



Willamette View Foundation

Financial Statements and Other Information
as of and for the Year Ended December 31, 2015
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, 2015, 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

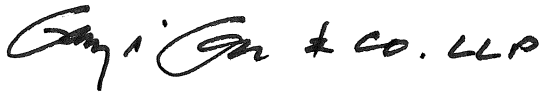
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Willamette View Foundation as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles 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 schedule of changes in net assets by fund on pages 20 and 21 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 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 5, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

 Amy A. Gou & CO. LLP

May 18, 2016

WILLAMETTE VIEW FOUNDATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

(WITH COMPARATIVE AMOUNTS FOR 2014)

	2015	2014
Assets:		
Cash and cash equivalents	\$ 327,622	65,503
Prepaid expenses and other assets	53,795	20,283
Investments (note 3)	15,569,239	16,144,378
Investments of assets associated with charitable gift annuity agreements (note 4)	1,329,480	1,489,677
Assets held in charitable trust (note 5)	904,632	971,935
Property and equipment (note 6)	26,544	783
Total assets	\$ 18,211,312	18,692,559
Liabilities:		
Accounts payable and accrued expenses	18,629	11,115
Liabilities associated with charitable gift annuity agreements (note 4)	608,918	601,452
Liabilities associated with charitable trust agreement (note 5)	711,894	769,452
Total liabilities	1,339,441	1,382,019
Net assets (note 7):		
Unrestricted:		
Designated by the Board for the Resident Assistance Fund	10,229,672	10,343,861
Undesignated – General Fund	3,973,808	3,963,874
Total unrestricted	14,203,480	14,307,735
Temporarily restricted:		
<i>Charitable gift annuities and trusts held for the benefit of the:</i>		
General Fund	510,729	508,548
Resident Assistance Fund	179,470	241,422
Willamette View Community Projects Fund	223,102	258,818
<i>Other restricted net assets:</i>		
Resident Assistance Fund	1,755,090	1,978,878
Willamette View Community Projects Fund	–	8,355
Other purposes	–	6,784
Total temporarily restricted	2,668,391	3,002,805
Total net assets	16,871,871	17,310,540
Commitments and contingencies (notes 13, 14, 15, and 18)		
Total liabilities and net assets	\$ 18,211,312	18,692,559

See accompanying notes to financial statements.

WILLAMETTE VIEW FOUNDATION

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	2015	2014
Operating revenues and other support:		
Unrestricted contributions (<i>note 8</i>)	\$ 41,315	128,870
Recovery of expenses and other income	37,299	23,619
Interest and dividend income	578,869	361,603
Total operating revenues	657,483	514,092
Net assets released from restrictions (<i>note 10</i>)	362,575	291,553
Total operating revenues and other support	1,020,058	805,645
Grants and expenses:		
Assistance to residents of Willamette View	347,031	265,788
Grants to Willamette View, Inc. for community projects (<i>note 11</i>)	8,360	-
Other grants to benefit the Willamette View resident community (<i>note 11</i>)	7,184	1,656
Administrative expenses (<i>note 12</i>)	570,872	390,156
Total grants and expenses	933,447	657,600
Net operating results	\$ 86,611	148,045

See accompanying notes to financial statements.

WILLAMETTE VIEW FOUNDATION

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	2015			2014
	Unrestricted	Temporarily restricted	Total	
Revenues, gains, and other support:				
Unrestricted revenues and other support	\$ 657,483	–	657,483	514,092
Restricted contributions (<i>note 8</i>)	–	110,449	110,449	70,881
Restricted net proceeds from resident activities (<i>note 9</i>)	–	40,049	40,049	80,751
Restricted investment earnings	–	5	5	2
Net assets released from restrictions (<i>note 10</i>)	362,575	(362,575)	–	–
Total revenues, gains, and other support	1,020,058	(212,072)	807,986	665,726
Less grants and expenses	(933,447)	–	(933,447)	(657,600)
Increase (decrease) in net assets before non-operating transactions	86,611	(212,072)	(125,461)	8,126
Non-operating transactions:				
Net appreciation (decline) in the fair value of investments	(190,866)	–	(190,866)	31,587
Net appreciation (decline) in the actuarial value of charitable trust and gift annuity agreements	–	(122,342)	(122,342)	70,590
Increase (decrease) in net assets	(104,255)	(334,414)	(438,669)	110,303
Net assets at beginning of year	14,307,735	3,002,805	17,310,540	17,200,237
Net assets at end of year	\$ 14,203,480	2,668,391	16,871,871	17,310,540

See accompanying notes to financial statements.

