



Gary McGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

Willamette View Foundation

Financial Statements and Other Information
as of and for the Year Ended December 31, 2016
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, 2016, 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, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Supplementary Information

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

Summarized Comparative Information

We have previously audited the Willamette View Foundation's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 18, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gary + Co. LLP

April 11, 2017

WILLAMETTE VIEW FOUNDATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016

(WITH COMPARATIVE AMOUNTS FOR 2015)

	2016	2015
Assets:		
Cash and cash equivalents	\$ 147,942	327,622
Contributions receivable (<i>note 3</i>)	77,819	–
Prepaid expenses and other assets	10,929	53,795
Investments (<i>note 4</i>)	16,286,983	15,569,239
Investments of assets associated with charitable gift annuity agreements (<i>note 5</i>)	959,056	1,329,480
Assets held in charitable trust (<i>note 6</i>)	881,714	904,632
Property and equipment (<i>note 7</i>)	17,696	26,544
Total assets	\$ 18,382,139	18,211,312
Liabilities:		
Accounts payable and accrued expenses	15,686	18,629
Liabilities associated with charitable gift annuity agreements (<i>note 5</i>)	472,998	608,918
Liabilities associated with charitable trust agreement (<i>note 6</i>)	689,498	711,894
Total liabilities	1,178,182	1,339,441
Net assets (<i>note 8</i>):		
Unrestricted:		
Designated by the Board for the Resident Assistance Fund	10,734,921	10,229,672
Undesignated – General Fund	4,401,572	3,973,808
Total unrestricted	15,136,493	14,203,480
Temporarily restricted:		
<i>Charitable gift annuities and trusts held for the benefit of the:</i>		
General Fund	222,282	510,729
Resident Assistance Fund	118,254	179,470
Willamette View Community Projects Fund	227,561	223,102
<i>Other restricted net assets:</i>		
Resident Assistance Fund	1,499,367	1,755,090
Total temporarily restricted	2,067,464	2,668,391
Total net assets	17,203,957	16,871,871
Commitments and contingencies (<i>notes 12, 13, and 14</i>)		
Total liabilities and net assets	\$ 18,382,139	18,211,312

See accompanying notes to financial statements.

WILLAMETTE VIEW FOUNDATION

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	2016	2015
Operating revenues and other support:		
Unrestricted contributions (<i>note 9</i>)	\$ 82,909	41,315
Recovery of expenses and other income	12,721	37,299
Interest and dividend income	383,301	578,869
Total operating revenues	478,931	657,483
Net assets released from restrictions (<i>note 10</i>)	701,610	362,575
Total operating revenues and other support	1,180,541	1,020,058
Grants and expenses:		
Assistance to residents of Willamette View	320,099	347,031
Grants to Willamette View, Inc. for community projects	–	8,360
Other grants to benefit the Willamette View resident community	–	7,184
Administrative expenses (<i>note 11</i>)	626,892	570,872
Total grants and expenses	946,991	933,447
Net operating results	\$ 233,550	86,611

See accompanying notes to financial statements.

WILLAMETTE VIEW FOUNDATION

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	2016			2015
	Unrestricted	Temporarily restricted	Total	
Revenues, gains, and other support:				
Unrestricted revenues and other support	\$ 478,931	–	478,931	657,483
Restricted contributions (<i>note 9</i>)	–	2,000	2,000	110,449
Restricted net proceeds from resident activities	–	–	–	40,049
Restricted investment earnings	–	–	–	5
Net assets released from restrictions (<i>note 10</i>)	701,610	(701,610)	–	–
Total revenues, gains, and other support	1,180,541	(699,610)	480,931	807,986
Less grants and expenses	(946,991)	–	(946,991)	(933,447)
Increase (decrease) in net assets before non-operating transactions	233,550	(699,610)	(466,060)	(125,461)
Non-operating transactions:				
Net appreciation (decline) in the fair value of investments	699,463	–	699,463	(190,866)
Net appreciation (decline) in the actuarial value of charitable trust and gift annuity agreements	–	98,683	98,683	(122,342)
Increase (decrease) in net assets	933,013	(600,927)	332,086	(438,669)
Net assets at beginning of year	14,203,480	2,668,391	16,871,871	17,310,540
Net assets at end of year	\$ 15,136,493	2,067,464	17,203,957	16,871,871

See accompanying notes to financial statements.

