

**OREGON LIONS SIGHT & HEARING
FOUNDATION, INC.**

FINANCIAL STATEMENTS

Year Ended June 30, 2017



— OREGON LIONS —
Sight & Hearing Foundation

OREGON LIONS SIGHT & HEARING FOUNDATION, INC.

FINANCIAL STATEMENTS

Year Ended June 30, 2017

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial statements	6-13



KERN & THOMPSON, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Oregon Lions Sight & Hearing Foundation, Inc.
Portland, Oregon

We have audited the accompanying financial statements of Oregon Lions Sight & Hearing Foundation, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses 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 of America; 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.

Auditors' 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 of America. 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 auditors' 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 entity'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 entity'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 Oregon Lions Sight & Hearing Foundation, Inc. as of June 30, 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 of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Oregon Lions Sight & Hearing Foundation, Inc.'s June 30, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 4, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

KERN & THOMPSON, LLC

Portland, Oregon
September 26, 2017

OREGON LIONS SIGHT & HEARING FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2017

(With Comparative Totals as of June 30, 2016)

	ASSETS		2017		2016
Cash and cash equivalents		\$	138,569	\$	186,476
Pledges and accounts receivable			35,243		23,645
Inventory			55,592		49,627
Prepaid expenses			5,155		6,156
Investments			6,343,869		6,372,039
			<u>6,578,428</u>		<u>6,637,943</u>
Property and equipment - net			<u>375,338</u>		<u>372,526</u>
Total assets		\$	<u>6,953,766</u>	\$	<u>7,010,469</u>
LIABILITIES AND NET ASSETS					
Accounts payable		\$	51,978	\$	39,268
Accrued expenses			24,980		59,579
Funds held for Lions Clubs			79,312		69,583
Annuity liability			73		4,849
Total liabilities			<u>156,343</u>		<u>173,279</u>
Net assets					
Unrestricted					
Invested in property and equipment			375,338		372,526
Designated			2,782,435		2,782,435
Undesignated			267,671		163,795
Total unrestricted			<u>3,425,444</u>		<u>3,318,756</u>
Temporarily restricted			1,119,385		1,265,840
Permanently restricted			2,252,594		2,252,594
Total net assets			<u>6,797,423</u>		<u>6,837,190</u>
Total liabilities and net assets		\$	<u>6,953,766</u>	\$	<u>7,010,469</u>

See notes to financial statements.

OREGON LIONS SIGHT & HEARING FOUNDATION, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

(With Comparative Totals for the Year Ended June 30, 2016)

	Temporarily Permanently			Total	
	Unrestricted	Restricted	Restricted	2017	2016
Revenues, gains and other support					
Contributions	\$ 494,322	\$ -	\$ -	\$ 494,322	\$ 425,025
Bequests	42,040	-	-	42,040	8,737
Grants	419,230	-	-	419,230	302,368
Program service fees	85,375	-	-	85,375	71,755
Special events, net of expense of \$54,275 and \$37,234, respectively	25,272	-	-	25,272	2,689
Optical sales (LEAP), net of expense of \$62,789 and \$3,499, respectively	45,598	-	-	45,598	36,532
Optical sales (retail), less cost of sales of sales of \$3,499 and \$0, respectively	2,082	-	-	2,082	-
Interest and dividends	119,838	-	-	119,838	182,754
Other	15,973	-	-	15,973	16,805
	1,249,730	-	-	1,249,730	1,046,665
Net assets released from restrictions	553,930	(553,930)	-	-	-
Total revenue, gains and other support	1,803,660	(553,930)	-	1,249,730	1,046,665
Expenses					
LEAP Optical Lab	257,611	-	-	257,611	167,653
Mobile screening	312,584	-	-	312,584	586,904
Patient and program services	998,793	-	-	998,793	754,412
Total program services	1,568,988	-	-	1,568,988	1,508,969
Supporting services					
Administration	11,632	-	-	11,632	53,152
Fund-raising	116,352	-	-	116,352	123,389
Total expenses	1,696,972	-	-	1,696,972	1,685,510
Increase (decrease) in net assets before other changes	106,688	(553,930)	-	(447,242)	(638,845)
Other changes in net assets					
Net realized gain (loss) on sale of investments	-	(819)	-	(819)	49,210
Net unrealized gain (loss) on investments	-	408,294	-	408,294	(265,522)
Change in net assets	106,688	(146,455)	-	(39,767)	(855,157)
Net assets, beginning of year	3,318,756	1,265,840	2,252,594	6,837,190	7,692,347
Net assets, end of year	\$ 3,425,444	\$ 1,119,385	\$ 2,252,594	\$ 6,797,423	\$ 6,837,190

See notes to financial statements.

