

# CITY OF ASHLAND



## Application for Economic Development, Cultural, Tourism and Sustainability Grants

**\*\*\*\*DUE NO LATER THAN 4:00 pm March 22, 2017\*\*\*\***

**One (1) single sided, signed hard copy to  
NO STAPLES PLEASE**

In an envelope titled:

**City of Ashland**

**Attn: Diana Shplet, Administration Department**

**Grant Application**

**20 East Main Street, Ashland, OR 97520**

<b>Applicant/Organization</b>	Friends of the Schneider Museum of Art (SMA), Southern Oregon University Foundation		
<b>Mailing Address</b>	1250 Siskiyou Blvd., Ashland, OR 97520		
<b>Contact Name</b>	Scott Malbaurn	<b>Contact Phone #1</b>	541-552-8484
<b>Email #1</b>	<a href="mailto:malbaurns@sou.edu">malbaurns@sou.edu</a>		
<b>Contact Name #2</b>	Janet Fratella	<b>Contact Phone #2</b>	541-552-6837
<b>Email #2</b>	<a href="mailto:fratellaj@sou.edu">fratellaj@sou.edu</a>		
<b>Federal Tax ID</b>	██████████	<b>IRS Class (Exemption)</b>	501(c) 3
		<b>Total Grant Request (\$5,000 min)</b>	\$42,300

### Application Submittal Checklist

**In addition to the completed application form to be mailed and emailed, all submittals must contain the following;**

1. List of all board members, their occupations, and years on the board;
2. Organizational client demographic profile;
3. Grant program budget (for activities/programs/events that are part of this grant application);
4. Organization 501© letter verifying your no-profit status;
5. Organization corporate bylaws;
6. Organization's most recent Form 990 IRS filing (summary page only);
7. Organization's previous year financial statement summarizing expenses and revenues.

## Application for Economic Development, Cultural, Tourism and Sustainability Grants

1. Briefly describe the purpose and objectives of your organization and mission statement (*please limit to approximately 500 words*)

The Schneider Museum of Art (SMA) is part of the Oregon Center for the Arts at Southern Oregon University, and an affiliate of the Southern Oregon University Foundation. Its mission is to provide a vibrant learning experience through exhibitions and programming that engages students, visitors and community (local, regional and virtual), in a process that embodies Southern Oregon University's vision of collaborative, innovative and globally responsive art in the broadest sense. The Museum is a vital force in the intellectual life of Southern Oregon that promotes an understanding of the visual arts and culture. The Schneider Museum of Art carries out its mission through the following activities that are all free and open to the public Monday through Saturday 10 am – 4 pm:

- Innovative art exhibitions featuring local, Oregon, national, and international artists who have achieved acclaim in their professional careers
- Rotating exhibitions of work from the Museum's permanent collection
- Month-long artist residencies in which professional artists create work, engage with the community, and produce culminating public exhibitions
- Site-specific installations in which participating artists learn about the Museum, the surrounding community, and respond by creating an installation for the Museum based on this experience
- Tuesday Tours – docent led tours of the galleries every Tuesday at 12:30 PM
- FREE Family Days featuring hands-on activities for children of all ages
- Docent-led educational tours and hands-on activities for school groups
- Tours for community and public school groups arranged by appointment
- Engaging lectures by artists, historians, and others
- Docent training program
- Film, music, poetry, dance, and other cultural programs that augment exhibitions
- Opportunities for volunteers to help with front desk reception, to serve as trained docents for educational tours, to plan and help with events and opening receptions, along with other substantial tasks such as marketing and providing training to docents
- Employment for fifteen to twenty university students each year through the PEAK Jobs and Federal Work Study Programs who learn about museum practices, including: exhibition installation, collection management, museum education for all ages, marketing, events management, fundraising, and non-profit management

2. Reference the list of eligible activities provided in the 2012 Policy for Economic, Cultural, Tourism, and Sustainability Grant (page 10) to briefly describe how the City grant would be used and how your activities meet the eligibility criteria (*please limit to approximately 1,000 words*)

SMA requests a grant from the City of Ashland to expand its marketing ventures to increase our growing attendance, solidify a stronger tourist community for the City of Ashland and assist with the local economy as well as to continue funding its FREE Family Day. With new data from our attendees, we have learned that many visitors come from outside of Ashland and 50+ miles away. We have also learned from our public talks outside of Ashland that there are many regional residents who are unaware that the Museum is free and open to the public. We plan to increase the regional and tourist community by utilizing billboard advertisements on I-5 and Crater Lake Highway, and statewide publications like *Oregon Arts Watch* and *1859 Magazine*. A goal of our program is to attract new multigenerational groups to the Museum and the City of Ashland through this expanded marketing campaign. Another goal is to build 'repeat customers' from this population by offering free, year-round admission, activities and personnel to engage patrons with the exhibitions on view, and hands-on arts projects.

Thanks to City of Ashland funding from the 2015/16, SMA is holding a very successful FREE Family Day program this fiscal year. This funding has enabled SMA to increase its marketing to outlying areas and bring new patrons into Ashland and the Museum. City of Ashland funding has also enabled the Museum to hire professional artists to coordinate the events and develop insightful arts activities designed to bring the community together with an understanding of the art exhibited. Patrons made monotypes in the printmaking studio as well as collage, comic books, printmaking, poetry, and sculpture. In December, we also provided a craft fair with seven vendors, augmented by activities from the Ashland Public Library, the Schneider Children's Center and SOU Landscaping. Survey feedback has been overwhelmingly positive, with comments such as:

*"Such a great way to deepen appreciation for the art and artist serving as inspiration!"*

*"The more involved activities have been really special and we have really enjoyed them!"*

*"My boys look forward to it every month."*

*"The comic workshop was great! It encouraged new ideas for my seven year old."*

*"We are so grateful this event exists!"*

Thanks to City of Ashland funding, SMA has expanded its programming in significant ways. To further expand on the successes that the Museum has had with Free Family Day thanks to City of Ashland funding, SMA hopes to expand marketing and bring in an even wider audience from across the state and the nation in order to bring in more visitors to Ashland.

The Museum is applying for funding for its economic, cultural, and tourism development. The list of eligible activities in the Cultural Development category includes programs that "create cultural offerings unique from existing local offerings, activities, or programs." For families in the Southern Oregon and Northern California regions who may not travel to large cities, SMA is the only art museum experience available to them. FREE Family Day provides a welcoming environment to children and caregivers who may not be accustomed to museum settings. Our trained docents interact with first-time visitors, helping them engage in, and respond to, the art on view, making the Museum a year-round cultural opportunity that is accessible for all ages.

Other eligible activities in the Cultural Development category include those "that ensure the long-term success of local cultural groups." The goal of SMA is to build audiences, and SMA has demonstrated that it is successful in meeting this goal. Of families surveyed at FREE Family Day this academic year, 38% stated that this was their first time attending the Museum. In FY16, 74% reported that they were attending the Museum for the first time, demonstrating that FREE Family Day has built a strong audience base. Because of this, it is an opportune time to expand outreach to others. The enthusiasm created by these welcoming events, as well as SMA's information table about local arts offerings encourages families to explore other cultural activities in the region.

SMA builds audiences and encourages tourists looking to book their next trip to consider Ashland, OR. Regarding the Tourism category, SMA matches the criteria "Likelihood that the proposed activity or event will increase hotel/motel occupancy or increase local restaurant and retail business sales." With regard to the Economic Development category, SMA matches the criteria "that the proposed activity will support and assist existing businesses." SMA's programming and activities draw patrons to all businesses in Ashland. Surveys collected this fiscal year indicated that 75% of the respondents stated that they had supported, or planned to support a near-by business such as a restaurant as a direct result of their visit to the Museum, and 26% reported staying in Ashland lodging. SMA plans to utilize funding from the City of Ashland to increase its marketing to outlying areas, in order to increase the amount of "dollars from outside the community" that "are brought in and circulated locally." This will also fit into the criteria, "Likelihood that the proposed activity will increase hotel/motel occupancy and restaurant/retail business in Ashland in the months of October through April," since SMA and our events are held year-round.

The Museum has had 8,089 patrons so far in FY17. Of the group surveyed, 63% come from outside of Ashland, with 41% coming from 50+ miles away. From an economic standpoint, we hope that the City of Ashland will continue support of its local Museum. We have activities that targets a wide age range of visitors. From exhibitions, FREE Family Day activities, Visiting Artist and Scholar lectures and Docent Tours, there are excellent opportunities to connect, learn and have fun. Families planning their next getaway will take Ashland into extra consideration if they are aware that SMA is there for them. By being open year-round, being free and open to the public, SMA adds to the city's reputation as a major arts destination.

2.1. If your grant request is for date specific events, programs or activities, please complete the following table

Program/Event Title	Anticipated Dates of Event		Funding Request
	Start	End	
Expanded Marketing Project	July 1, 2017-	June 30, 2018	\$35,900
12 FREE Family Days	One FREE Family Day per month while exhibitions are on view in FY 17-18		\$6,400

3. Which grant category (or categories) does your request fall under? (please check all that apply)

<input checked="" type="checkbox"/>	Grant Category	Grant Request
	Economic Development	\$17,950
<p>Per Economic Development eligible activities (page 10), please explain how your activities qualify (please limit to approx. 250 words):</p> <p>SMA fits into the Economic category of this grant by drawing 13,000+ visitors per year (FY2016 and on target for FY2017) to various other Ashland businesses. Of participants surveyed over the past fiscal year, 74% reported that they would support another local business while they were out and 26% reported staying at nearby hotels. At this current visitation and business support level, to gain an understanding of the economic impact on the community, if 74% of patron families go out to lunch before or after visiting SMA, spending \$30-\$60, then \$288K-\$577K is invested in community businesses. The 26% staying in hotels could provide \$388K+ to the community. This contributes to the economic well-being and quality of life for a community by supporting incomes and the local tax base because a majority of our patrons are also patronizing local businesses. Proposed funding for statewide marketing would vastly increase these numbers. New billboards on HWY 5 and Crater Lake Highway, and advertising in statewide magazines would be a new marketing venture for the Museum, thereby attracting new populations into Ashland and increasing a customer base to "foster and support the creation, expansion or retention of existing businesses in the community."</p>		

