

MULTNOMAH
ATHLETIC FOUNDATION

Reviewed Financial Statements

For the six-month period ended
June 30, 2019 and the year
ended December 31, 2018



McDONALD JACOBS

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Multnomah Athletic Foundation

We have reviewed the accompanying financial statements of Multnomah Athletic Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the six-month period ended June 30, 2019 and the year ended December 31, 2018, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

McDonald Jacobs, P.C.

Portland, Oregon
October 28, 2019

MULTNOMAH ATHLETIC FOUNDATION
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2019 and December 31, 2018

| | 2019 | 2018 |
|---|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 254,082 | \$ 193,892 |
| Beneficial interest in assets held by OCF | <u>2,585,805</u> | <u>2,370,002</u> |
| | | |
| TOTAL ASSETS | <u>\$ 2,839,887</u> | <u>\$ 2,563,894</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Scholarships payable | \$ 260,371 | \$ 140,323 |
| Community grants payable | 50,000 | - |
| Deferred revenue | <u>-</u> | <u>11,600</u> |
| Total liabilities | <u>310,371</u> | <u>151,923</u> |
| Net assets: | | |
| Without donor restrictions: | | |
| Undesignated | 180,561 | 166,047 |
| Board-designated | <u>2,308,809</u> | <u>2,214,113</u> |
| Total without donor restrictions | 2,489,370 | 2,380,160 |
| With donor restrictions | <u>40,146</u> | <u>31,811</u> |
| Total net assets | <u>2,529,516</u> | <u>2,411,971</u> |
| | | |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 2,839,887</u> | <u>\$ 2,563,894</u> |

See independent accountant's review report and notes to financial statements.

MULTNOMAH ATHLETIC FOUNDATION
STATEMENTS OF ACTIVITIES
For the six-month period ended June 30, 2019
and the year ended December 31, 2018

| | 2019 | | | 2018 | | |
|--|----------------------------------|-------------------------------|---------------------|----------------------------------|-------------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| | <u>Restrictions</u> | <u>Restrictions</u> | <u>Total</u> | <u>Restrictions</u> | <u>Restrictions</u> | <u>Total</u> |
| Support and revenue: | | | | | | |
| Contributions | \$ 43,609 | \$ 7,276 | \$ 50,885 | \$ 285,393 | \$ 10,000 | \$ 295,393 |
| Distributions from OCF | 79,840 | - | 79,840 | 70,171 | - | 70,171 |
| Donated goods and services | 5,344 | - | 5,344 | 7,530 | - | 7,530 |
| Events | 36,299 | - | 36,299 | 26,632 | - | 26,632 |
| Interest income | 326 | - | 326 | 7,606 | - | 7,606 |
| Net assets released from restrictions: | | | | | | |
| Satisfaction of time restrictions | - | - | - | 13,000 | (13,000) | - |
| Total support and revenue | <u>165,418</u> | <u>-</u> | <u>172,694</u> | <u>410,332</u> | <u>-</u> | <u>407,332</u> |
| Expenses: | | | | | | |
| Program services | 182,097 | - | 182,097 | 244,402 | - | 244,402 |
| Management and general | 35,995 | - | 35,995 | 111,535 | - | 111,535 |
| Fundraising | <u>23,847</u> | <u>-</u> | <u>23,847</u> | <u>32,741</u> | <u>-</u> | <u>32,741</u> |
| Total expenses | <u>241,939</u> | <u>-</u> | <u>241,939</u> | <u>388,678</u> | <u>-</u> | <u>388,678</u> |
| Change in net assets from operations | (76,521) | 7,276 | (69,245) | 21,654 | (3,000) | 18,654 |
| Net income (loss) from beneficial interest in assets held by OCF | 264,885 | 1,745 | 266,630 | (75,132) | (438) | (75,570) |
| Appropriation of endowment assets for expenditure | <u>(79,154)</u> | <u>(686)</u> | <u>(79,840)</u> | <u>(69,487)</u> | <u>(684)</u> | <u>(70,171)</u> |
| Change in net assets | 109,210 | 8,335 | 117,545 | (122,965) | (4,122) | (127,087) |
| Net assets: | | | | | | |
| Beginning of period | <u>2,380,160</u> | <u>31,811</u> | <u>2,411,971</u> | <u>2,503,125</u> | <u>35,933</u> | <u>2,539,058</u> |
| End of period | <u>\$ 2,489,370</u> | <u>\$ 40,146</u> | <u>\$ 2,529,516</u> | <u>\$ 2,380,160</u> | <u>\$ 31,811</u> | <u>\$ 2,411,971</u> |

See independent accountant's review report and notes to financial statements.