WILLAMETTE VIEW FOUNDATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	2015	2014
Cash flows from operating activities:		
Cash received from contributors and others	\$ 202,257	304,121
Investment earnings	578,874	361,605
Cash payments made on behalf of Willamette View residents	(347,031)	(265,788)
Other cash payments to Willamette View, Inc.	(15,544)	(1,656)
Cash paid to employees and suppliers	(596,087)	(395,024)
<hr/>		
Net cash provided by (used in) operating activities	(177,531)	3,258
<hr/>		
Cash flows from investing activities:		
Purchases of investments	(19,389,701)	(6,597,084)
Proceeds from the sale of investments	19,898,318	6,680,624
Purchase of capital assets	(26,544)	-
<hr/>		
Net cash provided by investing activities	482,073	83,540
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Cash flows from financing activities:		
Proceeds from contributions subject to charitable gift annuity agreements	60,113	-
Release of funds upon the termination of charitable trust and gift annuity agreements	81,921	8,912
Distributions made under charitable trust and gift annuity agreements	(184,457)	(189,021)
<hr/>		
Net cash used in financing activities	(42,423)	(180,109)
<hr/>		
Net increase (decrease) in cash	262,119	(93,311)
Cash and cash equivalents at beginning of year	65,503	158,814
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Cash and cash equivalents at end of year	\$ 327,622	65,503

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 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 acts in a fiduciary capacity as trustee, as an agent under power of attorney, and/or personal representative for certain residents of Willamette View.

In January of 2016, the Foundation registered to do business as The Residents Foundation | Willamette View, to better describe the focus and mission of its work. It is entirely focused on the resident and its ultimate objective is to provide peace of mind to those requiring financial assistance.

The funds to underwrite these activities are received through contributions from Willamette View residents, family members, and friends, as well as revenues generated by various resident activities 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, 2015, 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 \$88,442 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 increase (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 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. At December 31, 2015, the Foundation held \$186,714 in excess of FDIC insurance.

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 May 18, 2016, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2014 – The accompanying financial information as of and for the year ended December 31, 2014 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. Investments

The following summarizes the investments held by the Foundation at December 31, 2015:

Fixed income mutual funds:

Multi-sector bond fund	\$ 2,158,344
Intermediate bond fund	1,372,769
Convertible bond fund	574,664
Ultra-short bond fund	389,733

4,495,510

Equity mutual funds

Global stock	2,746,299
Large value	1,485,949
Large blend	649,895
Large-cap growth	526,913
Foreign large blend	1,120,453
Foreign large growth	879,052
U.S. small-cap	786,817
Emerging markets small-cap	365,728
International small-cap	402,442

8,963,548

Interest in private equity:

Hedge funds	2,033,450
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15,492,508

Cash sweep accounts	76,731
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\$ 15,569,239

Investment performance is reviewed on a quarterly basis by the Investment Committee of the Foundation's Board of Directors.

4. Investments of Assets Associated with Charitable Gift Annuity Agreements

Having entered into 66 charitable gift annuity agreements since 1994, the Foundation held 23 charitable gift annuities at December 31, 2015. 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, 2015, the Foundation held \$1,329,480 in assets associated with these gift annuities, as follows:

Classified as investment of assets associated with charitable gift annuities, at fair value:

Fixed income securities:

Corporate bonds	\$ 459,476
Government asset-backed securities	350

Equity securities:

Blended portfolio	655,158
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Blended mutual fund:

Moderately aggressive target fund	67,125
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1,182,109

Cash sweep accounts	147,371
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\$ 1,329,480

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 2.34% to 15.12%. The liability recorded at December 31, 2015 totaled \$608,918.

Continued

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.

5. 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, 2015, charitable trust assets with a fair value totaling \$904,632 were held by the Foundation and invested as follows:

<i>Fixed income securities:</i>	
Corporate bonds	\$ 101,923
Government bonds	60,085
Corporate mortgage asset-backed securities	10,907
Government asset-backed securities	14,195
<i>Fixed income mutual funds:</i>	
Low-duration fund	138,817
Strategic income fund	47,751
Global bond fund	48,138
<i>Equity securities:</i>	
Blended portfolio	374,169
<i>Equity mutual fund:</i>	
Global opportunities mutual fund	60,466
	856,451
Cash and money market funds	48,181
	\$ 904,632

The Foundation has recorded a liability totaling \$711,894 at December 31, 2015 associated with this trust. Of this total, \$519,156 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 \$192,738 represents the estimated present value of the remainder portion of the trust that is payable to another organization.