<input checked="" type="checkbox"/>	<b>Cultural</b>	\$6,400
<p>Per Cultural Development eligible activities (page 11), please explain how your activities qualify (<i>please limit to approx. 250 words</i>):</p> <p>SMA provides the community with unique cultural opportunities. Being the only art museum on Interstate 5 between Sacramento, CA and Eugene, OR, the Museum offers local and regional residents as well as tourists a means to engage with the arts and culture. Furthermore, by working with local, statewide, and national artists, SMA and our FREE Family Days help other local cultural groups succeed. Exposing acclaimed artists to the culture here in Ashland allows for a broadened network for local outlets. The Museum also has a table with materials from these other cultural groups, including the Ashland Gallery Association, the Oregon Shakespeare Festival, and the Oregon Cultural Trust. This would mark the City of Ashland's third year in a row of funding for SMA and the program has grown substantially. Further funding would allow the Museum to continue offering services to families that have become repeat visitors, while also creating an even wider base. By bringing in others from across the state and nation, SMA hopes to strengthen the arts ecology of the city by further cementing Ashland as an arts destination.</p>		
<input checked="" type="checkbox"/>	<b>Tourism</b>	\$17,950
<p>Per Tourism eligible activities (page 11), please explain how your activities qualify (<i>please limit to approx. 250 words</i>):</p> <p>SMA fits into the Tourism category of this grant by drawing in visitors from outside of Ashland and 50+ miles away. This current fiscal year, 41% of our surveyed patrons are visiting from 50+ miles away. That is a total attendance of 8,889 people to date, and we are on target for attracting 13,000 + patrons to date. There were 13,000+ patrons in FY2016 as well. Our surveys of walk-in and Free Family Day patrons resulted a 35% response rate. Of participants surveyed over the past fiscal year, 75% reported that they would support another local business while they were out as well as stay at nearby hotels. By improving marketing by sending materials to state-wide publications and advertising on billboards on I-5 and on Crater Lake Highway, the Museum hopes to increase the draw of visitors from outside the City of Ashland and bring even more patrons to local establishments. The Museum currently advertises in <i>Rogue Valley Messenger</i>, <i>Sneak Preview</i>, <i>Locals Guide</i>, <i>Southern Oregon Magazine</i>, and <i>Art in America</i>. By expanding advertising ventures, the Museum will reach more people from outside of the area, greatly increase attendance, and further cement Ashland as an arts destination.</p>		
	<b>Sustainability</b>	\$
<p>Per Sustainability eligible activities (page 11), please explain how your activities qualify (<i>please limit to approx. 250 words</i>):</p>		

4. If you do not receive the full amount of your request, describe how your organization would use a smaller amount of funds in each of the categories being applied for (*please limit to approximately 250 words*)

Although the Museum does receive some funds directly from Southern Oregon University for partial salary support, it relies on support from the community through grant opportunities such as this one for its programming and marketing efforts. Without support, the Museum will not be able to afford billboard or extended state marketing.

Regarding FREE Family Day, if the Schneider Museum of Art received a smaller amount of funds, the project budget would be reduced accordingly. Depending upon the amount of the reduction, the Museum would decrease the scope of the program by first eliminating the travel costs for artists from out of the area to participate, reducing the number of FREE Family Days, and reducing the amount of marketing for the program.

5. Using the attached City of Ashland Policy for Economic, Cultural, Tourism and Sustainability Grants, Section III (page 12), please explain how you will measure success or desired outcomes. (*please limit to approximately 250 words*)

The Schneider Museum of Art gathers information on numbers of patrons visiting exhibitions, attending events and tours, and reading e-newsletters. The SMA has developed feedback surveys for teachers and tour group leaders, families attending FREE Family Days, and general visitors. This data is used to report yearly successes and identify challenges. Survey forms collect opinions about program quality, demographic information, as well as economic impact information. The SMA has started to collect data on how far patrons are traveling to attend the Museum, and whether nearby businesses are patronized because of visiting the museum (i.e., going to lunch after the visit). Grant funding, anecdotal evidence, and increasing audience numbers and docent-led tour bookings are evidence of SMA's increasing importance and positive influence on the local, regional and tourist communities.

Thank you for your time and efforts in preparing this information for consideration by the Grants Committee.

By signing below you certify that:

You, the grantee, understand that you must comply with all federal, state and local requirements applicable for the activities funded by this grant. Award of a grant by the City does not waive the grantee's obligation to obtain, at grantee's sole expense, all applicable permits that may be required for grantee's program or project.

And, that a grant may be conditioned on submission or other approvals to the City of a Certificate of General Liability Insurance in the amount of up to **\$1,000,000** naming the City of Ashland, its officers and employees as additional insured.

And, that you the undersigned have legal authority to submit the above information on behalf of the organization named above.

Name (print) Vicki Forehand

Name (signature) 

Title Director of Finance & Admin  
SOU Foundation

## ADDITIONAL SUBMITTAL INFORMATION & REFERENCE MATERIALS

The following requirements and forms are provided to assist applications in submitting a complete application package. Use of the form templates provided is not a submittal requirement, but rather an optional tool for the applicant to use if they choose to provide the required information in this format.

### I. Grant Requirements (from 2012 Policy for Economic, Cultural, Tourism and Sustainability Grants)

- A. Grantee shall be registered as a 501(c) non-profit \*
- B. Grantee shall be a non-government entity
- C. The minimum grant amount that can be *applied* for is \$5,000 and the minimum award *granted* is \$1,000 per category and \$5,000 per grant application
- D. Grant award shall be utilized consistent with the associated applicant proposal and shall be primarily oriented to the grantee's Ashland activities and programs. Grant funds may also be utilized for a proportionate share of Grantee's overall administrative expenses.
- E. An applicant can apply for grant funds from more than one category, however, it is the responsibility of the applicant to specify the categories and funds requested for each category and clearly describe how the proposal meets the criteria for each category.
- F. Grantees must submit the application to the City prior to the deadline, which is established each year by the City. **Absolutely no late applications will be accepted.**
- G. Incomplete applications (see application cover page) will NOT be forwarded to the grant review committee for consideration.
- H. Materials submitted beyond those required and listed on the application cover page and application form will NOT be forwarded to the grant review committee as part of the application packet.

### II. Grant Submittal

- A. Grant applications for BN2017-19 are due on **March 22, 2017 by 4:00 p.m.**
- B. Completed application packets can delivered in person to the Utility Billing offices at City Hall, 20 East Main St \*\* or mailed to:  

City of Ashland  
c/o Diana Shiplet  
20 East Main St  
Ashland, OR 97520
- C. Questions regarding the BN 2017-19 Grant Program can be directed to Diana Shiplet, Administrative Analyst by phone at 541-552-2100 or [diana.shiplet@ashland.or.us](mailto:diana.shiplet@ashland.or.us).

*\*If your organization is being sponsored by or legally affiliated with a registered non-profit, a letter from that organizations Board of Directors recognizing the affiliation and a copy of the 501 (c) verification of the sponsoring non-profit*

*\*\* City of Ashland office hours are Monday to Friday 8:30am to 5:00pm.*

**Tourism**

As required by State law, a portion of the grant program funds must be awarded and utilized for specific tourism related activities. The grant program typically awards tourism funds in excess of the minimum amount required to meet Oregon Revised Statute (ORS) definition and criteria relating to tourism promotion.

Applicants requesting grant funds for activities that meet the ORS definition and criteria of tourism should highlight how the grant request meets the following ORS criteria:

§ 320.3001
(6) 'Tourism' means economic activity resulting from tourists.
(7) 'Tourism promotion' means any of the following activities:
(a) Advertising, publicizing or distributing information for the purpose of attracting and welcoming tourists;
(b) Conducting strategic planning and research necessary to stimulate future tourism development;
(c) Operating tourism promotion agencies; and
(d) Marketing special events and festivals designed to attract tourists.
(10) 'Tourist' means a person who, for business, pleasure, recreation or participation in events related to the arts, heritage or culture, travels from the community in which that person is a resident to a different community that is separate, distinct from and unrelated to the persons community of residence, and that trip:
(a) Requires the person to travel more than 50 miles from the community of residence; or
(b) Includes an overnight stay.



**Applicant Organization Board Member Information Reporting Sheet  
Southern Oregon University Foundation Board**

Name	Address	Phone	Occupation	Title	Term of Office
Dan Thorndike	369 Granite St. Ashland, OR 97520	(541) 857-8222	Attorney, Medford Fabrication	President	2007-16
Marc Bayliss	P.O. Box 1523 Medford, OR 97501	(541) 821-5172	Exec. SO Credit Service	Vice President	2011-17
Greg Koenig	1020 East Jackson St. Medford, OR 97504	(541) 608-0551	President Koenig Investments	Treasurer	2011-17
Sue Kupillas	1744 E. McAndrews Medford, OR 97504	(541) 245-0770	Consultant	Secretary	2007-16
Blair Moody	564 Burgundy Circle Medford, OR 97504	(541) 773-2982	Retired Forester BLM	Past President	1998-2017
Janet Anderson	270 Patterson St. Ashland, OR 97520	(541) 482-0678	Affiliate	Affiliate – Friends of Hannon Library	2015-16
Joe Cox	3845 Spring Blvd. Eugene, OR 97405	(541) 345-8484	Retired OUS Chancellor	Trustee	2011-17
Jeff Cutler	4860 Pioneer Rd. Medford, OR 97501	(541) 770-6500	Investment Counselor	Trustee	1998-2016
Jeff DeBoer	4096 Spring Knoll Dr. Eugene, OR 97405	(541) 654-4205	Owner FunAgain Games	Trustee	2013-16
Sid DeBoer	234 Vista Street Ashland, OR 97520	(541) 482-0915	Chairman Lithia Motors	Trustee	1989-2016
Bill Haden	1345 Poplar Dr. Medford, OR 97504	(541)245-5350	Bank VP	Trustee	2012-15
Debra Lee	305 Harvard Pl. Medford, OR 97504	(541) 944-5345	Attorney at Law	Trustee	2007-16
Doug Morse	2460 Meadow Cr. Dr. Medford, OR 97504	(541) 734-5280	Real Estate Broker	Trustee	2007-16
Jim Teece	5350 Highway 66 Ashland, OR 97520	(541) 482-6312	Pres. & CEO Project A	Trustee	1999-2016
Carol Moody	564 Burgundy Circle Medford, OR 97504	(541)773-2982	Retired schoolteacher	Affiliate – Alumni Assoc	2014-15
Alexis Packer	585 A St. Ste. 3B Ashland, OR 97520	(541) 482-0570	Attorney at Law	Affiliate- Chamber Music Concerts	2013-15
John Schweiger	1644 Ashland Street Ashland, OR 97520	(541) 488-7917	Chairman Coming Attractions Theaters	Trustee	2008-17
Sandra Theis	510 W. Nevada St. Ashland, OR 97520	(541) 488-7917	RN	Affiliate - Osher Lifelong Learning Institute	2014-17

Dr. Ron Worland	128 Greenway Circle, Medford, OR 97504	(541) 772-7243	Mission Surgeon	Trustee	1999-2016
David Wright	3832 Crystal Springs Dr. Medford, OR 97504	(541) 771-7243	Property Management	Trustee	2005-17

**City of Ashland  
Customer Demographic Profile**

The primary goal of the grant award process is to allocate funds to organizations that are providing economic, tourism, cultural and/or sustainability programs, services or events that reach a demographically diverse customer base, both locally and from outside our region. The following questions are intended to provide guidance for the possible types of customer demographics that would help the grant review/award sub-committee understand the customer types that your application would likely reach.

