

# **Children's Trust Fund Of Oregon Foundation**

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Audited Financial Statements  
June 30, 2014 and 2013

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# Acumen Financial Services Group, PC

## Certified Public Accountants

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Children's Trust Fund of Oregon Foundation  
Portland, Oregon

We have audited the accompanying statements of financial position of Children's Trust Fund of Oregon Foundation (a nonprofit organization) as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

The financial statements of Children's Trust Fund of Oregon Foundation for the year ended June 30, 2013 were audited by another auditor. This auditor expressed an unmodified opinion on those financial statements in his report dated November 12, 2013.

#### Management's Responsibilities 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 and 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 risk 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 entity'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 entity'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 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 Children's Trust Fund of Oregon Foundation as of June 30, 2014, and change in net assets and its cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Acumen Financial Services Group, PC*

Lake Oswego, OR  
September 16, 2014

# Children's Trust Fund of Oregon Foundation

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## Statements of Financial Position

June 30, 2014 and 2013

<u>Assets</u>	<u>2014</u>	<u>2013</u>
Current Assets:		
Cash	\$ 76,412	10,537
Agency funds	18,855	38,421
Investments - available for operations	270,000	275,000
Receivables	27,618	7,114
Prepaid expenses	5,523	2,829
Total Current Assets	398,408	333,901
Investments - board designated	5,561,136	5,049,968
Property and equipment - net	4,197	5,153
Total assets	<u>\$ 5,963,741</u>	<u>5,389,022</u>
 <u>Liabilities and Shareholders' Equity</u>		
Current Liabilities:		
Accounts payable	\$ 9,841	3,591
Grants payable	3,684	-
Accrued payroll and related taxes	-	883
Accrued compensated absences	10,857	16,345
Payable to other agencies	18,855	38,421
Total Current Liabilities	43,237	59,240
Net Assets		
Unrestricted	263,470	279,814
Unrestricted - board designated	5,561,136	5,049,968
Temporarily restricted	95,898	-
Total Net Assets	<u>5,920,504</u>	<u>5,329,782</u>
Total liabilities and net assets	<u>\$ 5,963,741</u>	<u>5,389,022</u>

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

# Children's Trust Fund of Oregon Foundation

## Statement of Activities and Net Assets

For the year ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2014</u>
Revenues:			
Contributions	\$ 142,638	391,877	534,515
Special event income	83,679	-	83,679
Other income	91,084	-	91,084
Investment income	185,319	-	185,319
	<u>502,720</u>	<u>391,877</u>	<u>894,597</u>
Net assets released from restrictions	<u>295,979</u>	<u>(295,979)</u>	<u>-</u>
Total Revenues	798,699	95,898	894,597
Operating expenses	<u>956,033</u>	<u>-</u>	<u>956,033</u>
Change in net assets from operations	<u>(157,334)</u>	<u>95,898</u>	<u>(61,436)</u>
Change in investments			
Net realized gain (loss) - investments	365,366	-	365,366
Net unrealized gain (loss) - investments	286,792	-	286,792
Change in value of investments	<u>652,158</u>	<u>-</u>	<u>652,158</u>
Change in net assets	<u>494,824</u>	<u>95,898</u>	<u>590,722</u>
Beginning net assets	<u>5,329,782</u>	<u>-</u>	<u>5,329,782</u>
Ending net assets	<u>\$ 5,824,606</u>	<u>95,898</u>	<u>5,920,504</u>

# Children's Trust Fund of Oregon Foundation

## Statement of Activities and Net Assets

For the year ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2013</u>
Revenues:			
Contributions	\$ 342,670	-	342,670
Special event income	40,161	-	40,161
Other income	20,970	-	20,970
Investment income	127,664	-	127,664
	<u>531,465</u>		<u>531,465</u>
Net assets released from restrictions	-	-	-
Total Revenues	531,465	-	531,465
Operating expenses	<u>693,793</u>	-	<u>693,793</u>
Change in net assets from operations	(162,328)	-	(162,328)
Change in investments			
Net realized gain (loss) - investments	412,344	-	412,344
Net unrealized gain (loss) - investments	34,837	-	34,837
Change in value of investments	<u>447,181</u>	-	<u>447,181</u>
Change in net assets	<u>284,853</u>	-	<u>284,853</u>
Beginning net assets	<u>5,044,929</u>	-	<u>5,044,929</u>
Ending net assets	<u>\$ 5,329,782</u>	<u>-</u>	<u>5,329,782</u>