6. Property and Equipment

A summary of property and equipment at December 31, 2015 is as follows:

Furniture and equipment	\$ 44,465
Leasehold improvements	24,209
	68,674
Less accumulated depreciation	(42,130)
	\$ 26,544

7. Net Asset Balances at December 31, 2015

At December 31, 2015, the Foundation's net assets totaled \$16,871,871 and were restricted by donors, designated by the Board, or undesignated, as follows:

Resident Assistance Fund	\$ 12,164,232
General Fund	4,484,537
Willamette View Community Projects Fund	223,102
	\$ 16,871,871

8. Contributions

Contributions for the year ended December 31, 2015 are summarized as follows:

Unrestricted contributions:

Contributions	\$	6,315
Bequests and legacies		35,000

41,315

Temporarily restricted contributions:

Contributions		27,760
Bequests and legacies		82,689

110,449

Total 2015 contributions	\$	151,764
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9. Restricted Net Proceeds from Resident Activities

Net proceeds from resident activities for the year ended December 31, 2015 are summarized as follows:

Carousel	\$	15,400
Mart		19,874
Pantry		4,745
Bridge Group		30

\$ 40,049

10. Net Assets Released from Restrictions

During the year ended December 31, 2015, net assets totaling \$362,575 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.

11. Grants

During the year ended December 31, 2015, the Foundation awarded grants totaling \$15,544 to Willamette View, Inc. as follows:

Community projects	\$	8,360
Bus maintenance and upgrades		6,684
Other		500

\$ 15,544

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, 2015 were as follows:

Salaries and related expenses	\$	296,835
Professional services		164,004
Insurance		44,557
Occupancy		31,300
Office equipment and maintenance		9,890
Supplies		2,169
Depreciation		783
Other		21,334
	\$	570,872

13. Operating Lease Commitments

The Foundation leases office space and certain office equipment under operating leases that expire in June of 2016 and November of 2018. The Foundation's annual lease commitments under these agreements are as follows:

<i>Years ending December 31,</i>		
2016	\$	31,925
2017		30,808
2018		28,886
	\$	91,619

Office lease and equipment rent expense for the year ended December 31, 2015 totaled \$35,817.

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 \$11,865 for the year ended December 31, 2015.

15. Managed Funds

The Foundation is authorized to act in a fiduciary capacity as trustee, as an agent under power of attorney, and/or personal representative for residents of Willamette View who request such services. Under these arrangements, the Foundation manages approximately \$17,138,278 in various investment accounts. These funds constitute neither assets nor liabilities of the Foundation and, consequently, are not included in the accompanying financial statements.

16. 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 charitable gift annuity 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 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 and the lowest ranking to fair values determined using methodologies and models with unobservable inputs, as follows:

- *Level 1* – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- *Level 2* – Similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Level 2 also includes units in funds which only invest in financial assets classified as Level 1, have no redemption gates or lock-up periods, and for which there have been recent transactions at the published monthly net asset value.
- *Level 3* – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Foundation's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Continued

At December 31, 2015, the following financial assets are measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
<i>Investments:</i>				
Fixed income securities and mutual funds	\$ 4,495,510	–	–	4,495,510
Equity securities and mutual funds	8,963,548	–	–	8,963,548
Interests in private equity	–	–	2,033,450	2,033,450
Total investments (note 3)	13,459,058	–	2,033,450	15,492,508
Investment of assets associated with gift annuity agreements (note 4)	1,182,109	–	–	1,182,109
Assets held in charitable trusts (note 5)	856,451	–	–	856,451
	\$ 15,497,618	–	2,033,450	17,531,068

Commitments and redemption schedules for investments valued using net asset values are as follows:

	Fair value At Dec 31	Unfunded commitments	Redemption frequency	Redemption notice period
GAI Aurora Opportunities Fund, LLC ¹	\$ 712,050	none	quarterly	45 days
Angeles Absolute Return Fund, Ltd. ²	1,321,400	none	quarterly	45 days

¹ The fund's investment objective is to generate consistent long-term capital appreciation with diversification of risk through the use of a "multi-manager, multi-strategy" global investment strategy. The fund will attempt to invest broadly across worldwide markets, which may include North America, Latin America, Eastern and Western Europe, and Asia. The Foundation's holdings in this fund were in the process of liquidation as of December 31, 2015.

² The fund's investment objective is to achieve a consistent return on capital, with limited correlation with equity market returns over a full market cycle. It utilizes investments in a diversified portfolio of securities and other instruments, with positions in global currency, financial, and commodity markets.