**\* If your organization tracks this data or other related data, in other formats, please feel free to submit that format directly. This form is provided as a template and is not required to be completed in this format, but customer demographic information is an application submittal requirement.**

Organization Name: Friends of the Schneider Museum of Art, SOU Foundation

Program/Event Name: Expanded Museum Marketing and FREE Family Days

For the Twelve month period of: March 1, 2016 to February 28, 2017

**I. Customer Age (percentage)**

Youth 0 to 17 years	38	%
Adult 18 to 39 years	18	%
Adult 40 to 64 years	22	%
Adult 65 and over	22	%
Unknown		%
<b>Total</b>	<b>100</b>	<b>%</b>

**II. Staff Residence (percentage)**

Ashland	33.3	%
Rogue Valley	66.6	%
Other		%
<b>Total</b>	<b>100</b>	<b>%</b>

**II. Customer Residence (percentage)**

Ashland	42	%
Rogue Valley	8	%
Other (within 50 miles)	18	%
Other (greater than 50 miles)	33	%

**III. Of the Customers identified above, what percent do you estimate stayed overnight to attend your program, service or event? 26 %**

**CITY OF ASHLAND  
GRANTS PROGRAM BUDGET**

**Please use this form to identify costs associated with the program, activity or event that you are requesting funds for. This form is provided as a template to use. If your organization tracks grant related financials in a different reporting format, please submit in that format if you choose.**

APPLICANT/ORGANIZATION: Friends of the Schneider Museum of Art, SOU Foundation

PROGRAM/EVENT TITLE: Expanded Museum Marketing and FREE Family Days

PROJECT PERIOD: July 1, 1017 to June 30, 2018

<b>REVENUE</b>		
City of Ashland Grant Funds		\$ 42,300
Jackson County Funds /Identify:		\$
Other State or Federal Funds /Identify:		\$
Other Funds / Southern Oregon University Budgeted Operations		\$ 52,283
Other Funds / Federal Work Study and PEAK Student Employment		\$ 2,568
		\$
<b>TOTAL REVENUE</b>		<b>\$ 97,151</b>
<b>EXPENDITURES</b>		
<b>A. PERSONAL SERVICES (List costs by job title or function)</b>		
Total Salaries	% of time to project	\$ 14,567
1. Director	10%	
2. Office Manager/Marketing	10%	
3. Artist/Coordinators Grant Request	100%	
4. Student Assistants	10%	
Total Benefits		\$ 4,272
1. Director		
2. Office Manager/Marketing		
3. Artist/Coordinators Grant Request		
4. Guest Artists		
<b>TOTAL PERSONAL SERVICES</b>		<b>\$ 18,839</b>
<b>B. MATERIALS &amp; SERVICES:</b>		
Art/Studio supplies – Grant Request		\$ 600
Advertising paid for by Schneider Museum of Art		\$ 30,160
FREE Family Day flyer distribution to the Schools – Grant Request		\$ 5,400
Statewide Periodical Advertising – Grant Request		\$ 6,500
I5 and Crater Lake Billboards – Grant Request		\$ 24,000
Guest Artist Travel – Grant Request		\$ 1,800
Rent, Utilities, IT Services, and other overhead paid for by SMA		\$ 9,852
<b>TOTAL MATERIALS &amp; SERVICES</b>		<b>\$ 78,312</b>
<b>TOTAL EXPENDITURES</b>		<b>\$ 97,151</b>

Internal Revenue Service

Department of the Treasury

District  
Director

300 N. Los Angeles Street, MS 7043  
Los Angeles, CA 90012

SOUTHERN OREGON UNIVERSITY FOUNDATION  
1250 SISKIYOU BLVD.  
ASHLAND, OR 97520-2268

Person to Contact:  
L BARRAGAN  
Telephone Number:  
(213) 894-2336  
Refer Reply to:  
EO(0219)98  
Date:

FEBRUARY 20, 1998

EIN: [REDACTED]

Dear Taxpayer:

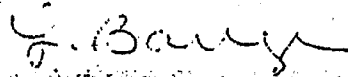
This letter is in response to your request for a copy of the determination letter for the above named organization.

Our records indicate this organization was recognized to be exempt from Federal Income Tax in JANUARY 1968 as described in Internal Revenue Code Section 501(c)(3). It is further classified as an organization that is not a private foundation as defined in Section 509(a) of the Code, because it is an organization described in Section 170(b)(1)(A)(vi).

The exempt status for the determination letter issued in JANUARY 1968 continues to be in effect.

If you need further assistance, please contact our office at the above address or telephone number.

Sincerely,



Disclosure Assistant

# **SOUTHERN OREGON UNIVERSITY FOUNDATION**

## **RESTATED BYLAWS**

**June 18, 2013**

### **ARTICLE I: PURPOSE**

1. **Purpose:** The object and activities of this corporation shall be in general to aid and promote educational, scientific and charitable activities and purposes, and in particular to support and further the educational, scientific, charitable or other lawful activities and purposes of Southern Oregon University, all as are more particularly set forth in the Restated Articles of this corporation. This corporation, from time to time, will be referred to herein as the "Foundation".

### **ARTICLE II: BOARD OF TRUSTEES**

1. **Definition:** The corporate powers of this Foundation as a Trustee or otherwise, shall be vested in a Board of Trustees which shall serve as the governing body of the Foundation.
2. **Functions and Powers:** The function of the Board of Trustees shall be to support the advancement programs for Southern Oregon University by the exercise of the following grants of authority and powers, which are not intended to be exclusive in nature:
  - a. To support a continuous advancement program for Southern Oregon University.
  - b. To encourage contributions to the Foundation from students, alumni, faculty, friends, professions, commerce, industry and organizations.
  - c. To work with other interested parties to identify the needs of Southern Oregon University which it is believed can be met through gifts, grants and bequests, and to attempt to obtain the necessary funds or property for the same.
  - d. To elect and appoint officers and committees for the accomplishment of its purposes.
  - e. To solicit, receive, own, lease and otherwise hold, manage, use, invest or dispose of, transfer, convey, sell, pledge, deliver, purchase and encumber assets, including real and personal property of all kinds, for the purposes herein set forth, and to deal with such property both as trustee and directly.
  - f. To transfer, convey and deliver freely assets when, in the sole discretion of the Board of Trustees, such transfers will be appropriate to accomplish the purposes otherwise set forth herein.

- g. To manage, invest, reinvest and dispose of monies and property in accordance with policies developed by the Board of Trustees in accord with Oregon law and appropriate fiduciary standards and in the case of conditional gifts accepted by the Foundation, in accord with the terms and conditions prescribed by the donor, grantor, or trustor thereof. If the donor, grantor or trustor specifically directs that said money, real or personal property be used only for a specific purpose or purposes, then upon acceptance by the Foundation, such direction shall be observed.
  - h. To conduct campaigns for gifts of money and real and personal property and for the purpose of defraying the expenses thereof to take the income from the corpus of such gifts of money, real and personal property, sufficient sums as may be necessary to defray the expenses of the campaign and the other expenses for the Foundation.
  - i. To borrow money, from time to time, and to execute a note or notes therefore and also to loan monies for the purposes set forth herein upon such terms and conditions as may seem prudent.
  - j. To reserve the right to refuse any gift that it deems to be inconsistent with the policies of the Board or the interest of the Foundation.
  - k. To exercise all rights and powers granted to nonprofit corporations under the laws of the State of Oregon now existing or as they may hereafter be amended.
3. **Composition:** The Board of Trustees shall consist of no fewer than twenty-five (25) nor more than forty (40) elected Trustees-at-large, plus such other Trustee categories as hereinafter are set forth in the Bylaws or as may be created by the Foundation Board.
- a. **Trustees-at-large:** Trustees-at-large shall be elected by the Board at its annual meeting for terms of three years, no term limitations. Terms shall be staggered so that approximately one third of the Trustees are elected each year.
  - b. **Ex Officio Trustees:** Serving on the Board of Trustees, ex officio, shall be the President of the University and other persons as the Trustees at their option shall designate. (Non-voting)
  - c. **Faculty Trustees:** A Faculty Trustee shall be recommended yearly by the Faculty Senate and approved by the Board. (Non-voting)
  - d. **Student Trustees:** A Student Trustee shall be selected by the university president and approved by the Foundation Board Executive Committee to serve one, two-year term as a voting member. The Student Trustee shall be at least 18 years of age and he or she must be a regularly matriculated undergraduate or graduate student in good academic standing. This position should be granted to the student who best embodies the mission of higher education.

