MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS

The Board of Trustees
University of Oregon Foundation
Eugene, Oregon

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of the University of Oregon Foundation (the "Foundation") and its subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2016, and 2015, and the related consolidated 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 consolidated 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 consolidated 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 consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the University of Oregon Foundation and its subsidiaries as of June 30, 2016, and 2015, and the changes in their assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Moss Adams LLP

Eugene, Oregon
September 22, 2016

Consolidated Statement of Financial Position

The accompanying notes are an integral part of these Consolidated Financial Statements.

JUNE 30	2016	2015
ASSETS		
Investments		
Money market funds	$ 50,664	$ 83,059
Marketable securities	210,403	216,826
Limited partnerships	644,099	567,260
Other investments	5,581	5,453
TOTAL INVESTMENTS	910,747	872,598
Cash	54,886	60,911
Pledges receivable, net	110,732	117,115
Capital lease receivable, net	42,435	-
Land and buildings	18,162	18,971
Beneficial interests	13,087	13,144
Other assets, net	1,494	1,850
TOTAL ASSETS	$ 1,151,543	$ 1,084,589
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 643	$ 1,293
Deposits held in custody	15,781	17,086
Notes payable	63,036	20,935
Obligations to beneficiaries under split-interest agreements	51,726	48,765
TOTAL LIABILITIES	131,186	88,079
Net Assets		
Unrestricted		
Deficiencies in fair value of endowments	(84)	(1)
Other	11,629	9,863
Total unrestricted	11,545	9,862
Temporarily restricted	489,983	525,619
Permanently restricted	518,829	461,029
TOTAL NET ASSETS	1,020,357	996,510
TOTAL LIABILITIES AND NET ASSETS	$ 1,151,543	$ 1,084,589

Amounts are stated in thousands of dollars.

Consolidated Statement of Activities

The accompanying notes are an integral part of these Consolidated Financial Statements.

YEAR ENDED JUNE 30, 2016	UNRESTRICTED	RESTRICTED		TOTAL
		Temporarily Restricted	Permanently Restricted	
REVENUE				
Contributions	$ 457	$ 63,556	$ 62,369	$ 126,382
Investments				
Fair value increase	50	9,046	153	9,249
Investment income	3,252	7,799	-	11,051
Investment fees	(48)	(17)	-	(65)
TOTAL INVESTMENTS	3,254	16,828	153	20,235
Administrative assessments	12,599	(12,380)	-	219
Net revaluation of split-interest agreements	-	(2,688)	(4,722)	(7,410)
Other revenues	170	1,343	-	1,513
Net assets released from restriction	102,295	(102,295)	-	-
TOTAL REVENUE	118,775	(35,636)	57,800	140,939
EXPENSES				
University support				
Student scholarships	21,394	-	-	21,394
Faculty and research	18,382	-	-	18,382
Other student, academic and operational support	14,617	-	-	14,617
Total student, academic and operational support	54,393	-	-	54,393
University advancement	7,738	-	-	7,738
Facilities and equipment	48,119	-	-	48,119
TOTAL UNIVERSITY SUPPORT	110,250	-	-	110,250
Foundation administration	6,842	-	-	6,842
TOTAL EXPENSES	117,092	-	-	117,092
INCREASE (DECREASE) IN NET ASSETS	1,683	(35,636)	57,800	23,847
NET ASSETS AT BEGINNING OF YEAR	9,862	525,619	461,029	996,510
NET ASSETS AT END OF YEAR	$ 11,545	$ 489,983	$ 518,829	$ 1,020,357

YEAR ENDED JUNE 30, 2015	UNRESTRICTED	RESTRICTED		TOTAL
		Temporarily Restricted	Permanently Restricted	
REVENUE				
Contributions	$ 300	$ 96,974	$ 57,135	$ 154,409
Investments				
Fair value increase	387	42,349	297	43,033
Investment income	2,056	8,593	-	10,649
Investment fees	(36)	(38)	-	(74)
TOTAL INVESTMENTS	2,407	50,904	297	53,608
Administrative assessments	11,277	(11,038)	-	239
Net revaluation of split-interest agreements	-	(110)	(763)	(873)
Other revenues	472	26,108	8,988	35,568
Net assets released from restriction	79,578	(79,578)	-	-
TOTAL REVENUE	94,034	83,260	65,657	242,951
EXPENSES				
University support				
Student scholarships	13,657	-	-	13,657
Faculty and research	15,583	-	-	15,583
Other student, academic and operational support	25,447	-	-	25,447
Total student, academic and operational support	54,687	-	-	54,687
University advancement	8,815	-	-	8,815
Facilities and equipment	25,682	-	-	25,682
TOTAL UNIVERSITY SUPPORT	89,184	-	-	89,184
Foundation administration	6,729	-	-	6,729
TOTAL EXPENSES	95,913	-	-	95,913
INCREASE IN NET ASSETS	(1,879)	83,260	65,657	147,038
NET ASSETS AT BEGINNING OF YEAR	11,741	442,359	395,372	849,472
NET ASSETS AT END OF YEAR	$ 9,862	$ 525,619	$ 461,029	$ 996,510

Amounts are stated in thousands of dollars.

Consolidated Statement of Cash Flows

The accompanying notes are an integral part of these Consolidated Financial Statements.

YEARS ENDED JUNE 30	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	$ 23,847	$ 147,038
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Endowment contributions	(66,145)	(50,627)
Noncash gifts	(19,942)	(24,681)
Net revaluation of split-interest agreements	7,410	873
Net realized and unrealized gains	(9,026)	(43,428)
Decrease (increase) in pledges receivable	6,383	(14,683)
Other changes	734	(512)
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(56,739)	13,980
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(174,539)	(185,900)
Proceeds from sale of investments	125,859	208,737
Net change in money market funds	32,395	(38,526)
NET CASH USED BY INVESTING ACTIVITIES	(16,285)	(15,689)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from endowment gifts and pledges	68,920	51,333
Proceeds from notes payable	383	-
Repayment of notes payable	(999)	(7,578)
(Decrease) increase in deposits held in custody	(1,305)	(232)
NET CASH PROVIDED BY FINANCING ACTIVITIES	66,999	43,523
NET (DECREASE) INCREASE IN CASH	(6,025)	41,814
CASH, BEGINNING OF YEAR	60,911	19,097
CASH, END OF YEAR	$ 54,886	$ 60,911

YEARS ENDED JUNE 30	2016	2015
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
NON-CASH FINANCING ACTIVITY		
Land and buildings acquired through note payable	$ 42,717	$ -

Amounts are stated in thousands of dollars. 2015-2016 Annual Report 3

Notes to Consolidated Financial Statements

Note 1 - Organization

The University of Oregon Foundation (Foundation) was established to provide support for the private fundraising efforts of the University of Oregon (University) and to manage privately donated funds. The Foundation is a nonprofit corporation organized in accordance with the laws of the State of Oregon and governed by a volunteer Board of Trustees (Board). Under the State of Oregon's administrative rules and the contract governing the relationship between the Foundation and the University, the Foundation must be independent of, and cannot be controlled by, the University.

