

MULTNOMAH
ATHLETIC FOUNDATION

Financial Statements

For the years ended
December 31, 2017 (Audited)
and 2016 (Reviewed)



MCDONALD JACOBS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Multnomah Athletic Foundation

We have audited the accompanying financial statements of Multnomah Athletic Foundation (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities 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.

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 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 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 Multnomah Athletic Foundation as of December 31, 2017, and 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.

2016 Financial Statements

The accompanying 2016 financial statements of Multnomah Athletic Foundation were previously reviewed by us, and in our report dated July 6, 2017, we stated that we were not aware of any material modifications that should be made to those statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

McDonald Jacobson, P.C.

Portland, Oregon
August 20, 2018

MULTNOMAH ATHLETIC FOUNDATION
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2017 and 2016

	<u>(Audited)</u> 2017	<u>(Reviewed)</u> 2016
ASSETS		
Cash and cash equivalents	\$ 218,235	\$ 227,136
Certificate of deposit	-	12,152
Beneficial interest in assets held by OCF	<u>2,487,543</u>	<u>2,156,008</u>
 TOTAL ASSETS	 <u>\$ 2,705,778</u>	 <u>\$ 2,395,296</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 9,478	\$ 86
Scholarships payable	150,242	153,742
Deferred revenue	<u>7,000</u>	<u>4,500</u>
Total liabilities	<u>166,720</u>	<u>158,328</u>
Net assets:		
Unrestricted:		
Undesignated	180,012	215,967
Board designated	<u>2,323,113</u>	<u>1,992,136</u>
Total unrestricted	2,503,125	2,208,103
Temporarily restricted	25,933	18,865
Permanently restricted	<u>10,000</u>	<u>10,000</u>
Total net assets	<u>2,539,058</u>	<u>2,236,968</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,705,778</u>	 <u>\$ 2,395,296</u>

See independent auditor's report and notes to financial statements.

MULTNOMAH ATHLETIC FOUNDATION
STATEMENTS OF ACTIVITIES
For the years ended December 31, 2017 and 2016

	(Audited) 2017			(Reviewed) 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:							
Contributions	\$ 300,478	\$ 6,510	\$ -	\$ 320,517	\$ -	\$ -	\$ 320,517
Distributions from OCF	76,973	-	-	73,181	-	-	73,181
Donated goods and services	2,000	-	-	17,500	-	-	17,500
Events	24,625	-	-	43,470	-	-	43,470
Interest income	241	-	-	170	-	-	170
Net assets released from restrictions:							
Satisfaction of time restrictions	1,000	(1,000)	-	3,500	(3,500)	-	-
Total support and revenue	<u>405,317</u>	<u>5,510</u>	<u>-</u>	<u>458,338</u>	<u>(3,500)</u>	<u>-</u>	<u>454,838</u>
Expenses:							
Program services:							
Scholarships and grants	201,050	-	-	165,450	-	-	165,450
Events	12,355	-	-	35,327	-	-	35,327
Other program expenses	13,986	-	-	-	-	-	-
Support services:							
Management and general	110,804	-	-	81,156	-	-	81,156
Fundraising	23,489	-	-	27,911	-	-	27,911
Total expenses	<u>361,684</u>	<u>-</u>	<u>-</u>	<u>309,844</u>	<u>-</u>	<u>-</u>	<u>309,844</u>
Change in net assets from operations	43,633	5,510	-	148,494	(3,500)	-	144,994
Change in value of beneficial interest in assets held by OCF	327,666	2,254	-	115,140	934	-	116,074
Appropriation of endowment assets for expenditure	<u>(76,277)</u>	<u>(696)</u>	<u>-</u>	<u>(72,383)</u>	<u>(798)</u>	<u>-</u>	<u>(73,181)</u>
Change in net assets	295,022	7,068	-	191,251	(3,364)	-	187,887
Net assets:							
Beginning of year	<u>2,208,103</u>	<u>18,865</u>	<u>10,000</u>	<u>2,016,852</u>	<u>22,229</u>	<u>10,000</u>	<u>2,049,081</u>
End of year	<u>\$ 2,503,125</u>	<u>\$ 25,933</u>	<u>\$ 10,000</u>	<u>\$ 2,208,103</u>	<u>\$ 18,865</u>	<u>\$ 10,000</u>	<u>\$ 2,236,968</u>

See independent auditor's report and notes to financial statements.

