GaryMcGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

Caldera

Financial Statements and Other Information
as of and for the Year Ended June 30, 2018
and Report of Independent Accountants

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REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Directors
Caldera:

We have audited the accompanying financial statements of Caldera, which comprise the statement of financial position as of June 30, 2018, 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; 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Caldera as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

808 SW Third Avenue, Suite 700 Portland, Oregon 97204 p: 503 222 2515 f: 503 222 6401 www.garymcgee.com

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Summarized Comparative Information

We have previously audited Caldera's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 22, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

October 27, 2018

C A L D E R A

STATEMENT OF FINANCIAL POSITION

J U N E 3 0 , 2 0 1 8

(W I T H C O M P A R A T I V E A M O U N T S F O R 2 0 1 7)

	2018			
	Caldera programs	**Caldera facilities**	**Total**	**2017**
Assets:				
Cash and cash equivalents	$ 528,781	–	528,781	441,266
Grants and contributions receivable *(note 3)*	84,220	–	84,220	392,876
Accounts receivable	31,585	–	31,585	–
Prepaid expenses and other assets	11,296	–	11,296	19,677
Investments *(note 4)*	1,273,619	10,340,071	11,613,690	9,969,195
Property and equipment *(note 5)*	–	9,253,907	9,253,907	9,649,589
Due from (to)	(450,572)	450,572	–	–
Total assets	$ 1,478,929	20,044,550	21,523,479	20,472,603
Liabilities:				
Accounts payable and accrued expenses	76,124	–	76,124	37,318
Deferred revenue	7,750	–	7,750	71,743
Total liabilities	83,874	–	83,874	109,061
Net assets:				
Unrestricted:				
Available for programs and general operations	(37,984)	434,834	396,850	333,426
Funds designated by the Board *(note 6)*	1,293,152	–	1,293,152	1,218,367
Net investment in capital assets	–	9,253,907	9,253,907	9,649,589
Total unrestricted	1,255,168	9,688,741	10,943,909	11,201,382
Temporarily restricted *(note 6)*	139,887	1,855,809	1,995,696	1,662,160
Permanently restricted *(note 6)*	–	8,500,000	8,500,000	7,500,000
Total net assets	1,395,055	20,044,550	21,439,605	20,363,542
Commitments and contingencies *(notes 3, 4, 5, and 10)*				
Total liabilities and net assets	$ 1,478,929	20,044,550	21,523,479	20,472,603

See accompanying notes to financial statements.

STATEMENT OF ACTIVITIES

Y E A R E N D E D J U N E 3 0 , 2 0 1 8
(W I T H C O M P A R A T I V E T O T A L S F O R 2 0 1 7)

	2018 Caldera programs Unrestricted	2018 Caldera programs Temporarily restricted	2018 Caldera programs Permanently restricted	2018 Caldera programs Total	2017
Operating revenues and gains:					
Contributions and grants	$ 525,986	305,126	–	831,112	1,011,761
In-kind contributions	125,162	–	–	125,162	129,221
Special events, net of direct costs of $97,227 in 2018 and $111,228 in 2017	374,087	–	–	374,087	382,148
Rental income	150,167	–	–	150,167	102,397
Program fees	12,400	–	–	12,400	16,257
Operating investment income	825	–	–	825	594
Other revenues	4,137	–	–	4,137	3,684
Total operating revenues	1,192,764	305,126	–	1,497,890	1,646,062
Appropriation of quasi-endowment assets for expenditure *(note 6)*	57,742	–	–	57,742	50,000
Net assets released from restrictions for operating purposes *(note 7)*	444,747	(444,747)	–	–	–
Other transfers and allocations *(note 7)*	(114,477)	–	–	(114,477)	(122,095)
Total operating revenues, gains and other support	1,580,776	(139,621)	–	1,441,155	1,573,967
Expenses *(note 8)* **:**					
Program services	861,205	–	–	861,205	988,115
Management and general	264,565	–	–	264,565	335,480
Fundraising	455,295	–	–	455,295	435,979
Total expenses	1,581,065	–	–	1,581,065	1,759,574
Net operating results	(289)	(139,621)	–	(139,910)	(185,607)
Non-operating activities:					
Total investment return *(note 4)*	72,526	–	–	72,526	70,130
Appropriation of quasi-endoment assets for expenditure *(note 6)*	(57,742)	–	–	(57,742)	(50,000)
Increase (decrease) in net assets	14,495	(139,621)	–	(125,126)	(165,477)
Net assets at beginning of year	1,240,673	279,508	–	1,520,181	1,685,658
Net assets at end of year	$ 1,255,168	139,887	–	1,395,055	1,520,181

