

OREGON STATE PARKS FOUNDATION

FINANCIAL STATEMENTS

Year Ended September 30, 2018



**OREGON STATE PARKS
FOUNDATION**

preserving our natural & historic wonders

KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

OREGON STATE PARKS FOUNDATION

FINANCIAL STATEMENTS

Year Ended September 30, 2018

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Oregon State Parks Foundation
Portland, Oregon

We have reviewed the accompanying financial statements of Oregon State Parks Foundation (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, 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.

Accountants' 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 AICPA. 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.

Accountants' Conclusion

Based on our review, 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.

Report on Summarized Comparative Information

We previously audited the Foundation's 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated April 16, 2018. In our opinion, the summarized comparative information presented herein as of and for the nine months ended September 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Portland, Oregon
April 15, 2019

OREGON STATE PARKS FOUNDATION

STATEMENT OF FINANCIAL POSITION

September 30, 2018

(With Comparative Totals as of September 30, 2017)

ASSETS

	<u>2018</u> <i>Reviewed</i>	<u>2017</u> <i>Audited</i>
Cash and cash equivalents	\$ 152,254	\$ 765,601
Pledges receivable	15,910	6,341
Prepaid expenses	13,690	13,570
Land held as historical treasure	900,000	900,000
Property and equipment (less accumulated depreciation of \$2,707 and \$1,931, respectively)	<u>1,945</u>	<u>15,531</u>
Total assets	<u>\$ 1,083,799</u>	<u>\$ 1,701,043</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 6,374	\$ 6,688
Payroll related payables	<u>-</u>	<u>7,500</u>
Total liabilities	<u>6,374</u>	<u>14,188</u>
Net assets		
Without donor restrictions		
Land held as historical treasure (Note C)	900,000	900,000
Undesignated	<u>133,539</u>	<u>237,572</u>
Total without donor restrictions	1,033,539	1,137,572
With donor restrictions	<u>43,886</u>	<u>549,283</u>
Total net assets	<u>1,077,425</u>	<u>1,686,855</u>
Total liabilities and net assets	<u>\$ 1,083,799</u>	<u>\$ 1,701,043</u>

See notes to financial statements.

OREGON STATE PARKS FOUNDATION

STATEMENT OF ACTIVITIES

Year Ended September 30, 2018

(With Comparative Totals for the Nine Months Ended September 30, 2017)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2018 Reviewed	2017 Audited
Revenues and other support				
Contributions and grants	\$ 271,053	\$ 24,257	\$ 295,310	\$ 613,916
In-kind contributions	47,830	-	47,830	72,571
	318,883	24,257	343,140	686,487
Net assets released from restrictions	529,654	(529,654)	-	-
Total revenues and other support	848,537	(505,397)	343,140	686,487
Expenses				
Program services	758,754	-	758,754	284,125
Supporting services				
Management and general	70,795	-	70,795	54,978
Development	123,021	-	123,021	111,636
Total expenses	952,570	-	952,570	450,739
Change in net assets	(104,033)	(505,397)	(609,430)	235,748
Net assets				
Beginning of year	1,137,572	549,283	1,686,855	1,451,107
End of year	\$ 1,033,539	\$ 43,886	\$ 1,077,425	\$ 1,686,855

See notes to financial statements.

OREGON STATE PARKS FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2018

(With Comparative Totals for the Nine Months Ended September 31, 2017)

	Program Services	SUPPORTING SERVICES		Total	
		Management and General	Development	2018 <i>Reviewed</i>	2017 <i>Audited</i>
Salaries	\$ 110,865	\$ 24,297	\$ 66,092	\$ 201,254	\$ 98,502
Payroll taxes	9,243	2,015	5,547	16,805	8,487
Benefits	9,791	2,128	5,906	17,825	7,243
Park improvements	525,222	5	13	525,240	111,530
Professional services	68,172	24,635	193	93,000	117,484
Donor and volunteer development	8,809	220	36,361	45,390	39,305
Occupancy	-	11,400	-	11,400	8,761
Printing and postage	2,317	715	4,434	7,466	3,449
Insurance	466	2,567	279	3,312	2,391
Travel and meetings	15,735	741	331	16,807	22,363
Office expense	1,357	1,581	2,788	5,726	4,683
Supplies	962	375	1,053	2,390	10,980
Other expenses	5,039	116	24	5,179	15,273
Depreciation	776	-	-	776	288
	\$ 758,754	\$ 70,795	\$ 123,021	\$ 952,570	\$ 450,739

See notes to financial statements.