- e. **Organizational Trustees:** One organizational representative shall be nominated by each Foundation Affiliate identified under Article VIII hereof and upon approval of the Board; such representative shall be a voting member.
  - f. **Life Trustee:** The position of Life Trustee is an honorary position. There shall be no limit on the number of Life Trustees. Nomination and election of Life Trustees shall be based on distinguished service to the Foundation. The nomination of Trustees for the designation of Life Trustee shall be made by the Board Governance Committee in consultation with the President of the University, the President of the Board of Trustees, and the Executive Director of the Foundation. The committee may nominate any Trustee who has served at least two (2) terms on the Board. The names of the persons nominated for the position of Life Trustee shall be submitted to the Executive Committee and the Board for approval. The term of office for each Life Trustee shall be for the life of the Life Trustee. The position of Life Trustee is non-voting.
  - g. **Honorary Life Trustee:** The position of Honorary Life Trustee is an honorary position. There shall be no limit on the number of Honorary Life Trustees. Nomination and election of Honorary Life Trustees shall be based on distinguished service and extraordinary contribution to the Foundation and University. The nomination of persons for the designation of Honorary Life Trustee shall be made by the Board Governance Committee in consultation with the President of the University, the President of the Board of Trustees, and the Executive Director of the Foundation. The names of the persons nominated for the position of Honorary Life Trustee shall be submitted to the Executive Committee and the Board for approval. The term of office for each Honorary Life Trustee shall be for the life of the Honorary Life Trustee. The position of Honorary Life Trustee is non-voting.
- 4. **Voting Rights:** All Trustees shall exercise full voting rights, except those Trustees designated as non-voting and those individuals who are currently employed one-half time or more by the State Board of Higher Education. Such Trustees shall have no vote.
  - 5. **Meetings:** Annual meeting of the Board of Trustees shall be held in May or June of each year at such time and place as may be determined by the Executive Committee of the Board. The Board shall meet quarterly and may hold such other meetings from time to time at such place and time as it may determine. A special meeting of the Board of Trustees shall be held whenever called by the President of the Foundation or by a majority of the members of the Board of Trustees. Unless held in accord with an established schedule, notice of a meeting shall be given to each Trustee at least seven (7) days before the meeting.
  - 6. **Quorum:** Fifty percent of voting members of the Board shall constitute a quorum for the transaction of business.



7. **Voting**

- a. **Trustee Meeting Via Telephone Conference:** Trustees may appear at a meeting of the Board by means of telephone conference or similar communication system whereby all persons participating in the meeting can speak to and hear each other, and participation in a meeting in this manner shall constitute presence in person at the meeting. Furthermore, a Trustee appearing at a Board meeting via telephone conference shall also be allowed to vote by this medium. Furthermore, it is permissible for all Trustees to appear at a meeting of the Board of Trustees via telephone conference or similar communication system.
  - b. **Action by Unanimous Written Consent:** Any action which is required to be or maybe taken at a meeting of the Trustees may be taken without a meeting if consents in writing, setting forth the action so taken, are signed by all the Trustees. The written consent may be executed in several identical counterparts by the Trustees with the effect as if the Trustees had executed a single document. The action so authorized shall be deemed taken when the last Trustee has signed the consent, unless the consent specifies an earlier or later effective date. Once delivered, a consent cannot be withdrawn. Such written consents may also be signed by electronic signature in accord with the Oregon Nonprofit Corporation Act.
8. **Attendance:** The failure of any Trustee to attend three successive meetings of the Board shall be called to the attention of the Board by the Secretary at the next following Board meeting. If said failure to attend has not been excused by the Executive Committee or the Board, said Trustee shall be removed by the Board.
9. **Resignation:** Any Trustee may resign from the Board of Trustees through written notice of his/her resignation to the President or Secretary of the Foundation, with such resignation to be effective at any then present or future time specified therein. An acceptance shall not be necessary to make such resignation effective.
10. **Vacancy on Board:** In case of any vacancy on the Board of Trustees through death, resignation, disqualification or other cause, the President of the Foundation may appoint a successor Trustee to serve for the remainder of the unexpired term.

**ARTICLE III: OFFICERS OF THE BOARD**

1. **Definition:** The officers of the Board shall consist of a President, Vice President, Secretary, and Treasurer. The President of Southern Oregon University shall not be eligible to serve as an officer of the Foundation, nor shall any member of the University administrative staff or faculty be eligible to serve in such a capacity.

2. **Election, Tenure and Vacancy:** The Officers shall be elected by the Board of Trustees at the annual meeting from nominations presented by the Board Governance Committee and shall take office on July 1 following the annual meeting. The President shall be elected every other year and shall hold office for two (2) years, with all other Officers being elected every year and holding their offices for one (1) year, and in all cases until their successors are fully elected and qualified. In case a vacancy should occur among the elected officers of the Foundation, the Board of Trustees shall, upon nomination by the Board Governance Committee, elect a successor who shall serve for the unexpired term of his/her predecessor in office.
3. **Other Officers:** The Board may appoint an assistant secretary, an assistant treasurer, and such other officers, agents and employees as it may, from time to time, deem advisable or necessary and shall prescribe their respective duties. The Board shall also have the power to summarily dismiss any officers, agents or employees described in this section and appoint their successors.
4. **Bond:** The Board may require any or all of the officers, agents and employees, as it deems advisable, to give bond or bonds for the faithful performance of their respective duties and offices but the Foundation shall pay the necessary premiums for securing such bonds.
5. **Powers and Duties of the Officers**
  - a. **President.** The President of the Board shall be the chair of the Executive Committee and shall preside at all meetings of the Board and the Executive Committee. The President shall have the power to call meetings of the Board of Trustees and the Executive Committee. The President shall be an ex-officio member of all committees. With the exception of the Finance Committee and the Board Governance Committees, the Board President shall appoint committee chairs and, in consultation with committee chairs, shall appoint the members of standing committees.
  - b. **Vice President.** The Vice President shall have the power and discharge the duties of President in the absence or infirmity of the President.
  - c. **Secretary.** The Secretary shall ensure that accurate and complete records are maintained of the minutes and actions of the Executive Committee and Board of Trustees and that notice of all meetings of the Executive Committee and Board of Trustees are provided.
  - d. **Treasurer.** The Treasurer shall be the chair of the Finance Committee. The Treasurer shall ensure that full and accurate financial records are maintained and that monies and other valuable effects of the Foundation are deposited in designated depositories of the Foundation. The Treasurer shall make periodic reports to the Board of Trustees on the financial condition of the Foundation.

## ARTICLE IV: STANDING COMMITTEES

1. **Definition:** The Standing Committees carry out the ongoing functions of the Board. The Standing Committees are:
  - a. **Executive Committee:** See Article V below.
  - b. **Board Governance:** The function of this committee shall be to recruit and nominate new Trustees, to nominate existing Trustees for subsequent terms, to nominate board officers, to evaluate Board performance, to ensure that Trustees receive appropriate recognition for their efforts, and to maintain oversight of and make recommendations to the Board about the bylaws, policies, and procedures through which the Board governs itself.
  - c. **Finance and Investment:** The function of this committee shall be to assure the financial stability and integrity of the Foundation by reviewing monthly financial statements and the annual audit, recommending appointment of the independent auditor and outside financial advisors, reviewing investment performance, and reviewing financial policies and controls and making appropriate recommendations to the Board of Trustees. The committee shall have a minimum of five (5) members who are voting Trustees.
  - d. **Development:** The function of this committee shall be to oversee the planning for and assist in the implementation of both capital and major gift campaigns and annual funds activities. Capital campaigns are to raise funds for the major needs of the University. Annual fundraising from foundations, corporations, and individuals raises funds for the short-term needs of the Foundation and the University. With respect to annual fundraising, this committee shall participate in the planning for annual fundraising and shall recruit fundraising volunteers, solicit contributions, and participate in the recognition of the donors and volunteers. The committee shall also pursue the growth, primarily through planned giving, of endowed funds by participating in the planning for and soliciting of gifts to endowment and in recognition of donors.
2. **Additional Committees:** The President of the Board shall recommend for approval by the Board of Trustees such additional standing committees as may be necessary or desirable.
3. **Membership:** All standing committees shall have a minimum of three voting Trustees. Trustees shall be appointed to serve on standing committees by the President of the Board in consultation with the chairs of the committees. The President of the Board is an ex officio member of all standing committees.
4. **Non-Board Members:** Non-Board members may be appointed as non-voting members of standing committees by the President of the Board in consultation with committee chairs.

5. **Standing Committees Chairs:** All standing committees shall be chaired by a voting trustee. Standing committee chairs shall be appointed by the President of the Board for one year terms and may be appointed for subsequent one year terms.
6. **Subcommittees:** Chairs of standing committees may delegate selected duties to one or more sub-committees with the approval of the President of the Board. Subcommittees do not have the authority to make independent decisions, without the prior approval of the standing committee.
7. **Quorum:** Fifty percent of the voting members of any standing committee shall constitute a quorum for the transaction of business. The President of the Board, if in attendance at a committee meeting, may complete a quorum and vote on questions before the committee.
8. **Limitation on Committee Powers (ORS 65.354):** A committee of the Board may not:
  - a. authorize distributions
  - b. approve dissolution, merger or the sale, pledge or transfer of all or substantially all of the corporation's assets
  - c. elect, appoint or remove Trustees or fill vacancies on the Board or on any of its committees
  - d. adopt, amend, or repeal the articles or bylaws

#### **ARTICLE V: EXECUTIVE COMMITTEE**

1. **Functions and Powers:** The functions and powers of the Executive Committee shall be as follows:
  - a. To represent and act for the Board of Trustees between meetings, with such actions to be reported to the Board at its next regularly scheduled meeting.
  - b. To receive from the staff and committee chairs reports on the progress of each program and to report such information to the Board.
  - c. To review policy and procedural recommendations from staff and committees and make recommendations to the Board.
  - d. To advise and counsel with the development staff on special problems that may arise in connection with the program.
  - e. To serve as the "Gift Acceptance Committee" for purposes of reviewing and accepting specific gifts in accordance with policy.

- f. To assure that the Foundation develops, implements, and maintains a long range plan.
  - g. To conduct an annual review of the Executive Director.
  - h. To review the annual operating budget for the Foundation and recommend its approval to the Board.
2. **Membership:** All voting members of the Committee shall be members of the Board of Trustees. The members of the Committee shall be:
- a. The President of the Board
  - b. The Vice President of the Board
  - c. The Secretary of the Board
  - d. The Treasurer of the Board
  - e. The immediate past President of the Board
  - f. The Chairs of the Standing Committees
  - g. Up to three (3) at-large Trustees appointed by the President of the Board
  - h. The President of the University (non-voting)
  - i. SOU Vice President of Administration and Finance (non-voting)
  - j. Foundation Executive Director (non-voting)
3. **Tenure:** Ex-officio members shall serve for the terms of their respective offices. The at-large members shall serve a one year term and may be re-appointed to subsequent one year terms:

#### **ARTICLE VI: AD HOC COMMITTEES**

- 1. **Definition:** The President of the Board may recommend for approval of the Board of Trustees such additional ad hoc committees as may from time to time be necessary or desirable to carry out specific time-limited tasks.
- 2. **Membership:** The President of the Board shall appoint the members of the committee in consultation with the committee chair.

3. **Committee Chair:** The President of the Board shall appoint the chair of the committee for a term of up to one year.
4. **Termination:** Ad hoc committees shall cease to exist at the end of each Board year unless reappointed by the Board.
5. **Emeritus Council:** The Board of Trustees may establish an Emeritus Council made up of former Foundation Trustees to assist Southern Oregon University and the Foundation in their mission of education, research, and other charitable activities.

