PORTLAND COMMUNITY COLLEGE FOUNDATION

Audited Financial Statements

For the Year Ended June 30, 2016

McDonald Jacobs

McDonald Jacobs
ACCOUNTANTS & CONSULTANTS

Shareholders
Mark A. Clift, CPA
Jill Oswald
Karin S. Wandtke, CPA
Sang Ahn, CPA
Gerard DeBlois Jr., CPA
Mary Strasdin, CPA
Anthony Almer, CPA

Principals
Jake Jacobs, CPA
Susan J. Marks, CPA
Tyee Carr, CPA
Victor Epstein, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Portland Community College Foundation

We have audited the accompanying financial statements of Portland Community College Foundation (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2016, 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.

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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 Portland Community College Foundation as of June 30, 2016, and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Portland Community College Foundation's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 20, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

McDonald Jacobs, P.C.

Portland, Oregon
August 24, 2016

PORTLAND COMMUNITY COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2016
(With comparative totals for 2015)

	2016	2015
ASSETS		
Cash and cash equivalents	$ 830,334	$ 1,515,011
Certificates of deposit	4,179,352	3,690,132
Contributions and grants receivable, net	2,197,509	848,195
Investments	6,851,766	6,639,487
Other assets	54,731	56,112
Equipment, net	161,797	252,575
TOTAL ASSETS	$14,275,489	$ 13,001,512
LIABILITIES AND NET ASSETS		
Liabilities:		
Scholarships, grants and accounts payable	$ 332,343	$ 216,455
Deferred revenue	-	32,700
Obligations under split-interest agreements	34,245	38,967
Total liabilities	366,588	288,122
Net assets:		
Unrestricted:		
Available for programs and operations	1,439,676	1,295,513
Board designated	411,141	428,170
Total unrestricted	1,850,817	1,723,683
Temporarily restricted	7,089,273	6,190,500
Permanently restricted	4,968,811	4,799,207
Total net assets	13,908,901	12,713,390
TOTAL LIABILITIES AND NET ASSETS	$14,275,489	$ 13,001,512

See notes to financial statements.

PORTLAND COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
For the year ended June 30, 2016
(With comparative totals for 2015)

	2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2015 Total
Support and revenue:					
Grants and contributions	$ 122,048	$ 3,227,641	$ 164,625	$ 3,514,314	$ 2,634,282
College in-kind support	960,253	-	-	960,253	725,945
Donated assets and materials	-	244,743	-	244,743	554,488
Special events revenue, net of direct costs of $156,286 for 2016 and $174,175 for 2015	281,343	-	-	281,343	320,362
Contract revenue	-	41,839	-	41,839	35,163
Investment income, net	53,381	220,803	-	274,184	242,587
Realized/unrealized loss on investments	(16,241)	(257,165)	(933)	(274,339)	(76,824)
Loss on disposal of asset	-	-	-	-	(19,652)
Net change in fair value of split interest agreements	434	-	-	434	(448)
	1,401,218	3,477,861	163,692	5,042,771	4,415,903
Net assets released from restrictions and other transfers	2,573,176	(2,579,088)	5,912	-	-
Total support and revenue	3,974,394	898,773	169,604	5,042,771	4,415,903
Expenses:					
Scholarships, grants and other distributions	2,478,487	-	-	2,478,487	2,677,940
Program expenses	117,666	-	-	117,666	106,605
Supporting services:					
College in-kind supporting services	960,253	-	-	960,253	725,945
Administration	159,002	-	-	159,002	148,913
Fundraising	84,044	-	-	84,044	128,638
Investment fees	47,808	-	-	47,808	48,411
Total expenses	3,847,260	-	-	3,847,260	3,836,452
Change in net assets	127,134	898,773	169,604	1,195,511	579,451
Net assets:					
Beginning of year	1,723,683	6,190,500	4,799,207	12,713,390	12,133,939
End of year	$ 1,850,817	$ 7,089,273	$ 4,968,811	$ 13,908,901	$ 12,713,390

See notes to financial statements.

