



Caldera

Financial Statements and Other Information
as of and for the Year Ended June 30, 2015
and Report of Independent Accountants

CALDERA

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REPORT OF INDEPENDENT ACCOUNTANTS

*The Board of Directors
Caldera:*

We have audited the accompanying financial statements of Caldera, which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Caldera as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on pages 20 and 21 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Summarized Comparative Information

We have previously audited Caldera's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 18, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.



November 13, 2015

CALDERA

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2015

(WITH COMPARATIVE AMOUNTS FOR 2014)

	2015			2014
	Caldera programs	Caldera facilities	Total	
Assets:				
Cash and cash equivalents	\$ 388,773	103,774	492,547	530,342
Grants and contributions receivable (note 4)	370,905	78,852	449,757	304,600
Accounts receivable	6,982	6,402	13,384	11,639
Prepaid expenses and other assets	12,535	21,156	33,691	24,877
Investments (note 5)	1,237,288	6,319,111	7,556,399	6,482,913
Property and equipment (note 6)	24,636	10,478,417	10,503,053	10,656,120
Total assets	\$ 2,041,119	17,007,712	19,048,831	18,010,491
Liabilities:				
Accounts payable and accrued expenses	12,010	10,478	22,488	36,606
Construction payable	–	15,454	15,454	17,276
Deferred revenue	2,171	8,205	10,376	11,106
Note payable	–	–	–	22,227
Total liabilities	14,181	34,137	48,318	87,215
Net assets:				
Unrestricted:				
Available for programs and general operations	63,925	180,222	244,147	214,023
Funds designated by the Board (note 7)	1,269,624	–	1,269,624	1,285,455
Net investment in capital assets	24,636	10,462,963	10,487,599	10,633,893
Total unrestricted	1,358,185	10,643,185	12,001,370	12,133,371
Temporarily restricted (note 7)	668,753	830,390	1,499,143	1,289,905
Permanently restricted (note 7)	–	5,500,000	5,500,000	4,500,000
Total net assets	2,026,938	16,973,575	19,000,513	17,923,276
Commitments and contingencies (note 13)				
Total liabilities and net assets	\$ 2,041,119	17,007,712	19,048,831	18,010,491

See accompanying notes to financial statements.

CALDERA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	2015			2014
	Caldera programs	Caldera facilities	Total	
Changes in unrestricted net assets:				
Operating revenues and gains:				
Contributions and grants (note 9)	\$ 371,626	–	371,626	631,282
In-kind contributions (note 8)	74,826	–	74,826	75,689
Special events, net of direct costs of \$103,558 in 2015 and \$79,965 in 2014 (note 9)	399,779	–	399,779	340,021
Program fees	7,926	97,439	105,365	93,924
Operating interest income	1,446	1,176	2,622	7,660
Other	1,744	3,450	5,194	6,009
Total unrestricted operating revenues and gains	857,347	102,065	959,412	1,154,585
Appropriation of quasi-endowment assets for expenditure (note 7)	42,351	–	42,351	50,401
Net assets released from restrictions for operating purposes (note 10)	443,204	416,375	859,579	787,568
Other transfers and allocations (note 10)	(46,632)	46,632	–	–
Total unrestricted operating revenues, gains, and other support	1,296,270	565,072	1,861,342	1,992,554
Expenses (note 11):				
Program services	937,027	878,372	1,815,399	2,012,150
Management and general	181,820	–	181,820	194,587
Fundraising	271,142	–	271,142	225,820
Total expenses	1,389,989	878,372	2,268,361	2,432,557
Decrease in unrestricted net assets before unrestricted non-operating activities	(93,719)	(313,300)	(407,019) ^[A]	(440,003)
Unrestricted non-operating activities:				
Investment return (note 5)	26,520	–	26,520	143,260
In-kind capital contributions	–	–	–	939
Loss on disposal of capital assets	–	(13,287)	(13,287)	(1,133,459)
Appropriation of quasi-endowment assets for expenditure (note 7)	(42,351)	–	(42,351)	(50,401)
Net assets released from restrictions for capital purposes (note 10)	–	304,136	304,136	359,962
Total unrestricted non-operating activities	(15,831)	290,849	275,018	(679,699)
Total change in unrestricted net assets	\$ (109,550)	(22,451)	(132,001)	(1,119,702)

[A] The organization's operating measure includes \$443,915 in depreciation expense.