The private fundraising efforts of the University result in the Foundation receiving contributions for the benefit of the University. Contributions are either available to be used currently or restricted as an endowment to be invested in perpetuity and provide support from investment returns for student scholarships, faculty and research support, other operational support, and for facilities and equipment. Fundraising efforts also result in the creation of charitable trusts and gift annuities. When the trusts and annuities mature, the remainder interests are available for the designated purposes as current-use or endowment gifts. The Foundation is the trustee for substantially all of the charitable remainder trusts. The Foundation also receives unrestricted contributions that can be used for Foundation activities.

Contributions may be received in cash, marketable securities, real property, tangible personal property, gifts-in-kind, life insurance policies, and various deferred giving vehicles. Contributions received in forms other than cash, except gifts-in-kind and life insurance policies, are generally liquidated. The proceeds, together with cash gifts, are placed in investment pools or other investments consistent with the purpose of the gift or the requirements of the trust agreement. The Foundation employs investment professionals to manage the investment pools and certain trust investments, and manages other investments directly. The Foundation makes assessments primarily to cover its administrative expenses and certain University support.

Under a contractual agreement, the Foundation provides financial support for the University's private fundraising efforts, maintains donor records, issues reports to donors, and provides certain direct University support at the request of the University President.

SUBSIDIARIES

In September 2006, Oregon Future Expansion II, LLC (OFX II, LLC) was formed as a wholly-owned subsidiary of the Foundation. OFX II, LLC acquired a former sorority house in Eugene, Oregon for approximately $800 which is currently leased to the University (see Note 14).

In September 2006, Phit, LLC was formed as a wholly-owned subsidiary of the Foundation to make improvements to the University athletics facilities.

In April 2008, Oregon Future Expansion III, LLC (OFX III, LLC) was formed as a wholly-owned subsidiary of the Foundation and acquired and subsequently renovated commercial property on Franklin Boulevard, Eugene, Oregon for approximately $4,410. The property is currently leased to the University (see Note 14).

In May 2009, Oregon Future Expansion PK, LLC (OFX PK, LLC) was formed as a wholly-owned subsidiary of the Foundation to facilitate funding for the expansion of the University baseball facilities completed January 2010 (see Note 10).

In December 2009, Oregon Future Expansion Franklin, LLC (OFX Franklin, LLC) was formed as a wholly-owned subsidiary of the Foundation. OFX Franklin, LLC acquired commercial property on Franklin Boulevard in Eugene, Oregon for approximately $2,090 which is currently leased to the University and private businesses (see Note 14).

In December 2012, Phit Too, LLC was formed as a wholly-owned subsidiary of the Foundation to engage in development, construction and improvement projects in and around Autzen Stadium.

In August 2013, OFX OB, LLC was formed as a wholly-owned subsidiary of the Foundation to acquire real property and construct improvements in conjunction with OregonBILDS, a design-build studio at the University.

In November 2013, Oregon Future Expansion Millrace, LLC (OFX Millrace, LLC) was formed as a wholly-owned subsidiary of the Foundation. OFX Millrace, LLC acquired commercial property on the Millrace for approximately $8,982 which is currently leased to the University (see Note 10, 14).

In May 2014, Eugene River District LLC (ERD, LLC) was formed as a wholly-owned subsidiary of the Foundation to facilitate an investment in property on the Willamette riverfront. In November 2015 ERD, LLC was dissolved.

In February 2015, Hayward Field Enhancement, LLC (HFE, LLC) was formed as a wholly-owned subsidiary of the Foundation to facilitate the renovation and expansion of Hayward Field at the University.

In May 2015, OFX White Stag, LLC was formed as a wholly-owned subsidiary of the Foundation. OFX White Stag, LLC acquired commercial property in Portland, Oregon for approximately $42,600 which is currently leased to the University and private businesses (see Note 10, 14).

In October 2015, T3, LLC was formed as a wholly-owned subsidiary of the Foundation. There has been no activity to date.

SUPPORTING ORGANIZATION

The U of O Foundation Supporting Organization (Foundation SO) is a Type III functionally integrated supporting organization operated to support the activities of the Foundation.

Amounts are stated in thousands of dollars.

Note 2 - Summary of Significant Accounting Policies

The Foundation's consolidated financial statements are presented in conformity with Generally Accepted Accounting Principles (GAAP).

The consolidated financial statements include the accounts of the Foundation; the Foundation SO; OFX II, LLC; Phit, LLC; OFX III, LLC; OFX PK, LLC; OFX Franklin, LLC; Phit Too, LLC; OFX OB, LLC; OFX Millrace, LLC; ERD, LLC; HFE, LLC; OFX White Stag, LLC (see Note 1). All inter-entity transactions and balances have been eliminated.

INVESTMENTS

Valuation

Investments are reported at estimated fair value as determined by the Foundation, based upon a fair value hierarchy, adopted July 1, 2008, that prioritizes the input techniques used to measure fair value. The Foundation has elected to adopt early Accounting Standards Update (ASU) No. 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent). The ASU removed the requirement to categorize by level within the fair value hierarchy all investments with fair value measured using net asset value as a practical expedient and removed all other disclosure requirements. Disclosures in Note 4 have been updated accordingly in all periods presented.

The hierarchy gives the highest priority to level 1 measurements and the lowest priority to level 3 measurements:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data;

Level 3: Significant unobservable inputs for assets or liabilities.

A financial instrument's level within this fair value hierarchy is based on the lowest level of any input that is significant to its fair value measurement. All transfers between fair value hierarchy levels are recognized at the beginning of each reporting period. The fair value hierarchy does not correspond to a financial instrument's relative liquidity in the market or to its level of risk.

In determining the reasonableness of the fair value measurement methodology, management, with the oversight of the Investment Committee, evaluates a variety of factors including review of existing contracts, economic conditions, and industry and market developments. Certain unobservable inputs are evaluated and adjusted, as necessary, based on current market conditions and other third-party information.