PORTLAND COMMUNITY COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
For the year ended June 30, 2016
(With comparative totals for 2015)

	2016	2015
Cash flows from operating activities:		
Cash received from grantors and contributors	$ 2,453,089	$ 2,749,789
Cash received from interest and dividends	274,184	242,587
Cash paid for scholarships, grants and other disbursements	(2,256,730)	(2,146,438)
Cash paid for administrative and other costs	(340,032)	(470,197)
Net cash provided by operating activities	130,511	375,741
Cash flows from investing activities:		
Proceeds from the sale of investments	1,813,684	3,016,315
Purchase of certificates of deposit	(489,220)	(26,329)
Purchase of investments and reinvested income	(2,301,787)	(3,066,876)
Net cash used in investing activities	(977,323)	(76,890)
Cash flows from financing activities:		
Proceeds from contributions restricted for long-term investment	164,625	455,652
Payments to beneficiaries under split-interest agreements	(2,490)	(2,508)
Net cash provided by financing activities	162,135	453,144
Net increase (decrease) in cash and cash equivalents	(684,677)	751,995
Cash and cash equivalents - beginning of year	1,515,011	763,016
Cash and cash equivalents - end of year	$ 830,334	$ 1,515,011

Non-Cash Investing Activity:
During the year ended June 30, 2015, the Foundation exchanged equipment with a manufacturer. Net loss on the transaction was $19,652

See notes to financial statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization

Portland Community College Foundation (the Foundation) was established in 1982 to provide support for the private fundraising efforts of Portland Community College (the College). The Foundation aids and promotes excellence at the College by providing scholarships, equipment for teaching and training, special academic opportunities for students and support for outstanding faculty.

The goals of the Foundation are to:

- Increase private funding to support students' scholarships and special needs of the College;
- Increase the public's awareness of the College's and students' financial needs;
- Communicate the strong relationships between the College and the business community;
- Work to finance educational areas that enhance the growth of the Portland metro area economy;
- Establish the College as the premier training and education center of the area; and
- Increase the self–sufficiency of the Foundation.

Basis of Presentation

The Foundation reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- 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 statement 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. Cash equivalents included in investments are considered investments.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Contributions and Accounts Receivable
Contributions and accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end.

Investments
Investments are carried at fair value. Net assets of all funds are pooled to maximize the return on investments. Investment income is allocated monthly in proportion to the balance in each fund at the end of the prior month.

Income, realized net gains, and unrealized net gains on the investment of endowment and similar funds are reported as follows:

- As increases in permanently restricted net assets if the terms of the gift require that they be added to principal of a permanent endowment.
- As increases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of income.
- If the terms of the gift impose no restrictions on income, as temporarily restricted until appropriated for expenditure.

Equipment
Acquisitions of property and equipment in excess of $5,000 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received. Depreciation of equipment is calculated using the straight-line method over the estimated useful lives of the assets, which is generally 5 years.

Scholarships and Grants Payable
Scholarships and grants are accrued when awarded by the Foundation and are unconditional. Scholarships and grants are made from available income and principal in accordance with restrictions imposed by donors.

Deferred Revenue
Proceeds received for events are recognized as revenue in the period the event occurs. Amounts received in advance for events occurring in the subsequent year are reflected as deferred revenue on the statement of financial position.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Income Tax Status

Portland Community College 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. No provision for income taxes is made 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.

The Foundation's information returns for years ended June 30, 2012 and prior are generally no longer subject to examination by taxing authorities in its major tax jurisdictions.

Obligations under Split-Interest Agreements

Obligations under split-interest agreements, including charitable remainder trusts and 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 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 recorded as net changes in the value of split-interest agreements.

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. Bequests are recorded as revenue at the time the Foundation has an established right to the bequest and the proceeds are measurable.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Contributions, continued
When a 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 Assets and Services
Donations of property, equipment, materials and other assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

The Foundation recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Donated materials provided for use in programs during the year ended June 30, 2016 are included as expenses.

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

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.