	2018 Caldera facilities Unrestricted	2018 Caldera facilities Temporarily restricted	2018 Caldera facilities Permanently restricted	2018 Caldera facilities Total	2017
Operating revenues and gains:					
Contributions and grants	450,000	–	1,000,000	1,450,000	1,459,918
In-kind contributions	–	–	–	–	–
Special events, net of direct costs of $97,227 in 2018 and $111,228 in 2017	–	–	–	–	–
Rental income	–	–	–	–	–
Program fees	–	–	–	–	–
Operating investment income	–	–	–	–	–
Other revenues	–	–	–	–	–
Total operating revenues	450,000	–	1,000,000	1,450,000	1,459,918
Appropriation of quasi-endowment assets for expenditure *(note 6)*	–	–	–	–	–
Net assets released from restrictions for operating purposes *(note 7)*	–	–	–	–	–
Other transfers and allocations *(note 7)*	114,477	–	–	114,477	122,095
Total operating revenues, gains and other support	564,477	–	1,000,000	1,564,477	1,582,013
Expenses *(note 8)* **:**					
Program services	836,445	–	–	836,445	883,280
Management and general	–	–	–	–	–
Fundraising	–	–	–	–	–
Total expenses	836,445	–	–	836,445	883,280
Net operating results	(271,968)	–	1,000,000	728,032	698,733
Non-operating activities:					
Total investment return *(note 4)*	–	473,157	–	473,157	544,145
Appropriation of quasi-endoment assets for expenditure *(note 6)*	–	–	–	–	–
Increase (decrease) in net assets	(271,968)	473,157	1,000,000	1,201,189	1,242,878
Net assets at beginning of year	9,960,709	1,382,652	7,500,000	18,843,361	17,600,483
Net assets at end of year	9,688,741	1,855,809	8,500,000	20,044,550	18,843,361

	2018 Total Unrestricted	2018 Total Temporarily restricted	2018 Total Permanently restricted	2018 Total Total	2017
Operating revenues and gains:					
Contributions and grants	975,986	305,126	1,000,000	2,281,112	2,471,679
In-kind contributions	125,162	–	–	125,162	129,221
Special events, net of direct costs of $97,227 in 2018 and $111,228 in 2017	374,087	–	–	374,087	382,148
Rental income	150,167	–	–	150,167	102,397
Program fees	12,400	–	–	12,400	16,257
Operating investment income	825	–	–	825	594
Other revenues	4,137	–	–	4,137	3,684
Total operating revenues	1,642,764	305,126	1,000,000	2,947,890	3,105,980
Appropriation of quasi-endowment assets for expenditure *(note 6)*	57,742	–	–	57,742	50,000
Net assets released from restrictions for operating purposes *(note 7)*	444,747	(444,747)	–	–	–
Other transfers and allocations *(note 7)*	–	–	–	–	–
Total operating revenues, gains and other support	2,145,253	(139,621)	1,000,000	3,005,632	3,155,980
Expenses *(note 8)* **:**					
Program services	1,697,650	–	–	1,697,650	1,871,395
Management and general	264,565	–	–	264,565	335,480
Fundraising	455,295	–	–	455,295	435,979
Total expenses	2,417,510	–	–	2,417,510	2,642,854
Net operating results	(272,257)	(139,621)	1,000,000	588,122	513,126
Non-operating activities:					
Total investment return *(note 4)*	72,526	473,157	–	545,683	614,275
Appropriation of quasi-endoment assets for expenditure *(note 6)*	(57,742)	–	–	(57,742)	(50,000)
Increase (decrease) in net assets	(257,473)	333,536	1,000,000	1,076,063	1,077,401
Net assets at beginning of year	11,201,382	1,662,160	7,500,000	20,363,542	19,286,141
Net assets at end of year	10,943,909	1,995,696	8,500,000	21,439,605	20,363,542

See accompanying notes to financial statements.

