REPORT OF INDEPENDENT AUDITORS

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, 2014 and 2013, 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.

MOSS ADAMS LLP

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, 2014, and 2013, and the changes in their net 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 15, 2014

Consolidated Statement of Financial Position

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

JUNE 30	2014	2013
ASSETS		
Investments		
Money market funds	$ 44,533	$ 79,318
Marketable securities	248,444	211,493
Limited partnerships	500,964	442,481
Other investments	-	647
TOTAL INVESTMENTS	793,941	733,939
Cash	19,097	30,716
Pledges receivable, net	102,432	93,339
Land and buildings	17,393	8,304
Beneficial interests	12,828	11,491
Other assets, net	1,266	1,149
TOTAL ASSETS	$ 946,957	$ 878,938
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 1,319	$ 1,753
Deposits held in custody	17,318	16,401
Notes payable	28,513	24,779
Obligations to beneficiaries under split-interest agreements	50,335	42,590
TOTAL LIABILITIES	97,485	85,523
Net Assets		
Unrestricted		
Deficiencies in fair value of endowments	(73)	(940)
Other	11,814	10,975
Total unrestricted	11,741	10,035
Temporarily restricted	442,359	414,149
Permanently restricted	395,372	369,231
TOTAL NET ASSETS	849,472	793,415
TOTAL LIABILITIES AND NET ASSETS	$ 946,957	$ 878,938

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, 2014	UNRESTRICTED	RESTRICTED		TOTAL
		Temporarily Restricted	Permanently Restricted	
REVENUE				
Contributions	$ 900	$ 55,087	$ 19,334	$ 75,321
Investments				
Fair value increase	1,884	60,398	(18)	62,264
Investment income	1,350	16,037	-	17,387
Investment fees	(40)	(9)	-	(49)
TOTAL INVESTMENTS	3,194	76,426	(18)	79,602
Administrative assessments	9,416	(9,181)	-	235
Net revaluation of split-interest agreements	-	2,144	4,212	6,356
Other revenues	405	(2,087)	2,613	931
Net assets released from restriction	94,179	(94,179)	-	-
TOTAL REVENUE	108,094	28,210	26,141	162,445
EXPENSES				
University support				
Student scholarships	14,397	-	-	14,397
Faculty and research	17,120	-	-	17,120
Other student, academic and operational support	14,767			14,767
Total student, academic and operational support	46,284	-	-	46,284
University advancement	3,610	-	-	3,610
Facilities and equipment	49,421	-	-	49,421
TOTAL UNIVERSITY SUPPORT	99,315	-	-	99,315
Foundation administration	7,073	-	-	7,073
TOTAL EXPENSES	106,388	-	-	106,388
Increase in net assets	1,706	28,210	26,141	56,057
NET ASSETS AT BEGINNING OF YEAR	10,035	414,149	369,231	793,415
NET ASSETS AT END OF YEAR	$ 11,741	$ 442,359	$ 395,372	$ 849,472

YEAR ENDED JUNE 30, 2013	UNRESTRICTED	RESTRICTED		TOTAL
		Temporarily Restricted	Permanently Restricted	
REVENUE				
Contributions	$ 936	$ 130,375	$ 12,157	$ 143,468
Investments				
Fair value increase	3,166	53,247	28	56,441
Investment income	1,487	10,286	-	11,773
Investment fees	(35)	(814)	-	(849)
TOTAL INVESTMENTS	4,618	62,719	28	67,365
Administrative assessments	9,064	(8,870)	-	194
Net revaluation of split-interest agreements	-	856	3,728	4,584
Other revenues	525	163	358	1,046
Net assets released from restriction	134,488	(134,488)	-	-
TOTAL REVENUE	149,631	50,755	16,271	216,657
EXPENSES				
University support				
Student scholarships	16,051	-	-	16,051
Faculty and research	14,120	-	-	14,120
Other student, academic and operational support	29,119			29,119
Total student, academic and operational support	59,290	-	-	59,290
University advancement	2,058	-	-	2,058
Facilities and equipment	75,589	-	-	75,589
TOTAL UNIVERSITY SUPPORT	136,937	-	-	136,937
Foundation administration	6,900	-	-	6,900
TOTAL EXPENSES	143,837	-	-	143,837
Increase in net assets	5,794	50,755	16,271	72,820
NET ASSETS AT BEGINNING OF YEAR	4,241	363,394	352,960	720,595
NET ASSETS AT END OF YEAR	$ 10,035	$ 414,149	$ 369,231	$ 793,415

