



**Gary McGee & Co. LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

## **Willamette View Foundation**

Financial Statements and Other Information  
as of and for the Year Ended December 31, 2018  
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, 2018, 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, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

*Emphasis of Matter*

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

*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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 23, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Caplan & Co. LLP*

April 28, 2019

## WILLAMETTE VIEW FOUNDATION

**STATEMENT OF FINANCIAL POSITION**

DECEMBER 31, 2018

(WITH COMPARATIVE AMOUNTS FOR 2017)

	<b>2018</b>	<b>2017</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 218,369	155,358
Contributions receivable ( <i>note 4</i> )	25,000	107,477
Prepaid expenses and other assets	11,134	10,987
Investments ( <i>note 5</i> )	16,183,053	17,931,619
Investments of assets associated with charitable gift annuity agreements ( <i>note 6</i> )	607,948	719,080
Assets held in charitable trust ( <i>note 7</i> )	853,062	946,428
Property and equipment ( <i>note 8</i> )	-	8,848
<b>Total assets</b>	<b>\$ 17,898,566</b>	<b>19,879,797</b>
<b>Liabilities:</b>		
Accounts payable and accrued expenses	24,663	15,300
Liabilities associated with charitable gift annuity agreements ( <i>note 6</i> )	320,322	366,710
Liabilities associated with charitable trust agreement ( <i>note 7</i> )	670,536	735,210
<b>Total liabilities</b>	<b>1,015,521</b>	<b>1,117,220</b>
<b>Net assets (<i>note 9</i>):</b>		
Without donor restrictions:		
Designated by the Board for the Resident Assistance Fund	11,462,800	12,489,738
Undesignated – General Fund	3,819,548	4,353,961
<b>Total without donor restrictions</b>	<b>15,282,348</b>	<b>16,843,699</b>
With donor restrictions:		
<i>Charitable gift annuities and trusts held for the benefit of the:</i>		
Willamette View Community Projects Fund	205,286	254,428
General Fund	198,416	233,119
Resident Assistance Fund	7,407	69,121
<i>Other restricted net assets:</i>		
Resident Assistance Fund	1,189,588	1,362,210
<b>Total with donor restrictions</b>	<b>1,600,697</b>	<b>1,918,878</b>
<b>Total net assets</b>	<b>16,883,045</b>	<b>18,762,577</b>
Commitments and contingencies ( <i>notes 13, 14, and 15</i> )		
<b>Total liabilities and net assets</b>	<b>\$ 17,898,566</b>	<b>19,879,797</b>

See accompanying notes to financial statements.

WILLAMETTE VIEW FOUNDATION

**STATEMENT OF OPERATIONS**

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

	<b>2018</b>	<b>2017</b>
<b>Operating revenues and other support:</b>		
Contributions without donor restrictions <i>(note 10)</i>	\$ 17,774	347,767
Interest and dividend income	191,378	250,316
Total operating revenues	209,152	598,083
Net assets released from restrictions <i>(note 11)</i>	371,426	294,677
Total operating revenues and other support	580,578	892,760
<b>Grants and expenses <i>(note 12)</i>:</b>		
Assistance to residents of Willamette View	371,986	272,647
Grant to Willamette View, Inc. for the Riverview capital project	-	1,000,000
Operating expenses	385,011	387,241
Total grants and expenses	756,997	1,659,888
Net operating results	\$ (176,419)	(767,128)

See accompanying notes to financial statements.

WILLAMETTE VIEW FOUNDATION

**STATEMENT OF CHANGES IN NET ASSETS**

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

	2018		Total	2017
	Without donor restrictions	With donor restrictions		
<b>Revenues, gains, and other support:</b>				
Revenues and other support without donor restrictions	\$ 209,152	–	209,152	598,083
Contributions with donor restrictions <i>(note 10)</i>	–	146,681	146,681	10,600
Net assets released from restrictions <i>(note 11)</i>	371,426	(371,426)	–	–
Total revenues, gains, and other support	580,578	(224,745)	355,833	608,683
<b>Less grants and expenses</b>	(756,997)	–	(756,997)	(1,659,888)
Decrease in net assets before non-operating transactions	(176,419)	(224,745)	(401,164)	(1,051,205)
<b>Non-operating transactions:</b>				
Net appreciation (decline) in the fair value of investments	(1,384,932)	–	(1,384,932)	2,474,334
Net appreciation (decline) in the actuarial value of charitable trust and gift annuity agreements	–	(93,436)	(93,436)	135,491
Increase (decrease) in net assets	(1,561,351)	(318,181)	(1,879,532)	1,558,620
Net assets at beginning of year	16,843,699	1,918,878	18,762,577	17,203,957
Net assets at end of year	\$ 15,282,348	1,600,697	16,883,045	18,762,577

See accompanying notes to financial statements.