CALDERA

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018

(WITH COMPARATIVE TOTALS FOR 2017)

	2018	2017
Cash flows from operating activities:		
Cash received from contributors and program participants	$ 1,975,654	2,105,092
Interest and dividend income received	53,258	45,220
Cash paid to employees and suppliers	(1,938,962)	(2,192,293)
Net cash provided by (used in) operating activities	89,950	(41,981)
Cash flows from investing activities:		
Acquisition of equipment and building improvements	(7,744)	(22,310)
Reinvestment of interest and dividend income	(52,433)	(44,567)
Purchase of investments	(1,000,000)	(1,000,000)
Proceeds from the sale of investments	57,742	50,000
Net cash used in investing activities	(1,002,435)	(1,016,877)
Cash flows from financing activities:		
Proceeds from contributions restricted for long-term investment	1,000,000	1,000,000
Net cash provided by financing activities	1,000,000	1,000,000
Net increase (decrease) in cash and cash equivalents	87,515	(58,858)
Cash and cash equivalents at beginning of year	441,266	500,124
Cash and cash equivalents at end of year	$ 528,781	441,266

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

1. Organization

A nonprofit arts organization founded in 1996, Caldera is a catalyst for the transformation of underserved youth from underserved communities through innovative, year-round art and environmental programs. Caldera fills the gap in access to arts and the outdoors by creating welcoming and diverse spaces (classrooms, camps, and residences) with programs and activities focused on creativity, mentorship, culture, and environmental learning for youth and artists. Annually, Caldera works with hundreds of students and community of mentors, artists, environmental specialists, alumni, schools, and other partners. Our work strengthens identity and practice, builds skills, promotes community, and helps participants flourish in school, work, and life. All of our youth programs are provided for free to the students, families, and schools we serve. Caldera is recognized as one of the nation's top youth arts programs by the National Arts and Humanities Youth Program Awards and the President's Council on Arts and Humanities, and has received competitive funding from the National Endowment for the Arts for more than a decade.

Caldera serves creative, spirited, and curious Oregon youth from both urban and rural communities with limited access to educational and economic resource opportunities. Our programs nurture individual creativity to ignite self-expression and transform the way young people engage in their lives, families, and communities. Each year, we support approximately 400 youth from Central Oregon and Portland, integrating over 100 professional youth workers, artists, and environmental specialists as mentors and teachers. In 2015, Caldera received a National Arts and Humanities Youth Program Award from First Lady, Michelle Obama, recognizing Caldera as one of the top youth arts programs in the nation.

We invigorate our Youth Program through these related activities:

- Our Artists in Residence ("AiR") Program invites professional artists from around the world to our Arts Center near Sisters, Oregon to develop their work and teach the youth Caldera serves.
- Our Arts Integration activities support teachers in our partner schools and partner organizations in using the arts as a tool for learning.
- Our Arts Center Events & Rentals activities allow us to present a variety of public events in our Central Oregon Art Center, as well as to host or rent to other organizations with missions aligned with ours, together building a broad community of support for our youth.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by Caldera are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Basis of Presentation – The organization has adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") No. 958-605, Revenue Recognition and FASB ASC No. 958-205, Presentation of Financial Statements. Under these provisions, net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the organization and changes therein are classified and reported as follows:

- *Unrestricted net assets* – Net assets not subject to donor-imposed stipulations.

- *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that will be met either by actions of the organization and/or the passage of time.

- *Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization. Generally the donors permit the organization to use all or part of the income earned on related investments for general or specific purposes.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (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.

Allocation of Facility Costs – The costs associated with operating and maintaining the Central Oregon facility, totaling $836,445 during the year ended June 30, 2018, have been allocated among the programs benefited based on the number of days of program use. Caldera programs incur a charge for the use of facilities based on a rate of $1,186 per day. See note 7.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. In the opinion of management, such differences, if any, would not be significant.

Contributions – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the promise was received by the organization. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Management estimates an allowance for uncollectible contributions receivable based on past collection history.

Contributions of capital assets without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire capital assets with such donor stipulations are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

In-Kind Contributions – The organization receives contributed services from a large number of volunteers who assist in fundraising and other efforts through their participation in a range of businesses and activities. In accordance with FASB ASC No. 958-605, *Revenue Recognition,* the value of such services, which the organization considers generally not practicable to estimate, has not been recognized in the accompanying financial statements. Significant services received which create or enhance a non-financial asset or require specialized skills that the organization would have purchased if not donated are recognized in the accompanying financial statements. Finally, in-kind contributions of equipment and other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of the organization's activities. During the year ended June 30, 2018, Caldera recorded $2,600 in donated materials, $105,342 in the free use of facilities and $17,220 in donated design services. See notes 5 and 11.