MULTNOMAH ATHLETIC FOUNDATION
 STATEMENTS OF CASH FLOWS
 For the years ended December 31, 2017 and 2016

	<u>(Audited)</u> 2017	<u>(Reviewed)</u> 2016
Cash flows from operating activities:		
Change in net assets	\$ 302,090	\$ 187,887
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in beneficial interest in assets held by OCF	(329,920)	(116,074)
Net changes in:		
Accounts payable	9,392	(354)
Scholarships payable	(3,500)	950
Deferred revenue	<u>2,500</u>	<u>3,200</u>
Net cash provided by (used in) operating activities	<u>(19,438)</u>	<u>75,609</u>
 Cash flows from investing activities:		
Net proceeds from (additions to) certificate of deposit	12,152	(19)
Additions to beneficial interest in assets held	(78,588)	(63,344)
Distributions from beneficial interest in assets held	<u>76,973</u>	<u>73,181</u>
Net cash provided by investing activities	<u>10,537</u>	<u>9,818</u>
 Net increase (decrease) in cash and cash equivalents	(8,901)	85,427
 Cash and cash equivalents - beginning of year	<u>227,136</u>	<u>141,709</u>
 Cash and cash equivalents - end of year	<u>\$ 218,235</u>	<u>\$ 227,136</u>

See independent auditor's report and notes to financial statements.

MULTNOMAH ATHLETIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

1. DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Multnomah Athletic Foundation (the Foundation) was incorporated under the laws of the State of Oregon in February 1990 as a nonprofit corporation. The Multnomah Athletic Foundation believes all kids should have the opportunity to play, compete and participate in sports. We are committed to providing character and confidence building opportunities through athletics in underserved communities. The Foundation provides community grants and scholarships so that youth can reach their full potential by learning and working together through athletics. The Foundation's revenues are primarily from contributions and proceeds from events.

Basis of Presentation

The Foundation reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions as follows:

- Unrestricted net assets represent net assets not subject to donor-imposed stipulations.
- Temporarily restricted net assets represent net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation and/or the passage of time.
- Permanently restricted net assets represent net assets subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents.

Beneficial Interest in Assets Held by OCF

Investments in beneficial interest held by Oregon Community Foundation (OCF) are valued at fair value.

Scholarships Payable

Scholarships are recorded when approved. Scholarships payable represent scholarships awarded but unpaid at yearend.

See independent auditor's report.

MULTNOMAH ATHLETIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2017 and 2016

1. DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Contributions

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the Foundation is notified of the commitment. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Goods and Services

Donations of materials, supplies and other assets are recorded as support at their estimated fair value at the date of donation.

The Foundation receives contributed administrative support services from the Multnomah Athletic Club. The value of the contributed services is determined using salary and fringe benefit expenses incurred by the Multnomah Athletic Club for the services rendered by certain individuals and is reflected in the statements of activities as in-kind contribution revenue and management and general expense. Annual donated administrative support services provided to the Foundation by the Multnomah Athletic Club was valued at approximately \$2,000 and \$1,500 for the years ended December 31, 2017 and 2016, respectively.

Income Tax Status

The Foundation is a nonprofit corporation exempt from federal and state income tax under section 501(c)(3) of the Internal Revenue Code and applicable state law. There is no provision for income taxes in the accompanying financial statements as the Foundation has no activities subject to unrelated business income tax. The Foundation is not a private foundation.

The Foundation follows the provisions of FASB ASC *Topic Accounting for Uncertainty in Income Taxes*. Management has evaluated the Foundation's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this Topic.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

See independent auditor's report.

MULTNOMAH ATHLETIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2017 and 2016

1. DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Subsequent Events

The Foundation has evaluated all subsequent events through August 20, 2018, the date the financial statements were available to be issued.

2. BENEFICIAL INTEREST IN ASSETS HELD BY OCF

The Foundation established endowment funds that are held by the Oregon Community Foundation (OCF), an Oregon charitable organization. The Foundation's funds are pooled with other assets managed by OCF which are invested in a mixture of equities, fixed-income instruments, alternative investment classes, and cash, and are reflected at fair value. Under the terms of the agreements, variance power has been granted to OCF, however, the Foundation is the beneficiary of the funds and the transfer is reciprocal in nature. Accordingly, OCF recognizes the fund as a liability on its statement of financial position. Also, under the terms of the agreement, OCF shall distribute not less than annually, a percentage of the fair value of the fund as determined by the board of directors of OCF. However, in no event will the percentage be less than a reasonable rate of return. OCF may make additional distributions from the fund to the Foundation upon a majority vote of all of the directors of the Foundation, if, in the sole judgment of the board of OCF, the requested distribution is consistent with the objectives and purposes of the Foundation. The beneficial interest in assets totaled \$2,487,543 and \$2,156,008 at December 31, 2017 and 2016, respectively. The fund consists of both board designated and donor restricted endowments (See Note 7).