MULTNOMAH ATHLETIC FOUNDATION
 STATEMENTS OF FUNCTIONAL EXPENSES
 For the six-month period ended June 30, 2019
 and the year ended December 31, 2018

| | 2019 | | | | 2018 | | | |
|----------------------------|---------------------|---------------------------|------------------|-------------------|---------------------|---------------------------|------------------|-------------------|
| | Program Services | Management and General | Fundraising | Total | Program Services | Management and General | Fundraising | Total |
| Grants and scholarships | \$ 176,600 | \$ - | \$ - | \$ 176,600 | \$ 219,379 | \$ - | \$ - | \$ 219,379 |
| Salaries and related costs | - | 28,413 | 16,082 | 44,495 | - | 89,079 | 23,361 | 112,440 |
| Community activities | 4,436 | - | - | 4,436 | 21,588 | - | 63 | 21,651 |
| Professional fees | - | - | - | - | 1,000 | 10,600 | - | 11,600 |
| Other operating costs | <u>1,061</u> | <u>7,582</u> | <u>7,765</u> | <u>16,408</u> | <u>2,435</u> | <u>11,856</u> | <u>9,317</u> | <u>23,608</u> |
| Total expenses | <u>\$ 182,097</u> | <u>\$ 35,995</u> | <u>\$ 23,847</u> | <u>\$ 241,939</u> | <u>\$ 244,402</u> | <u>\$ 111,535</u> | <u>\$ 32,741</u> | <u>\$ 388,678</u> |

See independent accountant's review report and notes to financial statements.

MULTNOMAH ATHLETIC FOUNDATION
 STATEMENTS OF CASH FLOWS
 For the six-month period ended June 30, 2019
 and the year ended December 31, 2018

| | 2019 | 2018 |
|---|------------|--------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 117,545 | \$ (127,087) |
| Adjustments to reconcile change in net assets to net cash flows from operating activities | | |
| Change in beneficial interest in assets held by OCF | (266,630) | 75,570 |
| Net changes in: | | |
| Accounts payable | - | (9,478) |
| Scholarships and grants payable | 170,048 | (9,919) |
| Deferred revenue | (11,600) | 4,600 |
| Net cash flows from operating activities | 9,363 | (66,314) |
| Cash flows from investing activities: | | |
| Additions to beneficial interest in assets held | (29,013) | (28,200) |
| Distributions from beneficial interest in assets held | 79,840 | 70,171 |
| Net cash flows from investing activities | 50,827 | 41,971 |
| Net change in cash and cash equivalents | 60,190 | (24,343) |
| Cash and cash equivalents - beginning of period | 193,892 | 218,235 |
| Cash and cash equivalents - end of period | \$ 254,082 | \$ 193,892 |

See independent accountant's review report and notes to financial statements.

MULTNOMAH ATHLETIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and December 31, 2018

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.

Beginning on January 1, 2019, the Foundation changed its fiscal year end from December 31 to June 30.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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.

See independent accountant's review report.

MULTNOMAH ATHLETIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2019 and December 31, 2018

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

Scholarships and Community Grants Payable

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

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.

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.

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. Based on tax law changes, the Foundation may be subject to unrelated business income tax on certain taxable benefits. Any provision for income taxes associated with these changes is estimated to be immaterial. The Foundation has no other 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.

Functional Expenses

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. The expenses that are allocated include salaries and related costs and other operating costs, which are allocated on the basis of estimates of time and effort.

See independent accountant's review report.

MULTNOMAH ATHLETIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2019 and December 31, 2018

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.

Change in Accounting Principle

The Foundation has implemented Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU modified net asset classification and enhances disclosures regarding liquidity and availability of resources and functional expense reporting. The ASU has been applied retrospectively to all periods presented.

Subsequent Events

The Foundation has evaluated all subsequent events through October 28, 2019, the date the financial statements were available to be issued.

See independent accountant's review report.

MULTNOMAH ATHLETIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2019 and December 31, 2018

2. AVAILABLE RESOURCES AND LIQUIDITY

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

Financial assets of the Foundation consist of the following at June 30, 2019 and December 31, 2018:

| | Total Financial Assets | Board Designated | With Donor Restrictions | Available for General Expenditure |
|--|------------------------------|---------------------|----------------------------|---|
| June 30, 2019 | | | | |
| Cash and equivalents | \$ 254,082 | \$ - | \$ 23,521 | \$ 230,561 |
| Beneficial interest in assets held by OCF | <u>2,585,805</u> | <u>2,308,809</u> | <u>16,625</u> | <u>260,371</u> |
| Total financial assets | <u>\$ 2,839,887</u> | <u>\$ 2,308,809</u> | <u>\$ 40,146</u> | <u>\$ 490,932</u> |
| December 31, 2018 | | | | |
| Cash and equivalents | \$ 193,892 | \$ - | \$ 16,245 | \$ 177,647 |
| Beneficial interest in assets held by OCF | <u>2,370,002</u> | <u>2,214,113</u> | <u>15,566</u> | <u>140,323</u> |
| Total financial assets | <u>\$ 2,563,894</u> | <u>\$ 2,214,113</u> | <u>\$ 31,811</u> | <u>\$ 317,970</u> |