Cash Equivalents – For purposes of the financial statements, the organization considers all liquid investments having initial maturities of three months or less to be cash equivalents. At June 30, 2018, cash equivalents represent $354,292 invested in money market funds. Cash and cash equivalents held as part of Caldera's investment portfolio, and where management's intention is to use the cash to acquire investments to be held long-term, are classified as investments.

Investments – Under the provisions of FASB ASC No. 958-320, *Investments – Debt and Equity Securities,* investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair value in the statement of financial position.

Net appreciation (decline) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (decline) of those investments, is shown in the statement of activities. Interest income is accrued as earned, and reported net of investment advisory fees totaling $149,427 during the year ended June 30, 2018. Security transactions are recorded on a trade date basis.

The organization has some exposure to investment risks, including interest rate, market, and credit risks for both marketable and non-marketable securities. Due to the level of risk exposure, it is possible that near-term valuation changes for investment securities may occur to an extent that could materially affect the amounts reported in the accompanying financial statements.

Capital Assets and Depreciation – Property and equipment are carried at cost, and initially measured at fair value when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally 20 to 40 years for buildings and related improvements, and 3 to 7 years for vehicles, furniture, and equipment. Artwork is not depreciated.

Impairment of Long-Lived Assets – Long-lived assets, including capital assets and property held for sale, are reviewed whenever events or changes in circumstances occur that indicate possible impairment in accordance with FASB ASC No. 360, *Property, Plant and Equipment – Subsequent Measurement*. The organization's impairment review is based on an undiscounted cash flow analysis at the lowest level at which cash flows of the long-lived assets are largely independent of other groups of organization assets and liabilities. The organization conducts annual reviews for idle and underutilized equipment, and reviews business plans for possible impairment. Impairment occurs when the carrying value of the asset exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. When an impairment is indicated, the estimated future cash flows are then discounted to determine the estimated fair value of the asset and an impairment charge is recorded for the difference between the carrying value and the net present value of estimated future cash flows. As of June 30, 2018, Caldera does not believe there is any indication that the carrying value or the amortization of its capital assets has been impaired during the year ended June 30, 2018.

Revenue Recognition – All contributions and grants are considered available for unrestricted use unless specifically restricted by the donor. Service revenues are recognized at the time services are provided and the revenues are earned.

Outstanding Legacies –The organization is the beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. The organization's share of such bequests is recorded when the probate court has declared the testamentary instrument valid and the proceeds are measurable.

Benefits Provided to Donors at Special Events – The organization conducts special fundraising events in which a portion of the gross proceeds paid by participants represents payment for the direct cost of the benefits received by participants at the event. Unless a verifiable, objective mean exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the organization.

Operating Results – Operating results reported in the statement of activities reflect all transactions that change unrestricted net assets, except for the in-kind contribution of capital assets, loss on disposal of capital assets, impairment losses, the net investment return on endowment and related assets (less the amount appropriated by the Board to support current operations), and net assets released from restrictions for capital purposes.

Endowment Funds and Interpretation of Relevant Law – Effective January 1, 2008, the State of Oregon adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA"), which governs Oregon charitable institutions with respect to the management, investment, and expenditure of donor-restricted endowment funds.

The Board of Directors has interpreted Oregon's adoption of UPMIFA as requiring the organization to adopt investment and spending policies that preserve the fair value of the original gift as of the date of gift, absent explicit donor stipulations to the contrary. Although the organization has a long-term fiduciary duty to the donor (and to others) for a fund of perpetual duration, the preservation of the endowment's purchasing power is only one of several factors that are considered in managing and investing these funds. Furthermore, in accordance with UPMIFA, a portion of the endowment's original gift may be appropriated for expenditure in support of the restricted purposes of the endowment if this is consistent with a spending policy that otherwise satisfies the requisite standard of prudence under UPMIFA.

As a result of this interpretation, the organization classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) subsequent gifts to the endowment, and (3) accumulations made pursuant to the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Net earnings (realized and unrealized) on the investment of endowment assets are classified as temporarily restricted until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA and until expended in a manner consistent with the purpose or time restrictions, if any, imposed by the donor. Any investment return classified as permanently restricted represents only those amounts required to be retained permanently as a result of explicit donor stipulations.