See independent auditor's report.

MULTNOMAH ATHLETIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2017 and 2016

3. SCHOLARSHIPS PAYABLE

Scholarships payable at December 31, 2017 and 2016 consist of scholarships awarded to 101 students in 2017 and 102 students in 2016, that are payable as follows:

	<u>2017</u>	<u>2016</u>
In one year	\$ 108,242	\$ 111,742
In two to five years	<u>42,000</u>	<u>42,000</u>
Total scholarships payable	<u>\$ 150,242</u>	<u>\$ 153,742</u>

Scholarships totaling \$147,742 and \$148,742 at December 31, 2017 and 2016, respectively, are payable from board designated funds.

4. BOARD DESIGNATED NET ASSETS

Board designated net assets funds are invested in a pooled account with Oregon Community Foundation (OCF) (Note 2). Unless a donor requires specific allocation of contribution and earnings, the Board allocates contributions and earnings from all sources at its discretion. Also see Note 7, Endowments. Board designated net assets at December 31, 2017 and 2016 consist of the following funds designated for endowment to support scholarships and grants:

	<u>2017</u>	<u>2016</u>
Board designated endowments:		
Board Designated Endowment	\$ 520,587	\$ 451,720
Mel Fox Memorial Scholarship Fund	39,389	35,579
Fay Sasser Scholarship Fund	133,638	118,808
Joe Loprinzi Scholarship Fund	707,429	640,435
Trustee Endowment Fund	116,486	104,812
Houser Scholarship Fund	144,265	102,692
Emerson Grant Fund	55,169	28,325
Bud Lewis Grant Fund	27,279	-
J. Miller Fund	<u>726,613</u>	<u>658,507</u>
Total board designated endowments (Note 7)	2,470,855	2,140,878
Less scholarships payable	<u>147,742</u>	<u>148,742</u>
Total board designated net assets	<u>\$ 2,323,113</u>	<u>\$ 1,992,136</u>

See independent auditor's report.

MULTNOMAH ATHLETIC FOUNDATION
 NOTES TO FINANCIAL STATEMENTS, Continued
 December 31, 2017 and 2016

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2017 and 2016:

	2017	2016
Earl and Barbara Repp Fund income (Note 7)	\$ 6,688	\$ 5,130
Scholarship funds	19,245	13,735
Total temporarily restricted net assets	\$ 25,933	\$ 18,865

6. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at December 31, 2017 and 2016 consist of the Earl and Barbara Repp Memorial Fund. The assets of the fund are held at Oregon Community Foundation. The corpus is permanently restricted and investment earnings are restricted to assist high school or college aged Oregonians, especially those with physical disabilities, to participate in golfing, swimming, baseball and gymnastics. Also see Note 7, Endowments.

7. ENDOWMENTS

The Foundation's endowment consists of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. 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 restrictions or board designations.

See independent auditor's report.

MULTNOMAH ATHLETIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2017 and 2016

7. ENDOWMENTS, Continued

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted Oregon's enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the permanent endowment (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the Act. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

Return Objectives, Risk Parameters and Strategies for Achieving Objectives

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

To achieve its objective, the Foundation has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested primarily with the Oregon Community Foundation (OCF) which maintains a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make distributions to support operations. Accordingly, the Foundation expects its endowment assets, over time, to produce an average rate of return consistent with the market. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

See independent auditor's report.

MULTNOMAH ATHLETIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2017 and 2016

7. ENDOWMENTS, Continued

Spending Policy and How the Investment Objectives Relate to Spending Policy

Multnomah Athletic Foundation has a policy of appropriating for distribution each year an amount as allowed under the policies established by the OCF and which is distributed to the Foundation. In establishing this policy, the OCF considered the long-term expected investment return on the endowment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

The composition of endowment net assets at December 31, 2017 and 2016 is as follows:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
December 31, 2017				
Donor-restricted	\$ -	\$ 6,688	\$ 10,000	\$ 16,688
Board-designated	<u>2,470,855</u>	-	-	<u>2,470,855</u>
	<u>\$ 2,470,855</u>	<u>\$ 6,688</u>	<u>\$ 10,000</u>	<u>\$ 2,487,543</u>
December 31, 2016				
Donor-restricted	\$ -	\$ 5,130	\$ 10,000	\$ 15,130
Board-designated	<u>2,140,878</u>	-	-	<u>2,140,878</u>
	<u>\$ 2,140,878</u>	<u>\$ 5,130</u>	<u>\$ 10,000</u>	<u>\$ 2,156,008</u>

