors, LLC*

**INDEPENDENT ACCOUNTANTS**

Gary McGee & Co. *LLP*

WILLAMETTE VIEW FOUNDATION

**INQUIRIES AND OTHER INFORMATION**

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**For more information, please call or write:**

**WILLAMETTE VIEW FOUNDATION**

11226 S.E. 21st Avenue  
Portland, Oregon 97222

(971) 233-8956  
(971) 233-8960 Fax

**E-mail:**

[diane@willametteviewfoundation.org](mailto:diane@willametteviewfoundation.org)

**Web site:**

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