#### **ARTICLE VII: ADVISORY COUNCILS**

1. **Appointment:** The Board of Trustees may appoint an advisory council to advise the Board of Trustees and the administration of the University and Foundation with respect to any policies, programs or activities of the Foundation or University. Any recommendations to the Board of Trustees shall be advisory only. Neither the advisory council nor any of its members have authority to act for or on behalf of the Foundation unless specifically authorized by resolution of the Board of Trustees.
2. **Membership:** Members shall be nominated by the Board Governance Committee and elected by the Board of Trustees. Term lengths shall be established by the Board of Trustees. Members shall serve at the pleasure of the Board of Trustees.
3. **Chair:** The Board of Trustees shall designate one member of the advisory council as its chair. The chair shall serve at the pleasure of the Board of Trustees.
4. **Meetings:** The advisory council shall meet from time to time at the call of the President of the Board or the chair of the council.
5. **Emeritus Council:** The Board of Trustees has established an Emeritus Council made up of former Foundation Trustees to assist Southern Oregon University and the Foundation in their mission of education, research, and other charitable activities.

#### **ARTICLE VIII: FOUNDATION AFFILIATES**

1. **Foundation Affiliates:** The Foundation may include as part of its organization one or more affiliates that support a particular unit or activity of Southern Oregon University in compliance with an agreement between Southern Oregon University and Southern Oregon University Foundation and with OAR 580-46-020(4). Such affiliates include Friends of the Schneider Museum of Art, Raider Club, Southern Oregon University Alumni Association, Southern Oregon University Friends of the Library, Chamber Music Concerts, Osher Lifelong Learning Institute (OLLI), and Southern Oregon University Parents Association.

## ARTICLE IX: FOUNDATION ASSOCIATES

1. **Foundation Associates:** The Foundation may establish or associate with another entity interested in the institution in compliance with an agreement between Southern Oregon University and Southern Oregon University Foundation and with OAR 580-46-020(5). Such associates may include Jefferson Public Radio Listeners Guild.

## ARTICLE X: PARLIAMENTARY PROCEDURE

1. **Rules:** In the absence of special regulations to the contrary, the latest edition of Roberts Rules of Order shall govern the procedure of all meetings.

## ARTICLE XI: FINANCIAL MATTERS

1. **Fiscal Year:** The fiscal year of this corporation shall end on June 30 of each year.
2. **Audit:** The Foundation shall be audited annually by a certified public accountant.

## ARTICLE XII: DISCRIMINATION

1. **Discrimination:** The Corporation shall not discriminate in providing services or in hiring employees upon the basis of race, color, religion, gender, sexual orientation, marital status, disability, national origin, veteran status, age, or any other status protected by law.

## ARTICLE XIII: DISSOLUTION

1. **Dissolution:** In event of the voluntary or involuntary dissolution of the Foundation, then title to any and all assets and property of said Foundation after payment of any lawful obligations shall pass over to and be vested in the State of Oregon by and through the State Board of Higher Education, or its successor board or agency, for the benefit of Southern Oregon University, Ashland, Oregon, or its successor institution.

## ARTICLE XIV: INDEMNIFICATION OF TRUSTEES AND OFFICERS

1. **Indemnification:** This Foundation shall indemnify any person who was, is, or hereafter may be, a party to, or is threatened to be made a party to, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he/she is or was a trustee or officer of the Foundation. The indemnification shall be extended to any person whose conduct or activity while acting within the scope of his/her authority or employment as a Trustee, officer, agent or employee of this Foundation results in expenses to him/her in the nature of attorney's fees, judgments, fines and amounts to be paid in settlement actually and reasonably incurred by said person in connection with the action, suit or proceeding if he/she acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interests of the Foundation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his/her conduct was unlawful.
2. **Insurance:** This Foundation shall have power to purchase and maintain insurance on behalf of any person who is or was a Trustee, officer, employee or agent of the Foundation, and shall have the option to purchase such insurance on behalf of other persons, corporations or trusts that may be working with or for the benefit of the Foundation. Such insurance shall hold them harmless from and indemnify them against liability asserted against them and/or incurred while acting within the scope of their authority as granted by the Foundation.
3. This Article shall be subject to and shall be applied so as to be consistent with ORS 65.387 to ORS 65.414 as it now exists and hereinafter may be amended.
4. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise.

## ARTICLE XV: AMENDMENTS

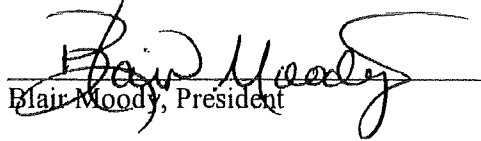
1. **Amendments:** Amendments to these Bylaws may be enacted by the Board of Trustees at any meeting provided the substance of the proposed amendments is stated in the notice of the meeting. A two-thirds vote of the voting members of the Board in attendance shall be necessary to pass amendments to and restatements of these Bylaws.



Adopted this 18th day of June, 2013 by the Board of Trustees.

SOUTHERN OREGON UNIVERSITY FOUNDATION

By

  
Blair Moody, President

Attest:

  
Sue Kupillas, Secretary

Revised November 29, 1983  
Revised May 26, 1987  
Revised September 18, 1990  
Revised May 9, 1994  
Revised October 2, 1995  
Revised June 2, 1997  
Revised March 6, 2002  
Revised September 13, 2003  
Revised November 7, 2006  
Revised May 17, 2011  
Revised June 18, 2013



Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)
Do not enter social security numbers on this form as it may be made public.
Information about Form 990 and its instructions is at www.irs.gov/form990.

2014

Open to Public Inspection

Department of the Treasury Internal Revenue Service

A For the 2014 calendar year, or tax year beginning 7/01, 2014, and ending 6/30, 2015

B Check if applicable: Address change, Name change, Initial return, Final return/terminated, Amended return, Application pending
C SOUTHERN OREGON UNIVERSITY FOUNDATION, 1250 SISKIYOU BOULEVARD, ASHLAND, OR 97520
D Employer identification number
E Telephone number (541) 552-6129
G Gross receipts \$ 5,740,714.
H(a) Is this a group return for subordinates? Yes No
H(b) Are all subordinates included? Yes No

I Tax-exempt status: 501(c)(3), 501(c) ( ), 4947(a)(1) or 527

J Website: WWW.SOFOUNDATION.ORG
H(c) Group exemption number

K Form of organization: Corporation, Trust, Association, Other
L Year of formation: 1959
M State of legal domicile: OR

Part I Summary

1 Briefly describe the organization's mission or most significant activities: SEE SCHEDULE O
2 Check this box if the organization discontinued its operations or disposed of more than 25% of its net assets.
3 Number of voting members of the governing body (Part VI, line 1a) 3 31
4 Number of independent voting members of the governing body (Part VI, line 1b) 4 31
5 Total number of individuals employed in calendar year 2014 (Part V, line 2a) 5 0
6 Total number of volunteers (estimate if necessary) 6 84
7a Total unrelated business revenue from Part VIII, column (C), line 12 7a 0.
7b Net unrelated business taxable income from Form 990-T, line 34 7b 0.

Table with 3 columns: Revenue, Prior Year, Current Year. Rows 8-12: Contributions and grants, Program service revenue, Investment income, Other revenue, Total revenue.

Table with 3 columns: Expenses, Prior Year, Current Year. Rows 13-19: Grants and similar amounts paid, Benefits paid, Salaries, Professional fundraising fees, Total fundraising expenses, Other expenses, Total expenses, Revenue less expenses.

Table with 3 columns: Net Assets or Fund Balances, Beginning of Current Year, End of Year. Rows 20-22: Total assets, Total liabilities, Net assets or fund balances.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here: Signature of officer JANET FRATELLA, Date, EXECUTIVE DIR.

Paid Preparer Use Only: Print/Type preparer's name STEWART C. PARMELE, CPA, Preparer's signature, Date, Check self-employed, Firm's name KDP CERTIFIED PUBLIC ACCOUNTANTS, LLP, Firm's address 640 SUPERIOR CT, MEDFORD, OR 97504-6181, Firm's EIN, Phone no. (541) 773-6633

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

1 Briefly describe the organization's mission:

SEE SCHEDULE O

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

Yes No

If 'Yes,' describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services?

Yes No

If 'Yes,' describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: ) (Expenses \$ 2,446,415. including grants of \$ 1,264,949.) (Revenue \$ )

THE SOUTHERN OREGON UNIVERSITY FOUNDATION PROVIDES FUNDS TO SUPPORT AND PROMOTE ACADEMIC AND ATHLETIC PROGRAMS, THE UNIVERSITY ART MUSEUM AND LIBRARY OPERATIONS, AND STUDENT AND ALUMNI ACTIVITIES OF SOUTHERN OREGON UNIVERSITY. THE FOUNDATION PROVIDED \$1,264,949 OF SCHOLARSHIPS, GRANTS AND AWARDS TO STUDENTS AND ACADEMIC DEPARTMENTS AND PROGRAMS AT SOUTHERN OREGON UNIVERSITY. SOUTHERN OREGON UNIVERSITY OFFERS OVER 42 MAJORS AND MORE THAN 160 AREAS OF STUDY TO ITS 6,200 STUDENT ENROLLMENT OF UNDERGRADUATES AND GRADUATES.

4b (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )

4c (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )

4d Other program services. (Describe in Schedule O.)

(Expenses \$ including grants of \$ ) (Revenue \$ )

4e Total program service expenses 2,446,415.

