

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, 2018 and 2017, 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, 2018 and 2017, 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 26, 2018

Consolidated

Statement of Financial Position

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

JUNE 30	2018	2017
ASSETS		
Investments		
Money market funds	\$ 65,450	\$ 81,415
Marketable securities	261,322	224,070
Limited partnerships	881,823	773,799
Other investments	2,252	4,279
TOTAL INVESTMENTS	1,210,847	1,083,563
Cash	76,484	49,235
Pledges receivable, net	432,841	505,762
Capital lease receivable, net	40,849	41,627
Land and buildings	18,029	17,356
Construction in progress	5,776	18
Beneficial interests	19,034	18,248
Other assets, net	2,000	1,438
TOTAL ASSETS	\$ 1,805,860	\$ 1,717,247
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 4,802	\$ 768
Deposits held in custody	81,666	76,574
Notes payable	53,201	54,289
Obligations to beneficiaries under split-interest agreements	53,414	53,174
TOTAL LIABILITIES	193,083	184,805
Net Assets		
Unrestricted		
Deficiencies in fair value of endowments	-	(1)
Other	23,101	15,645
Total unrestricted	23,101	15,644
Temporarily restricted	738,707	700,399
Permanently restricted	850,969	816,399
TOTAL NET ASSETS	1,612,777	1,532,442
TOTAL LIABILITIES AND NET ASSETS	\$ 1,805,860	\$ 1,717,247

Consolidated Statement of Activities

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

YEAR ENDED JUNE 30, 2018	UNRESTRICTED	RESTRICTED		TOTAL
		Temporarily Restricted	Permanently Restricted	
REVENUE				
Contributions	\$ 272	\$ 82,139	\$ 34,655	\$ 117,066
Investments				
Fair value increase	3,238	56,346	24	59,608
Investment income	5,586	12,334	-	17,920
Investment fees	(84)	(5)	-	(89)
TOTAL INVESTMENTS	8,740	68,675	24	77,439
Administrative assessments	13,058	(12,830)	-	228
Net revaluation of split-interest agreements	-	623	729	1,352
Other revenues	53	1,065	(298)	820
Net assets released from restriction	100,755	(100,755)	-	-
TOTAL REVENUE	122,878	38,917	35,110	196,905
EXPENSES				
University support				
Student scholarships	16,823	-	-	16,823
Faculty and research	19,522	-	-	19,522
Other student, academic and operational support	20,823	-	-	20,823
Total student, academic and operational support	57,168	-	-	57,168
University advancement	6,239	-	-	6,239
Facilities and equipment	44,137	-	-	44,137
TOTAL UNIVERSITY SUPPORT	107,544	-	-	107,544
Foundation administration	7,874	-	-	7,874
TOTAL EXPENSES	115,418	-	-	115,418
Provision for uncollectible pledges receivable	(3)	(609)	(540)	(1,152)
INCREASE IN NET ASSETS	7,457	38,308	34,570	80,335
NET ASSETS AT BEGINNING OF YEAR	15,644	700,399	816,399	1,532,442
NET ASSETS AT END OF YEAR	\$ 23,101	\$ 738,707	\$ 850,969	\$ 1,612,777

YEAR ENDED JUNE 30, 2017	UNRESTRICTED	RESTRICTED		TOTAL
		Temporarily Restricted	Permanently Restricted	
REVENUE				
Contributions	\$ 229	\$ 282,749	\$ 294,592	\$ 577,570
Investments				
Fair value increase	1,033	57,228	-	58,261
Investment income	4,466	11,092	-	15,558
Investment fees	(54)	(12)	-	(66)
TOTAL INVESTMENTS	5,445	68,308	-	73,753
Administrative assessments	12,613	(12,376)	-	237
Net revaluation of split-interest agreements	-	1,024	2,679	3,703
Other revenues	61	1,022	330	1,413
Net assets released from restriction	120,873	(120,873)	-	-
TOTAL REVENUE	139,221	219,854	297,601	656,676
EXPENSES				
University support				
Student scholarships	17,532	-	-	17,532
Faculty and research	23,561	-	-	23,561
Other student, academic and operational support	16,101	-	-	16,101
Total student, academic and operational support	57,194	-	-	57,194
University advancement	8,685	-	-	8,685
Facilities and equipment	61,735	-	-	61,735
TOTAL UNIVERSITY SUPPORT	127,614	-	-	127,614
Foundation administration	7,508	-	-	7,508
TOTAL EXPENSES	135,122	-	-	135,122
Provision for uncollectible pledges receivable	-	(9,438)	(31)	(9,469)
INCREASE IN NET ASSETS	4,099	210,416	297,570	512,085
NET ASSETS AT BEGINNING OF YEAR	11,545	489,983	518,829	1,020,357
NET ASSETS AT END OF YEAR	\$ 15,644	\$ 700,399	\$ 816,399	\$ 1,532,442