Continued

CALDERA

STATEMENT OF ACTIVITIES, CONTINUED

YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	2015			2014
	Caldera programs	Caldera facilities	Total	
Changes in temporarily restricted net assets:				
Operating contributions <i>(note 9)</i>	\$ 531,136	409,042	940,178	963,829
Capital contributions <i>(note 9)</i>	–	302,117	302,117	304,940
Special events <i>(note 9)</i>	26,200	–	26,200	63,000
Investment return <i>(note 5)</i>	–	104,458	104,458	492,094
Net assets released from restrictions for operating purposes <i>(note 10)</i>	(443,204)	(416,375)	(859,579)	(787,568)
Net assets released from restrictions for capital purposes <i>(note 10)</i>	–	(304,136)	(304,136)	(359,962)
Increase in temporarily restricted net assets	114,132	95,106	209,238	676,333
Changes in permanently restricted net assets:				
Endowment gifts <i>(note 9)</i>	–	1,000,000	1,000,000	1,000,000
Increase in net assets	4,582	1,072,655	1,077,237	556,631
Net assets at beginning of year	2,022,356	15,900,920	17,923,276	17,366,645
Net assets at end of year	\$ 2,026,938	16,973,575	19,000,513	17,923,276

See accompanying notes to financial statements.

CALDERA

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	2015			Total	2014
	Unrestricted	Temporarily restricted	Permanently restricted		
Caldera programs:					
Net assets at beginning of year	\$ 1,467,735	554,621	–	2,022,356	1,668,384
Increase (decrease) in net assets	(109,550)	114,132	–	4,582	353,972
Net assets at end of year	1,358,185	668,753	–	2,026,938	2,022,356
Caldera facilities:					
Net assets at beginning of year	10,665,636	735,284	4,500,000	15,900,920	15,698,261
Increase (decrease) in net assets	(22,451)	95,106	1,000,000	1,072,655	202,659
Net assets at end of year	10,643,185	830,390	5,500,000	16,973,575	15,900,920
Total:					
Net assets at beginning of year	12,133,371	1,289,905	4,500,000	17,923,276	17,366,645
Increase (decrease) in net assets	(132,001)	209,238	1,000,000	1,077,237	556,631
Net assets at end of year	\$ 12,001,370	1,499,143	5,500,000	19,000,513	17,923,276

See accompanying notes to financial statements.

CALDERA

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	2015	2014
Cash flows from operating activities:		
Cash received from contributors and program participants	\$ 1,786,640	2,103,341
Interest income received	281,135	47,898
Cash paid to employees and suppliers	(1,858,271)	(1,982,258)
Interest paid	(211)	(1,683)
Net cash provided by operating activities	209,293	167,298
Cash flows from investing activities:		
Acquisition of equipment and building improvements	(305,957)	(392,506)
Reinvestment of interest and dividend income	(278,513)	(40,238)
Purchase of investments	(984,859)	(485,202)
Proceeds from the sale of investments	42,351	50,401
Net cash used in investing activities	(1,526,978)	(867,545)
Cash flows from financing activities:		
Proceeds from contributions restricted for capital acquisition	302,117	304,940
Proceeds from contributions restricted for long-term investment	1,000,000	485,742
Principal payments on note payable	(22,227)	(51,998)
Net cash provided by financing activities	1,279,890	738,684
Net increase (decrease) in cash and cash equivalents	(37,795)	38,437
Cash and cash equivalents at beginning of year	530,342	491,905
Cash and cash equivalents at end of year	\$ 492,547	530,342

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

1. Organization

A nonprofit arts organization, Caldera's mission is to be a catalyst for transformation through innovative and creative programming. Caldera's youth programs provide year-round, long-term arts and environmental education and mentoring for underserved youth in Portland and Central Oregon. Caldera also has an adult program component that provides professional artists a residency at its Blue Lake Campus.

Caldera has a 116-acre campus located 17 miles west of Sisters, Oregon. The site is surrounded by the Deschutes National Forest and sits on the edge of Blue Lake and Suttle Lake. Caldera conducts summer, fall, and spring youth programs in addition to winter artist residencies within that natural setting and in the Hearth Center, a 20,000 square-foot performance space, with two art studios and a library. The site has five A-frames, two log cabins, a 22-room dormitory, and 25 tipis that house youth, mentors, teaching artists, and residencies.