With regard to endowment losses or appropriations in excess of the fair value of the original gift, in accordance with FASB ASC No. 958-320, *Investments – Debt and Equity Securities*, the portion of a donor restricted endowment that is classified as permanently restricted is not reduced by losses on the investments of the fund, except to the extent required by the donor, including losses related to specific investments that the donor requires the organization to hold in perpetuity. Similarly, the amount of permanently restricted net assets is not reduced by the organization's appropriations from the fund. In the absence of donor stipulations or law to the contrary, losses or appropriations of a donor-restricted endowment reduce temporarily restricted net assets to the extent that donor-imposed temporary restrictions on net appreciation of the fund have not been satisfied before the loss or appropriation occurs. Any remaining loss or appropriation reduces unrestricted net assets.

In accordance with UPMIFA, the Board of Directors has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs and operations supported by its endowment, while also seeking to maintain the long-term purchasing power of the endowment assets. Therefore, the Board of Directors considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the organization and the fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the organization; and
- The investment policies of the organization.

To meet its objective, the organization's policies limit the spending of investment income and appreciation to amounts approved for distribution by the Board of Directors. During the year ended June 30, 2018, there were no appropriations from donor-restricted endowment. However, the Board did elect to appropriate $57,742 from the Board-designated endowment. See note 6.

Conflict-of-Interest Policies – Included among the organization's Board members, committee members, and executives are volunteers from the community who provide valuable assistance to the organization in the development of policies and programs, and in the evaluation and oversight of services. The organization has established a conflict-of-interest policy whereby Board and committee members must advise the Board of Directors of any direct or indirect interest in any transaction or relationship with the organization, and do not participate in discussions and decisions regarding any action affecting their individual, professional, or business interests.

Concentrations of Credit Risk – Caldera's financial instruments consist primarily of cash equivalents, equity securities, fixed-income securities, and private investments, which may subject the organization to concentrations of credit risk as, from time to time, for example, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). In addition, the market value of securities is dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values.

All checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC for up to $250,000 for each depositor and for each insured bank, for each account ownership category. At June 30, 2018, the organization held $271,078 in excess of FDIC insurance.

Certain receivables may also, from time to time, subject the organization to concentrations of credit risk. To minimize its exposure to significant losses from customer or donor insolvencies, the organization's management evaluates the financial condition of its customers and donors, and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics. When necessary, receivables are reported net of an allowance for uncollectible accounts.

Income Taxes – Caldera is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and derives its public charity status as an organization described in Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Internal Revenue Code.

Subsequent Events – As required by FASB ASC No. 855, *Subsequent Events,* subsequent events have been evaluated by management through October 27, 2018, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2017 – The accompanying financial information as of and for the year ended June 30, 2017 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

Other Significant Accounting Policies – Other significant accounting policies are set forth in the financial statements and the following notes.

3. Grants and Contributions Receivable

Grants and contributions receivable at June 30, 2018 represent unconditional promises to be collected in less than one year totaling $84,220.

In addition, at June 30, 2018 the organization held conditional pledges in the amount of $33,707, of which, $8,707 was conditioned upon Caldera incurring specific eligible expenses and $25,000 was conditioned upon submission and approval of a required program progress report. These pledges have not been included in the accompanying financial statements because, as of June 30, 2018, the organization had not yet satisfied the associated conditions.

4. Investments and Investment Return

Investments consist of the following at June 30, 2018:

Equity securities	$ 4,016,097
Corporate bonds	3,422,826
Investments in private equity partnerships	2,491,401
Governmental instruments	741,876
Municipal bonds	537,237
Exchange traded funds	176,945
Real estate investment trusts	64,163
Investments at fair value	11,450,545
Cash and cash equivalents	163,145
	$ 11,613,690

The organization is obligated under the terms of certain agreements with private equity partnerships to remit additional funding on demand. At June 30, 2018, such commitments totaled $200,216.

Investments are held for the following purposes:

Donor-restricted endowment funds	$ 10,340,071
Board-designated quasi-endowment fund	1,117,065
Donated securities held at year-end for operations	156,554
	$ 11,613,690

In addition to the above, the organization held endowment gifts totaling $15,738 in cash and cash equivalents.