Summarized Financial Information for 2015
The financial information as of June 30, 2015 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

Subsequent Events
The Foundation has evaluated all subsequent events through August 24, 2016, the date the financial statements were available to be issued.

2. CERTIFICATES OF DEPOSIT

The certificates of deposit at June 30, 2016 earn interest at rates between .7% and 1.7% and have maturity dates between August 2016 and December 2018. At June 30, 2015, certificates of deposit earn interest at rates between .44% and 1.14% and have maturity dates between August 2015 and June 2017.

3. CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable are unsecured and consist of the following at June 30, 2016 and 2015:

	2016	2015
Receivable within one year:		
City of Portland	$ 545,622	$ 432,000
City of Beaverton	100,000	100,000
Higher Education Coordinating Commission	870,547	-
Individual donor	100,000	-
Various	314,376	177,921
	1,930,545	709,921
Receivable in two to five years	285,043	142,810
	2,215,588	852,731
Less discount on noncurrent grant	18,079	4,536
Contributions and grants, net	$ 2,197,509	$ 848,195

Grants receivable after one year are discounted to present value using a discount rate of 3.5%. No allowance has been established as management believes all amounts will be fully collected.

4. INVESTMENTS

Investments at June 30, 2016 and 2015 are carried at fair value and consist of the following:

	2016	2015
Equity securities	$ 4,414,419	$ 4,465,814
Fixed income securities	2,436,838	2,173,203
Cash equivalents	509	470
Total investments	$ 6,851,766	$ 6,639,487

For the years ended June 30, 2016 and 2015, investment expenses totaling approximately $53,300 and $48,400, respectively, are netted with investment income.

5. EQUIPMENT

Equipment consists of the following at June 30, 2016 and 2015:

	2016	2015
Classroom equipment	$ 1,140,465	$ 1,140,465
Less accumulated depreciation	978,668	887,890
Equipment, net	$ 161,797	$ 252,575

6. OBLIGATIONS UNDER SPLIT-INTEREST AGREEMENTS

The Foundation holds three charitable gift annuities, whereby the Foundation has agreed, in return for the gifted assets, to make payments to gift beneficiaries for the balance of their lives. The liability under these agreements totaling $33,999 and $38,324 at June 30, 2016 and 2015, respectively, represents the actuarially determined present value of the estimated future payments to be made to the current beneficiaries using a discount rate. Upon death of the current beneficiaries, the Foundation will receive the balance of the remaining assets. At June 30, 2016 and 2015, the assets associated with the annuities totaled $60,196 and $64,137, respectively, and are included with investments.

6. OBLIGATIONS UNDER SPLIT-INTEREST AGREEMENTS, Continued

The Foundation is also trustee and the remainder beneficiary of a charitable remainder unitrust. The terms of the agreement require that a payment from the trust's assets be made annually to the trust's current beneficiaries in the amount of 8.5% of the fair value of the trust. The liability under this agreement totaling $246 and $643 at June 30, 2016 and 2015, respectively, represents the future payments to be made to current beneficiaries, using a discount rate of 7.7%. Upon death of the beneficiaries, the remaining assets will revert to the Foundation. At June 30, 2016 and 2015, the assets held associated with the unitrust agreement totaled $4,772 and $5,085, respectively.

7. BOARD DESIGNATED NET ASSETS

Board designated net assets totaling $411,141 and $428,170 at June 30, 2016 and 2015, respectively, consist of unrestricted net assets designated by the Board as a quasi-endowment for scholarships. Also see Note 10, Endowments.

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30, 2016 and 2015:

	2016	2015
Scholarships	$ 1,317,805	$ 1,138,382
Programs	4,247,696	3,060,716
Restricted earnings on permanent endowments (Note 10)	1,361,975	1,738,827
Net investment in equipment	161,797	252,575
Total temporarily restricted net assets	$ 7,089,273	$ 6,190,500

9. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at June 30, 2016 and 2015 consist of restricted endowment funds totaling $4,968,811 and $4,799,207, respectively. The principal portion of the endowment is permanently restricted and income on the principal is either unrestricted or restricted to scholarships and programs. Also see Note 10, Endowments.