The board-designated funds are available for spending when approved by the board of directors. See Note 5 regarding board-designated net assets. Assets included with the beneficial interest in assets held by OCF that are available for general expenditure include amounts that the Board has approved for scholarships that have not yet been paid.

See independent accountant's review report.

MULTNOMAH ATHLETIC FOUNDATION
 NOTES TO FINANCIAL STATEMENTS, Continued
 June 30, 2019 and December 31, 2018

3. 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 \$2,585,805 and \$2,370,002 for the six-month period ended June 30, 2019 and the year ended December 31, 2018, respectively. The fund consists of both board-designated and donor restricted endowments (See Note 7).

4. SCHOLARSHIPS AND GRANTS PAYABLE

Scholarships and grants payable at June 30, 2019 and December 31, 2018 consist of scholarships awarded to 46 students and 14 community grants in the six-month period ended June 30, 2019 and scholarship awarded to 55 students in 2018, that are payable as follows:

| | 2019 | 2018 |
|---------------------------------------|------------|------------|
| Scholarships payable: | | |
| In one year | \$ 215,371 | \$ 98,323 |
| In two to five years | 45,000 | 42,000 |
| Total scholarships payable | 260,371 | 140,323 |
| Community grants due in one year | 50,000 | - |
| Total scholarships and grants payable | \$ 310,371 | \$ 140,323 |

Scholarships totaling \$260,371 and \$140,323 at June 30, 2019 and December 31, 2018, respectively, are payable from board-designated funds.

See independent accountant's review report.

MULTNOMAH ATHLETIC FOUNDATION
 NOTES TO FINANCIAL STATEMENTS, Continued
 June 30, 2019 and December 31, 2018

5. BOARD-DESIGNATED NET ASSETS

Board-designated net assets funds are invested in a pooled account with Oregon Community Foundation (OCF) (Note 3). 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 June 30, 2019 and December 31, 2018 consist of the following funds designated for endowment to support scholarships and grants:

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| Board- designated endowments: | | |
| Board-Designated Endowment | \$ 562,714 | \$ 505,991 |
| Mel Fox Memorial Scholarship Fund | 39,380 | 36,849 |
| Fay Sasser Scholarship Fund | 134,597 | 125,106 |
| Joe Loprinzi Scholarship Fund | 705,875 | 660,794 |
| Trustee Endowment Fund | 117,655 | 109,391 |
| Houser Scholarship Fund | 200,164 | 160,845 |
| Emerson Grant Fund | 54,840 | 51,420 |
| Bud Lewis Grant Fund | 28,407 | 25,557 |
| J. Miller Fund | <u>725,548</u> | <u>678,483</u> |
| Total board-designated endowments (Note 7) | 2,569,180 | 2,354,436 |
| Less scholarships payable | <u>260,371</u> | <u>140,323</u> |
| Total board-designated net assets | <u>\$ 2,308,809</u> | <u>\$ 2,214,113</u> |

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2019 and December 31, 2018:

| | <u>2019</u> | <u>2018</u> |
|---|------------------|------------------|
| Earl and Barbara Repp Fund income (Note 7) | \$ 6,625 | \$ 5,566 |
| Scholarship funds | <u>23,521</u> | <u>16,245</u> |
| Total net assets with expiring donor restrictions | 30,146 | 21,811 |
| Net assets with perpetual donor restrictions: | | |
| Endowment (Note 7) | <u>10,000</u> | <u>10,000</u> |
| | <u>\$ 40,146</u> | <u>\$ 31,811</u> |

See independent accountant's review report.

MULTNOMAH ATHLETIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2019 and December 31, 2018

6. NET ASSETS WITH DONOR RESTRICTIONS, Continued

Net assets with perpetual donor restrictions at June 30, 2019 and December 31, 2018 consist of the Earl and Barbara Repp Memorial Fund. The assets of the fund are held at Oregon Community Foundation. The corpus is restricted in perpetuity 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.