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	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	$ 56,057	$ 72,820
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Endowment contributions	(12,597)	(10,170)
Noncash gifts	(12,482)	(86,135)
Net revaluation of split-interest agreements	(6,356)	(4,584)
Net realized and unrealized gains	(64,495)	(58,220)
(Increase) decrease in pledges receivable	(9,093)	37,651
Other changes	(4,225)	(7,619)
NET CASH USED BY OPERATING ACTIVITIES	(53,191)	(56,257)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(134,901)	(151,559)
Proceeds from sale of investments	127,670	249,203
Net change in money market funds	34,785	(35,834)
NET CASH PROVIDED BY INVESTING ACTIVITIES	27,554	61,810
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from endowment gifts and pledges	14,597	11,078
Repayment of notes payable	(1,496)	(442)
Increase in deposits held in custody	917	5,148
NET CASH PROVIDED BY FINANCING ACTIVITIES	14,018	15,784
NET (DECREASE) INCREASE IN CASH	$ (11,619)	$ 21,337
CASH, BEGINNING OF YEAR	$ 30,716	$ 9,379
CASH, END OF YEAR	$ 19,097	$ 30,716

Amounts are stated in thousands of dollars.

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. Such contributions include endowments to be invested in perpetuity which provide student scholarships, faculty and research support, and other student, academic and operational support from investment returns, as well as contributions to be used currently for those same purposes and additionally 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 (equipment, materials and services), 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. The most recent project was the Football Operations Center, completed in 2013. The projects are funded entirely from private donations.

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 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. Various general projects were completed in 2013. The projects are funded entirely from private donations.

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. Oergon BILDS (Building Integrated Livable Designs Sustainably) is a design-build studio at the University. The first house was completed June 2014.

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 and private businesses (see Note 14).

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; OFX II, LLC; Phit, LLC; OFX III, LLC; OFX PK, LLC; OFX Franklin, LLC; Phit Too, LLC; OFX OB, LLC; OFX Millrace, LLC (see Note 1). All inter-entity transactions and balances have been eliminated. See Note 10 for additional information related to OFX III, LLC, OFX Franklin, LLC, OFX PK, LLC and OFX Millrace, LLC.

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.

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, 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 2 and 3 investments, fair value is determined by the Foundation to be best estimated by the most recent investment manager reported net asset value adjusted for calls and distributions, 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. As of June 30, 2014, cash balance includes $8,000 to be invested on July 1, 2014. This is the net result of cash gifts to be invested and transfers and distributions to be divested.

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 discount rates established by the Internal Revenue Service ranging from 1.2% to 2.2%, as well as actuarially-determined expected lives of beneficiaries ranging from 7.8 to 31.5 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, an irrevocable commitment from a donor to be paid by their estate and which may be satisfied in part or in full during lifetime, 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.

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 development and administration 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 could differ from those 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.

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

UNCERTAINTY IN INCOME TAXES

The Foundation recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement (see Note 16).

SUBSEQUENT EVENTS

The Foundation evaluates subsequent events and transactions that occurred after June 30, 2014 but before financial statements are available to be issued, concluding September 15, 2014. Subsequent events for June 30, 2014 were evaluated through September 12, 2014.

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.

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 75% endowments and 25% other funds with long-term investment horizons at June 30, 2014 and 2013.

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 horizon.

INVESTMENTS BY GROUP

JUNE 30, 2014	GENERAL INVESTMENT PROGRAM	WILLAMETTE INVESTMENT POOL	REMAINDER TRUSTS AND GIFT ANNUITIES	OTHER INVESTMENTS	TOTAL
Money market funds	$ 2,498	$ 28,849	$ -	$ 13,186	$ 44,533
Marketable securities					
Equity securities	-	109,063	56,654	1,468	167,185
Debt securities	43,421	-	37,838	-	81,259
TOTAL MARKETABLE SECURITIES	43,421	109,063	94,492	1,468	248,444
Limited partnerships	13,193	474,396	-	13,375	500,964
TOTAL INVESTMENTS	$ 59,112	$ 612,308	$ 94,492	$ 28,029	$ 793,941

JUNE 30, 2013					TOTAL
Money market funds	$ 3,670	$ 32,568	$ -	$ 43,080	$ 79,318
Marketable securities					
Equity securities	-	93,093	47,147	1,032	141,272
Debt securities	36,536	-	33,685	-	70,221
TOTAL MARKETABLE SECURITIES	36,536	93,093	80,832	1,032	211,493
Limited partnerships	7,696	426,280	-	8,505	442,481
Other investments	647	-	-	-	647
TOTAL INVESTMENTS	$ 48,549	$ 551,941	$ 80,832	$ 52,617	$ 733,939

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. There is one gate (limit on the amount of withdrawals during a redemption period) in effect as of June 30, 2014; full redemption is proceeding as prudently as possible. The term for these investments runs through 2019.