Consolidated

Statement of Cash Flows

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

YEARS ENDED JUNE 30	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	\$ 80,335	\$ 512,085
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Provision for uncollectible pledges receivable	1,152	9,469
Endowment contributions	(53,977)	(28,630)
Noncash gifts	(19,017)	(22,906)
Net revaluation of split-interest agreements	(1,352)	(3,703)
Net realized and unrealized gains	(66,099)	(59,976)
(Increase) decrease in pledges receivable	71,769	(404,499)
Other changes	(1,508)	1,775
NET CASH PROVIDED BY OPERATING ACTIVITIES	11,303	3,615
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(301,269)	(318,332)
Proceeds from sale of investments	239,038	266,290
Net change in money market funds	15,965	(38,392)
NET CASH USED BY INVESTING ACTIVITIES	(46,266)	(90,434)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from endowment gifts and pledges	58,208	29,122
Repayment of notes payable	(1,088)	(8,747)
Increase in deposits held in custody	5,092	60,793
NET CASH PROVIDED BY FINANCING ACTIVITIES	62,212	81,168
NET INCREASE (DECREASE) IN CASH	27,249	(5,651)
CASH, BEGINNING OF YEAR	49,235	54,886
CASH, END OF YEAR	\$ 76,484	\$ 49,235

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 June 2018, Phit, LLC entered into a construction contract to renovate Hayward Field. The total project cost will be authorized in fiscal year 2019 upon completion of the full final design plans. Currently, the early work for the project is estimated to be \$79M. The project is anticipated to be funded by private

contributions and will be completed in October 2020. Additionally, Phit, LLC entered into an agreement with the University of Oregon to lease the property for \$1 during the construction period. The project will be transferred to the University upon completion.

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.

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 was 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 Notes 10, 14).

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. This project has transferred to Phit, LLC.

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 (see Notes 10, 14).

In October 2015, T3, LLC was formed as a wholly-owned subsidiary of the Foundation to facilitate investments for the benefit of and to support the University of Oregon. At June 30, 2018 and 2017, the fair value of these investments was \$65,092 and \$60,669 (see Note 3).

In May 2017, OFX Seneca, LLC was formed as a wholly-owned subsidiary of the Foundation to facilitate acceptance of gifts of real property for the benefit of the University of Oregon.

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 (see Notes 2, 16).

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; T3, LLC; OFX Seneca, 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 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.

Investments with fair value measured at net asset value as a practical expedient are categorized separately within the fair value measurement table in Note 4. 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, 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. Balances 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 market value less costs to sell.

CONSTRUCTION IN PROGRESS

Construction in progress includes capitalized expenditures related to the renovation of Hayward Field and improvements in conjunction with OregonBILDS program.

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 3.4%, as well as actuarially-determined expected lives of beneficiaries ranging from 8.1 to 49 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 \$1,819 and \$9 for fiscal years ended June 30, 2018 and 2017, 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 Notes 12,13).

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 and Foundation SO are 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).

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, 2018, but before financial statements are available to be issued, concluding September 26, 2018. Subsequent events for June 30, 2018 were evaluated through September 26, 2018.

Note 3 - Investments

Investments are organized and managed in the following five 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. In addition to the amounts below, the General Investment Program also includes cash balances totaling \$44,403 and \$34,147 for fiscal years ended June 30, 2018 and 2017, 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 consists of approximately 83% and 82% endowments and 17% and 18% other funds with long-term investment horizons, respectively at June 30, 2018 and 2017.

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.