Total investment return for the year ended June 30, 2018 is summarized as follows:

Interest and dividend income	$ 201,860
Less investment fees	(149,427)
Interest and dividend income, net	52,433
Net appreciation in the fair value of investments	493,250
	$ 545,683

5. Property and Equipment

A summary of property and equipment at June 30, 2018 is as follows:

Buildings and related improvements	$ 13,862,911
Furniture and equipment	841,027
Vehicles	186,482
Artwork	57,539
	14,947,959
Less accumulated depreciation	(5,694,052)
	$ 9,253,907

The land located at Caldera is owned by a limited liability company controlled by Caldera's founder and member of the Board, and is leased to Caldera under a ground lease that expires in January of 2020. The lease will automatically renew for an additional five-year term, unless written termination is provided prior to the expiration date. Improvements made to these properties by the organization have been capitalized and are carried on the organization's statement of financial position. Upon expiration or early termination of the ground lease, the landlord shall pay the tenant the fair market value of any improvements to the leased property.

Caldera is not required to make any rental payments to the property's owner. Because the value of this in-kind contribution to Caldera is unknown, the present value of the lease commitment has not been included in the accompanying financial statements as an in-kind contribution.

In addition, Caldera's administrative offices are provided free of charge by a company controlled by Caldera's founder and member of the Board. The estimated value of the free rent received during the year ended June 30, 2018, totaled $105,317, and has been recorded as in-kind revenue and expense in the accompanying statement of activities. See note 11.

6. Restrictions and Limitations on Net Asset Balances

Board-Designated Net Assets

As of June 30, 2018, the Board of Directors had designated $1,293,152 in unrestricted net assets as follows:

Board-designated endowment	$ 1,117,066
Operations	60,000
Operational reserve	32,336
Strategic plan	48,572
Office furniture	35,178
	$ 1,293,152

Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2018 totaled $1,995,696 and consist of contributions, grants, and other unexpended revenues and gains restricted by donors and available only for specific program services and future periods, as follows:

Programs	$ 67,452
Strategic plan	10,000
Scholarships	1,000
Unappropriated endowment return restricted to facilities	1,855,809
Future periods	61,435
	$ 1,995,696

Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2018 totaled $8,500,000 and consisted of gifts to the facilities endowment.

Continued

The following summarizes the organization's endowment-related activities for the year ended June 30, 2018:

	Donor-restricted endowment			Board-designated endowment	
	Temporarily restricted	Permanently restricted	Total	Unrestricted	Total endow-ment
Endowment net assets at beginning of year	$ 1,382,652	7,500,000	8,882,652	1,102,281	9,984,933
Grants and contributions	–	1,000,000	1,000,000	–	1,000,000
Investment return	473,157	–	473,157	72,526	545,683
Appropriation of endowment assets for expenditure	–	–	–	(57,742)	(57,742)
Endowment net assets at end of year	$ 1,855,809	8,500,000	10,355,809	1,117,065	11,472,874

7. Net Assets Released from Restrictions and Other Transfers and Allocations

Net Assets Released from Restrictions

During the year ended June 30, 2018, the organization incurred $444,747 in expenses in satisfaction of the restricted purposes specified by the donors, or by occurrence of other events specified by donors.

Other Transfers and Allocations

During the year ended June 30, 2018, Caldera programs incurred an internal charge of $1,186 per day for use of program facilities. In addition, Caldera facilities incurred an administrative management fee of 10.0% of gross facility expenses. These charges are presented in the statement of activities, as follows:

Facility usage charged to Caldera programs	$ (198,122)
Administrative costs charged to Caldera facilities	83,645
	$ (114,477)

8. Expenses

The costs of providing the various programs and other activities of Caldera 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.

9. Fair Value Measurements

The accompanying financial statements report Caldera's investments at fair value. These assets have been classified, for disclosure purposes, based on a hierarchy defined by FASB ASC No. 820, *Fair Value Measurements and Disclosures*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Investments valued using the net asset value practical expedient are excluded from the fair value hierarchy,

At June 30, 2018, Caldera's financial assets that are included in the fair value hierarchy consist of investments which are measured at fair value on a recurring basis using quoted prices for identical assets (i.e., Level 1).