Amounts are stated in thousands of dollars.

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, 2014.

GROWTH

Global equity: This asset class provides broad exposure to 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, 2014.

Private capital: This asset class is intended to provide 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 2024.

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.

ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS

JUNE 30, 2014	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Money market funds	$ 44,533	$ -	$ -	$ 44,533
Marketable securities	248,444	-	-	248,444
Limited partnerships				
Absolute return	-	71,000	16,457	87,457
Liquidity	-	53,460	-	53,460
Global equity	-	164,577	-	164,577
Private capital	545	-	98,987	99,532
Real assets	113	-	95,825	95,938
TOTAL LIMITED PARTNERSHIPS	658	289,037	211,269	500,964
TOTAL INVESTMENTS	$ 293,635	$ 289,037	$ 211,269	$ 793,941
Beneficial interests	$ -	$ -	$ 12,828	$ 12,828
Land and buildings	$ -	$ 17,393	$ -	$ 17,393

JUNE 30, 2013	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Money market funds	$ 79,318	$ -	$ -	$ 79,318
Marketable securities	211,493	-	-	211,493
Limited partnerships				
Absolute return	-	69,120	34,006	103,126
Liquidity	-	36,800	-	36,800
Global equity	-	136,658	-	136,658
Private capital	188	-	88,489	88,677
Real assets	117	-	77,103	77,220
TOTAL LIMITED PARTNERSHIPS	305	242,578	199,598	442,481
Other investments	-	-	647	647
TOTAL INVESTMENTS	$ 291,116	$ 242,578	$ 200,245	$ 733,939
Beneficial interests	$ -	$ -	$ 11,491	$ 11,491
Land and Buildings	$ -	$ 8,304	$ -	$ 8,304

ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)

YEAR ENDED JUNE 30, 2014	ABSOLUTE RETURN	PRIVATE CAPITAL	REAL ASSETS	OTHER INVESTMENTS	TOTAL
BALANCE, BEGINNING OF YEAR	$ 34,006	$ 88,489	$ 77,103	$ 647	$ 200,245
Realized gain	3,567	5,448	2,801	-	11,816
Unrealized gain	(3,450)	3,705	5,428	-	5,683
Purchases	161	21,688	22,789	-	44,638
Sales	(17,827)	(20,343)	(12,296)	(647)	(51,113)
BALANCE, END OF YEAR	$ 16,457	$ 98,987	$ 95,825	$ -	$ 211,269

Amounts are stated in thousands of dollars.

YEAR ENDED JUNE 30, 2013		ABSOLUTE RETURN		PRIVATE CAPITAL		REAL ASSETS		OTHER INVESTMENTS		TOTAL
BALANCE, BEGINNING OF YEAR	$	36,181	$	94,270	$	58,406	$	3,674	$	192,531
Realized gain		123		8,574		1,752		-		10,449
Unrealized gain		7,475		(4,990)		3,242		-		5,727
Purchases		1,402		26,263		19,649		-		47,314
Sales		(11,175)		(35,628)		(5,946)		(3,027)		(55,776)
BALANCE, END OF YEAR	$	34,006	$	88,489	$	77,103	$	647	$	200,245

Unrealized gain (loss) for June 30, 2014 and 2013 is included in Fair value increase on Statement of Activities.

BENEFICIAL INTERESTS (LEVEL 3)

YEARS ENDED JUNE 30		2014		2013
BALANCE, BEGINNING OF YEAR	$	11,491	$	10,199
New gifts		740		822
Net gains, realized and unrealized		922		1,048
Maturities		(325)		(578)
BALANCE, END OF YEAR	$	12,828	$	11,491

COMMITMENTS

	JUNE 30, 2014					
		INVESTED		UNFUNDED COMMITMENTS	REDEMPTION FREQUENCY	REDEMPTION NOTICE PERIOD
LIMITED PARTNERSHIPS						
Absolute return	$	87,457	$	2,132	Daily, Monthly, Quarterly, Semi-Annual, Annually	1 to 90 days
Liquidity		53,460		-	Daily, Monthly, Quarterly	1 to 60 days
Global equity		164,577		-	Daily, Monthly, Quarterly,	4 to 90 days
Private capital		99,532		52,386	N/A	N/A
Real assets		95,938		46,961	N/A	N/A
TOTAL LIMITED PARTNERSHIPS	$	500,964	$	101,479		

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, 2014, as a result of investment losses and Board authorized distributions, the fair value of certain endowment assets was less than the related donor restricted amounts. Aggregate deficiencies were $73 and $940 at June 30, 2014 and 2013, respectively. The decrease in deficiency of $867 resulted primarily from investment gains. 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.