# Children's Trust Fund of Oregon Foundation

## Statement of Functional Expenses

For the Year Ended June 30, 2014

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>2014</u>
Payments to grantees	\$ 432,828	-	-	432,828
Salaries and taxes	203,208	34,308	26,391	263,907
Insurance expense	2,375	401	309	3,085
Rent	15,070	2,544	1,957	19,572
Independent evaluation	48,320	-	-	48,320
Community education	8,408	1,420	1,092	10,920
Prevent Child Abuse (Oregon) expense	4,094	-	-	4,094
Professional development	664	112	86	862
Travel	1,001	169	130	1,300
Professional fees	3,275	553	425	4,253
Workplace giving campaigns	3,659	618	475	4,752
Keep Families Together	46,438	7,840	6,031	60,309
Parent Channel	25,899	-	-	25,899
Investment management fees	-	36,701	-	36,701
Auditing	-	10,763	-	10,763
Depreciation	1,107	187	144	1,438
Advertising	3,080	520	400	4,000
Loss on disposal of asset	-	18	-	18
Other expenses	17,719	2,992	2,301	23,012
Total operating expenses	<u>\$ 817,147</u>	<u>99,145</u>	<u>39,741</u>	<u>956,033</u>

# Children's Trust Fund of Oregon Foundation

## Statement of Functional Expenses

For the Year Ended June 30, 2013

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>2013</u>
Payments to grantees	\$ 318,477	-	-	318,477
Salaries and taxes	209,921	34,245	31,251	275,417
Insurance expense	1,728	287	252	2,267
Rent	14,610	2,428	2,127	19,165
Independent evaluation	6,131	-	-	6,131
Community education	7,645	-	-	7,645
Prevent Child Abuse (Oregon) expense	7,775	-	-	7,775
Professional development	1,460	243	213	1,916
Travel	1,588	264	231	2,083
Professional fees	2,857	486	414	3,757
Workplace giving campaigns	4,376	727	637	5,740
Investment management fees	-	-	-	-
Auditing	-	11,605	-	11,605
Depreciation	-	1,351	-	1,351
Advertising	-	-	2,419	2,419
Other expenses	21,473	3,504	3,068	28,045
Total operating expenses	<u>\$ 598,041</u>	<u>55,140</u>	<u>40,612</u>	<u>693,793</u>

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



# Children's Trust Fund of Oregon Foundation

## Statements of Cash Flows

For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Net income (loss)	\$ 590,722	284,853
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	1,438	1,352
Realized (gain) on investments	(365,366)	(412,344)
Unrealized (gain) on investments	(286,792)	(34,837)
Loss on disposal of asset	18	-
Investment income, net	(129,011)	(127,606)
Changes in operating assets and liabilities:		
Agency funds	19,566	61,154
Receivables	(20,503)	8,208
Prepaid expenses	(2,694)	3,041
Accounts payable	6,250	(80,565)
Grants payable	3,684	-
Accrued payroll liabilities	(883)	(2,659)
Accrued compensated absences	(5,488)	6,134
Payable to other agencies	(19,566)	(61,154)
Net cash provided by operating activities	<u>(208,625)</u>	<u>(354,423)</u>
Cash flows from investing activities		
Purchase of equipment	(500)	(1,254)
Proceeds from investment accounts	275,000	300,000
Net cash from investing activities	<u>274,500</u>	<u>298,746</u>
Net change in cash	65,875	(55,677)
Cash, beginning of year	<u>10,537</u>	<u>66,214</u>
Cash, end of year	<u>\$ 76,412</u>	<u>10,537</u>

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

# **Children's Trust Fund of Oregon Foundation**

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## **Notes to the Financial Statements**

For the years ended June 30, 2014 and 2013

### **(1) Nature of the Organization**

Children's Trust Fund of Oregon Foundation (the Foundation) is a nonprofit corporation organized under the laws of the State of Oregon. The primary purpose of the Foundation is to foster healthy child development by ending child abuse and neglect to Oregon's children. The Foundation provides grants to community-based educational and service programs designed to reduce the occurrence of child abuse and neglect. The Foundation is staffed by a full-time director, a full-time associate and two part-time associates.

Prior to July 1, 2001 the Foundation operated as part of the State of Oregon. On July 1, 2001, the Foundation was reorganized as a new tax-exempt entity separate from the State of Oregon.

### **(2) Summary of Significant Accounting Policies**

#### Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when liabilities are incurred.

It is the Foundation's policy to follow the accounting principles prescribed for nonprofit organizations in Statements of Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 958. Accordingly, it is the Foundation's policy to record as increases to unrestricted net assets revenues from providing services, receiving unrestricted contributions and receiving investment income on investments. Cash inflows and pledges that bear temporary restrictions which have not been satisfied at the end of the fiscal year are included in temporarily restricted net assets. Permanently restricted net assets, if any, would include contributions which bear permanent donor restrictions. Unless there are restrictions imposed by the donor, all investment income and expense and investment gains and losses are included in unrestricted activity.