INTERMEDIATE TERM POOL AND OTHER INVESTMENTS

These investments consist of gifts that are expendable but have a longer planned spending period. In addition to the amounts below, the Intermediate Term Pool also includes cash balances totaling \$31,437 and \$14,763 for fiscal years ended June 30, 2018 and 2017, respectively.

T3

T3 consists of investments managed on behalf of the University.

INVESTMENTS BY GROUP

JUNE 30, 2018	GENERAL INVESTMENT PROGRAM	WILLAMETTE INVESTMENT POOL	REMAINDER TRUSTS AND GIFT ANNUITIES	INTERMEDIATE TERM POOL	OTHER INVESTMENTS	T3	TOTAL
Money market funds	\$ -	\$ 63,437	\$ -	\$ -	\$ 479	\$ 1,534	\$ 65,450
Marketable securities							
Equity securities	-	56,865	56,055	-	1,778	7,943	122,641
Debt securities	40,414	-	33,356	64,911	-	-	138,681
TOTAL MARKETABLE SECURITIES	40,414	56,865	89,411	64,911	1,778	7,943	261,322
Limited partnerships	41,525	784,683	-	-	-	55,615	881,823
Other investments	1,000	250	-	-	1,002	-	2,252
TOTAL INVESTMENTS	\$ 82,939	\$ 905,235	\$ 89,411	\$ 64,911	\$ 3,259	\$ 65,092	\$ 1,210,847
JUNE 30, 2017							
Money market funds	\$ -	\$ 50,252	\$ -	\$ -	\$ 419	\$ 30,744	\$ 81,415
Marketable securities							
Equity securities	-	59,975	56,190	-	2,690	2,604	121,459
Debt securities	24,440	-	33,291	44,880	-	-	102,611
TOTAL MARKETABLE SECURITIES	24,440	59,975	89,481	44,880	2,690	2,604	224,070
Limited partnerships	36,556	709,922	-	-	-	27,321	773,799
Other investments	2,000	1,278	-	-	1,001	-	4,279
TOTAL INVESTMENTS	\$ 62,996	\$ 821,427	\$ 89,481	\$ 44,880	\$ 4,110	\$ 60,669	\$ 1,083,563

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 redemptions. The term for the least liquid investment runs through 2019. There are no gates in effect as of June 30, 2018.

Liquidity: This asset class is used as an overall risk reducer for the portfolio to hedge against deflation and as a 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, 2018.

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, 2018.

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, growth equity, and distressed debt. The term for these investments runs through 2027.

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 either a strategy of repositioning, renovating developing properties, or providing commercial debt financing. Investments within the natural resources sector are in energy, power, farmland and timber. The term for these investments runs through 2028.

OTHER INVESTMENTS

These include private or closely-held stock, and notes receivable.

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS

JUNE 30, 2018	LEVEL 1	LEVEL 2	LEVEL 3	AT NAV	TOTAL
Money market funds	\$ 65,450	\$ -	\$ -	\$ -	\$ 65,450
Marketable securities	261,322	-	-	-	261,322
Limited partnerships					
Absolute return	-	-	-	159,195	159,195
Liquidity	-	-	-	66,231	66,231
Global equity	-	-	-	345,842	345,842
Private capital	15,902	-	-	153,005	168,907
Real assets	41	-	-	141,607	141,648
TOTAL LIMITED PARTNERSHIPS	15,943	-	-	865,880	881,823
Other investments	-	-	2,252	-	2,252
TOTAL INVESTMENTS	\$ 342,715	\$ -	\$ 2,252	\$ 865,880	\$ 1,210,847
BENEFICIAL INTERESTS	\$ -	\$ -	\$ 19,034	\$ -	\$ 19,034
LAND AND BUILDINGS	\$ -	\$ -	\$ 18,029	\$ -	\$ 18,047
DEPOSITS HELD IN CUSTODY	\$ (11,771)	\$ -	\$ (5)	\$ (68,890)	\$ (81,666)