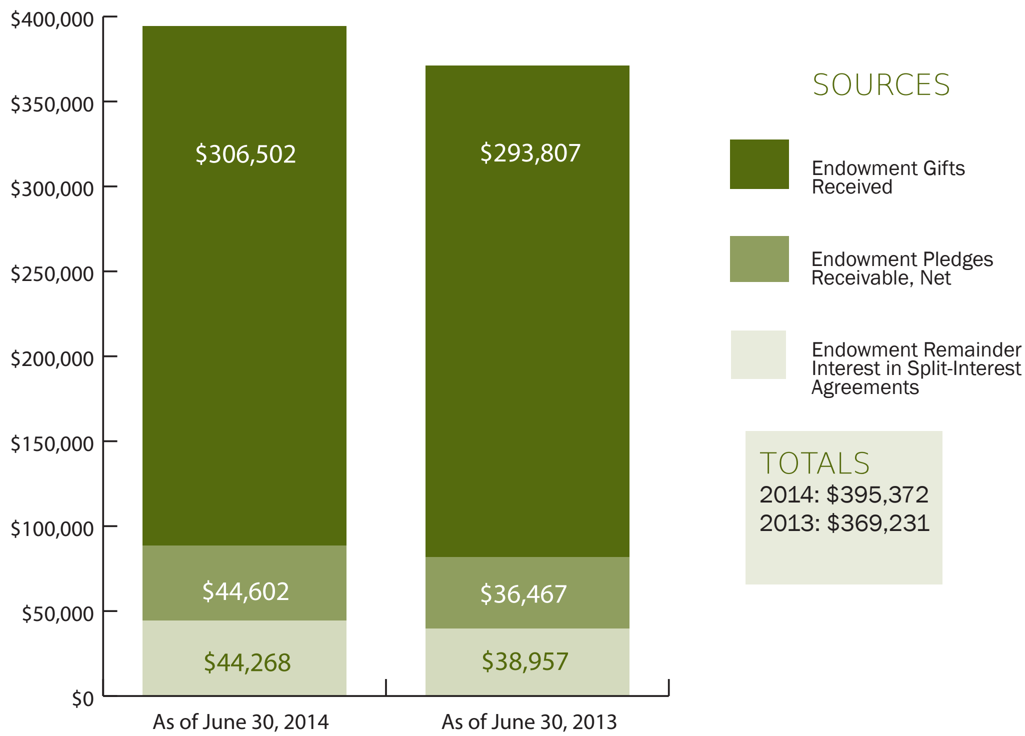
9 University of Oregon Foundation Amounts are stated in thousands of dollars.

CHANGES IN ENDOWMENT NET ASSETS

YEAR ENDED JUNE 30, 2014	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
BALANCE, BEGINNING OF YEAR	$ 393	$ 121,263	$ 369,231	$ 490,887
Contributions	-	466	19,334	19,800
Investments				
Fair value increase (decrease)	1,259	45,901	(18)	47,142
Investment income	101	12,070	-	12,171
Investment fees	-	-	-	-
Distributions	(134)	(14,516)	-	(14,650)
Administrative assessments	-	(5,502)	-	(5,502)
Net revaluation of split-interest agreements	-	-	4,212	4,212
Other changes	-	-	2,613	2,613
Net Increase	1,226	38,419	26,141	65,786
BALANCE, END OF YEAR	$ 1,619	$ 159,682	$ 395,372	$ 556,673
Endowment net assets, included above, designated for the benefit of the Foundation				
	$ 1,691	$ -	$ 2,153	$ 3,844