2. Program Descriptions

During the year ended June 30, 2015, Caldera incurred program service expenses in the following major categories:

Youth Programs – Caldera's youth programs have always held the core mission of mentoring at-risk youth through arts and nature experiences. Programmatically, the organization has grown from serving a handful of children at summer camp in 1996, to currently providing approximately 425 students in Portland and Central Oregon, from middle school into college, with long-term, year-round, consistent weekly mentoring and arts and environmental education. In addition, Caldera has extended arts enrichment services to nearly 5,000 students each year at 12 Portland and Central Oregon schools.

Adult Programs – Caldera's artist residency program began in 2001 and has grown from a regional program to an international program. The residencies are at the Blue Lake Campus during January, February, and March. Artists are awarded one-month residencies through a juried selection process. The residencies are for the development, creation, and sharing of their work. In 2015, qualified residents have been invited to join the youth program to either conduct a residency or be a teaching artist at Caldera's Summer Camp. The artists have exclusive use of the Hearth Center and its related facilities. They interact with the Central Oregon community by holding "open studio sessions" about their work, free and open to the public. Caldera believes in creative experimentation, viewing the residency program as a "research and development" laboratory of the arts.

3. Summary of Significant Accounting Policies

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

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

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

- *Unrestricted net assets* – Net assets not subject to donor-imposed stipulations.
- *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that will be met either by actions of the organization and/or the passage of time.
- *Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization. Generally the donors permit the organization to use all or part of the income earned on related investments for general or specific purposes.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Allocation of Facility Costs – The costs associated with operating and maintaining the Central Oregon facility, totaling \$878,372 during the year ended June 30, 2015, have been allocated among the programs benefited based on the number of days of program use. Caldera programs incur a charge for the use of facilities based on a rate of \$1,147 per day. See note 10.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of management, such differences, if any, would not be significant.

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

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

Cash and Cash Equivalents – For purposes of the financial statements, the organization considers all liquid investments having initial maturities of three months or less to be cash equivalents. At June 30, 2015, cash equivalents represent \$301,400 invested in money market funds. Cash and cash equivalents held as part of Caldera’s investment portfolio, and where management’s intention is to use the cash to acquire investments to be held long-term, are classified as investments.

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

Net appreciation (decline) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (decline) of those investments, is shown in the statement of activities. Interest income is accrued as earned, and reported net of investment advisory fees totaling \$45,083 during the year ended June 30, 2015. Security transactions are recorded on a trade date basis.

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

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

Impairment of Long-Lived Assets – Long-lived assets, including capital assets and property held for sale, are reviewed whenever events or changes in circumstances occur that indicate possible impairment in accordance with FASB ASC No. 360, *Property, Plant and Equipment – Subsequent Measurement*. The organization’s impairment review is based on an undiscounted cash flow analysis at the lowest level at which cash flows of the long-lived assets are largely independent of other groups of organization assets and liabilities. The organization conducts annual reviews for idle and underutilized equipment, and reviews business plans for possible impairment. Impairment occurs when the carrying value of the asset exceeds the sum of the undiscounted cash flows expected

to result from the use and eventual disposition of the asset. When an impairment is indicated, the estimated future cash flows are then discounted to determine the estimated fair value of the asset and an impairment charge is recorded for the difference between the carrying value and the net present value of estimated future cash flows. As of June 30, 2015, Caldera does not believe there is any indication that the carrying value or the amortization of its capital assets has been impaired during the year ended June 30, 2015.

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

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

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

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

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

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

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

With regard to endowment losses or appropriations in excess of the fair value of the original gift, in accordance with FASB ASC No. 958-320, *Investments – Debt and Equity Securities*, the portion of a donor restricted endowment that is classified as permanently restricted is not reduced by losses on the investments of the fund, except to the extent required by the donor, including losses related to specific investments that the donor requires the organization to hold in perpetuity. Similarly, the amount of permanently restricted

net assets is not reduced by the organization's appropriations from the fund. In the absence of donor stipulations or law to the contrary, losses or appropriations of a donor-restricted endowment reduce temporarily restricted net assets to the extent that donor-imposed temporary restrictions on net appreciation of the fund have not been satisfied before the loss or appropriation occurs. Any remaining loss or appropriation reduces unrestricted net assets.