JUNE 30, 2017	LEVEL 1	LEVEL 2	LEVEL 3	AT NAV	TOTAL
Money market funds	\$ 81,415	\$ -	\$ -	\$ -	\$ 81,415
Marketable securities	224,070	-	-	-	224,070
Limited partnerships					
Absolute return	-	-	-	129,112	129,112
Liquidity	-	-	-	54,256	54,256
Global equity	-	-	-	315,991	315,991
Private capital	126	-	-	137,046	137,172
Real assets	129	-	-	137,139	137,268
TOTAL LIMITED PARTNERSHIPS	255	-	-	773,544	773,799
Other investments	-	-	4,279	-	4,279
TOTAL INVESTMENTS	\$ 305,740	\$ -	\$ 4,279	\$ 773,544	\$ 1,083,563
BENEFICIAL INTERESTS	\$ -	\$ -	\$ 18,248	\$ -	\$ 18,248
LAND AND BUILDINGS	\$ -	\$ -	\$ 17,356	\$ -	\$ 17,339
DEPOSITS HELD IN CUSTODY	\$ (36,876)	\$ -	\$ -	\$ (39,698)	\$ (76,574)

OTHER INVESTMENTS (LEVEL 3)

YEARS ENDED JUNE 30	2018	2017
BALANCE, BEGINNING OF YEAR	\$ 4,279	\$ 5,581
Realized gain/(loss)	(1,027)	-
Unrealized gain/(loss) change	-	(4,299)
Purchases	1,000	3,000
Sales	(2,000)	(3)
BALANCE, END OF YEAR	\$ 2,252	\$ 4,279

BENEFICIAL INTERESTS (LEVEL 3)

YEARS ENDED JUNE 30	2018	2017
BALANCE, BEGINNING OF YEAR	\$ 18,248	\$ 13,087
New gifts	802	4,465
Net gain/(loss), realized and unrealized	58	857
Maturities	(74)	(161)
BALANCE, END OF YEAR	\$ 19,034	\$ 18,248

LAND AND BUILDINGS (LEVEL 3)

YEARS ENDED JUNE 30	2018	2017
BALANCE, BEGINNING OF YEAR	\$ 17,356	\$ 18,162
Realized gain	90	1
Unrealized gain change	2,123	422
Purchases/contributions/improvements	1,085	1,097
Sales	(1,175)	(2,326)
Transfer to UO	(1,450)	-
BALANCE, END OF YEAR	\$ 18,029	\$ 17,356

COMMITMENTS

JUNE 30, 2018	INVESTED	UNFUNDED COMMITMENTS	REDEMPTION FREQUENCY	REDEMPTION NOTICE PERIOD
LIMITED PARTNERSHIPS				
Absolute return	\$ 159,195	\$ 20,635	Quarterly, Annually	30 to 90 days
Liquidity	66,231	-	Daily, Quarterly	1 to 60 days
Global equity	345,842	-	Daily, Monthly, Quarterly, Semi-Annually	4 to 105 days
Private capital	153,005	105,309	N/A	N/A
Real assets	141,607	43,809	N/A	N/A
TOTAL LIMITED PARTNERSHIPS	\$ 865,880	\$ 169,753		

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.