At June 30, 2018, investments measured at fair value on a recurring basis were as follows:

		Level 1	Total
Investments included in the fair value hierarchy:			
Equity securities	$	4,016,097	4,016,097
Corporate bonds		3,422,826	3,422,826
Governmental instruments		741,876	741,876
Municipal bonds		537,237	537,237
Exchange traded funds		176,945	176,945
Real estate investment trusts		64,163	64,163
Total investments included in the fair value hierarchy		8,959,144	8,959,144
Investments measured at net asset value:			
Investments in private equity partnerships [1]		–	2,491,401
Total investments at fair value	$	8,959,144	11,450,545

[1] The fair value of Caldera's investment in private equity partnerships is based on the net asset value of Caldera's ownership interest in the partner's capital, which includes assumptions and methods that are prepared by the general partners of the limited partnerships and were reviewed by Caldera's management.

10. Retirement Plan

The organization provides all employees with the opportunity to contribute to a tax-sheltered annuity plan, as described in Section 403(b) of the Internal Revenue Code. All employees may make voluntary contributions to the plan on a pre-tax basis, up to the limits allowed by law, from their first day of employment. Employees select from among several investment options. The organization may make voluntary contributions to the plan. All contributions to the plan from both the employees and the organization vest as earned. During the year ended June 30, 2018, the organization made contributions to the retirement plan totaling $9,300.

11. Related-Party Transactions and Current Concentrations of Revenues

During the year ended June 30, 2018, contributions from the organization's founder and companies under his control totaled $1,906,693, representing 54.6% of the year's total revenues, as follows:

Endowment contributions	$ 1,000,000
Operating contributions	720,609
Special events support	63,250
Free use of facilities	105,317
Contributed services	17,220
	$ 1,906,396

Also see note 5 regarding the free use of land.

12. Subsequent Event

Subsequent to June 30, 2018, the organization accepted an offer to receive the transfer of the Nancy Wilgenbusch Caldera Scholarship Endowment (the "Fund") from Marylhurst University, following to the University's dissolution. The fund totals $659,146, which is restricted to Caldera's youth programs.

13. Statement of Cash Flows Reconciliation

The following presents a reconciliation of the increase 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) for the year ended June 30, 2018:

Increase in net assets	$ 1,076,063
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	403,426
Net appreciation in the fair value of investments	(493,250)
Proceeds from contributions restricted for long-term investment	(1,000,000)
Donated securities	(156,554)
Net changes in:	
Grants and contributions receivable	308,656
Accounts receivable	(31,585)
Prepaid expenses and other assets	8,381
Accounts payable and accrued expenses	38,806
Deferred revenue	(63,993)
Total adjustments	(986,113)
Net cash provided by operating activities	$ 89,950

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SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	2018					
		Supporting services				
	Program services	Management and general	Facilities	Fundraising	Total	2017
Salaries and related expenses	$ 589,822	169,699	146,317	370,539	1,276,377	1,342,919
Professional services	85,726	34,061	31,918	26,212	177,917	233,943
Occupancy	56,872	16,363	48,478	35,729	157,442	194,197
Supplies and materials	16,454	2,470	38,000	87	57,011	87,012
Scholarships	19,500	–	–	–	19,500	26,000
Stipends	17,170	–	–	–	17,170	12,000
Postage and shipping	88	1,551	67	–	1,706	1,610
Printing and copying	184	2,358	758	114	3,414	186
Insurance	–	15,772	63,306	–	79,078	75,745
Telephone	4,699	1,352	24,809	2,952	33,812	32,470
Repairs and maintenance	4,439	1,277	75,665	2,788	84,169	83,019
Travel and transportation	19,231	1,045	523	1,182	21,981	38,003
Meals	37,805	35	38	72	37,950	50,583
Meetings and conferences	3,154	9,902	960	748	14,764	22,589
Interest	–	–	73	–	73	14
Depreciation	–	–	403,426	–	403,426	424,477
Other	6,061	8,680	2,107	14,872	31,720	18,087
Total expenses before allocation of facilities expenses	861,205	264,565	836,445	455,295	2,417,510	2,642,854
Allocation of facilities expenses	836,445	–	(836,445)	–	–	–
Total expenses	$ 1,697,650	264,565	–	455,295	2,417,510	2,642,854

GOVERNING BOARD, ADVISORY COMMITTEES, AND MANAGEMENT

JUNE 30, 2018

Board of Directors

René Mitchell, *Board Chair*
Founder
René Mitchell Creative
Bend, Oregon

Mary Normand, *Board Secretary*
Executive Assistant
Wieden+Kennedy
Portland, Oregon

Cindy Campbell, *Board Treasurer*
Co-Founder, Friends of the Children – Portland
Portland, Oregon

Dave Chen
Principal
Equilibrium Capital Group
Portland, Oregon

Karrelle Dixon
Director of Growth Markets
Wieden+Kennedy
London, U.K.