YEAR ENDED JUNE 30, 2013	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
BALANCE, BEGINNING OF YEAR	$ (2,371)	$ 90,021	$ 352,960	$ 440,610
Contributions	-	356	12,157	12,513
Investments				
Fair value increase	2,837	41,549	28	44,414
Investment income	66	7,727	-	7,793
Investment fees	(5)	(629)	-	(634)
Distributions	(134)	(12,587)	-	(12,721)
Administrative assessments	-	(5,174)	-	(5,174)
Net revaluation of split-interest agreements	-	-	3,728	3,728
Other changes	-	-	358	358
Net Increase	2,764	31,242	16,271	50,277
BALANCE, END OF YEAR	$ 393	$ 121,263	$ 369,231	$ 490,887
Endowment net assets, included above, designated for the benefit of the Foundation				
	$ 1,333	$ -	$ 2,153	$ 3,486

Note 6 - Permanently Restricted Net Assets



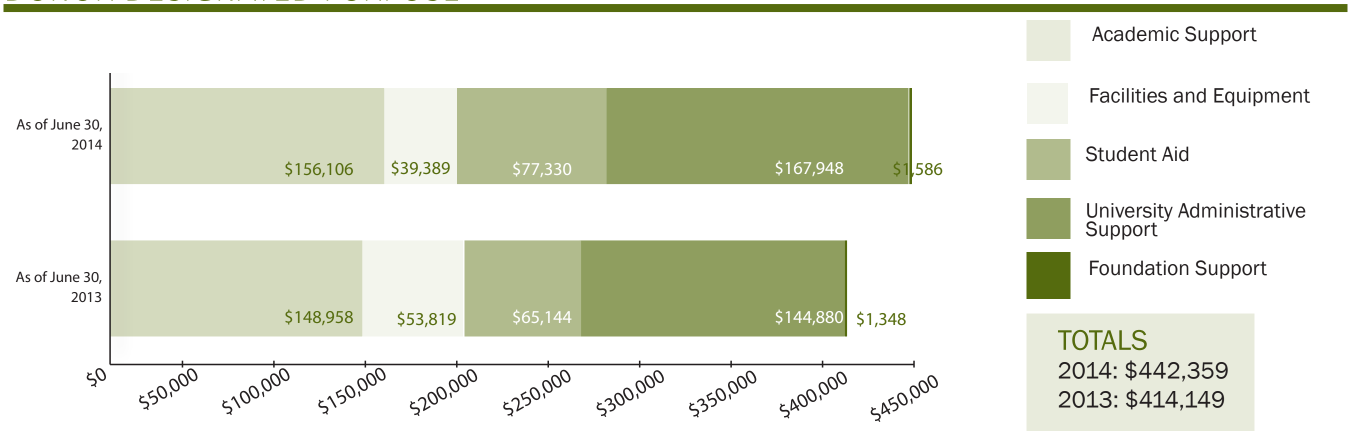
TOTALS
2014: $395,372
2013: $369,231

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, 2014 and 2013, are shown below. Total pledges receivable at June 30, 2014 and 2013 includes deferred pledges.

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; 26 year average as of June 30, 2014. See Note 9 for pledges receivable from members of the Board.

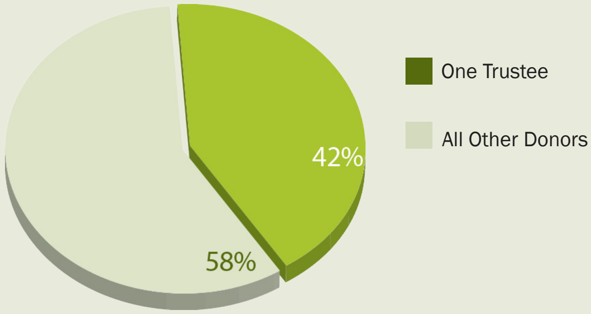
	LESS THAN ONE YEAR	ONE TO FIVE YEARS	MORE THAN FIVE YEARS	JUNE 30, 2014 TOTAL	JUNE 30, 2013 TOTAL
Pledges					
Gross	$ 26,985	$ 71,090	$ 1,019	$ 99,094	$ 95,055
Allowance	(2,065)	(3,555)	(51)	(5,671)	(6,222)
Discount	-	(7,717)	(151)	(7,868)	(10,755)
TOTAL PLEDGES	24,920	59,818	817	85,555	78,078
Deferred Pledges					
Gross	-	5,494	28,208	33,702	31,625
Allowance	-	(496)	(1,418)	(1,914)	(1,696)
Discount	-	(536)	(14,375)	(14,911)	(14,668)
TOTAL DEFERRED PLEDGES	-	4,462	12,415	16,877	15,261
PLEDGES RECEIVABLE, NET	$ 24,920	$ 64,280	$ 13,232	$ 102,432	$ 93,339