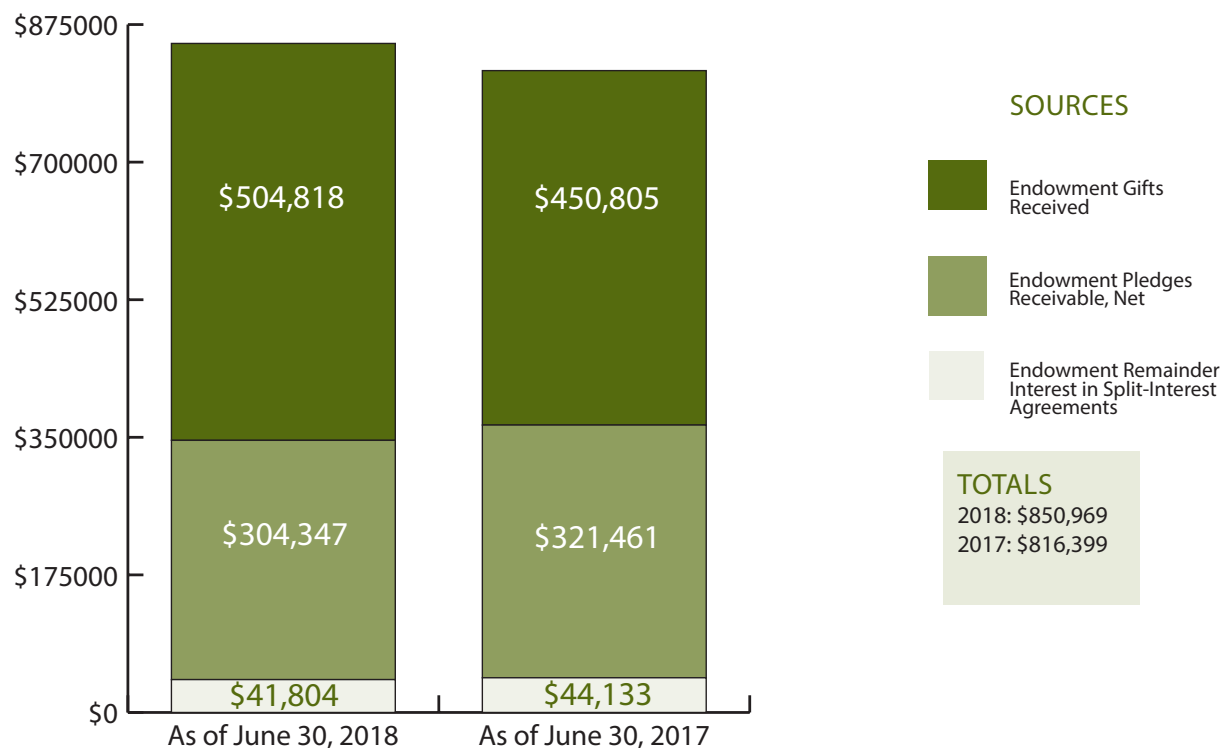
At June 30, 2017, as a result of investment activity and Board authorized distributions, the fair value of certain endowment assets was less than the related donor restricted amounts. Aggregate deficiencies were \$1 at June 30, 2017. The reporting of such deficiencies as a reduction in unrestricted net assets does not legally create an affirmative obligation of the Foundation to restore the fair value of those funds from unrestricted assets. There were no deficiencies at June 30, 2018.

CHANGES IN ENDOWMENT NET ASSETS

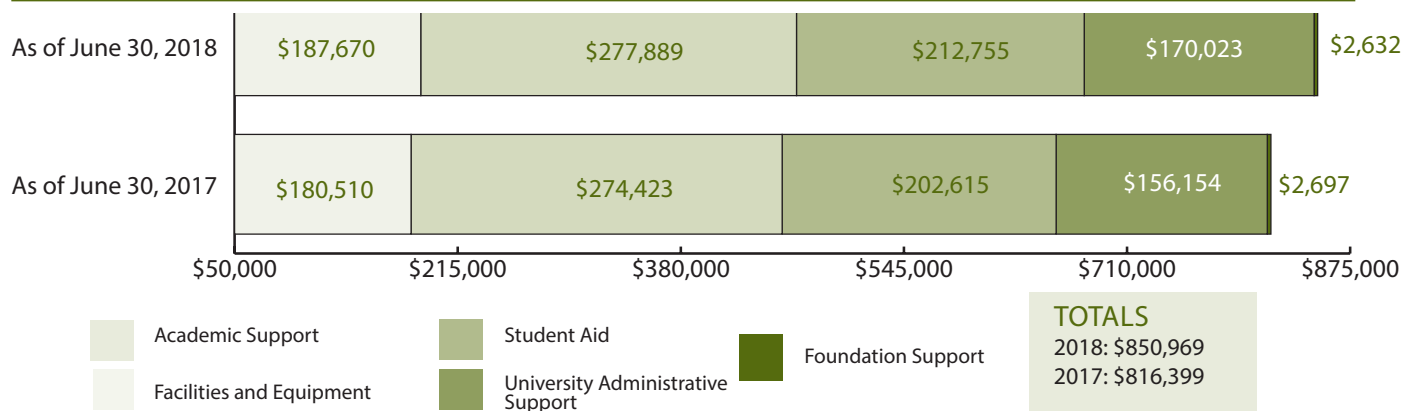
YEAR ENDED JUNE 30, 2018	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
BALANCE, BEGINNING OF YEAR	\$ 2,279	\$ 216,568	\$ 816,399	\$ 1,035,246
Contributions	-	2,546	34,655	37,201
Investments				
Fair value increase	336	46,663	24	47,023
Investment income	66	9,296	-	9,362
Distributions	(185)	(24,555)	-	(24,740)
Administrative assessments	(7)	(8,546)	-	(8,553)
Net revaluation of split-interest agreements	-	(177)	729	552
Other changes	-	475	(838)	(363)
NET INCREASE	210	25,702	34,570	60,482
BALANCE, END OF YEAR	\$ 2,489	\$ 242,270	\$ 850,969	\$ 1,095,728
Endowment net assets, included above, designated for the benefit of the Foundation				
	\$ 2,489	\$ -	\$ 2,632	\$ 5,121