OREGON LIONS SIGHT & HEARING FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2017

(With Comparative Totals for the Year Ended June 30, 2016)

	PROGRAM SERVICES				SUPPORTING SERVICES		Total	
	LEAP Optical Lab	Mobile Screening	Patient and Program Services	Total Program	Adminis- tration	Fund- raising	2017	2016
Salaries, payroll taxes and benefits	\$ 155,002	\$ 197,428	\$ 471,472	\$ 823,902	\$ 438	\$ 77,909	\$ 902,249	\$ 936,276
Patient services	14,423	-	289,250	303,673	-	-	303,673	280,678
Conferences, conventions and meetings	766	2,646	1,572	4,984	93	716	5,793	10,273
Depreciation	14,371	5,399	104,742	124,512	1,223	2,130	127,865	127,949
Equipment, maintenance and fuel	2,046	13,182	1,202	16,430	73	422	16,925	22,412
Grants, awards and scholarships	1,225	1,520	3,425	6,170	208	1,458	7,836	3,666
Insurance	4,190	5,337	12,025	21,552	732	2,106	24,390	29,030
Miscellaneous expense	3,127	6,129	7,370	16,626	606	2,388	19,620	17,434
Occupancy	22,942	11,965	26,568	61,475	1,617	4,653	67,745	60,644
Postage and shipping	1,483	1,637	3,789	6,909	214	755	7,878	7,050
Printing and publications	1,565	6,289	4,443	12,297	270	1,962	14,529	29,986
Professional fees and services	22,991	29,285	65,979	118,255	5,537	18,107	141,899	62,058
Supplies and materials	9,382	4,767	2,799	16,948	93	618	17,659	51,501
Telephone/internet	636	1,971	1,767	4,374	108	2,054	6,536	6,133
Travel	3,462	25,029	2,390	30,881	420	1,074	32,375	40,420
	\$ 257,611	\$ 312,584	\$ 998,793	\$ 1,568,988	\$ 11,632	\$ 116,352	\$ 1,696,972	\$ 1,685,510

See notes to financial statements.

OREGON LIONS SIGHT & HEARING FOUNDATION, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2017

(With Comparative Totals for the Year Ended June 30, 2016)

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ (39,767)	\$ (855,157)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	140,700	127,949
Realized (gain) loss on sale of investments	819	(49,210)
Net unrealized (gain) loss on investments	(408,294)	265,522
Changes in assets and liabilities:		
Pledges and accounts receivable	(11,598)	9,355
Inventory	(5,965)	(36,759)
Prepaid expenses	1,001	11,210
Accounts payable	12,710	(25,637)
Accrued expenses	(34,599)	1,292
Funds held for Lions Clubs	9,729	-
Net cash provided by (used in) operating activities	(335,264)	(551,435)
Cash flows from investing activities:		
Proceeds from sale of investments	765,048	496,603
Purchase of investments	(329,403)	(267,961)
Purchase of property and equipment	(143,512)	(8,808)
Net cash provided by (used in) investing activities	292,133	219,834
Cash flows from financing activities:		
Payments on gift annuities	(4,776)	(4,776)
Net increase in cash and cash equivalents	(47,907)	(336,377)
Cash and cash equivalents		
Beginning of year	186,476	522,853
End of year	\$ 138,569	\$ 186,476

See notes to financial statements.

OREGON LIONS SIGHT & HEARING FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE A – DESCRIPTION OF ORGANIZATION

The Oregon Lions Sight & Hearing Foundation, Inc. (the Foundation) is a charitable nonprofit organization established in 1959. The Foundation's mission is to screen, treat, save and restore sight and hearing, in partnership with Lions Clubs, in order to prevent blindness and deafness for those in need. The Foundation receives its support primarily through contributions and grants from individuals, corporations, and other organizations.

The Foundation's activities are as follows:

➤ **Patient and Program Services**

The Patient Care Program was created to help financially needy Oregonians receive the eye and ear surgery or treatments they need but cannot afford. Qualified applicants receive quality medical treatment with dignity, confidentiality and compassion.

➤ **Mobile Screening**

The Foundation operates a Mobile Health Screening Program, which provides an accessible and inexpensive way to offer health screenings to those in most need. The Program provides free screenings to schools and the public throughout the year.

➤ **Other Programs**

Other programs include operation of the Lions Optical Labs, a refurbished Hearing Aid Bank, Low Vision Clinic for visually disabled children, Mission Cataract surgeries, and the KEX Kids Fund.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

- **Unrestricted Net Assets** - Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate unrestricted net assets for specific purposes.
- **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.
- **Permanently Restricted Net Assets** - Net assets subject to donor-imposed stipulations that they be permanently maintained.

OREGON LIONS SIGHT & HEARING FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Expenses are reported as a decrease in unrestricted net assets. Gains and losses are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration 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.