WILLAMETTE VIEW FOUNDATION

**STATEMENT OF CASH FLOWS**

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

	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities:</b>		
Cash received from contributors and others	\$ 246,932	328,709
Investment earnings	191,378	250,316
Cash payments made on behalf of Willamette View residents	(371,986)	(272,647)
Other cash payments to Willamette View, Inc.	–	(1,000,000)
Cash paid to employees and suppliers	(366,947)	(378,837)
Net cash used in operating activities	(300,623)	(1,072,459)
<b>Cash flows from investing activities:</b>		
Purchases of investments	(3,551,662)	(13,167,182)
Proceeds from the sale of investments	4,042,363	14,129,447
Net cash provided by investing activities	490,701	962,265
<b>Cash flows from financing activities:</b>		
Release of funds upon the termination of charitable trust and gift annuity agreements	–	250,177
Distributions made under charitable trust and gift annuity agreements	(127,067)	(132,567)
Net cash provided by (used in) financing activities	(127,067)	117,610
Net increase in cash and cash equivalents	63,011	7,416
Cash and cash equivalents at beginning of year	155,358	147,942
Cash and cash equivalents at end of year	\$ 218,369	155,358

See accompanying notes to financial statements.



**NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2018

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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 have no donor restrictions 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** – Net assets, revenues, gains and losses are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor-imposed stipulations. From time to time, the Board of Directors may designate from net assets for particular purposes and objectives.
- *Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time. These balances represent the unexpended portion of donor-restricted contributions and investment return to be used for specific programs and activities as directed by the donor.

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

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

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

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

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

Unconditional contributions and grants receivable are reported net of an allowance for estimated uncollectible promises. Promises to give are written off when deemed uncollectible.

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

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

**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.

**In-Kind Contributions** – Under generally accepted accounting principles, 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 statement of activities. During the year ended December 31, 2018, no contributed services were recorded.

In-kind contributions of land, buildings, equipment, and other materials are recorded when there is an objective basis upon which to value these contributions and when the contributions are an essential part of the Foundation’s activities. During the year ended December 31, 2018, no contributed land, buildings, equipment, or other materials 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. Cash and cash equivalents held as part of the Foundation’s investment portfolio, and where management’s intention is to use the cash to acquire investments to be held long-term, are classified as investments.

**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 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.

**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 a mix of investments. The Foundation records its 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 net assets without donor restrictions, 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 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, various mutual funds, and investments in private equity 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** – Subsequent events have been evaluated by management through April 28, 2019, which is the date the financial statements were available to be issued.

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

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

### 3. Recently-Adopted Accounting Standards

On August 18, 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and the availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation implemented ASU No. 2016-14 during the 2018 fiscal year and has adjusted the presentation of these financial statements accordingly.

#### 4. Contributions Receivable

Contributions receivable totaled \$25,000 at December 31, 2018, and represent 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, 2018:

*Fixed income mutual funds:*

Multi-sector bond fund	\$ 1,958,980
Intermediate-bond fund	2,757,284
	<hr/>
	4,716,264

*Equity mutual funds:*

U.S. large value	1,749,079
U.S. large blend	260,057
	<hr/>
	2,009,136

*Exchange-traded funds:*

Foreign large blend	456,210
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*Interest in private equity:*

Global equity fund	7,505,593
Absolute return fund	1,437,530
	<hr/>
	8,943,123

Cash sweep accounts	58,320
	<hr/>
	\$ 16,183,053

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 13 charitable gift annuities at December 31, 2018. 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, 2018, the Foundation held \$607,948 in assets associated with these gift annuities, as follows:

*Fixed income mutual funds:*

Non-traditional bond fund	\$ 80,806
Intermediate-bond fund	68,779
Short-term bond fund	54,633
Multi-sector bond fund	40,779
Core bond fund	11,906

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*Equity mutual funds:*

U.S. large blend	87,299
Foreign large growth	48,232
U.S. small-cap index	16,912
Emerging markets large blend	19,300
U.S. mid-cap index	17,321
U.S. large growth	40,667
World allocation large value	31,668
World allocation small/mid-cap	41,569

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*Blended mutual fund:*

Real estate	46,219
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Cash sweep accounts	1,858
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\$ 607,948

*Continued*

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 12.50%. The liability recorded at December 31, 2018 totaled \$320,322.