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

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

To meet its objective, the organization's policies limit the spending of investment income and appreciation to amounts approved for distribution by the Board of Directors. During the year ended June 30, 2015, there were no appropriations from donor-restricted endowment. However, the Board did elect to appropriate \$42,351 from the Board-designated quasi-endowment, which represents the actual earnings through March 31, 2015. This is in accordance with Caldera's investment policy to appropriate the lesser of either a spending rate of 4.5% applied to the average quasi-endowment investment balances held during the three-year period ended March 31, 2015, or the actual earnings through March 31, 2015. See note 7.

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

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

All checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC for up to \$250,000 for each depositor, for each insured bank, for each account ownership category.

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

Income Taxes – Caldera is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. In addition, Caldera has been recognized as

a public charity under Sections 170(b)(1)(a)(vi) and 509(a)(1) of the Internal Revenue Code. Contributions to Caldera qualify for applicable charitable contribution deductions. For tax purposes, Caldera’s open audit periods are for the three years ended June 30, 2012 through 2014.

Caldera has adopted the recognition requirements for uncertain income tax positions as required by FASB ASC No. 740-10, *Income Taxes*. Under this standard, income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

Subsequent Events – As required by FASB ASC No. 855, *Subsequent Events*, subsequent events have been evaluated by management through November 13, 2015, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2014 – The accompanying financial information as of and for the year ended June 30, 2014 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

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

4. Grants and Contributions Receivable

Grants and contributions receivable at June 30, 2015 represent unconditional promises expected to be collected as follows:

Less than one year	\$ 349,757
From one year to five years	100,000
	\$ 449,757

Of the grants and contributions receivable at June 30, 2015, \$15,140 has been restricted by donors for endowment purposes.

At June 30, 2015, the organization held a conditional gift in the amount of \$50,000, conditioned upon making satisfactory progress of the program outlined in the related grant application. Accordingly, the revenues associated with this conditional gift have not been included in the accompanying financial statements because the conditions had not yet been satisfied as of June 30, 2015.

5. Investments and Investment Return

Investments are carried at fair value, and consist of the following at June 30, 2015:

Fixed-income bond funds:

Intermediate-term	\$ 2,368,974
World	357,919
Other	299,426
	3,026,319

Equity mutual funds:

Large growth	1,943,139
Mid-cap	447,027
International	392,802
World	312,758
Real estate	276,177
Emerging markets	189,078
Other sectors	141,876
Small blend	111,001
	3,813,858

<i>Convertible mutual funds</i>	272,881
	7,113,058

<i>Money market funds</i>	443,341
	\$ 7,556,399

Total investment return for the year ended June 30, 2015 is summarized as follows:

Interest and dividend income	\$ 278,513
Net decline in the fair value of investments	(147,535)
	\$ 130,978

Total investment return for the year ended June 30, 2015 is presented in the statement of activities as follows:

Unrestricted	\$ 26,520
Temporarily restricted	104,458
	\$ 130,978

6. Property and Equipment

A summary of property and equipment at June 30, 2015 is as follows:

Buildings and related improvements	\$ 13,781,438
Furniture and equipment	844,258
Vehicles	179,282
Artwork	57,539
Construction-in-progress	64,712
	14,927,229
Less accumulated depreciation	(4,424,176)
	\$ 10,503,053

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

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

7. Restrictions and Limitations on Net Asset Balances

Board-Designated Net Assets

As of June 30, 2015, the Board of Directors had designated \$1,269,624 in unrestricted net assets as follows:

Quasi-endowment	\$ 1,237,288
Operational reserve	32,336
	<hr/>
	\$ 1,269,624
	<hr/>

Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2015 totaled \$1,499,143 and consist of contributions, grants, and other unexpended revenues and gains restricted by donors and available only for specific program services and future periods, as follows:

Youth programs	\$ 146,944
Artist in Residence	55,594
Scholarships	50,610
Future periods	411,203
Unappropriated endowment return restricted to facilities	834,792
	<hr/>
	\$ 1,499,143
	<hr/>

Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2015 totaled \$5,500,000 and consisted of gifts to the facilities endowment.