The changes in endowment net assets for the years ended December 31, 2017 and 2016 are as follows:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Endowment net assets – December 31, 2015	\$ 2,034,777	\$ 4,994	\$ 10,000	\$ 2,049,771
Contributions	63,344	-	-	63,344
Investment income, net of fees	3,643	26	-	3,669
Realized/unrealized gain on investments	111,497	908	-	112,405
Appropriated for expenditure	<u>(72,383)</u>	<u>(798)</u>	-	<u>(73,181)</u>
Endowment net assets – December 31, 2016	2,140,878	5,130	10,000	2,156,008
Contributions	78,588	-	-	78,588
Investment income, net of fees	3,674	25	-	3,699
Realized/unrealized gain on investments	323,992	2,229	-	326,221
Appropriated for expenditure	<u>(76,277)</u>	<u>(696)</u>	-	<u>(76,973)</u>
Endowment net assets – December 31, 2017	<u>\$ 2,470,855</u>	<u>\$ 6,688</u>	<u>\$ 10,000</u>	<u>\$ 2,487,543</u>

See independent auditor's report.

MULTNOMAH ATHLETIC FOUNDATION
 NOTES TO FINANCIAL STATEMENTS, Continued
 December 31, 2017 and 2016

8. FAIR VALUE MEASUREMENTS

Assets and liabilities recorded at fair value in the statements of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

Fair values of assets measured on a recurring basis at December 31, 2017 and 2016 are as follows:

	<u>Fair Value</u>	<u>Level 3</u>
December 31, 2017		
Beneficial interest in assets held by OCF	\$ 2,487,543	\$ 2,487,543
December 31, 2016		
Beneficial interest in assets held by OCF	2,156,008	2,156,008

Investments held at OCF in pooled funds are valued at the net asset value per unit as provided by OCF trustees. Net asset value is based on fair value of the underlying assets of the funds using quoted market prices when available determined using a market approach. Quoted market prices are not available for certain alternative investment classes, such as limited partnership investments. The valuations for limited partnership investments are based on the net asset value of OCF's ownership interest in the partners' capital which includes assumptions and methods that were prepared by the general partners of the limited partnerships and were reviewed by OCF.

See independent auditor's report.

MULTNOMAH ATHLETIC FOUNDATION
 NOTES TO FINANCIAL STATEMENTS, Continued
 December 31, 2017 and 2016

8. FAIR VALUE MEASUREMENTS, Continued

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) include:

Beneficial interest in assets held by OCF:

	<u>2017</u>	<u>2016</u>
Beginning of year	\$ 2,156,008	\$ 2,049,771
Contributions	78,588	63,344
Disbursements	(76,973)	(73,181)
Change in value	<u>329,920</u>	<u>116,074</u>
End of year	<u>\$ 2,487,543</u>	<u>\$ 2,156,008</u>

The change in value of the beneficial interest in assets held is reported as follows:

	<u>2017</u>	<u>2016</u>
Unrestricted net assets	\$ 327,666	\$ 115,140
Temporarily restricted net assets	<u>2,254</u>	<u>934</u>
	<u>\$ 329,920</u>	<u>\$ 116,074</u>

9. RELATED PARTY TRANSACTIONS

The Multnomah Athletic Club (the MAC) is both a member of Multnomah Athletic Foundation as well as an independent contractor to the Foundation. Certain directors have positions on both the Foundation's and the MAC's Board of Directors. The MAC contributed administrative support services to the Foundation valued at approximately \$2,000 and \$1,500 for 2017 and 2016, respectively. Additionally, contributions are primarily from members of the MAC.

10. RETIREMENT PLAN

The Foundation has a SEP-IRA retirement plan for the benefit of employees that meet eligibility requirements. Contributions to the plan totaled \$3,600 and \$3,600 for each 2017 and 2016.

See independent auditor's report.

MULTNOMAH ATHLETIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2017 and 2016

II. CONCENTRATIONS OF CREDIT RISK

The Foundation maintains its cash balances in one financial institution located in Portland. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash balances were fully insured at December 31, 2017 and 2016.

Investment securities held by OCF are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

See independent auditor's report.