10. ENDOWMENTS

The Foundation's endowment consists of 124 individual funds established for a variety of purposes. Its endowment includes 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 (GAAP), 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.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted Oregon's enacted Uniform Prudent Management of Institutional Funds Act (the Act or UPMIFA) 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 contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated 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, and
(7) The investment policies of the Foundation.

10. ENDOWMENTS, Continued

Endowment net asset composition by type of fund as of June 30, 2016 and 2015:

	Board Designated	Temporarily Restricted Earnings	Permanently Restricted	Total
June 30, 2016				
Donor-restricted	$ -	$ 1,361,975	$ 4,968,811	$ 6,330,786
Board-designated	411,141	-	-	411,141
Total Funds	$ 411,141	$ 1,361,975	$ 4,968,811	$ 6,741,927
June 30, 2015				
Donor-restricted	$ -	$ 1,738,827	$ 4,799,207	$ 6,538,034
Board-designated	428,170	-	-	428,170
	$ 428,170	$ 1,738,827	$ 4,799,207	$ 6,966,204

Changes in endowment net assets for the years ended June 30, 2016 and 2015 are as follows:

	Board Designated	Temporarily Restricted Earnings	Permanently Restricted	Total
Endowment net assets - June 30, 2014	$ 272,435	$ 1,962,830	$ 4,368,894	$ 6,604,159
Contributions	-	-	455,652	455,652
Investment income, net of fees	9,267	207,269	-	216,536
Realized/unrealized gain (loss)	(3,043)	(72,912)	315	(75,640)
Appropriation of endowment assets for expenditure	(6,288)	(184,890)	-	(191,178)
Other changes	155,799	(173,470)	(25,654)	(43,325)
Endowment net assets - June 30, 2015	428,170	1,738,827	4,799,207	6,966,204
Contributions	120	-	164,625	164,745
Investment income, net of fees	20,805	220,799	-	241,604
Realized/unrealized loss	(24,253)	(257,165)	(933)	(282,351)
Appropriation of endowment assets for expenditure	(4,068)	(43,745)	-	(47,813)
Other changes	(9,633)	(296,741)	5,912	(300,462)
Endowment net assets - June 30, 2016	$ 411,141	$ 1,361,975	$ 4,968,811	$ 6,741,927

10. ENDOWMENTS, Continued

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets. At June 30, 2016 and 2015, funds with deficiencies were insignificant.

Return Objectives and Risk Parameters

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. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specified periods, as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed a blended benchmark comprised of the Barclays Aggregate Bond Index and the price and yield results of the S&P 500 index while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives, the Foundation relies on an investment strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year approximately 4 percent of its endowment fund's average fair value over the prior 12 quarters. If a fund has a deficiency due to unfavorable market conditions, no distributions are granted. In establishing this policy, the Foundation considered the historical return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

11. NET ASSETS RELEASED FROM RESTRICTIONS AND OTHER TRANSFERS

During the years ended June 30, 2016 and 2015, the Foundation incurred expenses in satisfaction of the restricted purposes specified by donors, or satisfied the restrictions by the occurrence of other events. Accordingly, a corresponding amount has been reported as a reclassification from temporarily restricted net assets to unrestricted net assets in the statement of activities as follows:

	2016	2015
Temporarily restricted net assets		
Satisfaction of purpose and/or time restrictions	$ 2,424,591	$ 2,724,173
Endowment administrative fee	129,387	128,797
Gift administrative fee	25,110	28,030
	2,579,088	2,881,000
Permanently restricted net assets:		
Other transfers	(5,912)	25,654
Total net assets released	$ 2,573,176	$ 2,906,654

12. ADMINISTRATIVE ASSESSMENTS

The Foundation makes administrative assessments on income-producing assets held for the benefit of Portland Community College as follows:

- Endowment assets - An assessment of 2.0% annually of the fair value of endowments.

- Gifts - A one-time assessment of 2.0% on restricted gifts of cash.