Changes in Level 3 assets using significant unobservable inputs are as follows:

Fair value at beginning of year	\$ 2,214,625
Sales	(1,412,763)
Purchases	1,340,000
Net change in value	(108,412)
Fair value at the end of year	\$ 2,033,450

17. 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	\$ (438,669)
<hr/>	
<i>Adjustments to reconcile decrease in net assets to net cash used in operating activities:</i>	
Depreciation	783
Net decline in the fair value of investments	190,866
Net decline in the actuarial value of charitable trust and gift annuity agreements	122,342
Contributions subject to gift annuity agreements	(26,855)
<i>Net changes in:</i>	
Prepaid expenses and other assets	(33,512)
Accounts payable and accrued expenses	7,514
<hr/>	
Total adjustments	261,138
<hr/>	
Net cash used in operating activities	\$ (177,531)
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18. Subsequent Event

On or about March 11, 2016, the Foundation received a letter from Willamette View, Inc.'s legal counsel alleging trademark infringement by the Foundation. The Foundation, (dba The Residents Foundation | Willamette View) denied the claims and proposed mediation. In May of 2016, Willamette View, Inc. responded by filing a lawsuit against the Foundation. The complaint alleges that the Foundation's use of the term "Willamette View" in its name confuses or deceives as to the Foundation's affiliation with Willamette View, Inc., connotes sponsorship or approval of the activities of the Foundation by Willamette View, Inc. that does not exist, and constitutes trademark infringement and unfair competition. The complaint seeks a permanent injunction enjoining the Foundation from using the name Willamette View, as well as unstated compensatory damages, a return of profits generated by the Foundation as a result of these acts, and recovery of attorneys' fees and other costs.

Given the very early stage of this lawsuit, it is not possible to make a reasonable estimate of a possible loss contingency. Whereas the Foundation generally accrues for loss contingencies when losses become probable and are reasonably estimable, the Foundation does not accrue for contingent losses that, in its judgment, are considered to be not probable. Expected costs of resolving this contingency, which may include the use of third-party service providers, will be accrued as the services are rendered.

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WILLAMETTE VIEW FOUNDATION

SCHEDULE OF CHANGES IN NET ASSETS BY FUND

YEAR ENDED DECEMBER 31, 2015

	Undesignated General Fund	Unrestricted Designated by Board for Resident Assistance Fund	Total unrestricted
Net assets at January 1, 2015	\$ 3,963,874	10,343,861	14,307,735
Revenues:			
Contributions	41,315	-	41,315
Restricted net proceeds from resident activities	-	-	-
Recovery of expenses and other income	13,500	23,799	37,299
Investment income	578,869	-	578,869
Net decline in the fair value of investments	(52,878)	(137,988)	(190,866)
Net decline in the actuarial value of charitable trust and gift annuity agreements	-	-	-
Total revenues, gains, and other support	580,806	(114,189)	466,617
Expenses:			
Assistance to residents, grants and other distributions	-	-	-
Administrative expenses	(570,872)	-	(570,872)
Total expenses	(570,872)	-	(570,872)
Increase (decrease) in net assets	9,934	(114,189)	(104,255)
Net assets at December 31, 2015	\$ 3,973,808	10,229,672	14,203,480

Temporarily restricted

Expendable contributions restricted by donors for:				Charitable trust and gift annuity agreements			Total temporarily restricted	Total all funds
Resident Assistance Fund	Willamette View Community Projects Fund	Bus Fund	Other purposes	General Fund	Resident Assistance Fund	Willamette View Community Projects Fund		
1,978,878	8,355	6,684	100	508,548	241,422	258,818	3,002,805	17,310,540
83,194	-	-	400	26,855	-	-	110,449	151,764
40,049	-	-	-	-	-	-	40,049	40,049
-	-	-	-	-	-	-	-	37,299
-	5	-	-	-	-	-	5	578,874
-	-	-	-	-	-	-	-	(190,866)
-	-	-	-	(24,674)	(61,952)	(35,716)	(122,342)	(122,342)
123,243	5	-	400	2,181	(61,952)	(35,716)	28,161	494,778
(347,031)	(8,360)	(6,684)	(500)	-	-	-	(362,575)	(362,575)
-	-	-	-	-	-	-	-	(570,872)
(347,031)	(8,360)	(6,684)	(500)	-	-	-	(362,575)	(933,447)
(223,788)	(8,355)	(6,684)	(100)	2,181	(61,952)	(35,716)	(334,414)	(438,669)
1,755,090	-	-	-	510,729	179,470	223,102	2,668,391	16,871,871

GOVERNING BOARD, MANAGEMENT, AND ADVISORS

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Thomas DeSouza
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Thomas DeSouza
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Executive Director
Karry Rogers
Accountant
Nora J. Ard
Executive Assistant

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Helen Rives Pruitt, *Attorney-at-Law*
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Wells Fargo Advisors, LLC
Adam J. Dale
Financial Advisor
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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