**Southern Oregon University Foundation**

**Financial Statements**

**For the Years Ended  
June 30, 2015 and 2014**

**With**

**Independent Auditor's Report**



A Kosmatka, Donnelly, and Piels Company  
640 Superior Court, Medford, OR 97504

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Southern Oregon University Foundation  
Ashland, Oregon

We have audited the accompanying financial statements of Southern Oregon University Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits 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 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 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 Southern Oregon University Foundation as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Stewart C. Parmele, CPA, Partner*

Stewart Parmele CPA, Partner  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
September 16, 2015



**SOUTHERN OREGON UNIVERSITY FOUNDATION**  
**Statements of Financial Position**  
**June 30, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 830,187	\$ 625,506
Investments	24,862,488	25,641,108
Promises to give, net	105,556	92,132
Other current assets	8,796	10,051
<b>Total current assets</b>	25,807,027	26,368,797
<b>Other assets</b>		
Long term promises to give, net	26,847	76,405
Assets held under split interest-agreements	1,071,445	1,141,854
Other assets	1,971,960	1,800,379
<b>Total other assets</b>	3,070,252	3,018,638
<b>Total Assets</b>	\$ 28,877,279	\$ 29,387,435
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 14,516	\$ 16,654
Scholarships payable	674,147	695,408
Deferred revenue	210,037	163,592
Note payable, current portion	-	385,000
<b>Total current liabilities</b>	898,700	1,260,654
<b>Obligations under split-interest agreements</b>	511,724	536,212
<b>Total liabilities</b>	1,410,424	1,796,866
<b>Net assets</b>		
Unrestricted		
Available for general obligations and programs	1,376,307	3,518,278
Board designated - Endowment	126,850	129,596
Board designated - Capital projects	-	(2,200,000)
Underwater endowments	(223,793)	(92,026)
Total unrestricted	1,279,364	1,355,848
Temporarily restricted	6,681,617	7,000,157
Permanently restricted	19,505,874	19,234,564
<b>Total Net Assets</b>	27,466,855	27,590,569
<b>Total liabilities and net assets</b>	\$ 28,877,279	\$ 29,387,435

See accompanying notes to the financial statements.

**SOUTHERN OREGON UNIVERSITY FOUNDATION**  
**Statement of Activities**  
**Year Ended June 30, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Public Support, Revenue, and Gains</b>				
Contributions	\$ 125,747	\$ 1,406,934	\$ 322,083	\$ 1,854,764
Contributed services support	547,095	-	-	547,095
Investment income	343,706	1,027,825	(218)	1,371,313
Net unrealized gain (loss) on investments	(134,512)	(925,310)	-	(1,059,822)
Change in value of split-interest agreements	-	-	(50,555)	(50,555)
Fundraising activities and other income	10,951	614,255	-	625,206
Net assets released from restrictions	2,442,244	(2,442,244)	-	-
Total public support, revenue, and gains	<u>3,335,231</u>	<u>(318,540)</u>	<u>271,310</u>	<u>3,288,001</u>
<b>Functional Expenses</b>				
Program Services				
University support	386,657	-	-	386,657
Affiliate support	794,809	-	-	794,809
Scholarships, grants and awards	1,264,949	-	-	1,264,949
Total program services	<u>2,446,415</u>	<u>-</u>	<u>-</u>	<u>2,446,415</u>
Operating Expenses				
Management and general	220,884	-	-	220,884
Management and general - contributed	217,339	-	-	217,339
Property management	2,308	-	-	2,308
Fundraising	195,036	-	-	195,036
Fundraising - contributed	329,733	-	-	329,733
Total operating expenses	<u>965,300</u>	<u>-</u>	<u>-</u>	<u>965,300</u>
Total functional expenses	<u>3,411,715</u>	<u>-</u>	<u>-</u>	<u>3,411,715</u>
<b>Change in Net Assets</b>	(76,484)	(318,540)	271,310	(123,714)
<b>Net Assets at Beginning of Year</b>	<u>1,355,848</u>	<u>7,000,157</u>	<u>19,234,564</u>	<u>27,590,569</u>
<b>Net Assets at End of Year</b>	<u>\$ 1,279,364</u>	<u>\$ 6,681,617</u>	<u>\$ 19,505,874</u>	<u>\$ 27,466,855</u>

See accompanying notes to the financial statements.

**SOUTHERN OREGON UNIVERSITY FOUNDATION**  
**Statement of Activities**  
**Year Ended June 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Public Support, Revenue, and Gains</b>				
Contributions	\$ 146,422	\$ 1,373,695	\$ 413,590	\$ 1,933,707
Contributed services support	590,375	-	-	590,375
Investment income	184,695	3,647,950	141,768	3,974,413
Net unrealized gain (loss) on investments	1,112,766	(599,035)	-	513,731
Change in value of split-interest agreements	-	-	(29,732)	(29,732)
Fundraising activities and other income	7,461	550,562	-	558,023
Net assets released from restrictions	2,713,172	(2,713,172)	-	-
Total public support, revenue, and gains	<u>4,754,891</u>	<u>2,260,000</u>	<u>525,626</u>	<u>7,540,517</u>
<b>Functional Expenses</b>				
<b>Program Services</b>				
University support	627,356	-	-	627,356
Affiliate support	690,330	-	-	690,330
Scholarships, grants and awards	1,242,947	-	-	1,242,947
Total program services	<u>2,560,633</u>	<u>-</u>	<u>-</u>	<u>2,560,633</u>
<b>Operating Expenses</b>				
Management and general	198,022	-	-	198,022
Management and general - contributed	209,126	-	-	209,126
Property management	2,054	-	-	2,054
Fundraising	214,263	-	-	214,263
Fundraising - contributed	374,041	-	-	374,041
Loss on disposal of property and equipment	22,504	-	-	22,504
Total operating expenses	<u>1,020,010</u>	<u>-</u>	<u>-</u>	<u>1,020,010</u>
Total functional expenses	<u>3,580,643</u>	<u>-</u>	<u>-</u>	<u>3,580,643</u>
<b>Change in Net Assets</b>	1,174,248	2,260,000	525,626	3,959,874
<b>Net Assets at Beginning of Year</b>	<u>181,600</u>	<u>4,740,157</u>	<u>18,708,938</u>	<u>23,630,695</u>
<b>Net Assets at End of Year</b>	<u>\$ 1,355,848</u>	<u>\$ 7,000,157</u>	<u>\$ 19,234,564</u>	<u>\$ 27,590,569</u>

See accompanying notes to the financial statements.

**SOUTHERN OREGON UNIVERSITY FOUNDATION**  
**Statements of Cash Flows**  
**Years Ended June 30, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ (123,714)	\$ 3,959,874
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in value of obligations under split-interest agreements	50,555	29,732
Investment income	(1,367,658)	(3,974,413)
Net unrealized (gain) loss on investments	1,059,822	(513,731)
Contributions of stock	-	(4,413)
Contributions of other assets	(171,581)	
Loss on sale of property and equipment	-	22,504
(Increase) decrease in:		
Other current assets	1,255	3,139
Promises to give	36,134	(17,450)
Assets held under split-interest agreements	88,391	81,457
Increase (decrease) in:		
Accounts payable and accrued liabilities	(2,138)	(9,178)
Scholarships payable	(21,261)	247,964
Deferred revenue	46,445	(16,257)
Obligations under split-interest agreements	(80,982)	11,110
<b>Net cash provided (used) by operating activities</b>	<b>(484,732)</b>	<b>(179,662)</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investments	1,074,413	350,000
Reinvestment of dividends in assets held under split-interest agreements	-	(58,066)
<b>Net cash provided (used) by investing activities</b>	<b>1,074,413</b>	<b>291,934</b>
<b>Cash Flows from Financing Activities</b>		
Payments toward long-term debt	(385,000)	-
<b>Net cash provided (used) by financing activities</b>	<b>(385,000)</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	204,681	112,272
<b>Cash and Cash Equivalents, Beginning of Year</b>	625,506	513,234
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 830,187</b>	<b>\$ 625,506</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 827	\$ 7,893
<b>Noncash gifts received:</b>		
Other Assets	\$ 171,581	\$ -

See accompanying notes to the financial statements.

**SOUTHERN OREGON UNIVERSITY FOUNDATION**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**1. Organization**

The Southern Oregon University Foundation (the Foundation) is a nonprofit corporation established in 1959 to support and promote the educational, scientific and charitable activities of Southern Oregon University and programs and activities occurring on its campuses or in its facilities or undertaken by it in coordination with other educational, scientific or charitable institutions. Supporting and promoting includes activities to solicit, acquire, receive, own, manage, invest, and dispose of any real and personal property for the benefit of Southern Oregon University. The Foundation's exempt purpose includes maintaining a development program to encourage contributions to the Foundation for University Support (academic programs, capital projects, athletics, student activities, etc.), and maintaining scholarships, grants, and loan funds for the benefit of students and faculty at Southern Oregon University. The Foundation also includes six affiliate organizations (not separately organized) that support and promote a specific unit or activity of Southern Oregon University and are comprised of the Alumni Association, Chamber Music Concerts, Friends of the Hannon Library, Friends of the Schneider Museum of Art, Osher Lifelong Learning Institute, and Raider Club.

**2. Summary of Significant Account Policies**

**Basis of Accounting**

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

**Basis of Presentation**

In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

*Unrestricted Net Assets* – represent unrestricted resources available to support the Foundation's operations and temporarily restricted resources which have become available for use by the Foundation in accordance with the intention of the donor. Unrestricted net assets may also be designated for specific purposes, such as board-designated or quasi-endowments, by action of the Board of Trustees.

*Temporarily Restricted Net Assets* – represent contributions that are limited in use by the Foundation in accordance with temporary donor-imposed stipulations. These stipulations may expire with time or may be satisfied by the actions of the Foundation according to the intention of the donor. Upon satisfaction of such stipulations, the associated net assets are released from temporarily restricted net assets and recognized as unrestricted net assets.

*Permanently Restricted Net Assets* – represent net assets subject to donor-imposed stipulations that they be maintained by the Foundation in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the investment return on these assets.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are generally reported as decreases in unrestricted net assets. Expirations of donor-imposed stipulations are reported as net assets released from restrictions.

**SOUTHERN OREGON UNIVERSITY FOUNDATION**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**2. Summary of Significant Account Policies (continued)**

**Contributions and Promises to Give**

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Unconditional promises to give that extend beyond one year are recorded at present value, which approximates fair value and an allowance for doubtful accounts is established based on the prior collection history of pledged contributions. Conditional promises to give are not recognized until they become unconditional; that is, when the donor-imposed conditions are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the date of gift.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net asset are reclassified to unrestricted net assets and reported in the statement of activities as net assets release from restrictions.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 reported amounts of revenues, expenses, gains and losses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash, money market accounts, and commercial paper with maturities of three months or less at the date of acquisition that are not otherwise held by an investment advisor.

**Investments**

Investments are stated at fair value based on quoted market prices. Investments acquired by gift are recorded at fair value on the date received. Gains or losses are calculated based on specific identification of the investments. Dividend, interest, and other investment income are recorded net of related custodial and advisory fees. Unrealized gains and losses result from changes in the fair value of investments.