WILLAMETTE VIEW FOUNDATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	2016	2015
Cash flows from operating activities:		
Cash received from contributors and others	\$ 19,811	202,257
Investment earnings	383,301	578,874
Cash payments made on behalf of Willamette View residents	(320,099)	(347,031)
Other cash payments to Willamette View, Inc.	–	(15,544)
Cash paid to employees and suppliers	(578,121)	(596,087)
<hr/>		
Net cash used in operating activities	(495,108)	(177,531)
<hr/>		
Cash flows from investing activities:		
Purchases of investments	(9,838,029)	(19,389,701)
Proceeds from the sale of investments	9,982,725	19,898,318
Purchase of capital assets	–	(26,544)
<hr/>		
Net cash provided by investing activities	144,696	482,073
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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	333,709	81,921
Distributions made under charitable trust and gift annuity agreements	(162,977)	(184,457)
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Net cash provided by (used in) financing activities	170,732	(42,423)
<hr/>		
Net increase (decrease) in cash	(179,680)	262,119
Cash and cash equivalents at beginning of year	327,622	65,503
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Cash and cash equivalents at end of year	\$ 147,942	327,622

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

1. Organization

The Willamette View Foundation is a nonprofit corporation organized in 1967 in accordance with the laws of the State of Oregon and governed by a volunteer Board of Directors. The Foundation provides financial assistance and other support to residents of Willamette View, a continuing care retirement community established in Portland, Oregon in 1955. Eligible residents of Willamette View may apply to the Foundation for assistance if their personal financial resources are no longer sufficient to pay their living expenses at Willamette View. The Foundation also periodically makes grants to Willamette View, Inc. on a selective basis for projects that help satisfy the physical, emotional, recreational, social, religious, and health needs of residents. Finally, the Foundation provides financial management services to certain residents of Willamette View to assist them with many aspects of daily, monthly, and yearly tasks related to finances.

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

Independence of the Foundation

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

Fund Groups

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

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

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

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

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

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Foundation are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Basis of Presentation – The Foundation has adopted the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) No. 958-605, *Revenue Recognition*, and FASB ASC No. 958-205, *Presentation of Financial Statements*. Under these provisions, net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

- *Unrestricted net assets* – Net assets not subject to donor-imposed stipulations.
- *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

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

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

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

In-Kind Contributions – The Foundation reports as revenue the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills, and represent services that would have been purchased had they not been donated. In-kind contributions of equipment and other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of the Foundation’s activities. During the year ended December 31, 2016, 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 \$64,200 in investment advisory fees. Security transactions are recorded on a trade date basis.

The Foundation has some exposure to investment risks, including interest rate, market and credit risks, for marketable securities. Due to the level of risk exposure, it is possible that near-term valuation changes for investment securities may occur to an extent that could materially affect the amounts reported in the accompanying financial statements.

Capital Assets and Depreciation – Property and equipment are carried at cost, and initially at fair value when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally three to five years for furniture and equipment. Leasehold improvements are amortized over the lesser of the term of the lease or remaining useful life of the improvements, which is generally three years.

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

Outstanding Legacies – The Foundation is the beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. The Foundation's share of such bequests are recorded when the proceeds are measurable and, with respect to wills, when the probate court has declared the testamentary instrument valid.

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

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

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

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

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

Concentrations of Credit Risk – The Foundation’s financial instruments consist primarily of cash equivalents, money market funds, fixed income securities, equity securities, private equity securities, and various mutual funds, which may subject the organization to concentrations of credit risk as, from time to time, for example, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation (“FDIC”). In addition, the market value of securities is dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values.

All checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC for up to \$250,000 for each depositor, for each insured bank, for each account ownership category.

Certain receivables also may, from time to time, subject the Foundation to concentrations of credit risk. To minimize its exposure to significant losses from customer or donor insolvencies, management evaluates the financial condition of its customers and donors, and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics. When necessary, receivables are reported net of an allowance for uncollectible accounts.

Subsequent Events – As required by FASB ASC No. 855-10, *Subsequent Events*, subsequent events have been evaluated by management through April 11, 2017, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2015 – The accompanying financial information as of and for the year ended December 31, 2015 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. Contributions Receivable

Contributions receivable totaled \$77,819 at December 31, 2016, representing bequests expected to be collected in less than one year.