13. FOUNDATION EXPENSES

Details of Foundation expenses are as follows:

Program expenses includes depreciation and other direct program expenses. Classroom equipment owned by the Foundation and made available to the College is depreciated over the estimated useful lives of the assets.

Financial development and administrative expenses provided in-kind by Portland Community College for the years ended June 30, 2016 and 2015 are as follows:

	2016	2015
Payroll and related costs	$ 828,959	$ 592,935
Contracted services	50,474	60,588
Travel	13,118	8,036
Printing and postage	15,225	17,548
Other	52,477	46,838
Total College in-kind supporting services	$ 960,253	$ 725,945

Administrative expenses incurred by the Foundation for the years ended June 30, 2016 and 2015 are as follows:

	2016	2015
Professional services	$ 60,584	$ 53,898
Insurance	7,978	8,182
Other	90,440	86,833
Total administrative expenses	$ 159,002	$ 148,913

14. CONCENTRATIONS OF CREDIT RISK

The Foundation maintains its cash balances in several financial institutions located in Portland. The balances in each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Uninsured balances at June 30, 2016 and 2015 approximated $440,500 and $770,000, respectively.

14. CONCENTRATIONS OF CREDIT RISK, Continued

Investment securities 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 changes could materially affect the amounts reported in the statement of financial position.

15. STATEMENT OF CASH FLOWS RECONCILIATION

The following presents a reconciliation of the change in net assets (as reported on the statement of activities) to net cash provided by operating activities (as reported on the statement of cash flows):

	2016	2015
Change in net assets	$ 1,195,511	$ 579,451
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	90,778	92,277
Loss on disposal of asset	-	19,652
Net realized and unrealized loss on investments	274,339	76,824
Contributions and investment income restricted for long-term investment	(164,625)	(455,652)
Net change in contributed property		-
Net change in fair value of split-interest agreements	(434)	448
(Increase) decrease in:		
Contributions and grants receivable	(1,349,314)	76,490
Other assets	1,068	(33,202)
Increase (decrease) in:		
Scholarships, grants and accounts payable	115,888	27,053
Deferred revenue	(32,700)	(7,600)
Net cash provided by operating activities	$ 130,511	$ 375,741

16. FAIR VALUE MEASUREMENTS

Assets and liabilities recorded at fair value in the statement 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 and liabilities measured on a recurring basis at June 30, 2016 are as follows:

	Total	Level 1	Level 3
June 30, 2016			
Assets:			
Investments:			
Common stock	$ 3,578,486	$ 3,578,486	$ -
Mutual and index funds	835,933	835,933	-
Fixed income - Government	637,744	637,744	-
Fixed income - Non-government	1,799,094	1,799,094	-
Assets held in trust	4,772	4,772	-
Liabilities:			
Obligations under split interest agreements	(34,245)	-	(34,245)

16. FAIR VALUE MEASUREMENTS, Continued

Fair values of assets and liabilities measured on a recurring basis at June 30, 2015 are as follows:

	Total	Level 1	Level 3
Assets:			
Investments:			
Common stock	$ 3,622,979	$ 3,622,979	$ -
Mutual and index funds	842,835	842,835	-
Fixed income - Government	526,428	526,428	-
Fixed income - Non-government	1,646,775	1,646,775	-
Assets held in trust	5,085	5,085	-
Liabilities:			
Obligations under split interest agreements	(38,967)	-	(38,967)

Fair values for equity and fixed income securities are determined by reference to quoted market prices and other relevant information generated by market transactions. Assets held in trust include equity and fixed income securities in which fair values are determined by quoted market prices. Obligations under split interest agreements are determined by calculating the present value of the future distributions to be made using published life expectancy tables and applicable discount rates.

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

Obligation under charitable gift annuities as follows:

	2016	2015
Balance at beginning of year	$ (38,967)	$ (13,443)
New charitable gift annuities received	-	(27,427)
Investment earnings	1,798	(157)
Change in value of split-interest agreements	434	(448)
Payments to beneficiaries	2,490	2,508
Balance at end of year	$ (34,245)	$ (38,967)

The change in valuation of split-interest agreements is included in unrestricted net assets in the statement of activities.