Level 1 investments are typically investments in debt and equity marketable securities but may also include money market funds, certificates of deposit, and other highly liquid investments with maturities of 90 days or less with high credit quality entities. All level 1 investments are reported at fair value.

For level 3 investments, fair value is determined by the Foundation to be best estimated by giving consideration to any factors which might necessitate an adjustment such as initial and ongoing due diligence monitoring, significant market or portfolio changes, and assumptions of a new hypothetical market participant.

Reporting

Security transactions are recorded on a trade date basis. Interest is recorded as earned and dividends are recorded as of the ex-dividend date. Investment income includes interest and dividends; realized/unrealized gains and losses are reported as fair value increase and decrease. Investment income attributable to amounts held for the benefit of the University is reported in temporarily restricted net assets, except in certain circumstances for endowments as discussed below. When the activities occur, the amounts are transferred from temporarily restricted to unrestricted net assets and the disbursements are reported as decreases in unrestricted net assets. Investment income attributable to amounts held for the benefit of the Foundation is reported in unrestricted net assets. Investment income attributable to amounts held for the benefit of trust beneficiaries is reported in obligations to beneficiaries under split interest agreements.

ENDOWMENTS

The Board has interpreted the Uniform Prudent Management of Institutional Funds Act, as enacted by Oregon House Bill 2905, (OR-UPMIFA) as requiring the long term preservation of the fair value of the original gift amount as of the gift date of donor restricted endowment funds, absent explicit donor stipulations to the contrary.

For financial statement presentation purposes, the Foundation classifies as permanently restricted net assets (a) all funds explicitly stated by the donor to be retained permanently and (b) absent such stipulation, the fair value on the date of gift for gifts donated to the permanent endowment. The remaining portion of the donor restricted endowment fund that is not classified as permanently restricted net assets represents net unappropriated endowment investment income and is classified in temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed by OR-UPMIFA. If, as a result of investment losses or appropriations (Board authorized distributions), the fair value of endowment assets is less than the donor restricted amounts, the deficiencies are reported as reductions of unrestricted net assets.

When considering appropriation for distribution or accumulation of endowment funds, absent a specifically stated requirement in the gift instrument, the Foundation makes a good faith application of the approved Foundation spending policy, considering (a) the duration and preservation of the endowment fund; (b) the purposes of the University and the endowment fund; (c) general economic conditions; (d) the possible effect of inflation or deflation; (e) the expected total return from income and the appreciation of investments; (f) other resources of the University; and (g) the investment policy of the Foundation. The good faith application of the approved Foundation spending policy may result in the fair value of endowment assets being below the level determined as permanently restricted net assets for financial statement presentation purposes.

CASH

Cash primarily consists of demand deposits, held by a regional financial institution, for operational purposes. Cash may also be held temporarily by a national investment firm for reinvestment in marketable securities. Cash may be segregated to meet contractual obligations (see Note 10). At times, balances may exceed amounts insured by the Federal Deposit Insurance Corporation.

LAND AND BUILDINGS

Land and buildings consists of real property held for use by others, measured at fair market value less costs to sell.

BENEFICIAL INTERESTS

Beneficial interests in split-interest agreements held by others are recorded at the net present value of the estimated future amount to be received from such assets, revalued annually based on the fair value of investments on June 30. The Foundation utilizes a discounted cash flow technique to value these assets. The present value of charitable remainder trusts held by others and perpetual trusts held by others is determined using the Internal Revenue Service established discount rate of 1.8%, as well as actuarially-determined expected lives of beneficiaries ranging from 6.2 to 40 years, or 99 years for perpetual trusts.

OBLIGATIONS UNDER SPLIT-INTEREST AGREEMENTS

Obligations under split-interest agreements (remainder trusts and gift annuities) are recorded when incurred at the present value of the disbursements to be made to the donor designated beneficiaries. Disbursements under charitable remainder unitrusts are a specified percentage of the trust assets' fair value as determined annually, while disbursements under charitable remainder annuity trusts and gift annuities are fixed amounts. Disbursements are paid over the lives of the beneficiaries or another donor specified period. Present values are determined using discount rates established by the Internal Revenue Service and actuarially-determined expected lives of beneficiaries. Obligations under the split-interest agreements are revalued annually based on the fair value of investments on June 30. The net revaluations, together with any remaining recorded obligations after all trust or gift obligations under terminated agreements have been met, are reported as net revaluation of split-interest agreements in temporarily or permanently restricted net assets, depending on donor stipulations.

CONTRIBUTIONS

Gifts and pledges that represent unconditional promises to give are recorded when received or made, respectively. Pledges are recorded net of an allowance for risk associated with uncollectibility. Pledges that will be paid over periods in excess of one year are discounted to present value at U.S. Treasury note interest rates. Deferred pledges, irrevocable commitments from donors to be paid by their estates and which may be satisfied in part or in full during their lifetimes, are discounted to present value at the Internal Revenue Service discount rate and actuarially-determined expected life of the donor. Amortization of the discount is reported in subsequent periods as additional contributions.

Contributions are reported as revenues increasing net assets. Contributions that are to be invested in perpetuity as an endowment pursuant to donor restrictions are recorded as revenues increasing permanently restricted net assets. Remaining contributions with donor restrictions specifying their use for specific activities or representing time restrictions are reported as revenues increasing temporarily restricted net assets. When the activities occur or the time restrictions expire, as applicable, the amounts are transferred from temporarily restricted to unrestricted net assets and any related disbursements reported as a decrease in unrestricted net assets. In each case, contributions include the remainder interest of charitable remainder trusts and the gift portion of gift annuities established for the benefit of the University. Contributions without donor restrictions are reported as revenues increasing unrestricted net assets.

DONATED MATERIALS

Donated materials and services are reflected as contributions at their estimated values at date of receipt. Donated materials were $399 and $240 for fiscal years ended June 30, 2016 and 2015, respectively.

EXPENSES

Expenses for University support are funded by (1) outright gifts and authorized distributions of endowments for donor designated purposes and (2) allocations of unrestricted funds, not subject to donor restrictions, that the Board has approved for University Advancement and specific University projects. The Foundation only fulfills University disbursement requests that meet all applicable donor restrictions.

Expenses for Foundation administration represent Board authorized disbursements of unrestricted funds not subject to donor restrictions (see Note 13).

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual amounts can differ from these estimates.