#### Income Taxes

The Foundation is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. There was no unrelated business income for 2014 or 2013. The Foundation believes that it has appropriate support for any tax provisions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

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## Notes to the Financial Statements

For the years ended June 30, 2014 and 2013

### (2) Summary of Significant Accounting Policies (cont.)

#### Income Taxes (cont.)

The Foundation's form 990, Return of Organization Exempt from Income Tax, for the years ending 2014, 2013, 2012, and 2011 are subject to examination by the IRS, generally for 3 years after they were filed.

#### Board Designated Investments

At the date of separation from the State of Oregon, the Board designated the balance of the investment funds to be set aside for future use. For each fiscal year, the Board approves a specified amount of funds from the investment accounts to be withdrawn and made available for operations. The approved amounts are listed as current assets with the remainder included as non-current board designated investments.

#### Management Estimates

In preparing financial statements in accordance with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### Office Furniture and Equipment

Office furniture and equipment is stated at cost. Donated property is recorded at its fair market value at the date of receipt. When assets are disposed of, the cost and related accumulated depreciation is removed from the accounts and any gain or loss is recorded in the statement of activity. In general, assets costing more than \$200 are capitalized. Minor assets costing less than \$200 and normal repairs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated service lives of the assets. Service lives are estimated to be 5 years.

#### Contributions Receivable

Contributions receivable includes the following:

	<u>2014</u>	<u>2013</u>
Workplace giving campaign	\$6,791	\$4,039
Tax check-off campaign	-	2,075
Other receivables	1,290	1,000
	<u>\$8,081</u>	<u>\$7,114</u>

# Children's Trust Fund of Oregon Foundation

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## Notes to the Financial Statements

For the years ended June 30, 2014 and 2013

### (2) Summary of Significant Accounting Policies (cont.)

#### Contributions

In accordance with FASB ASC 958, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and nature of any donor restrictions. Gifts and contributions are recorded at fair value. Unconditional promises to give are recorded when promised and conditional promises to give are recorded when conditions are met.

#### Cash Flows

The Foundation prepares its cash flow statement using the indirect method. For purposes of the cash flow statement, the Foundation considers all demand deposits with banks (excluding restricted cash and agency funds) to be cash. Cash held in the investment accounts is considered an investment. The Foundation did not pay cash for income taxes or interest expense for the years ending June 30, 2014 or 2013.

#### Joint Costs

The Foundation allocates joint costs to program, fund-raising or administrative expense based on the nature of the service provided. Allocation of payroll related expenses are based on management estimates of time spent.

#### Advertising

The Foundation expenses advertising costs as incurred. Total advertising cost was \$4,000 and \$2,419 for the years ending June 30, 2014 and 2013, respectively.

#### Subsequent Events

The Foundation has evaluated subsequent events through occurring through September 16, 2014, the date the financial statements were available to be issued.

### (3) Agency Funds

The Foundation acts as the fiscal agent for certain other nonprofit organizations providing service to families and children. The Foundation receives contributions and makes distributions on behalf of those organizations. The transactions related to these organizations are not included in the Statement of Activity. Cash balances related to these Organizations are presented in the Statement of Financial position as agency funds with a corresponding liability for payable to other agencies. Presently, the Foundation provides fiscal services to, Shoulder to Shoulder, Court Account and Pagatim.

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## Notes to the Financial Statements

For the years ended June 30, 2014 and 2013

### (4) Investments

Investments in marketable securities are carried at fair market value as measured at June 30, 2014 and 2013. Accordingly, unrealized gains or losses are recorded for the increase or decrease in market value of assets. At June 30, 2014 and 2013, the investment accounts are summarized as follows:

	2014		2013	
	Cost	Market Value	Cost	Market Value
<u>Equities</u>				
Common stock	\$2,378,898	\$3,168,549	\$1,309,319	\$1,766,385
Mutual funds	368,800	367,610	1,183,437	1,311,439
<u>Fixed Income</u>				
Government bonds	709,471	728,535	404,216	434,198
US Agency bonds	159,768	157,875	196,729	193,085
Corporate bonds	1,185,959	1,191,636	563,483	559,562
Mutual funds	134,828	148,258	901,518	918,301
Cash and equivalents	68,673	68,673	141,998	141,998
Total	<u>\$5,006,396</u>	<u>\$5,831,136</u>	<u>\$4,700,700</u>	<u>\$5,324,968</u>

### Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 for financial assets are described as follows:

*Level 1* - Valuations are based on quoted prices that the Foundation has the ability to obtain in actively traded markets for identical assets. Since valuations are based on quoted prices that are readily and regularly available in an active market or exchange traded market, valuation of these instruments does not require a significant degree of judgment.