**Artwork**

Collections, works of art and historical treasures of significance that are owned by the Organization and meet all of the required conditions, are capitalized and recorded based on cost or, if donated, at the fair market value at the date of the donation. Required conditions for capitalizing are:

- Held for public exhibition, education, or research in furtherance of public service, rather than financial gain.
- Protected, kept unencumbered, cared for, and preserved.
- Subject to an organizational policy that required the proceeds from sales of collection items to be used to acquire other items for collections.

Inexhaustible collections, works of art and historical treasures where the economic benefit or service potential is used up so slowly that the estimated useful lives are extraordinarily long are not depreciated. Because of their cultural, aesthetic, or historical value, these assets are protected and preserved in a manner greater than that for similar assets without such cultural, aesthetic, or historical value.

**SOUTHERN OREGON UNIVERSITY FOUNDATION**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**2. Summary of Significant Account Policies (continued)**

**Concentrations of Risk**

The Foundation's cash, cash equivalents and investments consist of various financial instruments. These financial instruments may subject the Foundation to concentrations of risk as, from time to time, cash and investment balances may exceed amounts insured by the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation, the fair value of debt securities are dependent on the ability of the issuer to honor its contractual commitments, and the fair value of the investments are subject to change. At June 30, 2015 and 2014 the Foundation exceeded amounts insured by the FDIC by \$309,869 and \$98,640, respectively.

**Contributed Services**

The Foundation receives from Southern Oregon University certain administrative services and the use of office space at no cost under the terms of an agreement revised in 1998. The Foundation offices are located in a building on campus that was remodeled using funds raised by the Foundation. No contribution from the University is recorded for use of the facility.

The Foundation records a contribution for services provided by University personnel with specialized skills that the Foundation would need to hire if the services were not contributed.

For the year ended June 30, 2015 and 2014, the Foundation recorded contributed management and general services of \$217,339 and \$209,126 and contributed fundraising services of \$329,733 and \$374,041 for a total \$547,072 and \$583,167, respectively, in contributed services support, from Southern Oregon University.

The amount receivable or "due from" the University, including amounts in other current assets, totaled \$8,796 and \$10,051 as of June 30, 2015 and 2014, respectively.

The Foundation received contributed services from other sources that totaled \$0 and \$7,120 for the years ended June 30, 2015 and June 30, 2014.

**Tax-Exempt Status**

The Southern Oregon University Foundation has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the U.S. Internal Revenue Code and is exempt from federal and state income taxes on related activities. No tax provision has been made in the accompanying statements of activities and changes in net assets. In addition, the Foundation has been determined by the Internal Revenue Service not to be a "private foundation" as defined in Code Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1).

The Foundation recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The foundation recognizes interest and penalties related to income tax matters in operating expenses. At June 30, 2015 and 2014, there were no such uncertain tax positions.

**Reclassifications**

Certain reclassifications have been made to the June 30, 2014 financial statements to conform to the 2015 presentation.

**SOUTHERN OREGON UNIVERSITY FOUNDATION**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**3. Investments and Investment Income**

Investments consisted of the following as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 54,954	\$ 45,312
Equity securities	20,834,188	21,679,945
Fixed income securities	3,973,346	3,915,851
	<u>\$ 24,862,488</u>	<u>\$ 25,641,108</u>

Investment income from cash and cash equivalents, investments and assets held under split-interest agreements for the years ended June 30 consisted of the following:

	<u>2015</u>	<u>2014</u>
Net realized gain/(loss) on investments	\$ 236,986	\$ 3,558,895
Dividends and interest	1,259,705	477,819
	<u>\$ 1,496,691</u>	<u>\$ 4,036,714</u>

Investment income is reported net of investment expenses of \$125,378 and \$62,301 for the years ended June 30, 2015 and 2014, respectively.

**4. Promises to Give**

Promises to give at June 30, 2015 and 2014 are summarized as follows:

	<u>2015</u>	<u>2014</u>
Promises to give expected to be collected in less than one year	\$ 106,056	\$ 109,957
Promises to give expected to be collected in one to five years	29,800	82,237
Total promises to give	135,856	192,194
Less allowance for uncollectible promises	(2,700)	(21,725)
Less Present value discount of long-term promises	(753)	(1,932)
Net promises to give	<u>\$ 132,403</u>	<u>\$ 168,537</u>

The allowance for uncollectible promises to give at June 30, 2015 was determined by providing for an uncollectible allowance equal to 50 percent of pledges receivable over one year past due, 100 percent of pledges receivable over two years past due, and identification of specific accounts. The present value discount of long-term promises to give was calculated using the average U.S. Treasury Daily Treasury Yield Curve Rates. The discount rates used were 1.09 percent at June 30, 2015 and 0.99 percent at June 30, 2014.



**SOUTHERN OREGON UNIVERSITY FOUNDATION**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**4. Promises to Give (continued)**

Promises to give at June 30, 2015 and 2014 have purpose restrictions as follows:

	<u>2015</u>	<u>2014</u>
Unrestricted	\$ 3,505	\$ 7,065
Temporarily restricted		
Academic programs	25,225	650
Scholarships	103,126	162,329
Capital projects	4,000	22,150
Less allowance and discount	(3,453)	(23,657)
Total temporarily restricted	<u>128,898</u>	<u>161,472</u>
Total	<u>\$ 132,403</u>	<u>\$ 168,537</u>

**5. Split-Interest Agreements**

The Foundation has an interest in various split-interest agreements (gift annuities) which are held in a separate investment account and administered by an outside fiscal agent. These agreements provide for payments to donor-determined beneficiaries for their life, with the remaining assets reverting to the Foundation upon the death of the beneficiaries. Assets held under split-interest agreements are carried at market value. The related remainder trust obligation is calculated as the present value of the annuity due to the beneficiaries over their estimated lives, discounted at a rate determined at the date of contribution.

The assets funding the split-interest agreements as of June 30, 2015 and 2014 are stated at fair value summarized as follows:

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 25,789	\$ 18,902
Bond funds	290,798	304,467
Equity funds	754,858	818,485
Total assets held under split-interest agreements	<u>1,071,445</u>	<u>1,141,854</u>
Obligations under split-interest agreements	(511,724)	(536,212)
Net estimated value of split-interest agreements	<u>\$ 559,721</u>	<u>\$ 605,642</u>

**SOUTHERN OREGON UNIVERSITY FOUNDATION**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**6. Other Assets**

Other assets consisted of the following as of June 30:

	<u>2015</u>	<u>2014</u>
Collections:		
Musical instrument collections	\$ 784,560	\$ 612,979
Antique furniture and collectibles	59,040	59,040
Real Property:		
Fern Valley Road, Phoenix, Oregon	1,015,125	1,015,125
Guiley property, Klamath County, Oregon	90,000	90,000
Resort property timeshares	13,500	13,500
Book inventory - History of SOU	9,735	9,735
Total other assets	<u>\$ 1,971,960</u>	<u>\$ 1,800,379</u>

Works of art, historical treasures and other similar assets held by the Foundation meet the definition of collections as they are: held for public exhibition, education, or research in furtherance of public service rather than financial gain; protected, kept unencumbered, cared for, and preserved; and subject to an organizational policy that if they were to be sold, the proceeds of items sold are to be used to purchase other items for collections.

During the year ended June 30, 2015, the Foundation was the recipient of a new Steinway Grand Piano, to be used during special musical performances. This transaction is reflected among the current year contributions.

The real property on Fern Valley Road in Phoenix, Oregon is a twenty-seven acre undeveloped parcel that was appraised at \$1,000,000 when the Foundation received the property as a contribution in 1995. The City of Phoenix had been granted an easement for use of up to two acres of the parcel for a community water reservoir. The City of Phoenix and the Foundation negotiated an agreement regarding the property. The effect of the agreement on the value of the property has not been determined and no adjustment has been made in the value of the property in the financial statement.

The Guiley property is 120 acres of vacant land suitable for recreational, agricultural and forestry uses. The land was received December 29, 1999, as a contribution at an appraised value of \$90,000. The Foundation, in accordance with the intent of the donor, has made the property available to Southern Oregon University for use as a science field site. Should the property be sold, the net proceeds are to be credited to the Guiley Scholarship endowment administered by the Foundation.

The Foundation received a contribution of two timeshare units in Puerto Vallarta, Mexico and one in Orlando, Florida. As of June 30, 2015 and 2014, the resort property timeshares are carried at their donated value.

During the period ended June 30, 2014, the Board of Trustees chose to resign as a member from the Deer Creek Center for Field Research and Education (Deer Creek), an Oregon nonprofit corporation. In doing so, the Board elected to allow Deer Creek's assets to be subsequently transferred to the remaining member, Siskiyou Field Institute, for no value in exchange. The result of this transaction is reflected in Loss on Disposal of Assets on the Statement of Activities.

**SOUTHERN OREGON UNIVERSITY FOUNDATION**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**7. Fair Values of Financial Instruments**

The Foundation records assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy, which prioritizes the inputs used in measuring fair value into three broad levels is as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs, other than the quoted price in active markets, that are observable either directly or indirectly.
- Level 3 - Unobservable inputs based on our own assumptions.

The carrying values of promises to give receivable and other current assets, accounts payable and accrued liabilities, scholarships payable and deferred revenue, approximates fair value due to the short maturity of such instruments.

The following table presents the fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30:

	<b>2015</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and cash equivalents	\$ 910,930	\$ -	\$ -	\$ 910,930
Equity securities	21,589,046	-	-	21,589,046
Fixed income securities	4,264,144	-	-	4,264,144
	\$ 26,764,120	\$ -	\$ -	\$ 26,764,120
	<b>2014</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and cash equivalents	\$ 689,720	\$ -	\$ -	\$ 689,720
Equity securities	22,498,430	-	-	22,498,430
Fixed income securities	4,220,318	-	-	4,220,318
	\$ 27,408,468	\$ -	\$ -	\$ 27,408,468

**SOUTHERN OREGON UNIVERSITY FOUNDATION**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**8. Temporarily Restricted Net Assets**

Temporarily Restricted net assets are restricted primarily for departmental and affiliate programs and activities, including capital projects. These assets are subject to donor imposed stipulations that may be or will be met either by the Foundation and/or the passage of time.