The following summarizes the organization's endowment-related activities for the year ended June 30, 2015:

	<u>Donor-restricted endowment</u>			<u>Board-designated endowment Unrestricted</u>	<u>Total endowment</u>
	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>		
Endowment net assets at beginning of year	\$ 730,334	4,500,000	5,230,334	1,253,119	6,483,453
Grants and contributions	-	1,000,000	1,000,000	-	1,000,000
Investment return	104,458	-	104,458	26,520	130,978
Appropriation of endowment assets for expenditure	-	-	-	(42,351)	(42,351)
Endowment net assets at end of year	\$ 834,792	5,500,000	6,334,792	1,237,288	7,572,080

8. In-Kind Contributions

The organization receives contributed services from a large number of volunteers who assist in fundraising and other efforts through their participation in a range of businesses and activities. In accordance with FASB ASC No. 958-605, *Revenue Recognition*, the value of such services, which the organization considers generally not practicable to estimate, has not been recognized in the accompanying financial statements. Significant services received which create or enhance a non-financial asset or require specialized skills that the organization would have purchased if not donated are recognized in the accompanying financial statements. Finally, in-kind contributions of equipment and other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of the organization's activities.

During the year ended June 30, 2015, the organization recorded the following in-kind contributions:

Operating in-kind contributions:

Free use of facilities	\$	56,160
Donated goods and materials		12,666
Contributed services		6,000

74,826

Other in-kind contributions:

Associated with special events		17,628
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\$ 92,454

In addition, see note 6 for discussion of the in-kind use of the land located at Caldera.

9. Contributions and Grants

The following summarizes the contributions and grants recorded in all categories during the year ended June 30, 2015 (excluding in-kind contributions):

Board members and related entities	\$	1,941,255
Corporations		6,886
Other individuals		63,665
Other foundations		357,105
Government		245,010

\$ 2,613,921

The \$2,613,921 in total contributions and grants is reported in the statement activities as follows:

Unrestricted operating and program support	\$	385,750
Temporarily restricted operating and program support		926,054
Capital contributions		302,117
Endowment gifts		1,000,000

\$ 2,613,921

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

Net Assets Released from Restrictions

During the year ended June 30, 2015, the organization incurred \$1,163,715 in expenses in satisfaction of the restricted purposes specified by the donors, or by occurrence of other events specified by donors, as follows:

<i>Released for operating purposes:</i>	
Program support	\$ 443,204
Facilities support	416,375
	859,579
<i>Released for capital purposes:</i>	
Capital acquisitions	304,136
	\$ 1,163,715

Other Transfers and Allocations

During the year ended June 30, 2015, Caldera programs incurred an internal charge of \$1,147 per day for use of program facilities. In addition, Caldera facilities incurred an administrative management fee of 10.0% of gross facility expenses, excluding depreciation, and other costs associated with the demolition and removal of facilities. These charges are presented in the statement of activities, as follows:

Facility usage charged to Caldera programs	\$ (189,275)
Administrative costs charged to Caldera facilities	41,755
Transfer of rental and other income to Caldera programs	100,888
	\$ (46,632)

11. Expenses

The costs of providing the various programs and other activities of Caldera have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

12. Fair Value Measurements

Caldera's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by FASB ASC No. 820, *Fair Value Measurements and Disclosures*. This hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

At June 30, 2015 Caldera's investments (valued at \$7,113,058; see note 5) are measured at fair value on a recurring basis using quoted prices in active markets for identical assets (i.e., Level 1).

13. Retirement Plan

The organization provides all employees with the opportunity to contribute to a tax-sheltered annuity plan, as described in Section 403(b) of the Internal Revenue Code. All employees may make voluntary contributions to the plan on a pre-tax basis, up to the limits allowed by law, from their first day of employment. Employees select from among several investment options. The organization may make voluntary contributions to the plan. All contributions to the plan from both the employees and the organization vest as earned. During the year ended June 30, 2015, the organization made contributions to the retirement plan totaling \$8,600.

14. Statement of Cash Flows Reconciliation

The following presents a reconciliation of the increase in net assets (as reported on the statement of activities) to net cash provided by operating activities (as reported on the statement of cash flows) for the year ended June 30, 2015:

Increase in net assets	\$ 1,077,237
<hr/>	
<i>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</i>	
Depreciation	443,915
Net decline in the fair value of investments	147,535
Proceeds from contributions restricted for capital acquisition	(302,117)
Proceeds from contributions restricted for long-term investment	(1,000,000)
Loss on disposal of capital assets	13,287
<i>Net changes in:</i>	
Contributions and grants receivable	(145,157)
Accounts receivable	(1,745)
Prepaid expenses and other assets	(8,814)
Accounts payable and accrued expenses	(14,118)
Deferred revenue	(730)
<hr/>	
Total adjustments	(867,944)
<hr/>	
Net cash provided by operating activities	\$ 209,293
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CALDERA