The most significant estimates made by management include those in the areas of pledge receivable allowances and discounts, fair value of investments, and obligations to beneficiaries under split-interest agreements. Management periodically evaluates estimates used in the preparation of the consolidated financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates are made prospectively based on such periodic evaluations.

INCOME TAX STATUS

The Foundation is exempt from federal income tax in accordance with the provisions of Internal Revenue Code Section 501(c)(3). However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. Unrelated business income tax, if any, is insignificant and no tax provision has been made in the accompanying financial statements.

The Foundation and Foundation SO have each been classified as an organization that is not a private foundation. Contributions to the Foundation and Foundation SO qualify for the charitable contribution tax deduction under Section 170(b)(1)(A)(vi).

GUARANTEE

The Foundation has provided the International Association of Athletics Federation (IAAF) a guarantee that the IAAF would not incurr any financial loss as a result of the 2021 World Championships being held at the University. The maximum potential future payments are not limited under the guarantee, however, the Foundation concluded that no liability under the agreement is probable as of June 30, 2016 and 2015, based on the existence of committed external funding sources. The Foundation will continue to reassess the fair value of the guarantee through the length of the agreement.

RECLASSIFICATIONS

The Foundation's policy is to reclassify certain amounts reported in prior years' financial statements when necessary for conformity with classifications adopted in the current year. These reclassifications were not material and did not have an effect on prior year's change in net assets or total net assets.

SUBSEQUENT EVENTS

The Foundation evaluates subsequent events and transactions that occurred after June 30, 2016 but before financial statements are available to be issued, concluding September 22, 2016. Subsequent events for June 30, 2016 were evaluated through September 21, 2016.

Note 3 - Investments

Investments are organized and managed in the following four ways.

GENERAL INVESTMENT PROGRAM

The General Investment Program includes expendable gifts and endowment distributions prior to disbursement, all of which are invested for the short term. The General Investment Program also includes cash balances totaling $53,912 and $58,907 for fiscal years ended June 30, 2016 and 2015, respectively.

WILLAMETTE INVESTMENT POOL

Endowment and other funds with long-term investment horizons are pooled in the Willamette Investment Pool. The investment pool has the following objectives: (1) to provide an annual distribution for endowments, as determined by the Board of Trustees, to support designated University activities and (2) to achieve a long-term growth rate that maintains the purchasing power of the assets, as measured by the consumer price index.

The Willamette Investment Pool consisted of approximately 81% and 78% endowments and 19% and 22% other funds with long-term investment horizons, respectively at June 30, 2016 and 2015.

REMAINDER TRUSTS AND GIFT ANNUITIES

Remainder trust agreement assets are managed on an individual account basis in a diversified portfolio designed to reduce payment volatility, consider tax implications and maximize the value of each gift. Gift annuity assets are managed as a pool.

OTHER INVESTMENTS

Other investments consist of gifts that are expendable but have a longer planned spending period.

INVESTMENTS BY GROUP

JUNE 30, 2016	GENERAL INVESTMENT PROGRAM	WILLAMETTE INVESTMENT POOL	REMAINDER TRUSTS AND GIFT ANNUITIES	OTHER INVESTMENTS	TOTAL
Money market funds	$ 6,227	$ 41,028	$ -	$ 3,409	$ 50,664
Marketable securities					
Equity securities	-	66,919	50,202	1,602	118,723
Debt securities	46,581	-	34,519	10,580	91,680
TOTAL MARKETABLE SECURITIES	46,581	66,919	84,721	12,182	210,403
Limited partnerships	-	644,099	-	-	644,099
Other investments	-	250	-	5,331	5,581
TOTAL INVESTMENTS	$ 52,808	$ 752,296	$ 84,721	$ 20,922	$ 910,747
JUNE 30, 2015					**TOTAL**
Money market funds	$ 6,505	$ 62,141	$ -	$ 14,413	$ 83,059
Marketable securities					
Equity securities	-	75,653	52,426	1,437	129,516
Debt securities	39,543	-	37,805	9,962	87,310
TOTAL MARKETABLE SECURITIES	39,543	75,653	90,231	11,399	216,826
Limited partnerships	255	566,989	-	16	567,260
Other investments	-	125	-	5,328	5,453
TOTAL INVESTMENTS	$ 46,303	$ 704,908	$ 90,231	$ 31,156	$ 872,598

Amounts are stated in thousands of dollars.

Note 4 - Fair Value Measurements

RISK REDUCTION

Absolute return: The goal of this asset class is to provide consistent, absolute returns that are relatively uncorrelated with traditional equity and debt markets and act as a risk reducer for the entire portfolio. Assets are allocated among managers who use a variety of strategies including merger, event-driven and relative-value arbitrage, mezzanine debt, structured financing, long-short credit and long-short equity. Most marketable investments are subject to quarterly redemptions while one manager only offers annual redemptions. There are also illiquid assets that, because of their long-term horizon, are restricted from distributions. The term for the least liquid investment runs through 2019. There are no gates in effect as of June 30, 2016.

Liquidity: This asset class is used as an overall risk-reducer for the portfolio to hedge against deflation and as source of liquidity for portfolio rebalancing and distributions. Assets include cash and debt securities, which include government, agency or corporate issues. There are no gates in effect as of June 30, 2016.

GROWTH

Global equity: This asset class provides broad exposure to global public equity markets around the world, both developed and developing, and is expected to produce returns in the long run that help maintain the real purchasing power of the endowment. There are no gates in effect as of June 30, 2016.

Private capital: This asset class is intended to provide public-equity-plus returns but is illiquid in nature because of the long-term horizon of its various private-market investments. Assets consist of three broad sectors: venture capital, private equity, and distressed debt. The term for these investments runs through 2026.

INFLATION PROTECTION

Real assets: The goal of this asset class is to protect the overall portfolio from inflation by investing in tangible assets whose values adjust with changes in the broad price level. The asset class consists of three broad sectors: real estate, natural resources, and energy infrastructure. Real estate investments are largely based in the United States using a strategy of repositioning or renovating properties. Investments within the natural resources sector are in energy, power, farmland and timber. The term for these investments runs through 2025.

OTHER INVESTMENTS

These include private or closely-held stock.

ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS

JUNE 30, 2016	LEVEL 1	LEVEL 2	LEVEL 3	AT NAV	TOTAL
Money market funds	$ 50,664	$ -	$ -	$ -	$ 50,664
Marketable securities	210,403	-	-	-	210,403
Limited partnerships					
Absolute return	-	-	-	144,492	144,492
Liquidity	-	-	-	20,965	20,965
Global equity	-	-	-	219,953	219,953
Private capital	154	-	-	148,769	148,923
Real assets	11	-	-	109,755	109,766
TOTAL LIMITED PARTNERSHIPS	165	-	-	643,934	644,099
Other investments	-	-	5,581	-	5,581
TOTAL INVESTMENTS	$ 261,232	$ -	$ 5,581	$ 643,934	$ 910,747
BENEFICIAL INTERESTS	$ -	$ -	$ 13,087	$ -	$ 13,087
LAND AND BUILDINGS	$ -	$ 18,162	$ -	$ -	$ 18,162

JUNE 30, 2015	LEVEL 1	LEVEL 2	LEVEL 3	AT NAV	TOTAL
Money market funds	$ 83,059	-	$ -	$ -	$ 83,059
Marketable securities	216,826	-	-	-	216,826
Limited partnerships					
Absolute return	-	-	-	115,850	115,850
Liquidity	-	-	-	15,431	15,431
Global equity	-	-	-	197,153	197,153
Private capital	83	-	-	139,150	139,150
Real assets	-	-	-	99,676	99,676
TOTAL LIMITED PARTNERSHIPS	83	-	-	567,177	567,260
Other investments	-	-	5,453	-	5,453
TOTAL INVESTMENTS	$ 299,968	-	$ 5,453	$ 567,177	$ 872,598
BENEFICIAL INTERESTS	$ -	-	$ 13,144	$ -	$ 13,144
LAND AND BUILDINGS	$ -	18,971	$ -	$ -	$ 18,971

Amounts are stated in thousands of dollars.

OTHER INVESTMENTS (LEVEL 3)

YEARS ENDED JUNE 30	2016	2015
BALANCE, BEGINNING OF YEAR	$ 5,453	$ -
Realized gain/loss	-	-
Unrealized gain/loss change	3	-
Purchases	125	5,453
Sales	-	-
BALANCE, END OF YEAR	$ 5,581	$ 5,453

BENEFICIAL INTERESTS (LEVEL 3)

YEARS ENDED JUNE 30	2016	2015
BALANCE, BEGINNING OF YEAR	$ 13,144	$ 12,828
New gifts	792	486
Net (loss)/gain, realized and unrealized	(802)	78
Maturities	(47)	(248)
BALANCE, END OF YEAR	$ 13,087	$ 13,144

COMMITMENTS

	JUNE 30, 2016			
	INVESTED	UNFUNDED COMMITMENTS	REDEMPTION FREQUENCY	REDEMPTION NOTICE PERIOD
LIMITED PARTNERSHIPS				
Absolute return	$ 144,492	$ 1,404	Monthly, Quarterly, Annually	45 to 90 days
Liquidity	20,965	-	Daily, Quarterly	1 to 60 days
Global equity	219,953	-	Daily, Monthly, Quarterly	4 to 60 days
Private capital	148,769	68,065	N/A	N/A
Real assets	109,755	40,740	N/A	N/A
TOTAL LIMITED PARTNERSHIPS	$ 643,934	$ 110,209		

Information is for investments that measure fair value using the net asset value practical expedient. Distributions from limited partnerships, new cash gifts and assets redeployed from other asset classes are all available to fund these commitments.

Note 5 - Endowments and Endowment Distributions

The Foundation's endowments consist of donor restricted endowment funds. The Board is authorized to determine distributions to be made from endowment funds and has established the long-term investment policy objective of maintaining the real (after inflation) purchasing power of endowment gifts. The Board has authorized a stated annual distribution rate of 4%.

Authorized distributions (appropriations) are retained in temporarily restricted net assets until disbursement is requested by University officials consistent with the terms of the gift. Requested amounts are then transferred from temporarily restricted to unrestricted and the disbursement is reported as a decrease in unrestricted net assets.

At June 30, 2016, as a result of investment activity and Board authorized distributions, the fair value of certain endowment assets was less than the related donor restricted amounts. Aggregate deficiencies were $84 and $1 at June 30, 2016 and 2015, respectively. The increase in deficiency of $83 resulted primarily from distributions exceeding net investment returns. The reporting of such deficiencies as a reduction in unrestricted net assets does not legally create an affirmative obligation of the Foundation to restore the fair value of those funds from unrestricted assets.

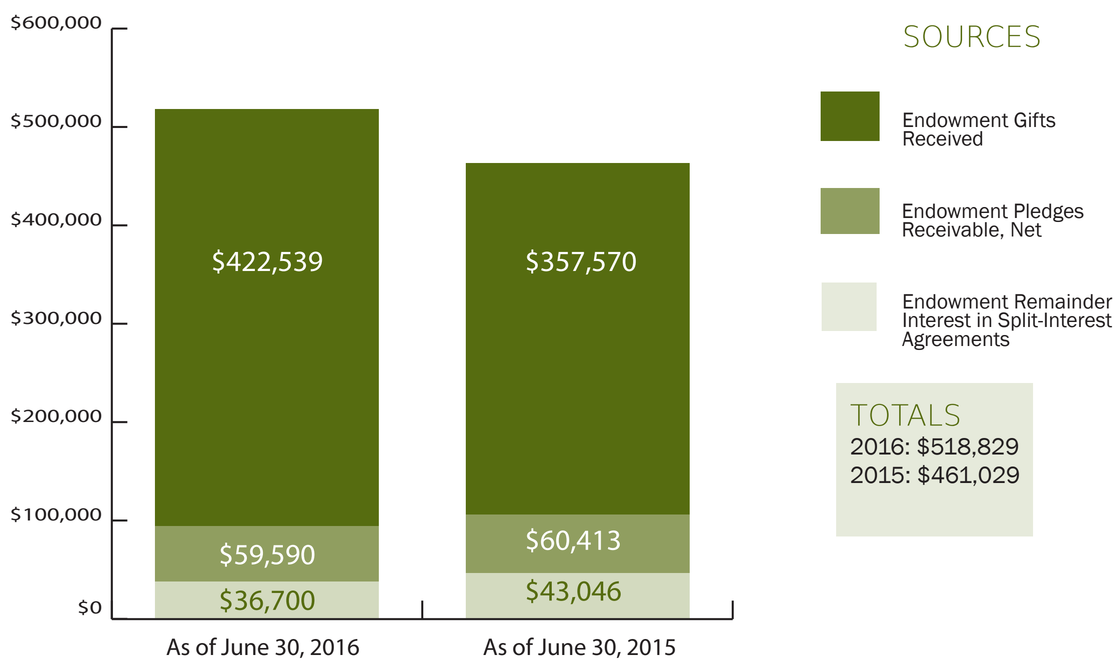
Amounts are stated in thousands of dollars. 2015-2016 Annual Report 9