YEAR ENDED JUNE 30, 2017	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
BALANCE, BEGINNING OF YEAR	\$ 1,937	\$ 186,207	\$ 518,829	\$ 706,973
Contributions	-	853	294,592	295,445
Investments				
Fair value increase	465	50,560	-	51,025
Investment income	65	8,662	-	8,727
Distributions	(177)	(21,646)	-	(21,823)
Administrative assessments	(11)	(8,319)	-	(8,330)
Net revaluation of split-interest agreements	-	71	2,679	2,750
Other changes	-	180	299	479
NET INCREASE	342	30,361	297,570	328,273
BALANCE, END OF YEAR	\$ 2,279	\$ 216,568	\$ 816,399	\$ 1,035,246
Endowment net assets, included above, designated for the benefit of the Foundation				
	\$ 2,279	\$ -	\$ 2,697	\$ 4,976

Note 6 - Permanently Restricted Net Assets

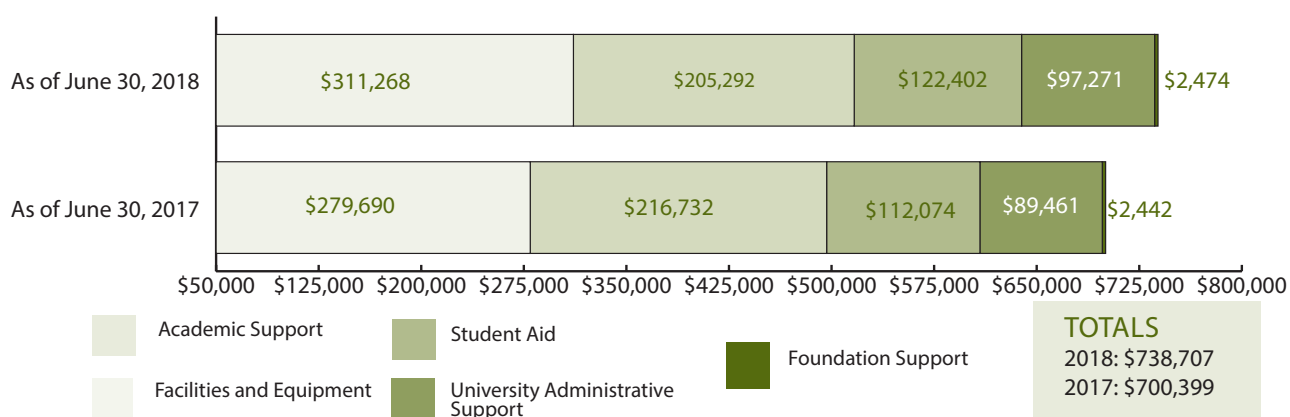


DONOR DESIGNATED PURPOSE



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, 2018 and 2017, are shown below.

The general allowance is determined through review that collection is unlikely for a specific pledge or a portion thereof, and is based upon analysis of past collection experience, pledge activity, and other judgmental factors.

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; 28 year average as of June 30, 2018. 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, 2018 TOTAL	JUNE 30, 2017 TOTAL
Pledges					
Gross	\$ 67,535	\$ 229,168	\$ 140,985	\$ 437,688	\$ 518,856
Allowance	(734)	(1,182)	(45)	(1,961)	(3,561)
Discount	-	(8,958)	(11,213)	(20,171)	(25,009)
TOTAL PLEDGES	66,801	219,028	129,727	415,556	490,286
Deferred Pledges					
Gross	68	500	38,083	38,651	34,328
Allowance	(5)	(43)	(1,424)	(1,472)	(1,720)
Discount	-	(65)	(19,829)	(19,894)	(17,132)
TOTAL DEFERRED PLEDGES	63	392	16,830	17,285	15,476
PLEDGES RECEIVABLE, NET	\$ 66,864	\$ 219,420	\$ 146,557	\$ 432,841	\$ 505,762

Amounts are stated in thousands of dollars.