OREGON STATE PARKS FOUNDATION

STATEMENT OF CASH FLOWS

Year Ended September 30, 2018

(With Comparative Totals for the Nine Months Ended September 30, 2017)

	2018	2017
	<u>Reviewed</u>	<u>Audited</u>
Cash flows from operating activities:		
Change in net assets	\$ (609,430)	\$ 235,748
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	776	228
Loss on property and equipment	15,000	-
Changes in assets and liabilities:		
Pledges receivable	(9,569)	133,263
Prepaid expenses	(120)	(2,201)
Accounts payable	(314)	(14,788)
Payroll and related payables	<u>(7,500)</u>	<u>(2,967)</u>
Net cash provided by (used in) operating activities	<u>(611,157)</u>	<u>349,283</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(2,190)</u>	-
Net cash provided by (used in) investing activities	<u>(2,190)</u>	<u>-</u>
Net change in cash and cash equivalents	(613,347)	349,283
Cash and cash equivalents, beginning of year	<u>765,601</u>	<u>416,318</u>
Cash and cash equivalents, end of year	\$ <u>152,254</u>	\$ <u>765,601</u>

See notes to financial statements.

OREGON STATE PARKS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2018

NOTE A – DESCRIPTION OF ORGANIZATION

The Oregon State Parks Foundation (the Foundation) is the only statewide non-profit fundraising partner of the Oregon Parks and Recreation Department. The Foundation is dedicated to enhancing and preserving special places and experiences in the Oregon State Parks.

The Foundation was established in 1995 to address state park needs in ways not easily undertaken within existing governmental funding and programmatic limitations. The Foundation is a public/private partnership in the truest sense: The Foundation works closely with the Oregon Parks and Recreation Department, but operates independently for the benefit of all Oregonians.

As a fundraising partner, the Foundation does not typically manage or run programs. It provides funding for programs such as Ticket2Ride and Cottonwood Crossing Summer Institute, but does not provide employees to run these programs, which are typically managed through partnerships with other non-profit organizations.

Program expenses for the Foundation reflect the costs of raising funds which are then provided to the Oregon Parks & Recreation Department and other non-profit organizations. Those funds are used to implement the enhancement of special places and fund various programs. Administrative costs reflect the small costs that go into managing the Foundation, such as board meetings, accounting, IT services, etc. Development expenses are the costs associated with raising funds needed for the administrative costs of the Foundation.

Since its inception, the Foundation has had some notable successes preserving or enhancing special places and experiences in Oregon's State Parks, including:

- **Restoration of Vista House at Crown Point:** Partnered with OPRD and Friends of Vista House to raise \$2.1 million to restore the Vista House in 2004.
- **Kam Wah Chung Museum in John Day:** Raised \$1.5 million to develop the Kam Wah Chung Museum in John Day.
- **Restoration of Oregon's historic lighthouses:** Seven scenic lighthouses along the Oregon coast have been restored with Foundation assistance.
- **Funding for Let's Go Camping:** For six years the Foundation raised funds for this program to give all Oregonians an opportunity for a first-time camping experience.
- **Construction of yurts in campgrounds throughout the state:** The Foundation funded the purchase of the first 50 camping yurts for State Parks. These were the first yurts in any park system in the United States.
- **Cottonwood Canyon Experience Center:** The Foundation raised \$800,000 to enable the building of the Cottonwood Canyon Experience Center – the centerpiece of a complex that provides a classroom, cabins and a shower/restroom facility for outdoor education in north central Oregon.

The Foundation has had a statewide impact by preserving and enhancing dozens of outstanding natural, scenic and cultural sites in all corners of the state.

OREGON STATE PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Pronouncement

During the fiscal year ended September 30, 2018, the Foundation implemented *Accounting Standards Update No. 2016-14, Not-for-Profit Entities Topic 958* (“ASU 2016-14”). This standard revised the net asset classification requirements and information presented in financial statements and notes about a not-for-profit entity’s liquidity, financial performance, and cash flows. As a result of the implementation of ASU 2016-14, net assets and transactions are now presented in two categories (with donor restrictions and without donor restrictions) instead of three (unrestricted, temporary, and permanent). Additionally, disclosures regarding liquidity have been added and the expansion of disclosures regarding cost allocation methods, and the nature of board designations and donor restrictions have been made. The implementation of ASU 2016-14 had no impact on total beginning net assets.