CHANGES IN ENDOWMENT NET ASSETS

YEAR ENDED JUNE 30, 2016	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
BALANCE, BEGINNING OF YEAR	$ 1,857	$ 198,334	$ 461,029	$ 661,220
Contributions	-	1,525	62,369	63,894
Investments				
Fair value increase	(27)	7,341	153	7,467
Investment income	46	5,703	-	5,749
Distributions	(169)	(17,883)	-	(18,052)
Administrative assessments	(11)	(8,244)	-	(8,255)
Net revaluation of split-interest agreements	-	(328)	(4,722)	(5,050)
Other changes	241	(241)	-	-
NET INCREASE	80	(12,127)	57,800	45,753
BALANCE, END OF YEAR	$ 1,937	$ 186,207	$ 518,829	$ 706,973
Endowment net assets, included above, designated for the benefit of the Foundation				
	$ 1,937	$ -	$ 2,632	$ 4,569

YEAR ENDED JUNE 30, 2015	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
BALANCE, BEGINNING OF YEAR	$ 1,619	$ 159,682	$ 395,372	$ 556,673
Contributions	-	780	57,135	57,915
Investments				
Fair value increase	323	33,134	297	33,754
Investment income	49	6,237	-	6,286
Distributions	(134)	(14,519)	-	(14,653)
Administrative assessments	-	(6,656)	-	(6,656)
Net revaluation of split-interest agreements	-	-	(763)	(763)
Other changes	-	19,676	8,988	28,664
NET INCREASE	238	38,652	65,657	104,547
BALANCE, END OF YEAR	$ 1,857	$ 198,334	$ 461,029	$ 661,220
Endowment net assets, included above, designated for the benefit of the Foundation				
	$ 1,857	$ -	$ 2,153	$ 4,010

Note 6 - Permanently Restricted Net Assets



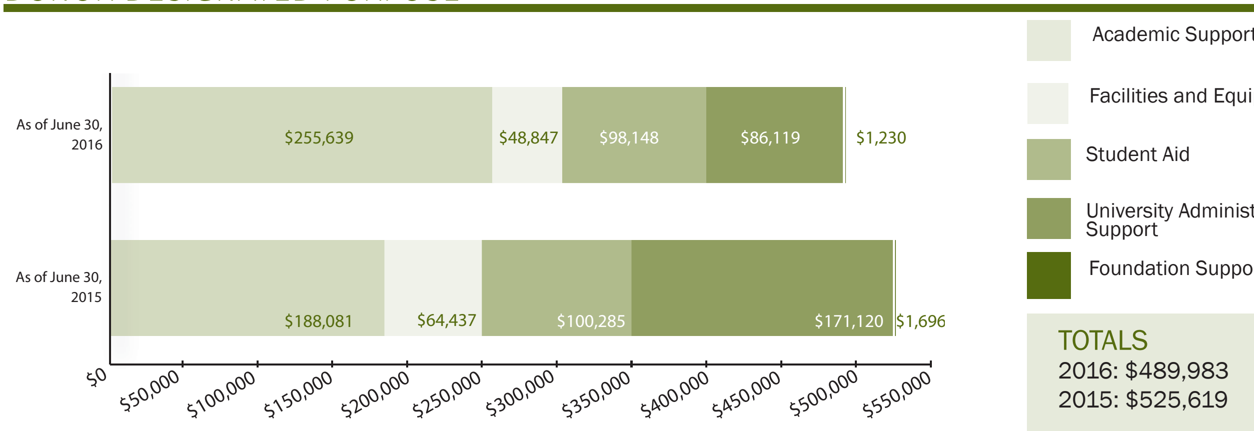
TOTALS
2016: $518,829
2015: $461,029

Amounts are stated in thousands of dollars.

DONOR DESIGNATED PURPOSE

Note 7 - Temporarily Restricted Net Assets

DONOR DESIGNATED PURPOSE



Note 8 - Pledges Receivable

Total pledges receivable, net of an allowance for uncollectible pledges and discounted to present value at June 30, 2016 and 2015, are shown below.

An allowance is calculated for all pledges. The general allowance is 5-10%. If it is determined through review that collection is unlikely for a specific pledge or a portion thereof, that amount is recorded as the allowance.

For pledges, the discount rates used to determine present values are based on U.S. Treasury note rates for comparable maturities at the date of the pledge. The discount is calculated for the payment time period expressed in the pledge document. For deferred pledges, the discount rates used to determine present values is equal to 120% of the Federal Mid-term rate, rounded to the nearest 2/10ths of 1%, as determined monthly from the auctions of U.S. Treasury securities. The discount is calculated for the estimated life expectancy of the donor; 29 year average as of June 30, 2016. See Note 9 for pledges receivable from members of the Board.

	LESS THAN ONE YEAR	ONE TO FIVE YEARS	MORE THAN FIVE YEARS	JUNE 30, 2016 TOTAL	JUNE 30, 2015 TOTAL
Pledges					
Gross	$ 17,551	$ 85,296	$ 5,839	$ 108,686	$ 112,352
Allowance	(1,306)	(4,269)	(292)	(5,867)	(5,630)
Discount	-	(4,721)	(496)	(5,217)	(6,506)
TOTAL PLEDGES	16,245	76,306	5,051	97,602	100,216
Deferred Pledges					
Gross	-	500	30,091	30,591	34,103
Allowance	-	(43)	(1,416)	(1,459)	(1,878)
Discount	-	(74)	(15,928)	(16,002)	(15,326)
TOTAL DEFERRED PLEDGES	-	383	12,747	13,130	16,899
PLEDGES RECEIVABLE, NET	$ 16,245	$ 76,689	$ 17,798	$ 110,732	$ 117,115

Amounts are stated in thousands of dollars. 2015-2016 Annual Report 11

Note 9 - Concentrations

As of June 30, 2016 and 2015, respectively, 52% and 54% of all pledges receivable were from trustees. Three trustees account for 46% of the total pledges at June 30, 2016; two trustees account for 50% as of June 30, 2015.

Trustees made 13% and 16% of all contributions for 2016 and 2015. In 2016, five donors (including two trustees) made 33% of the contributions. In 2015, five donors (including three trustees) made 23% of the contributions.