Note 9 - Concentrations

As of June 30, 2018 and 2017, respectively, 2% and 4% of all pledges receivable were from trustees.

Trustees made 6% and 2% of all contributions for 2018 and 2017. In 2018 and 2017, respectively, one donor made 14% and 88% of the contributions, and 80% and 78% of total pledges.

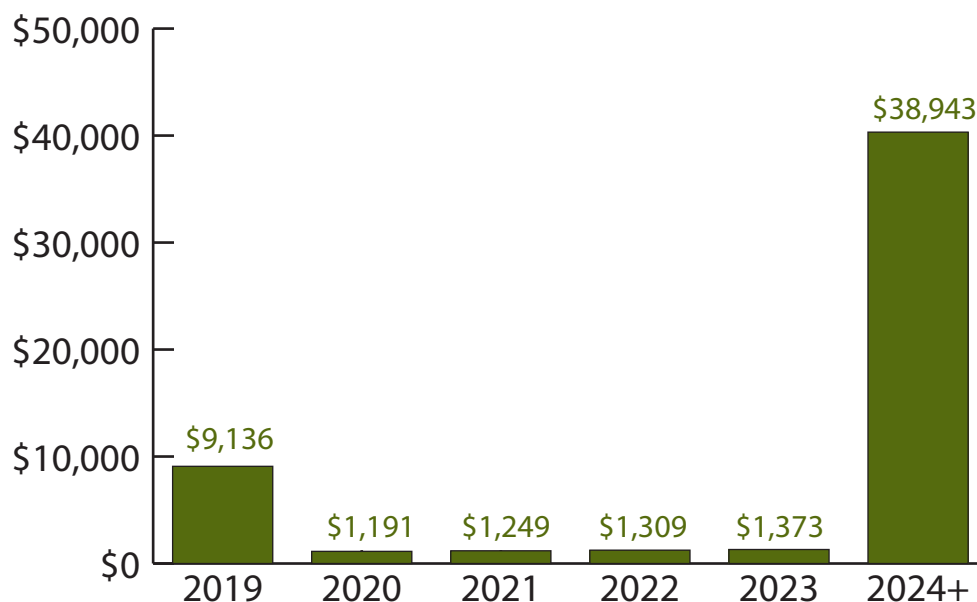
Note 10 - Notes Payable

JUNE 30	2018	2017
AT JUNE 30 THE FOUNDATION HAD THE FOLLOWING NOTES PAYABLE TO BANKS:		
Due September 30, 2019 Prime Borrowing Rate minus 2% (3% 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 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.	4,167	4,454
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.	41,034	41,835
TOTAL NOTES PAYABLE	\$ 53,201	\$ 54,289

Interest expense associated with the above notes for the years ended June 30, 2018 and 2017 corresponds to cash paid for interest, and was \$2,172 and \$2,585 respectively.

Management believes all coverage ratios and non-financial covenants have been met as of June 30, 2018 and 2017.

SCHEDULED MATURITIES



Note 11 - Split-Interest Agreements

The Foundation has entered into charitable gift annuity agreements whereby donors contribute assets in exchange for annual income streams that last a lifetime or a specifically defined 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 \$282 and \$243 at June 30, 2018 and 2017, 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 represent 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	2018	2017
REMAINDER TRUSTS		
Fair value	\$ 100,657	\$ 99,979
Cost	\$ 78,864	\$ 71,754
GIFT ANNUITIES		
Fair value	\$ 7,789	\$ 7,750
Cost	\$ 6,863	\$ 6,757

TOTAL OBLIGATIONS AND PAYMENTS TO BENEFICIARIES

JUNE 30	2018	2017
Remainder trusts	\$ 48,410	\$ 46,552
Gift annuities	5,004	5,172
Other	-	1,450
TOTAL OBLIGATIONS TO BENEFICIARIES	\$ 53,414	\$ 53,174
Remainder trusts	\$ 4,882	\$ 4,973
Gift annuities	508	512
TOTAL PAYMENTS TO BENEFICIARIES	\$ 5,390	\$ 5,485