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 donor-restricted endowment (b) the original value of subsequent gifts to the donor-restricted endowment and (c) accumulations to the donor-restricted 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 net assets with perpetual donor restrictions is classified net assets with expiring donor restrictions 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

See independent accountant's review report.

MULTNOMAH ATHLETIC FOUNDATION
 NOTES TO FINANCIAL STATEMENTS, Continued
 June 30, 2019 and December 31, 2018

7. ENDOWMENTS, Continued

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.

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 June 30, 2019 and December 31, 2018 is as follows:

| | Without donor restrictions | With expiring donor restrictions | With perpetual donor restrictions | Total |
|--------------------------|----------------------------------|--|---|--------------------|
| June 30, 2019 | | | | |
| Donor-restricted | \$ - | \$ 6,625 | \$ 10,000 | \$ 16,625 |
| Board-designated | 2,569,180 | - | - | 2,569,180 |
| | <u>\$ 2,569,180</u> | <u>\$ 6,625</u> | <u>\$ 10,000</u> | <u>\$2,585,805</u> |
| December 31, 2018 | | | | |
| Donor-restricted | \$ - | \$ 5,566 | \$ 10,000 | \$ 15,566 |
| Board-designated | 2,354,436 | - | - | 2,354,436 |
| | <u>\$2,354,436</u> | <u>\$ 5,566</u> | <u>\$ 10,000</u> | <u>\$2,370,002</u> |

See independent accountant's review report.

MULTNOMAH ATHLETIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2019 and December 31, 2018

7. ENDOWMENTS, Continued

The changes in endowment net assets for the six-month period ended June 30, 2019 and the year ended December 31, 2018 are as follows:

| | Without donor <u>restrictions</u> | With expiring donor <u>restrictions</u> | With perpetual donor <u>restrictions</u> | <u>Total</u> |
|--|---|---|--|--------------------|
| Endowment net assets – December 31, 2017 | \$2,470,855 | \$ 6,688 | \$ 10,000 | \$2,487,543 |
| Contributions | 28,200 | - | - | 28,200 |
| Investment return | (75,132) | (438) | - | (75,570) |
| Appropriated for expenditure | <u>(69,487)</u> | <u>(684)</u> | <u>-</u> | <u>(70,171)</u> |
| Endowment net assets – December 31, 2018 | 2,354,436 | 5,566 | 10,000 | 2,370,002 |
| Contributions | 29,013 | - | - | 29,013 |
| Investment return | 264,885 | 1,745 | - | 266,630 |
| Appropriated for expenditure | <u>(79,154)</u> | <u>(686)</u> | <u>-</u> | <u>(79,840)</u> |
| Endowment net assets – June 30, 2019 | <u>\$ 2,569,180</u> | <u>\$ 6,625</u> | <u>\$ 10,000</u> | <u>\$2,585,805</u> |

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.

See independent accountant’s review report.

MULTNOMAH ATHLETIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2019 and December 31, 2018

8. FAIR VALUE MEASUREMENTS, Continued

Fair values of assets measured on a recurring basis at June 30, 2019 and 2018 are as follows:

| | <u>Fair Value</u> | <u>Level 3</u> |
|---|-----------------------|----------------|
| June 30, 2019 | | |
| Beneficial interest in assets held by OCF | \$ 2,585,805 | \$ 2,585,805 |
| December 31, 2018 | | |
| Beneficial interest in assets held by OCF | 2,370,002 | 2,370,002 |

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.

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>2019</u> | <u>2018</u> |
|---------------------|---------------------|---------------------|
| Beginning of period | \$ 2,370,002 | \$ 2,487,543 |
| Contributions | 29,013 | 28,200 |
| Disbursements | (79,840) | (70,171) |
| Change in value | <u>266,630</u> | <u>(75,570)</u> |
| End of period | <u>\$ 2,585,805</u> | <u>\$ 2,370,002</u> |

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

| | <u>2019</u> | <u>2018</u> |
|-------------------------------------|-------------------|--------------------|
| Net asset without donor restriction | \$ 264,885 | \$ (75,132) |
| Net asset with donor restrictions | <u>1,745</u> | <u>(438)</u> |
| | <u>\$ 266,630</u> | <u>\$ (75,570)</u> |

See independent accountant's review report.

MULTNOMAH ATHLETIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2019 and December 31, 2018

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. 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 \$-0- and \$3,600 for the six-month period ended June 30, 2019 and the year ended December 31, 2018, respectively.

11. CONCENTRATIONS OF CREDIT RISK

The Foundation maintains its cash balances in two financial institutions located in Portland. The balances in each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash balances were fully insured at June 30, 2019 and December 31, 2018.

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 accountant's review report.