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, 2018, charitable trust assets with a fair value totaling \$853,062 were held by the Foundation and invested as follows:

<i>Fixed income mutual funds:</i>	
Non-traditional bond fund	\$ 111,458
Intermediate-bond fund	94,883
Short-term bond fund	74,984
Multi-sector bond fund	56,182
Core bond fund	16,414
	<hr/>
	353,921
<hr/>	
<i>Equity mutual funds:</i>	
U.S. large blend	120,416
Foreign large growth	66,528
U.S. small-cap index	23,327
Emerging markets large blend	26,620
U.S. mid-cap index	23,891
U.S. large growth	56,098

World allocation large value	43,681
World allocation small/mid-cap	57,338
	<hr/>
	417,899
<hr/>	
<i>Blended mutual fund:</i>	
Real estate	63,746
	<hr/>
Cash sweep and checking accounts	17,496
	<hr/>
	\$ 853,062

The Foundation has recorded a liability associated with this trust totaling \$670,536 at December 31, 2018. Of this total, \$488,009 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 \$182,527 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, 2018 is as follows:

Furniture and equipment	\$ 39,830
Leasehold improvements	24,209
	<hr/>
	64,039
Less accumulated depreciation	(64,039)
	<hr/>
	\$ -

## 9. Net Asset Balances at December 31, 2018

At December 31, 2018, the Foundation's net assets totaled \$16,883,045 and were restricted by donors, designated by the Board, or undesignated, as follows:

Resident Assistance Fund	\$ 12,659,795
General Fund	4,017,964
Willamette View Community Projects Fund	205,286
	<hr/>
	\$ 16,883,045

## 10. Contributions

Contributions for the year ended December 31, 2018 are summarized as follows:

<i>Contributions without donor restrictions:</i>	
Contributions	\$ 3,550
Bequests and legacies	14,224
	<hr/> 17,774
<i>Contributions with donor restrictions:</i>	
Contributions	200
Bequests and legacies	146,481
	<hr/> 146,681
Total 2018 contributions	<hr/> <hr/> \$ 164,455

## 11. Net Assets Released from Restrictions

During the year ended December 31, 2018, the Foundation incurred \$371,426 in expenses in satisfaction of the restricted purposes specified by the donors, or by occurrence of other events specified by donors.

## 12. Functional Expenses

The costs of operating the Foundation and overseeing its general activities and programs are reported as operating expenses.

Certain categories of expenses are attributable to one or more program or supporting functions of the Foundation and, therefore, require allocation on a reasonable basis that is consistently applied. Those expenses include salaries and related expenses, insurance, occupancy, office expenses, and depreciation, which are allocated on the basis of estimates of time and effort. Expenses on a functional basis for the year ended December 31, 2018 are summarized as follows:

	Program services	Management and general	Fund-raising	Total
Assistance to residents	\$ 371,986	–	–	371,986
Salaries and related expenses	187,827	44,084	2,306	234,217
Professional services	1,092	29,502	–	30,594
Insurance	35,149	8,348	439	43,936
Occupancy	33,264	7,900	416	41,580
Office expenses	12,326	2,928	154	15,408
Promotion	–	3,365	–	3,365
Depreciation	7,078	1,681	89	8,848
Other	–	7,063	–	7,063
	<hr/> 276,736	104,871	3,404	385,011
	<hr/> \$ 648,722	104,871	3,404	<hr/> 756,997

## 13. Operating Lease Commitments

The Foundation leases office space and certain office equipment under operating leases that expire in December 2021 and January of 2023, respectively. The Foundation's future annual lease commitments under these agreements are as follows:

<i>Years ending December 31,</i>	
2019	\$ 38,208
2020	39,036
2021	39,888
2022	5,124
2023	427
	<hr/> \$ 122,683

Office lease and equipment rent expense for the year ended December 31, 2018 totaled \$36,972.

#### 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 \$9,690 for the year ended December 31, 2018.

#### 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 \$11,797,290 as of December 31, 2018, (ii) constitute neither assets nor liabilities of the Foundation, and (iii) consequently, are not included in the accompanying financial statements.

#### 16. Liquidity and Availability of Financial Assets

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

Cash and cash equivalents	\$	218,369
Contribution receivable		25,000
Investments		16,183,053
		<hr/>
		16,426,422

Less donor-restricted and Board-designated net assets held in investments, but not yet appropriated by the Board for expenditure	(15,363,053)
	<hr/>
	1,063,369

As part of its liquidity management, the Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In conjunction with this policy, and as a part of the annual budget process, each year the Board of Directors appropriates an amount of funds from the investment portfolio to meet the Foundation's cash needs in the coming year.

#### 17. Fair Value Measurements

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

- Investments
- Investment of assets associated with gift annuities agreements
- Assets held in charitable trust

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale; similarly, the fair value of a liability is the amount at which the liability could be transferred in a current transaction between willing parties. Fair values are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality.



All financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined under generally accepted accounting principles. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (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, 2018, 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, 2018, investments measured at fair value on a recurring basis were as follows:

<i>Investments included in the fair value hierarchy:</i>	
Fixed-income mutual funds	\$ 5,327,088
Equity mutual funds	2,730,003
Blended mutual funds	566,175
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Total investments included in the fair value hierarchy	8,623,266
<i>Investments measured at net asset value:</i>	
Investments in private equity partnerships <sup>1</sup>	8,943,123
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Total investments at fair value	\$ 17,566,389

<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, 2018:

	Redemption frequency	Redemption notice	Amount
Global equity	monthly	16 days	\$ 7,505,593
Absolute return	quarterly	90 days	1,437,530
			<hr/>
			\$ 8,943,123

There were no outstanding commitments to these funds at December 31, 2018.

## 18. Statement of Cash Flows Reconciliation

The following presents a reconciliation of the decrease 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):

Decrease in net assets	\$ (1,879,532)
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<i>Adjustments to reconcile decrease in net assets to net cash used in operating activities:</i>	
Depreciation	8,848
Net decline in the fair value of investments	1,384,932
Net decline in the actuarial value of charitable trust and gift annuity agreements	93,436
<i>Net changes in:</i>	
Contributions receivable	82,477
Prepaid expenses and other assets	(147)
Accounts payable and accrued expenses	9,363
<hr/>	
Total adjustments	1,578,909
<hr/>	
Net cash used in operating activities	\$ (300,623)

## WILLAMETTE VIEW FOUNDATION

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

YEAR ENDED DECEMBER 31, 2018

	<b>Without donor restrictions</b>		
	<b>Undesignated General Fund</b>	<b>Designated by Board for Resident Assistance Fund</b>	<b>Total without donor restrictions</b>
Net assets at January 1, 2018	\$ 4,353,961	12,489,738	16,843,699
<b>Revenues:</b>			
Contributions	17,774	–	17,774
Investment income	191,378	–	191,378
Net decline in the fair value of investments	(357,994)	(1,026,938)	(1,384,932)
Net decline in the actuarial value of charitable trust and gift annuity agreements	–	–	–
Total revenues and gains	(148,842)	(1,026,938)	(1,175,780)
Transfer upon termination of gift annuities and charitable trusts	(560)	–	(560)
Total revenues, gains, and other support	(149,402)	(1,026,938)	(1,176,340)
<b>Expenses:</b>			
Assistance to residents, grants and other distributions	–	–	–
Operating expenses	(385,011)	–	(385,011)
Total expenses	(385,011)	–	(385,011)
Decrease in net assets	(534,413)	(1,026,938)	(1,561,351)
Net assets at December 31, 2018	\$ 3,819,548	11,462,800	15,282,348

<b>Restricted by donors</b>	<b>With donor restrictions Charitable trust and gift annuity agreements</b>			<b>Total with donor restrictions</b>	<b>Total all funds</b>
	<b>Resident Assistance Fund</b>	<b>General Fund</b>	<b>Resident Assistance Fund</b>		
1,362,210	233,119	69,121	254,428	1,918,878	18,762,577
146,681	–	–	–	146,681	164,455
–	–	–	–	–	191,378
–	–	–	–	–	(1,384,932)
–	(35,263)	(9,031)	(49,142)	(93,436)	(93,436)
146,681	(35,263)	(9,031)	(49,142)	53,245	(1,122,535)
52,683	560	(52,683)	–	560	–
199,364	(34,703)	(61,714)	(49,142)	53,805	–
(371,986)	–	–	–	(371,986)	(371,986)
–	–	–	–	–	(385,011)
(371,986)	–	–	–	(371,986)	(756,997)
(172,622)	(34,703)	(61,714)	(49,142)	(318,181)	(1,879,532)
1,189,588	198,416	7,407	205,286	1,600,697	16,883,045

**GOVERNING BOARD, MANAGEMENT, AND ADVISORS**

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**BOARD OF DIRECTORS AND OFFICERS**

Christie Geiger, *President*  
Bill Spooner, *Vice President*  
Ron Gustafson, *Secretary/Treasurer*  
Carol Cameron  
Jon Coney  
Jonathan Enz  
Patricia Fisher  
Mike Gallagher  
Robert Potter

**INVESTMENT COMMITTEE**

Christie Geiger, *Chair*  
Greg Default  
Dennis Braun  
Michael Gallagher  
Jonathan Enz

**EXECUTIVE MANAGEMENT**

Diane M. Wernli  
*Executive Director*

**ATTORNEYS**

Michael Licurse, *Attorney-at-Law*  
Wyse Kadish, *LLP*

**INVESTMENT ADVISORS**

Adam J. Dale  
*First 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:**

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