Cash and Cash Equivalents

The Foundation classifies as cash and cash equivalents all checking, savings, and money market accounts used for operating purposes.

Pledges and Accounts Receivable

Pledges and accounts receivable of \$35,243 are all due within one year. The Foundation provides for losses on receivables using the allowance method. The allowance is based on experience and other circumstances based on collectability. It is the Foundation's policy to charge off uncollectible receivables when management determines the receivables will not be collected. Bad debt experience was minimal for the year ended June 30, 2017 and no allowance was necessary.

Investments and Fair Value Measurements

Investments are the only assets measured at fair value on a recurring basis. Valuation techniques used to measure fair value are prioritized into the following hierarchy:

Level 1 – Quoted prices in active markets for identical assets.

Level 2 – Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data by correlation such as appraisals or other means such as calculations based on contractual rates and published tables.

Level 3 – Unobservable inputs that reflect management's assumptions and best estimates based on available data.

Investments in bonds, equities, and mutual funds are carried at fair value based on quoted prices in active markets in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

OREGON LIONS SIGHT & HEARING FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets Held in Charitable Gift Annuities

The Foundation occasionally receives contributions for which the donor or donor-designated beneficiary may retain a life interest. The assets are invested and administered by the Foundation and distributions are made to the beneficiaries under the terms of the agreement. These funds are generally invested in equity and fixed income mutual funds, and the Foundation records its interest at fair value based on estimated future cash receipts. Initial recognition and subsequent adjustments to the assets' carrying values have not been material and are included in other revenues in the accompanying financial statements.

Liabilities for 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. Present values are determined using discount rates determined by the Internal Revenue Service and actuarially determined life expectancies. The liabilities for charitable gift annuities are revalued annually and the net change, together with any remaining recorded obligations after all trust or gift obligations under terminated agreements have been satisfied, are offset with other revenues.

Contributions

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. All contributions are considered available for the Foundation's general programs unless specifically restricted by the donor or designated by the Board of Directors. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

Contributed Services and Materials

The value of contributed services and materials meeting the requirements for recognition has been recorded in the financial statements (see Note E). Additionally, a number of volunteers have donated a significant number of hours to the Foundation. Although these services do not meet the criteria for recognition under generally accepted accounting principles, they are integral to the Foundation's mission.

Advertising

The Foundation expenses all advertising costs as incurred.

OREGON LIONS SIGHT & HEARING FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment of \$1,000 or more is recorded at cost. Donations of equipment and furniture are recorded as revenues at their estimated fair market values on the date of receipt. Such donations are reported as unrestricted revenues unless the donor has restricted the donated asset to a specific purpose. Depreciation on the equipment is computed using the straight-line method over the estimated useful lives of the assets that range from three to five years. Maintenance and repairs are expensed when incurred.

Classification of Endowment Net Assets

The Foundation has interpreted Oregon's adoption of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the Foundation to adopt investment and spending policies that preserve the fair value of the original endowed gift as of the date of the gift, absent explicit donor restrictions to the contrary. Although the Foundation has a long-term fiduciary duty to the donor (and others) for a fund of perpetual duration, the preservation of an 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 an endowment's historic dollar value may be appropriated for expenditure in support of the designated 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.

In general, investment returns on the Foundation's permanent endowment are available for retention or appropriation based on the same prudent standards and policies established by the Board of Directors and, therefore, are classified as temporarily restricted net assets until the returns are appropriated for expenditure by the Board of Directors and, if the use of the investment return is restricted by the donor, until the restriction has also been satisfied. Any investment return classified as permanently restricted net assets represents only those amounts required to be retained permanently as a result of explicit donor stipulations.

Additionally, the Foundation has designated a portion of its unrestricted net assets as endowment. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed stipulations. Accordingly, investment returns on designated endowment funds remain designated until appropriated for expenditure by the Board of Directors.

OREGON LIONS SIGHT & HEARING FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Endowment Investment and Spending Policies

The goal of the Foundation's investment program for funds held as permanent endowment is to simultaneously minimize investment risk and to achieve a total rate of return that will allow the Foundation to respond to today's needs and the long-term growth necessary to respond to future needs. The investment objective for endowed funds is to retain (at a minimum) when possible an increase in the purchasing power of the funds, while at the same time producing a reasonable return for distribution to meet current needs. To meet this investment objective, the Lions Foundation follows a strategy in which investment decisions are made with the intent of maximizing the safety and security and the long-term total return of the portfolio, combining market-value changes (realized and unrealized) and current yield (interest and dividends). Endowment assets are invested in a mixture of equities, fixed-income instruments, private instruments, and cash.

The Foundation has adopted a spending policy to determine the annual amount available for distributions from funds restricted or designated for endowment. The annual amount available for expenditure is 6% of the average market value for the three previous years.