# Children's Trust Fund of Oregon Foundation

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## Notes to the Financial Statements

For the years ended June 30, 2014 and 2013

### (4) Investments (cont.)

*Level 2* - Valuations are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

*Level 3* - Valuations are based on model-based techniques for which some or all of the assumptions are obtained from indirect market information that is significant to the overall fair value measurement and which require a significant degree of management judgment.

The following table sets forth by level, within the fair value hierarchy, the investment assets at fair value as of June 30, 2014 and 2013:

	2014		
	Level 1	Level 2	Level 3
<u>Equities</u>			
Common stock	3,168,549	\$ -	\$ -
Mutual funds	367,610	-	-
<u>Fixed Income</u>			
Government bonds	728,535	-	-
US Agency bonds	-	157,875	-
Corporate bonds	-	1,191,636	-
Mutual funds	148,258	-	-
Cash and equivalents	68,673	-	-
Total	<u>\$ 4,481,625</u>	<u>\$ 1,349,511</u>	<u>\$ -</u>

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## Notes to the Financial Statements

For the years ended June 30, 2014 and 2013

### (4) Investments (cont.)

	2013		
	Level 1	Level 2	Level 3
<u>Equities</u>			
Common Stock	1,766,385	\$ -	\$ -
Mutual Funds	1,311,439	-	-
<u>Fixed Income</u>			
Government Bonds	434,198	-	-
US Agency bonds	-	193,085	-
Corporate bonds	-	559,562	-
Mutual Funds	918,301	-	-
Cash and equivalents	141,998	-	-
Total	<u>\$ 4,572,321</u>	<u>\$ 752,647</u>	<u>\$ -</u>

In 2014 and 2013 all valuations are based on published prices available to the investment managers. In each year, there were no transfers from level 1 to level 2 or 3 and there were no transfers from level 2 or 3 to level 1.

### (5) Concentrations

The Foundation maintains its cash balance with Pacific Continental Bank. At times during the year, the Foundation maintained balances that exceeded the federally insured limit of \$250,000. The Foundation believes that there is that there is no significant risk with respect to these balances.

# Children's Trust Fund of Oregon Foundation

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## Notes to the Financial Statements

For the years ended June 30, 2014 and 2013

### (6) Commitments

#### Office Lease

The Foundation occupies its office space under a noncancellable lease which expires April 30, 2016. The monthly rent is \$1,835. At June 30, 2014 the remaining obligation under this lease is as follows:

Year ending June 30	Amount
2015	22,020
2016	18,350
Thereafter	-
	<u>\$40,370</u>

### (7) Retirement Plan

The Foundation maintains a defined contribution retirement plan for the benefit of its employees who are 21 years old and have completed six months of service. The plan contains a thrift feature (i.e. a 401(k) provision) which entitles the participants to contribute a portion of their compensation to the plan on a pre-tax basis. For the years ending June 30, 2014 and 2013, the Foundation matched employee contributions up to 3% of compensation and, in addition, the Foundation made a discretionary contribution of 10% of each participant's covered compensation. The total cost of the plan for the years ending June 30, 2014 and 2013 was \$25,936 and \$19,383, respectively.

### (8) Property, Plant, and Equipment

Property, Plant, and Equipment consist of the following:

	2014	2013
Furniture and equipment	\$7,935	\$19,879
Accumulated depreciation	(3,738)	(14,726)
	<u>\$4,197</u>	<u>\$5,153</u>

Depreciation expense recorded on property, plant, and equipment was \$1,438 and \$1,351 for the years ended June 30, 2014 and 2013, respectively.



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## Notes to the Financial Statements

For the years ended June 30, 2014 and 2013

### (9) Restrictions on Assets

Temporarily restricted net assets at June 30, 2014 and 2013 may be summarized as follows:

	<u>2014</u>	<u>2013</u>
KKS license plates	\$ 30,959	\$ -
Keeping Families Together	62,778	-
Parenting Channel	2,161	-
	<u>\$ 95,898</u>	<u>\$ -</u>

### (10) Allocation of Functional Expenses

Costs have been allocated among the programs and supporting services benefited. The allocation of expenses is evaluated during each fiscal year.

### (11) Reclassification

Certain accounts were reclassified in the prior year for consistency and comparison purposes with the current year presentation. Such reclassifications have no effect on the previously reporting change in net assets.