Joy Fowler
Vice President & Diversity Program Manager
Umpqua Bank
Portland, Oregon

Scott Howard
Founder
Kivel & Howard
Portland, Oregon

Keesha Jean-Baptiste
Senior Vice President, Talent Engagement and Inclusion, American Association of Advertising Agencies
New York, New York

Cristy Lanfri,
Arts, Education & Environmental Advocate
Bend, Oregon

Wes Lawrence
Business & Financial Consultant
Black Butte Ranch, Oregon

David Luhr
President,
Wieden+Kennedy
Portland, Oregon

Barbara McDougall
Children's Advocate
Lake Oswego, Oregon

Dan Wieden
Chair, Global Management Team
Wieden + Kennedy
Portland, Oregon

Dennis Wilde
Co-Founder
Popeye's Girlfriend, LLC
Roseburg, Oregon
(Formerly, Chief Sustainability Officer, Gerding Edlen, Portland, Oregon)

Bob Woodell
Co-Founder
Rogue Brewery
Sisters, Oregon
(Formerly, Chief Operating Officer of Nike and Executive Director, Port of Portland)

Emeritus Board Member

Myrlie Evers-Williams
Founder, Medgar Evers Institute
Pomona, California

John Jay
President of Global Creative
Fast Retailing
Portland, Oregon

ADVISORY COMMITTEES

Executive Committee

René Mitchell, *Chair*

Wes Lawrence, *Past Chair*

Dan Wieden, *Founder*

Cristy Lanfri, *Past Co-Chair*

Cindy Campbell *(Finance Committee Co-Chair)*

Dave Chen *(Investment Committee Co-Chair)*

Barbara MacDougall *(Advancement Committee Chair)*

Mary Normand *(Programs Committee Chair)*

Dennis Wilde *(Site and Facilities Committee Chair)*

Brian Detman, *Staff*

Governance Committee

René Mitchell, *Chair*
Wes Lawrence
Dan Wieden
Cristy Lanfri, *Past Chair*
Mary Normand
Bob Woodell
Brian Detman, *Staff*

Finance Committee

Cindy Campbell, *Co-Chair (Finance)*

Dave Chen, Co-Chair (Investments)

Dennis Wilde

Tiffany Vergara, *Staff*

Brian Detman, *Staff*

Advancement Committee

Barbara MacDougall, *Chair*
René Mitchell
Scott Howard
Brian Detman, *Staff*
Persis Singh, *Staff*
Natalie Whitlock, *Staff*

Programs Committee

Mary Normand, *Chair*
Karrelle Dixon
Jinnina Chiles
Elizabeth Quinn, *Staff*
Karena Salmond, *Staff*
Maesie Speer, *Staff*

Site and Facilities Committee

Dennis Wilde, *Chair*
Priscilla Bernard Wieden
Paul Spezza
Brian Detman, *Staff*
Maesie Speer, *Staff*

Central Oregon Advisory Committee

Cristy Lanfri, *Co-Chair*
René Mitchell, *Co-Chair*
Kathy Deggendorfer
Noelle Fredland
Jenny Green
Julie Gregory
Margi Heater
Pamela Hulse Andrews
Chuck Newport
Amanda Stuermer
Jody Ward
Mary Anne Woodell
Brian Detman, *Staff*

Management

Brian Detman
Executive Director

Tiffany Vergara
Finance & Operations Director

Persis Singh
Advancement Director
(Since May of 2018)

Michelle Meyer
Development Director
(until December of 2017)

Karena Salmond
Youth Program Director

Elizabeth Quinn
Programs Director
(until August of 2018)

Maesie Speer
Arts Center Programs Manager

Olivia Mitchell
Executive Assistant & Office Manager

INQUIRIES AND OTHER INFORMATION

CALDERA

Administrative offices
224 N.W. 13th Avenue, Suite 304
Portland, Oregon 97209

(503) 937-3061
(503) 937-3085 Fax

Blue Lake site
31500 Blue Lake Drive
Sisters, Oregon 97759

(541) 595-0956

Web
www.calderaarts.org