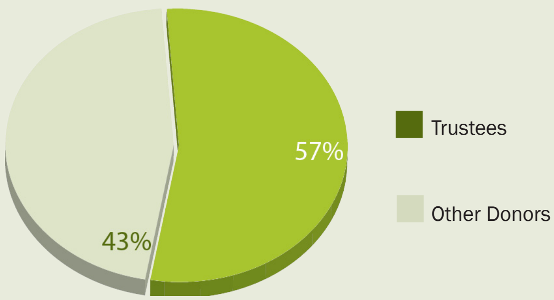
Amounts are stated in thousands of dollars.

Note 9 - Concentrations

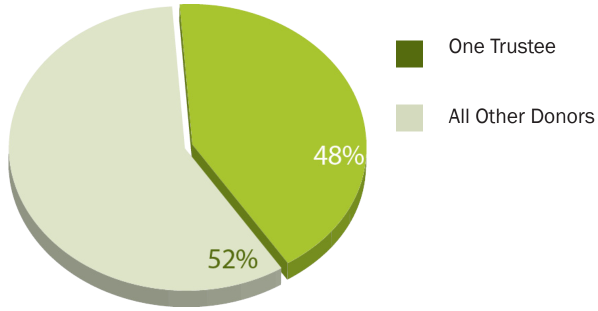
PLEDGES RECEIVABLE

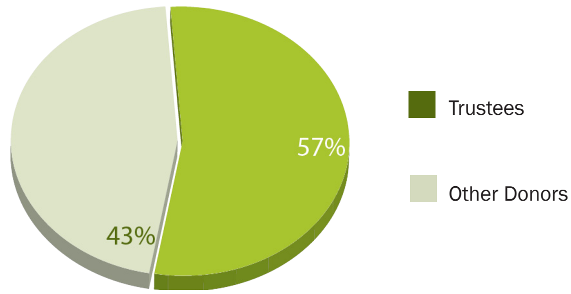
2014





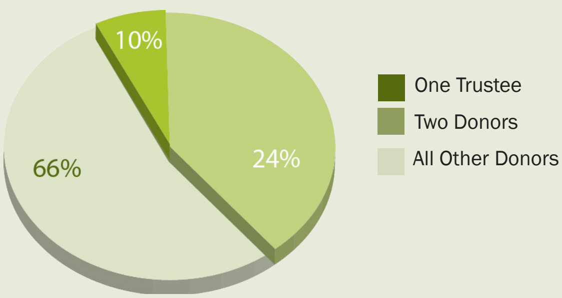
2013

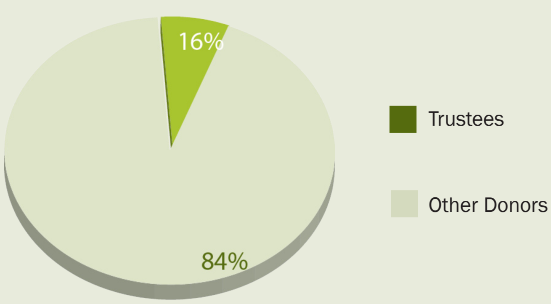




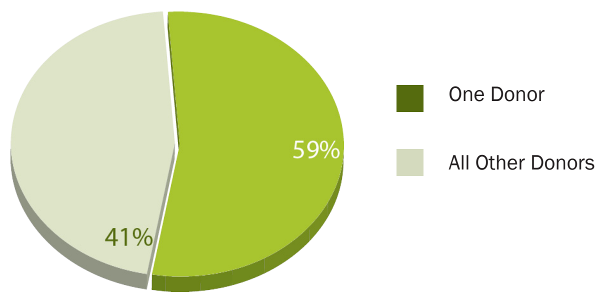
TOTAL CONTRIBUTIONS

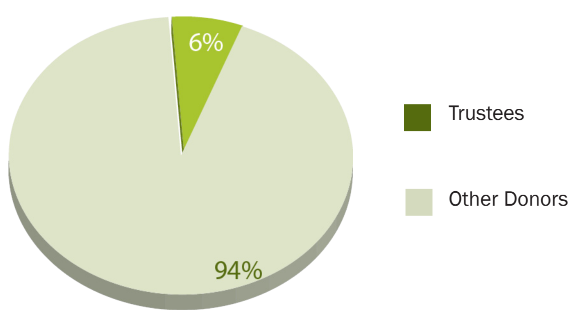
2014





2013





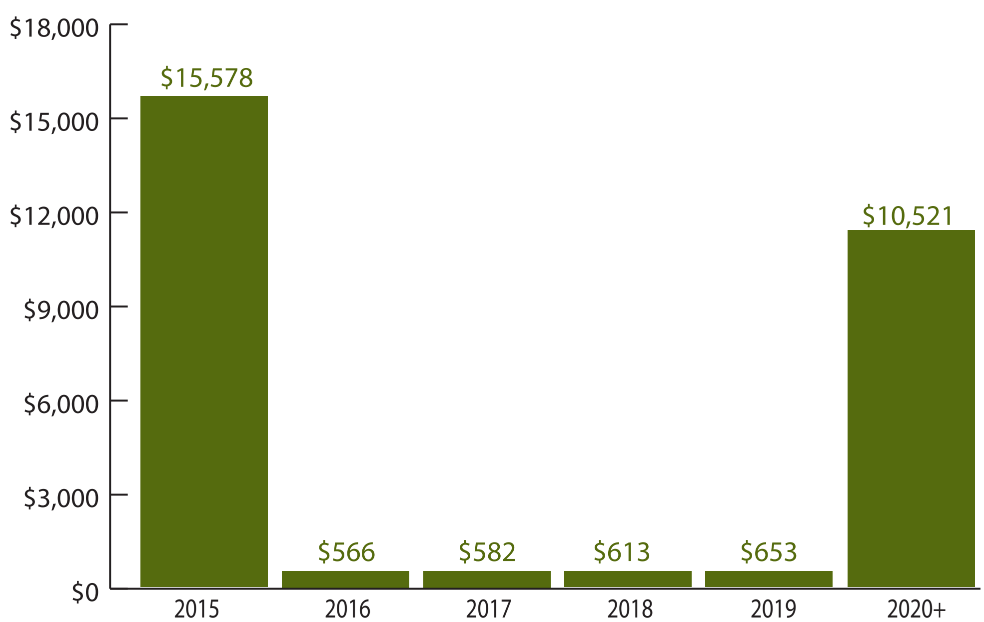
Note 10 - Notes Payable

JUNE 30	2014	2013
AT JUNE 30 THE FOUNDATION HAD THE FOLLOWING NOTES PAYABLE TO BANKS:		
Due June 30, 2015, Prime Borrowing Rate, minus 2%, with interest-only monthly payments, a $10 million 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.	$ 9,000	$ 10,000
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 $732 at June 30, 2014.	8,259	8,544
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.	5,211	-
Due April 1, 2015, 4.97%, quarterly payments of $78 principal and interest, balance due at maturity. Proceeds disbursed by OFX III, LLC to acquire and renovate real property on behalf of the University. The note is secured with real property.	4,061	4,167
Due May 1, 2015, 4.97% with $38 quarterly payments, including principal and interest, balance due at maturity. Proceeds disbursed by OFX Franklin, LLC to acquire real property on behalf of the University. The note is secured with real property.	1,982	2,034