The Foundation implemented ASU 2016-14 during 2018, and has adjusted the presentation of these financial statements as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net assets at September 30, 2017, as previously reported			
Unrestricted	\$ 1,137,572	\$ -	\$ 1,137,572
Temporarily restricted	<u>-</u>	<u>549,283</u>	<u>549,283</u>
	<u>\$ 1,137,572</u>	<u>\$ 549,283</u>	<u>\$ 1,686,855</u>

Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets either subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

OREGON STATE PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Contributions

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Otherwise, when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Conditional promises to give are not recognized until the conditions on which they depend are substantially met. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, the type of contribution, and the nature of the fund-raising activity. Management has determined that no allowance for uncollectible accounts is necessary at September 30, 2018.

Cash and Cash Equivalents

Cash and cash equivalents includes checking and money market mutual fund accounts. For purposes of the Statement of Cash Flows, the Foundation considers all highly-liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

The Foundation holds monies received for parks projects in a separate FDIC insured deposit account until spent. The balance in this account at September 30, 2018 was \$43,942.

Property and Equipment

Property and equipment consist of office furniture and equipment individually exceeding \$500 which are recorded at cost if purchased, or at estimated fair value if donated. Depreciation and amortization of buildings, furnishings and equipment is computed by the straight-line method over 3 to 5 years.

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash.

The Foundation at times maintains cash deposits in excess of federally insured limits, which constitutes a concentration of credit risk requiring disclosure. The risk is managed by maintaining all deposits in high quality financial institutions. As of September 30, 2018, all amounts were federally insured.

OREGON STATE PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

The Foundation charges all advertising costs to expense as incurred.

Income Taxes

The Foundation has been approved as a tax-exempt organization under the Internal Revenue Code 501(c)(3) and applicable state laws. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Foundation does not believe it has unrelated trade or business income in excess of \$1,000.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized in the statement of functional expenses. Expenses are charged to programs based on direct expenditures incurred. Personnel cost is allocated to programs or supporting services based on the estimated time spent on each. Support costs are allocated to programs based on the proportion of direct salary costs to total costs.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Prior Year Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or natural expense classification by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the nine months ended September 30, 2017, from which the summarized information was derived.

In 2017, the Foundation changed its year-end to September 30.

Reclassifications

Certain prior-year amounts have been reclassified to conform with the current year's presentation. These reclassifications had no effect on net assets.

OREGON STATE PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2018

NOTE C – LAND HELD AS HISTORICAL TREASURE

During the year ended December 31, 2007, the Foundation received and used \$900,000 in contributions to purchase a 22% interest in the Marr Ranch Land, with the remaining 78% purchased by the Oregon Parks and Recreation Department (OPRD). In 2008, the Foundation entered into a memorandum of understanding with the parties which clarifies that the land is to be used as a State Park due to its historical value and delegates all responsibilities of owning the land to OPRD. In the event the land is sold, the proceeds from the sale are to be allocated \$900,000 first to the Foundation. It is the unwritten intent of the parties that the Foundation's portion of the land be sold to the National Parks Service. However, this has been delayed indefinitely due to the current unavailability of funding.

NOTE D – NET ASSETS WITH DONOR RESTRICTIONS

The Foundation's net assets with donor restrictions are subject to the following purpose or time restrictions as of September 30, 2018:

Subject to purpose restrictions:	
Program support	\$ <u>43,886</u>
Total net assets with donor restrictions	\$ <u><u>43,886</u></u>

NOTE E – IN-KIND CONTRIBUTIONS

Donated Services

The Foundation receives donated services from a variety of unpaid volunteers assisting the Foundation in state park improvements. No amounts have been recognized in the accompanying Statement of Activities because the criteria for recognition of such volunteer efforts under generally accepted accounting principles have not been satisfied.

Tonkon Torp, LLP provided office space valued at \$11,400, Google provided advertising trades valued at \$12,766, SolarWorld and FLIR provided equipment for Cottonwood Canyon Experience Center valued at \$15,664, and XPLANE provided consulting services valued at \$8,000.

OREGON STATE PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2018

NOTE F – LIQUIDITY

The following chart represents the Foundation’s financial assets available to meet cash needs for general expenditures within one year of September 30, 2018:

Financial assets at year-end*	
Cash and cash equivalents	\$ 152,254
Pledges receivable	<u>15,910</u>
Total financial assets	<u>168,164</u>
Less those unavailable for general expenditure within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with purpose restriction	<u>43,886</u>
Total unavailable financial assets	<u>43,886</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 124,278</u>

* Total assets, less nonfinancial assets (e.g. property and equipment, prepaid expenses)

As part of its liquidity management, the Foundation’s policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Foundation invests cash in excess of current requirements in short-term investments.

NOTE G – SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 15, 2019, which is the date the financial statements were available to be issued.