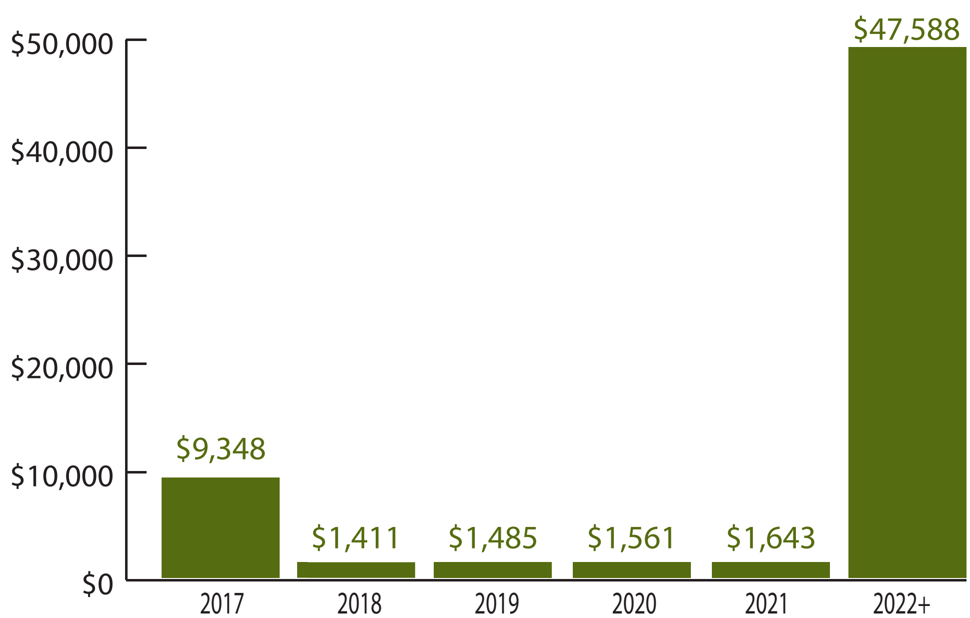
Note 10 - Notes Payable

JUNE 30	2016	2015
AT JUNE 30 THE FOUNDATION HAD THE FOLLOWING NOTES PAYABLE TO BANKS:		
Due June 30, 2017, Prime Borrowing Rate minus 2% (1.5% at year end), with interest-only monthly payments, a $10M line of credit. Proceeds were disbursed to the University for Athletic Department working capital. The note is unsecured with no recourse to Foundation assets and guaranteed by a donor.	$ 8,000	$ 8,000
Due September 30, 2021, 5.25% through September 2016, 6.25% thereafter, with quarterly principal and interest payments through September 2016 based on 20-year amortization, after September 2016, based on 15-year amortization, balloon of remaining principal and accrued interest due September 2021. $9M line of credit. Proceeds disbursed by OFX PK, LLC to the University for the baseball facility. The note is unsecured with no recourse to Foundation assets. The Foundation is required to maintain cash reserves in an amount equal to four quarters of debt service requirements, which amounted to $743 at June 30, 2016.	7,646	7,960
Due July 1, 2028, 6.48% with $47 monthly payments, including principal and interest. A mortgage was assumed by OFX Millrace, LLC to acquire real property on behalf of the University. The mortgage is secured with real property.	4,723	4,975
Due November 10, 2045, 4.08% with $208 monthly payments, including principal and interest. Proceeds were used to acquire property by OFX White Stag, LLC on behalf of the University. The note is secured by buildings and the related bond lease.	42,667	-
TOTAL NOTES PAYABLE	$ 63,036	$ 20,935

Interest expense associated with the above notes for the years ended June 30, 2016 and 2015 corresponds to cash paid for interest, and was $2,041 and $1,180 respectively.

Management believes all coverage ratios and non-financial covenants have been met as of June 30, 2016 and 2015.

SCHEDULED MATURITIES



Amounts are stated in thousands of dollars.

Note 11 - Split-Interest Agreements

The Foundation has entered into charitable gift annuity agreements whereby donors contribute assets in exchange for the Foundation's promise to pay a fixed amount to a designated individual for a specified period of time. Assets received from donors to establish gift annuities are managed in a pooled account and accounted for individually. The excess of gift annuity related assets over gift annuity obligations (net assets) is temporarily or permanently restricted based on the donor's intent for the gift. Gift annuity obligations are an actuarially determined liability which represents the present value of future payments to beneficiaries. Gift annuities are managed in compliance with applicable state statutes. The California required Reserve Fund was $262 and $276 at June 30, 2016 and 2015, respectively.

The Foundation has entered into charitable remainder annuity and unitrust agreements whereby assets are made available on the condition that income is paid periodically to designated individuals. Payments of such amounts terminate at a time specified in the agreements. Remainder trust obligations are an actuarially determined liability which represents the present value of estimated future payments to beneficiaries, taking into consideration their life expectancy and discounted at applicable interest rates.

The asset values for both gift annuities and remainder trusts are included in marketable securities and beneficial interests in the statement of financial position.

ASSETS

JUNE 30	2016	2015
REMAINDER TRUSTS		
Fair value	$ 90,311	$ 94,909
Cost	$ 71,505	$ 72,420
GIFT ANNUITIES		
Fair value	$ 7,498	$ 8,466
Cost	$ 6,858	$ 7,330

TOTAL OBLIGATIONS AND PAYMENTS TO BENEFICIARIES

JUNE 30	2016	2015
Remainder trusts	$ 44,946	$ 42,508
Gift annuities	5,330	4,579
Other	1,450	1,678
TOTAL OBLIGATIONS TO BENEFICIARIES	$ 51,726	$ 48,765
Remainder trusts	$ 4,945	$ 5,138
Gift annuities	582	674
TOTAL PAYMENTS TO BENEFICIARIES	$ 5,527	$ 5,812

CHANGES IN OBLIGATIONS TO BENEFICIARIES

YEARS ENDED JUNE 30	2016	2015
BALANCE, BEGINNING OF YEAR	$ 48,765	$ 50,335
Obligations on new gifts	1,382	2,329
Decrease in valuation of real property	(227)	-
Investment and other income, net	176	1,325
Net revaluation	7,410	873
Payment to beneficiaries	(5,527)	(5,812)
Renounciation	-	(10)
Administrative assessments	(86)	(94)
Other management expenses	(167)	(181)
NET INCREASE (DECREASE)	2,961	(1,570)
BALANCE, END OF YEAR	$ 51,726	$ 48,765

CONTRIBUTIONS

JUNE 30	2016	2015
Remainder trusts	$ 1,447	$ 629
Gift annuities	145	253
TOTAL CONTRIBUTIONS	$ 1,592	$ 882

INVESTMENT RESULTS

JUNE 30	2016	2015
Investment income	$ 2,528	$ 2,824
Decrease in fair value of investments	(2,352)	(1,499)
TOTAL INVESTMENT RESULTS	$ 176	$ 1,325

Amounts are stated in thousands of dollars. 2015-2016 Annual Report 13

Note 12 - Assessments

The Foundation makes assessments primarily to cover its administration expenses and certain University support.