Paid in full April 2014, 5.25% variable no lower than 5.25%, quarterly payments of $9 principal and interest. Proceeds disbursed to the University for renovation of the Jordan Schnitzer Museum of Art. To be repaid with endowment distributions. The note was unsecured.	-	34
TOTAL NOTES PAYABLE	$ 28,513	$ 24,779

Interest expense associated with the above notes for the years ended June 30, 2014 and 2013 corresponds to cash paid for interest, and was $914 and $945, respectively.

Management believes all coverage ratios and non-financial covenants have been met as of June 30, 2014 and 2013.

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 $191 and $161 at June 30, 2014 and 2013, 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	2014	2013
REMAINDER TRUSTS		
Fair value	$ 98,439	$ 83,724
Cost	$ 71,540	$ 65,030
GIFT ANNUITIES		
Fair value	$ 8,881	$ 8,600
Cost	$ 7,289	$ 7,838

TOTAL OBLIGATIONS AND PAYMENTS TO BENEFICIARIES

JUNE 30	2014	2013
Remainder trusts	$ 45,552	$ 37,510
Gift annuities	4,783	5,080
TOTAL OBLIGATIONS TO BENEFICIARIES	$ 50,335	$ 42,590
Remainder trusts	$ 4,613	$ 4,439
Gift annuities	685	697
TOTAL PAYMENTS TO BENEFICIARIES	$ 5,298	$ 5,136