CHANGES IN OBLIGATIONS TO BENEFICIARIES

YEARS ENDED JUNE 30	2018	2017
BALANCE, BEGINNING OF YEAR	\$ 53,174	\$ 51,726
Obligations on new gifts	3,314	1,384
Transfer of residence to UO	(1,450)	-
Investment and other income, net	5,380	9,600
Net revaluation	(1,352)	(3,703)
Payment to beneficiaries	(5,390)	(5,485)
Renunciation	-	(56)
Administrative assessments	(88)	(88)
Other management expenses	(174)	(204)
NET INCREASE	240	1,448
BALANCE, END OF YEAR	\$ 53,414	\$ 53,174

CONTRIBUTIONS

JUNE 30	2018	2017
Remainder trusts	\$ 1,791	\$ 4,982
Gift annuities	115	74
TOTAL CONTRIBUTIONS	\$ 1,906	\$ 5,056

INVESTMENT RESULTS

JUNE 30	2018	2017
Investment income	\$ 1,956	\$ 1,962
Increase (decrease) in fair value of investments	3,424	7,638
TOTAL INVESTMENT RESULTS	\$ 5,380	\$ 9,600

Note 12 - Assessments

The Foundation makes assessments primarily to cover its administration expenses and University Advancement 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% was assessed quarterly on certain assets for fundraising in 2017.

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	2018	2017
Trust assets and gift annuities	\$ 306	\$ 119
Endowment assets	7,620	9,505
Other assets	103	180
Expendable gifts for University programs	2,731	2,089
Endowment gifts	2,298	720
TOTAL ASSESSMENTS	\$ 13,058	\$ 12,613

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 and is properly authorized.

YEARS ENDED JUNE 30	2018	2017
EXPENSES FUNDED BY OUTRIGHT GIFTS AND AUTHORIZED DISTRIBUTIONS OF ENDOWMENTS FOR DONOR DESIGNATED PURPOSES		
Student scholarships	\$ 16,763	\$ 17,508
Faculty and research	19,522	23,561
Facilities and equipment	42,063	59,409
Other student, academic and operational support	20,823	16,101
TOTAL FUNDED BY GIFTS AND DISTRIBUTIONS	99,171	116,579
EXPENSES FUNDED BY BOARD APPROVED ALLOCATIONS OF UNRESTRICTED FUNDS		
Student scholarships	60	24
Facilities and equipment	2,074	2,326
University advancement	6,239	8,685
Foundation administration	7,874	7,508
TOTAL FUNDED BY UNRESTRICTED FUNDS	16,247	18,543
TOTAL EXPENSES	\$ 115,418	\$ 135,122

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 three years are expected to be \$735. Lease expense was \$245 for fiscal year ended June 30, 2018 and 2017.

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 two years are expected to be \$245. 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 two years are expected to be \$514. Both parties have the option to terminate the lease with not less than 90 days prior written notice to the other party.

OFX Franklin, LLC had leased real property it owned to the Board of Trustees of the University of Oregon with quarterly rent payable in advance of \$40. In April 2017, this lease was transferred to

the University of Oregon as a result of an eminent domain action completed by the University of Oregon.

OFX Franklin, LLC had leased real property it owned to two tenants through noncancelable operating leases. The leases were triple-net with total minimum annual lease payments of \$80. In April 2017, these leases were transferred to the University of Oregon as a result of an eminent domain action completed by the University of Oregon.

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 \$391.

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 \$68,145 and unearned interest income is \$27,296 for 2018. 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 semi-monthly contributions equal to 18.32% of compensation for that pay period 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, 2018 and 2017 were \$671 and \$666, 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, 2018 beginning balance of net assets and had no unrecognized tax benefits at June 30, 2018. 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	2018	2017
DEPOSITS HELD IN CUSTODY		
For the University of Oregon (T3, LLC)	\$ 65,092	\$ 60,669
For the University of Oregon Alumni Association	15,571	14,338
For others	1,003	1,567
TOTAL DEPOSITS HELD IN CUSTODY	\$ 81,666	\$ 76,574
ACCOUNTS PAYABLE		
To the University of Oregon	\$ 657	\$ 17
To others, for Foundation administration	4,145	751
TOTAL ACCOUNTS PAYABLE	\$ 4,802	\$ 768