4. Investments

The following summarizes the investments held by the Foundation at December 31, 2016:

<i>Fixed income mutual funds:</i>	
Multi-sector bond fund	\$ 1,983,739
Intermediate bond fund	2,760,869
	4,744,608
<i>Equity mutual funds</i>	
Global stock	3,443,416
Large value	2,285,073
Large blend	687,232
Foreign large blend	1,245,913
Foreign large growth	707,509
U.S. small-cap	644,875
Emerging markets small-cap	549,502
	9,563,520
<i>Exchange-traded products:</i>	
Large blend	555,158
<i>Interest in private equity:</i>	
Hedge funds	1,347,807
	16,211,093
Cash sweep accounts	75,890
	\$ 16,286,983

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

5. Investments of Assets Associated with Charitable Gift Annuity Agreements

Having entered into 66 charitable gift annuity agreements since 1994, the Foundation held 20 charitable gift annuities at December 31, 2016. 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, 2016, the Foundation held \$959,056 in assets associated with these gift annuities, as follows:

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

<i>Equity securities:</i>	
Blended portfolio	\$ 115,974
Cash sweep accounts ¹	843,082
	\$ 959,056

¹At December 31, 2016, the Foundation was in the process of reallocating this investment portfolio. In January 2017, cash balances were reinvested in equity and fixed income mutual funds in accordance with the Foundation's investment policy.

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 14.63%. The liability recorded at December 31, 2016 totaled \$472,998.

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.

6. 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, 2016, charitable trust assets with a fair value totaling \$881,714 were held by the Foundation and invested as follows:

Fixed income securities:

Corporate bonds	\$ 23,057
Corporate mortgage asset-backed securities	7,777

Fixed income mutual funds:

Low-duration fund	194,007
Strategic income fund	51,811

	276,652
Cash and money market funds ¹	605,062
	\$ 881,714

¹At December 31, 2016, the Foundation was in the process of reallocating this investment portfolio. In January 2017, cash balances were reinvested in equity and fixed income mutual funds in accordance with the Foundation's investment policy.

The Foundation has recorded a liability associated with this trust totaling \$689,498 at December 31, 2016. Of this total, \$497,282 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 \$192,216 represents the estimated present value of the remainder portion of the trust that is payable to another organization.

7. Property and Equipment

A summary of property and equipment at December 31, 2016 is as follows:

Furniture and equipment	\$	39,830
Leasehold improvements		24,209
		<hr/>
		64,039
Less accumulated depreciation		(46,343)
		<hr/>
	\$	17,696

8. Net Asset Balances at December 31, 2016

At December 31, 2016, the Foundation's net assets totaled \$17,203,957 and were restricted by donors, designated by the Board, or undesignated, as follows:

Resident Assistance Fund	\$	12,352,542
General Fund		4,623,854
Willamette View Community Projects Fund		227,561
		<hr/>
	\$	17,203,957

9. Contributions

Contributions for the year ended December 31, 2016 are summarized as follows:

Unrestricted contributions:

Contributions	\$	5,090
Bequests and legacies		77,819
		<hr/>
		82,909

Temporarily restricted contributions:

Contributions		2,000
		<hr/>
Total 2016 contributions	\$	84,909

10. Net Assets Released from Restrictions

During the year ended December 31, 2016, net assets totaling \$701,610 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. 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, 2016 were as follows:

Salaries and related expenses	\$	258,441
Professional services		217,020
Insurance		44,541
Occupancy		39,185
Office expenses		30,283
Promotion		22,940
Depreciation		8,848
Other		5,634
		<hr/>
	\$	626,892

12. Operating Lease Commitments

The Foundation leases office space and certain office equipment under operating leases that expire in November of 2018 and March of 2021, respectively. The Foundation's future annual lease commitments under these agreements are as follows:

<i>Years ending December 31,</i>	
2017	\$ 35,332
2018	33,410
2019	4,524
2020	4,524
2021	1,131
	<hr/>
	\$ 78,921

Office lease and equipment rent expense for the year ended December 31, 2016 totaled \$34,406.

13. 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 \$9,943 for the year ended December 31, 2016.

14. Financial Management Services

Consistent with its charitable purposes, the Foundation also provides certain financial management services for qualified residents of Willamette View who request such services. These funds of the residents: (i) totaled \$13,578,279 as of December 31, 2016, (ii) constitute neither assets nor liabilities of the Foundation, and (iii) consequently, are not included in the accompanying financial statements.

15. 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.

Continued

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.