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	2015			
	Supporting services			
	Program	Management and general	Facilities	Fundraising
Salaries and related expenses	\$ 595,825	90,582	205,404	239,522
Professional services	131,203	34,997	19,999	2,287
Occupancy	30,337	8,067	52,168	19,405
Supplies and materials	29,131	8,936	46,476	721
Scholarships	9,536	-	-	-
Grants	19,500	-	-	-
Postage	31	1,534	115	20
Printing and copying	83	350	-	-
Insurance	-	5,966	68,562	-
Telephone	3,396	5,520	21,935	-
Repairs and maintenance	4,077	3,000	46,343	-
Travel and transportation	27,229	1,850	2,139	1,924
Meals and entertainment	38,344	1,350	-	25
Meetings and conferences	9,293	13,877	540	2,119
Interest	-	-	211	-
Demolition costs	-	-	-	-
Depreciation	31,088	-	412,465	362
Other	7,954	5,791	2,015	4,757
Total expenses before allocation of facilities expenses	937,027	181,820	878,372	271,142
Allocation of facilities expenses	878,372	-	(878,372)	-
Total expenses	\$ 1,815,399	181,820	-	271,142

Total	2014
1,131,333	1,054,624
188,486	130,222
109,977	124,455
85,264	105,226
9,536	38,308
19,500	15,000
1,700	1,785
433	791
74,528	69,984
30,851	28,090
53,420	107,461
33,142	21,913
39,719	36,313
25,829	13,334
211	1,683
–	221,229
443,915	445,174
20,517	16,965
<hr/>	<hr/>
2,268,361	2,432,557
–	–
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2,268,361	2,432,557

GOVERNING BOARD, ADVISORY COMMITTEES, AND MANAGEMENT

JUNE 30, 2015

Board of Directors

Dan Wieden, *Board Co-Chair*
Chairman, Global
Management Team
Wieden + Kennedy
Portland, Oregon

Wes Lawrence, *Board Co-Chair*
Managing Partner
Evensol, LLC
Sisters, Oregon

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

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

Dave Chen
Principal
Equilibrium Capital Group
Portland, Oregon

Karrelle Dixon
Global Account Director
Nike Account
Wieden + Kennedy
Portland, Oregon

John Jay
President of Global Creative,
Fast Retailing
GX
Portland, Oregon

Cristy Lanfri
Arts, Education &
Environmental Advocate
Bend, Oregon

Barbara McDougall
Children's Advocate
Portland, Oregon

René Mitchell
Partner & Director of
Client Services
tbd advertising
Bend, Oregon

Dennis Wilde
Chief Sustainability Officer
Gerding-Edlen
Portland, Oregon

Nancy Wilgenbusch
President Emeritus
Marylhurst University
Marylhurst, Oregon

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

Emeritus Board Member

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

Advisory Committees**Executive/Nominating Committee**

Dan Wieden, *Co-Chair*
Cristy Lanfri, *Co-Chair*
Cindy Campbell
Wes Lawrence
René Mitchell
Howard Shapiro
Tricia Snell, *Staff*
Nancy Wilgenbusch

Finance and Investment Committee

Cindy Campbell, *Chair*
Wes Lawrence
David Chen
David Nolfi, *Staff*
Tricia Snell, *Staff*

Central Oregon Advisory Committee

Cristy Lanfri, *Co-Chair*
René Mitchell, *Co-Chair*
Kathy Deggendorfer
Noelle Fredland
Jenny Green
Julie Gregory
Margi Heater
Pamela Hulse Andrews
Wes Lawrence
Michelle Meyer, *Staff*
Chuck Newport
Amanda Stuermer

Facility Committee

Dan Wieden, *Chair*
Cristy Lanfri
David Nolfi, *Staff*
Tricia Snell, *Staff*
Dennis Wilde
Bob Woodell

Management

Tricia Snell
Executive Director

David Nolfi
Finance & Operations Director

Michelle Meyer
Development Director

Jon Larsen
Education Director

Elizabeth Quinn
Creative Director

Eliz Unvezagt
Communications Director

CALDERA

INQUIRIES AND OTHER INFORMATION

CALDERA

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Web site

www.calderaarts.org