Temporarily restricted net assets as of June 30, 2015 and 2014 are available for:

	<u>2015</u>	<u>2014</u>
Academic programs	\$ 1,838,105	\$ 1,729,939
Alumni affairs	173,501	182,991
Schneider museum of art	84,815	124,105
Raider athletics	339,350	187,211
Hannon library	27,781	29,582
Chamber music concert series	487,332	476,964
Scholarships, grants and awards	2,480,145	2,875,179
Capital projects	165,754	195,529
Osher lifelong learning institute	624,301	734,431
Other program support	460,533	464,226
Total temporarily restricted net assets	<u>\$ 6,681,617</u>	<u>\$ 7,000,157</u>

**9. Permanently Restricted Net Assets**

Permanently restricted net assets are subject to donor imposed restrictions that they be maintained permanently by the Foundation. These assets are invested in perpetuity, the income from which is expendable to support the following purposes as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Academic programs	\$ 2,189,806	\$ 2,194,121
Alumni affairs	268,512	268,512
Schneider museum of art	1,262,788	1,262,788
Raider athletics	20,576	20,576
Hannon library	59,890	59,890
Chamber music concert series	51,484	51,484
Scholarships, grants and awards	12,164,818	11,916,837
Osher lifelong learning institute	2,001,115	2,000,873
Other program support	1,486,885	1,459,483
Total permanently restricted net assets	<u>\$ 19,505,874</u>	<u>\$ 19,234,564</u>

**SOUTHERN OREGON UNIVERSITY FOUNDATION**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**10. Net Assets Released from Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows as of June 30, 2015 and 2014:

	2015	2014
Academic programs	\$ 140,024	\$ 258,034
Alumni affairs	28,595	28,685
Schneider museum of art	81,487	49,581
Raider athletics	561,278	480,262
Hannon library	10,467	28,601
Chamber music concert series	234,044	244,152
Scholarships, grants and awards	963,540	1,063,467
Capital projects	5,224	48,275
Osher lifelong learning institute	318,994	336,488
Other program support	98,591	175,627
Total temporarily restricted net assets	\$ 2,442,244	\$ 2,713,172

**11. Note Payable**

On February 27, 2013 the Foundation entered into an unsecured promissory note agreement with Lithia Holdings, LLC for \$635,000. The funds were used to pay off and refinance the line of credit with Bank of the Cascades. The terms of the note require monthly payments of interest calculated on a daily basis at an annual interest rate equal to 1.75% over 30 day LIBOR Funding Rate, no principal was due until the note matured on August 25, 2015. The interest rate was 3.27% at June 30, 2014. On June 13, 2013, the Foundation made a principal payment of \$250,000 with the proceeds from the sale of the Mary Phipps Center land and building. On July 9, 2014, the Foundation paid off the note in its entirety with cash.

Amounts charged to interest expense at June 30, 2015 and 2014 were \$297 and \$7,741, respectively.

**12. Related Party Transactions**

The Foundation is one of two members of Deer Creek Center for Field Research and Education, an Oregon nonprofit organization formed to own, operate and manage, for educational and scientific purposes, an 840-acre site near Selma, Oregon. The Foundation advanced funds to Deer Creek Center in 2008 for various out of pocket costs and legal expense incurred in the formation of the new organization. As of June 30, 2013, the advances totaled \$22,504. The advanced amount is reflected in the Statements of Financial Position as an asset to be reimbursed by Deer Creek at June 30, 2013. There were no expenses for Deer Creek for the year ended June 30, 2014.

During the period ended June 30, 2014, the Board of Trustees chose to resign as a member from the Deer Creek Center for Field Research and Education (Deer Creek), an Oregon nonprofit corporation. In doing so, the Board elected to allow Deer Creek's assets to be subsequently transferred to the remaining member, Siskiyou Field Institute, for no value in exchange. The result of this transaction is reflected in Loss on Disposal of Assets on the Statement of Activities.

The Foundation entered into a promissory note agreement on February 27, 2013 with Lithia Holdings, LLC, a privately held company owned by a member of the Foundation's Board of Trustees, on July 9, 2014, the Foundation paid off the note in its entirety with cash.

**SOUTHERN OREGON UNIVERSITY FOUNDATION**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**13. Board Designated Net Assets**

In order to construct a Higher Education Center in Medford, Oregon in 2009 and renovate the library on the Ashland campus two years earlier, the Foundation utilized temporarily restricted net assets donated for these purposes, along with unrestricted net assets. It is the policy of the Oregon University System, and therefore Southern Oregon University, not to allow construction to commence until all funds, both public and private, have been deposited in University capital construction accounts. Typically then, the Foundation's procedure has been to fund the project before all pledges have been collected or fundraising completed, and in some instances, even utilizing bank borrowings to provide the private funding portions of the project in order to begin construction as soon as possible. Accordingly, the Board of Trustees of the Foundation elected to use unrestricted net assets for these projects, in the amounts of \$2,000,000 for the Higher Education Center and \$1,150,000 for the library enhancement project, and continue the capital campaigns and collection of restricted pledges after the completion of the projects in order for the Foundation to recoup its unrestricted funds used to complete the project. The Board of Trustees has elected to designate these net assets so that they may be separately identified from other Foundation unrestricted net assets. During the year ending June 30, 2015, the Board of Trustees elected to remove the designation from the balance of the unrestricted net assets. The amounts designated for the projects are \$0 and \$(2,200,000) at June 30, 2015 and 2014, respectively.

**14. Endowment and Quasi-Endowment Funds**

The Foundation's endowment consists of approximately 196 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees 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 Trustees of the Foundation has interpreted the State of Oregon Uniform Prudent Management of Institutional Funds Act (SPMIFA) as allowing the Foundation, absent of any donor stipulations to the contrary, to appropriate so much of an endowment fund as the Foundation determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted until appropriated for expenditure by the Foundation. In accordance with SPMIFA, 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 SOU Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation.

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**14. Endowment and Quasi-Endowment Funds (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 SPMIFA 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 were \$223,793 as of June 30, 2015 and \$92,026 as of June 30, 2014. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Trustees.

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 a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk.

The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 9 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, The Foundation relies on a total return 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 long-term policy of appropriating for distribution each fiscal year 4.5 percent of its endowment fund's average fair value over the prior 12 quarters preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3.5 percent 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. Because of unfavorable market fluctuations that occurred early in the year ended June 30, 2009, the spending policy was changed effective January 1, 2009 to 3.5 percent of the current fair value of the endowment fund assets. On July 1, 2014, the revalue calculation methodology was modified from quarterly to annually at June 30, disbursing quarterly.

For the years ended June 30, 2015 and 2014, the spendable amount calculated as a percentage of the quarterly beginning value of endowment funds was \$747,695 and \$698,375, respectively, and interest and dividends (current cash earnings) generated by endowment assets were \$544,622 and \$319,531, respectively.

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**14. Endowment and Quasi-Endowment Funds (continued)**

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ -	\$ 2,329,016	\$ 19,439,015	\$ 21,768,031
Assets held under split-interest agreements	-	-	66,859	66,859
Fair value amount below permanent value	<u>(223,793)</u>	<u>223,793</u>	-	-
Donor restricted endowment funds - total	(223,793)	2,552,809	19,505,874	21,834,890
Board designated endowment funds	<u>126,850</u>	<u>1,125,946</u>	-	<u>1,252,796</u>
Total endowment funds	<u>\$ (96,943)</u>	<u>\$ 3,678,755</u>	<u>\$ 19,505,874</u>	<u>\$ 23,087,686</u>

Endowment net asset composition by type of fund as of June 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ -	\$ 3,009,376	\$ 19,117,151	\$ 22,126,527
Assets held under split-interest agreements	-	-	117,413	117,413
Fair value amount below permanent value	<u>(92,026)</u>	<u>92,026</u>	-	-
Donor restricted endowment funds - total	(92,026)	3,101,402	19,234,564	22,243,940
Board designated endowment funds	<u>129,596</u>	<u>1,129,307</u>	-	<u>1,258,903</u>
Total endowment funds	<u>\$ 37,570</u>	<u>\$ 4,230,709</u>	<u>\$ 19,234,564</u>	<u>\$ 23,502,843</u>



**SOUTHERN OREGON UNIVERSITY FOUNDATION**  
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**June 30, 2015 and 2014**

**14. Endowment and Quasi-Endowment Funds (continued)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, end of the year, June 30, 2013	\$ (1,075,196)	\$ 1,919,327	\$ 18,708,938	\$ 19,553,069
Investment return:				
Investment income	45,410	407,500	141,768	594,678
Net appreciation (depreciation) (realized and unrealized)	14,350	3,897,521	-	3,911,871
Total investment return:	<u>59,760</u>	<u>4,305,021</u>	<u>141,768</u>	<u>4,506,549</u>
Change in fair value amount below permanent value				
Ending	(92,026)	92,026	-	-
Less: beginning	<u>(1,190,442)</u>	<u>1,190,442</u>	<u>-</u>	<u>-</u>
Change	1,098,416	(1,098,416)	-	-
Contributions	-	62,866	413,590	476,456
Appropriations of endowment assets for expenditure	(45,410)	(961,219)	-	(1,006,629)
Change in value of assets held under split-interest agreements	-	-	(29,732)	(29,732)
Other changes	-	3,130	-	3,130
Endowment net assets, end of the year, June 30, 2014	<u>\$ 37,570</u>	<u>\$ 4,230,709</u>	<u>\$ 19,234,564</u>	<u>\$ 23,502,843</u>
Investment return:				
Investment income	48,385	496,237	-	544,622
Net appreciation (depreciation) (realized and unrealized)	(2,746)	(249,208)	-	(251,954)
Total investment return:	<u>45,639</u>	<u>247,029</u>	<u>-</u>	<u>292,668</u>
Change in fair value amount below permanent value				
Ending	(223,793)	223,793	-	-
Less: beginning	<u>(92,026)</u>	<u>92,026</u>	<u>-</u>	<u>-</u>
Change	(131,767)	131,767	-	-
Contributions	-	80,360	321,865	402,225
Appropriations of endowment assets for expenditure	(48,385)	(1,011,402)	-	(1,059,787)
Change in value of assets held under split-interest agreements	-	-	(50,555)	(50,555)
Other changes	-	292	-	292
Endowment net assets, end of the year, June 30, 2015	<u>\$ (96,943)</u>	<u>\$ 3,678,755</u>	<u>\$ 19,505,874</u>	<u>\$ 23,087,686</u>

**SOUTHERN OREGON UNIVERSITY FOUNDATION**  
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**15. Subsequent Events**

Management of the Southern Oregon University Foundation has evaluated events and transactions occurring after June 30, 2015 through September 16, 2015, the date the financial statements were available for issuance, for recognition and/or disclosure in the financial statements.