At December 31, 2016, 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	\$ 4,744,608	–	–	4,744,608
Equity securities and mutual funds	9,563,520	–	–	9,563,520
Exchange-traded products	555,158	–	–	555,158
Interests in private equity	–	–	1,347,807	1,347,807
Total investments (note 4)	14,863,286	–	1,347,807	16,211,093
Investment of assets associated with gift annuity agreements (note 5)	115,974	–	–	115,974
Assets held in charitable trusts (note 6)	276,652	–	–	276,652
	\$ 15,255,912	–	1,347,807	16,603,719

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
Angeles Absolute Return Fund, Ltd. ¹	\$ 1,347,807	none	quarterly	45 days

¹ 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	\$ 2,033,450
Sales	(696,351)
Net change in value	10,708
<hr/>	
Fair value at the end of year	\$ 1,347,807
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16. Statement of Cash Flows Reconciliation

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

Increase in net assets	\$ 332,086
<hr/>	
<i>Adjustments to reconcile increase in net assets to net cash used in operating activities:</i>	
Depreciation	8,848
Net appreciation in the fair value of investments	(699,463)
Net appreciation in the actuarial value of charitable trust and gift annuity agreements	(98,683)
<i>Net changes in:</i>	
Contributions receivable	(77,819)
Prepaid expenses and other assets	42,866
Accounts payable and accrued expenses	(2,943)
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Total adjustments	(827,194)
<hr/>	
Net cash used in operating activities	\$ (495,108)
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WILLAMETTE VIEW FOUNDATION

SCHEDULE OF CHANGES IN NET ASSETS BY FUND

YEAR ENDED DECEMBER 31, 2016

	Undesignated General Fund	Unrestricted Designated by Board for Resident Assistance Fund	Total unrestricted
Net assets at January 1, 2016	\$ 3,973,808	10,229,672	14,203,480
Revenues:			
Contributions	82,909	-	82,909
Recovery of expenses and other income	11,241	1,480	12,721
Investment income	383,301	-	383,301
Net appreciation in the fair value of investments	195,694	503,769	699,463
Net appreciation in the actuarial value of charitable trust and gift annuity agreements	-	-	-
Total revenues and gains	673,145	505,249	1,178,394
Transfer upon termination of gift annuities and charitable trusts	381,511	-	381,511
Total revenues, gains, and other support	1,054,656	505,249	1,559,905
Expenses:			
Assistance to residents, grants and other distributions	-	-	-
Administrative expenses	(626,892)	-	(626,892)
Total expenses	(626,892)	-	(626,892)
Increase (decrease) in net assets	427,764	505,249	933,013
Net assets at December 31, 2016	\$ 4,401,572	10,734,921	15,136,493

Restricted by donors	Temporarily restricted Charitable trust and gift annuity agreements			Total temporarily restricted	Total all funds
	Resident Assistance Fund	General Fund	Resident Assistance Fund		
1,755,090	510,729	179,470	223,102	2,668,391	16,871,871
2,000	—	—	—	2,000	84,909
—	—	—	—	—	12,721
—	—	—	—	—	383,301
—	—	—	—	—	699,463
—	93,064	1,160	4,459	98,683	98,683
2,000	93,064	1,160	4,459	100,683	1,279,077
62,376	(381,511)	(62,376)	—	(381,511)	—
64,376	(288,447)	(61,216)	4,459	(280,828)	—
(320,099)	—	—	—	(320,099)	(320,099)
—	—	—	—	—	(626,892)
(320,099)	—	—	—	(320,099)	(946,991)
(255,723)	(288,447)	(61,216)	4,459	(600,927)	332,086
1,499,367	222,282	118,254	227,561	2,067,464	17,203,957

WILLAMETTE VIEW FOUNDATION

GOVERNING BOARD, MANAGEMENT, AND ADVISORS

BOARD OF DIRECTORS AND OFFICERS

David Louthan, *President*
Ron Gustafson, *Vice President*
Christie Geiger, *Secretary/Treasurer*
Carol Cameron
Jon Coney
Thomas DeSouza
Patricia Fisher
Robert Potter
Bill Spooner

INVESTMENT COMMITTEE

David Louthan, *Chair*
Greg Default
Dennis Braun
Christie Geiger

EXECUTIVE MANAGEMENT

Diane M. Wernli
Executive Director

ATTORNEYS

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Wyse Kadish, *LLP*

INVESTMENT ADVISORS

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

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

INDEPENDENT ACCOUNTANTS

Gary McGee & Co. *LLP*

WILLAMETTE VIEW FOUNDATION

INQUIRIES AND OTHER INFORMATION

For more information, please call or write:

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