CHANGES IN OBLIGATIONS TO BENEFICIARIES

YEARS ENDED JUNE 30	2014	2013
BALANCE, BEGINNING OF YEAR	$ 42,590	$ 42,741
Obligations on new gifts	7,163	1,071
Investment and other income, net	12,493	9,219
Net revaluation	(6,356)	(4,584)
Payment to beneficiaries	(5,298)	(5,136)
Payment to remainderman	-	(483)
Administrative assessments	(85)	(82)
Other management expenses	(172)	(156)
NET INCREASE (DECREASE)	7,745	(151)
BALANCE, END OF YEAR	$ 50,335	$ 42,590

CONTRIBUTIONS

JUNE 30	2014	2013
Remainder Trusts	$ 2,766	$ 1,273
Gift annuities	109	175
TOTAL CONTRIBUTIONS	$ 2,875	$ 1,448

INVESTMENT RESULTS

JUNE 30	2014	2013
Investment income	$ 1,925	$ 2,376
Increase in fair value of investments	10,568	6,843
TOTAL INVESTMENT RESULTS	$ 12,493	$ 9,219

Amounts are stated in thousands of dollars.

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 – 0.25 % 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	2014	2013
Trust assets and gift annuities	$ 83	$ 82
Endowment assets	6,906	6,053
Other assets	172	45
Expendable gifts for University programs	1,787	2,218
Endowment gifts	468	666
TOTAL ASSESSMENTS	$ 9,416	$ 9,064

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	2014	2013
EXPENSES FUNDED BY OUTRIGHT GIFTS AND AUTHORIZED DISTRIBUTIONS OF ENDOWMENTS FOR DONOR DESIGNATED PURPOSES		
Student scholarships	$ 14,377	$ 16,028
Faculty and research	17,120	14,120
Facilities and equipment	49,421	75,589
Other student, academic and operational support	14,767	28,751
TOTAL FUNDED BY GIFTS AND DISTRIBUTIONS	95,685	134,488
EXPENSES FUNDED BY BOARD APPROVED ALLOCATIONS OF UNRESTRICTED FUNDS		
Student scholarships	20	23
University advancement	3,610	2,058
Other student, academic and operational support	-	368
Foundation administration	7,073	6,900
TOTAL FUNDED BY UNRESTRICTED FUNDS	10,703	9,349
TOTAL EXPENSES	$ 106,388	$ 143,837

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. Lease expense was $245 for fiscal year ended June 30, 2014 and 2013.

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. 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 2015. Quarterly rent payable in advance is $79. Both parties have the option to terminate the lease with not less than 90 days prior written notice to the other party. There are no lease renewal provisions.

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. Both parties have the option to terminate the lease with not less than 180 days prior written notice to the other party. There are no lease renewal provisions.

Amounts are stated in thousands of dollars.

Note 14 - Leases (continued)

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 2016. The total minimum annual lease payments are $76 for 2014.

OFX Millrace, LLC has leased real property it owns to the Board of Trustees of the University of Oregon for a term through January 2022. Monthly rent payable in advance is $73. There are no lease renewal provisions.

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.

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, 2014 and 2013 were $517 and $490, respectively.

Note 16 - Income Taxes

The Foundation had no unrecognized tax benefits which would require an adjustment to the July 1, 2013 beginning balance of net assets and had no unrecognized tax benefits at June 30, 2014. The Foundation files an exempt organization return and applicable unrelated business income tax return in the U.S. federal jurisdiction and applicable state agencies. Generally, the Foundation is no longer subject to income tax examinations by taxing authorities for years before 2010 for its federal and state filings.

Note 17 - Additional Information

YEARS ENDED JUNE 30	2014	2013
NONCASH GIFTS RECEIVED, INCLUDING ENDOWMENT CONTRIBUTIONS		
Marketable securities	$ 9,401	$ 84,687
Land, buildings, and other	367	-
TOTAL NONCASH CONTRIBUTIONS	$ 9,768	$ 84,687
DEPOSITS HELD IN CUSTODY		
For the University of Oregon Alumni Association	$ 12,896	$ 11,400
For others	4,422	5,001
TOTAL DEPOSITS HELD IN CUSTODY	$ 17,318	$ 16,401
ACCOUNTS PAYABLE		
To the University	$ 14	$ 81
To others, for Foundation administration	1,305	1,672
TOTAL ACCOUNTS PAYABLE	$ 1,319	$ 1,753

Amounts are stated in thousands of dollars. 2013-2014 Annual Report 16