Trust assets and gift annuities – 0.025% is assessed quarterly based on the asset valuation as of the end of the quarter. In addition, up to 5% is assessed at maturity.

Endowment assets – 0.25% is assessed quarterly based on the asset valuation as of the end of the quarter. An additional 0.125% is assessed quarterly on certain assets for fundraising.

Other assets – 0.125 % is assessed quarterly based on the asset valuation as of the end of the quarter, not to exceed actual interest earned.

Expendable gifts for University programs – gifts are assessed up to 5% from the gift value at the time of receipt.

Endowment gifts – gifts are assessed up to 5% from the gift value at the time of receipt.

ASSESSMENTS

YEARS ENDED JUNE 30	2016	2015
Trust assets and gift annuities	$ 227	$ 145
Endowment assets	8,623	7,813
Other assets	106	105
Expendable gifts for University programs	2,118	2,464
Endowment gifts	1,525	750
TOTAL ASSESSMENTS	$ 12,599	$ 11,277

Note 13 - Expenses

The Foundation fulfills all University requests for expenditures so long as the requested expense is in alignment with the donor provided purpose for the fund.

YEARS ENDED JUNE 30	2016	2015
EXPENSES FUNDED BY OUTRIGHT GIFTS AND AUTHORIZED DISTRIBUTIONS OF ENDOWMENTS FOR DONOR DESIGNATED PURPOSES		
Student scholarships	$ 21,374	$ 13,637
Faculty and research	18,382	15,583
Facilities and equipment	46,277	24,947
Other student, academic and operational support	14,617	25,447
TOTAL FUNDED BY GIFTS AND DISTRIBUTIONS	100,650	79,614
EXPENSES FUNDED BY BOARD APPROVED ALLOCATIONS OF UNRESTRICTED FUNDS		
Student scholarships	20	20
Facilities and equipment	1,842	735
University advancement	7,738	8,815
Foundation administration	6,842	6,729
TOTAL FUNDED BY UNRESTRICTED FUNDS	16,442	16,299
TOTAL EXPENSES	$ 117,092	$ 95,913

Note 14 - Leases

The Foundation has entered into an operating lease agreement for office space with the Board of Trustees of the University of Oregon commencing May 15, 2011 and continuing not beyond July 1, 2021. Total minimum lease payments are $245 annually. Future minimum rentals over the next five years are expected to be $1,225.   Lease expense was $245 for fiscal year ended June 30, 2016 and 2015.

SUBSIDIARIES

OFX II, LLC has leased real property it owns to the Board of Trustees of the University of Oregon for a term through December 2020. Quarterly rent payable in advance is $24. Future minimum rentals over the next five years are expected to be $336. Both parties have the option to terminate the lease with not less than 90 days prior written notice to the other party.

OFX III, LLC has leased real property it owns to the Board of Trustees of the University of Oregon for a term through March 2020. Quarterly rent payable in advance is $73. Future minimum rentals over the next five years are expected to be $1,095. Both parties have the option to terminate the lease with not less than 90 days prior written notice to the other party.

14 University of Oregon Foundation Amounts are stated in thousands of dollars.

OFX Franklin, LLC has leased real property it owns to the Board of Trustees of the University of Oregon for a term through June 2017. Quarterly rent payable in advance is $40. Future minimum rentals over the next five years are expected to be $160. Both parties have the option to terminate the lease with not less than 180 days prior written notice to the other party.

OFX Franklin, LLC has leased real property it owns to two tenants through noncancelable operating leases. The leases are triple-net, one expiring in September 2017 and one expiring in February 2019. The total minimum annual lease payments are $80 and $78 for 2016 and 2015, respectively. Future minimum rentals over the next five years are expected to be $168.

OFX Millrace, LLC has leased real property it owns to the Board of Trustees of the University of Oregon for a term through July 2034. Quarterly rent payable in advance is $204. Future minimum rentals over the next five years are expected to be $4,080.

OFX Millrace, LLC leases real property (ground lease) from the Board of Trustees of the University of Oregon for a term through April 2042, renewable. Monthly rent payable in advance is $7. Future minimum rentals over the next five years are expected to be $420.

OFX White Stag, LLC has leased real property it owns to the Board of Trustees of the University of Oregon under a direct financing lease for a term through November 2045. Monthly rent payable in advance is $208. The total gross lease receivable is $73,338 and unearned interest income is $30,903 for 2016. Future minimum rentals over the next five years are expected to be $12,466.

No leases include renewal provisions.

Note 15 - Defined Contribution Benefit Plan

The Foundation maintains a retirement plan in accordance with Internal Revenue Service Code Section 403(b). The Plan covers all employees who have attained the minimum age of 18. The Foundation makes monthly contributions equal to 18.32% of compensation for all employees who have been employed six months or more. Employee contributions are not required, although employees may make elective contributions. Employer contributions vest over a five year service period or upon attaining 50 years of age. Amounts contributed and charged to expense for the years ended June 30, 2015 and 2014 were $577 and $524, respectively.

Note 16 - Income Taxes

The Foundation and Foundation SO recognize 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 and Foundation SO each have no unrecognized tax benefits which would require an adjustment to the July 1, 2015 beginning balance of net assets and had no unrecognized tax benefits at June 30, 2016. The Foundation and Foundation SO each file an exempt organization return and applicable unrelated business income tax returns in the U.S. federal jurisdiction and applicable state agencies.

Note 17 - Additional Information

YEARS ENDED JUNE 30	2016	2015
DEPOSITS HELD IN CUSTODY		
For the University of Oregon Alumni Association	$ 13,391	$ 13,477
For others	2,390	3,609
TOTAL DEPOSITS HELD IN CUSTODY	$ 15,781	$ 17,086
ACCOUNTS PAYABLE		
To the University	$ 24	$ 87
To others, for Foundation administration	619	1,206
TOTAL ACCOUNTS PAYABLE	$ 643	$ 1,293

Amounts are stated in thousands of dollars. 2015-2016 Annual Report 15