Income Tax Status

The Foundation has been granted exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined not to be a private foundation under Section 509(a)(1) of the Code. Accordingly, donations made to the Foundation qualify as charitable contributions.

The Organization does not believe it has unrelated trade or business income in excess of \$1,000. As such, no provision for income taxes is reflected in the financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to credit risk include cash, investments in marketable securities, and accounts receivable. Cash deposited with financial institutions regularly exceeds the related federal deposit insurance limits. Management periodically evaluates the relative credit standings of these financial institutions. Management also periodically evaluates the quality of the investments in marketable securities with other institutions, which are partially covered by federal insurance. Future changes in market prices may make such investments less valuable.

OREGON LIONS SIGHT & HEARING FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized in the Statement of Activities. Certain costs, including salaries and benefits, rent and utilities, have been allocated among the programs and supporting services benefited.

Prior Year Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by asset class or natural expense classification by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2016, from which the summarized information was derived. Certain reclassifications have been made to the prior summarized information to conform to the current year presentation.

NOTE C – INVESTMENTS

Investments are measured at fair value as follows as of the year ended June 30, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ -	\$ 450,122	\$ -	\$ 450,122
Mutual and exchange traded funds	1,292,843	-	-	1,292,843
Common stocks	2,564,063	-	-	2,564,063
Corporate bonds	-	1,338,277	-	1,338,277
Government securities	-	698,564	-	698,564
	<u>\$ 3,856,906</u>	<u>\$ 2,486,963</u>	<u>\$ -</u>	<u>\$ 6,343,869</u>

Investment expenses of \$35,071 were netted against interest and dividend income for the year ended June 30, 2017.

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2017:

Office improvements	\$ 181,626
Mobile screening unit and vehicles	434,521
Furniture and equipment	601,550
	<u>1,217,697</u>
Less accumulated depreciation and amortization	<u>(842,359)</u>
	<u>\$ 375,338</u>

OREGON LIONS SIGHT & HEARING FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

NOTE E – IN-KIND CONTRIBUTIONS

The Organization records donated materials and services that create or enhance non-financial assets or require specialized skills (that the Organization would have purchased if not donated) as support in the statement of activities. In-kind contributions included in the statement of activities for the year ended June 30, 2017 are summarized as follows:

Rent	\$	50,400
Professional services		<u>151,596</u>
	\$	<u><u>201,996</u></u>

NOTE F – RETIREMENT PLAN

During the year ended June 30, 2017, the Foundation terminated its 401(k) retirement plan and established a new Simplified Employee Pension retirement plan (a “SEP” plan). The SEP is a defined contribution plan in which the Foundation may make discretionary contributions directly into eligible employees individual retirement accounts. Such contributions cannot exceed annual prescribed limits and are tax-deferred to the employee. Total Foundation contributions for the year ended June 30, 2017 were \$28,203.

NOTE G – TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2017, temporarily restricted net assets consist of:

Restricted for purpose:	\$	217,884
Restricted for timing:		
Charitable gift annuity - net		54,003
Unappropriated from permanent endowment		<u>847,498</u>
	\$	<u><u>1,119,385</u></u>

NOTE H – PERMANENTLY RESTRICTED NET ASSETS

As of June 30, 2017, the following principal amounts are permanently restricted by the donors or by public policy:

Irrigon Trust	\$	28,587
Tyler Trust		75,926
General endowment		<u>2,148,081</u>
	\$	<u><u>2,252,594</u></u>

OREGON LIONS SIGHT & HEARING FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

NOTE I – ENDOWMENT NET ASSETS

Generally accepted accounting principles require additional disclosures about an organization's endowment funds (both donor restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA).

The State of Oregon enacted its version of UPMIFA effective January 1, 2008, the provisions of which apply to endowment funds existing on or established after that date. As more fully described in Note B, the Board of Directors has determined that the Foundation's permanently restricted net assets meet the definition of donor-restricted endowment funds under UPMIFA. The composition of and changes therein of the Foundation's endowment funds for the year ended June 30, 2017 are as follows:

<u>Changes in Endowment Net Assets for the Year Ended June 30, 2017</u>	<u>Designated Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2016	\$ 2,782,435	\$ 911,909	\$ 2,252,594	\$ 5,946,938
Designations of the Board	-	-	-	-
Appropriation of endowment assets for expenditure in year ended June 30, 2017	-	(466,212)	-	(466,212)
Net investment income (loss)	-	<u>401,801</u>	-	<u>401,801</u>
Endowment net assets as of June 30, 2017	<u>\$ 2,782,435</u>	<u>\$ 847,498</u>	<u>\$ 2,252,594</u>	<u>\$ 5,882,527</u>

NOTE J – SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 26, 2017, which is the date the financial statements were available to be issued.