# AGRICULTURAL RESEARCH FOUNDATION ANNUAL REPORT 2012-2013





**DENISE RUTTAN** 

# 2013 Agricultural Research Foundation President's Annual Report Message

he next fiscal year will correspond with the foundation's eightieth anniversary.

We are proud of the partnership we have built with OSU, and the service we have been able to provide to the university and Oregon agriculture. But we face several challenges.

For many years, ARF has been able to build cash reserves because our project revenue from contributors has exceeded the amounts withdrawn by researchers. The gains in our asset base allowed us to maintain general fund revenue in the face of shrinking interest rates. This is important because general fund revenue allows us to manage projects without service fees.

Beyond that, excess general fund

dollars are used to pay for our competitive grants.

With the reductions in state and federal support, the trend has reversed. We are projecting that researchers will spend more on their projects than we will receive in contributions for at least the next two fiscal years. This will partially erode our asset base. Over time, that will adversely affect general fund operations. This would initially impact the competitive grants.

In the short term, we have retained sufficient reserves to sustain competitive grant funding at a level comparable to that of recent years.

While there are funding challenges ahead, it is clear that the ARF research accounts, with contributions from

private sources and commodity groups, are needed more than ever. Our track record of delivering results to the research community at OSU has been key to attracting more of these needed contributions from producers.

As we move into our ninth decade we will not lose sight of that fact.

Phillip J. Walker, *President* 

#### AGRICULTURAL REASEARCH FOUNDATION DIRECTORS

Today's Foundation directors and officers, like the founders of the organization, are volunteers. Chosen to represent the diverse segments of the state's agricultural industry, they give generously of their time and expertise in setting policy and monitoring research results from Foundation projects. The directors meet bi-annually to review the annual report, analyze Foundation activities of the past year, and plan programs for the next.

# Officers

# President

Phillip J. Walker

Salem, Hazelnuts and Cherries

#### Vice President

Lance Lyon

Aurora, Nursery Industry

# Secretary/Treasurer

Josh Kvidt

Philomath, Banking

# **Directors**

Arnold Appleby

Corvallis, Emeritus Agronomist, **OSU** 

Roy Arnold

Corvallis, Dean Emeritus

College of Agricultural Sciences

and Provost, OSU

Robert Bailey

The Dalles, Tree Fruits

H. Ronald Cameron

Lake Oswego, Professor Emeritus

Botany and Plant Pathology, OSU

Ralph Fisher

Sublimity, Grass Seed

Ron Hathaway

Klamath Falls

**Professor Emeritus** 

Extension - Animal Science

Mike Hessel

Shedd, Fresh Market Vegetables

and Melons

Ron LeBlanc

Salem, Financial Advisor

Elizabeth Levi Portland, Attorney Pat Malone

Philomath, Christmas Trees

Dayna Mannion

Silverton, Finance

Jean McKinney

Wasco, Wheat Rancher

Logan Norris

Corvallis, Forest Ecology and

Management

Bryan Ostlund

Salem, Commodity Commissions

Fred Postlewait Newport, Banking

Brenda Powell

Corvallis, Retail Nursery and

Garden Center

Steven Price

Corvallis, Wine Industry

Richard Schwartz

Portland, Certified Public

Accountant

Edwin Stastny, Jr.

Malin, Crops

**Bud Weiser** 

Corvallis, Dean Emeritus College of Agricultural Sciences,

**OSU** 

# **Committees**

#### Executive

Phillip J. Walker, Chair

Josh Kvidt

Elizabeth Levi

Lance Lyon

**Bud Weiser** 

#### Finance

H. Ronald Cameron, Chair

Josh Kvidt

Pat Malone

Ron LeBlanc Brenda Powell

Ron Hathaway

Richard Schwartz

Phillip J. Walker

#### Audit

Ralph Fisher, Chair

Roy Arnold

Josh Kvidt

Richard Schwartz

Phillip J. Walker

#### **Nominations**

Roy Arnold, Chair

**Bud Weiser** 

Phillip J. Walker

#### Personnel

Lance Lyon, Chair Josh Kvidt

**Bud Weiser** 

Phillip J. Walker

# **Competitive Grants**

Jean McKinney, Chair Arnold Appleby

**Bob Bailey** 

Bryan Ostlund

Ralph Fisher

Ron Hathaway

Elizabeth Levi

Lance Lyon

Logan Norris

**Bud Weiser** 

Ed Stastny

Steve Price

Mike Hessel

Larry Kaseberg,

**Emeritus** 

#### **Honorary Directors**

Dan Arp, Dean

College of Agricultural Sciences

Edward Ray, President

Oregon State University

#### **Foundation Staff**

L.J. Koong

**Executive Director** 

Yanli Zhang

Manager of Finance and

Research

Charlene Wilkinson Office Manager



# Dedication of the ARF 2014-2016 Competitive Grants Program In Honor of the Agricultural Research Foundation Founders

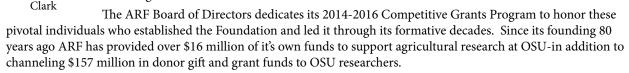
In the early 1930's as the nation plunged into the Depression, funds to support agricultural research was fading. It was a time for men with vision. Such a man was William A. Schoenfeld, dean and director of agriculture at Oregon State College. He was aware of foundations at other universities that were successful in raising funds for research, and he consulted with Robert Kerr, a Portland attorney, who agreed that such an organization was a feasible idea for Oregon. Schoenfeld gathered several leaders to develop the organization, and in 1934, the Agricultural Research Foundation was established as the first foundation at Oregon State College. Officers were R.L. Clark, President, William Schoenfeld, Vice-President, Ralph Besse, Secretary, and co-founder Judge Guy Boyington from Astoria was a member of the initial Board of Directors.

William Schoenfeld was born in Germany and was brought to the U.S. when he was two years old. His professional career included service at universities and numerous state and federal agencies. This provided him with a broad background and a great number of contacts in the agricultural field. He became dean of agriculture at Oregon State College in 1931 where he served until his resignation in 1950. He continued his service to ARF until 1953.

R.L. Clark was a well-known business, civic, and agricultural leader, whose livestock business had led to many agricultural contacts. He was President of the Portland Chamber of Commerce and Secretary of the Portland Livestock Exchange. He served as President of ARF until 1970, a span of 36 years.

Schoenfeld

Ralph S. Besse was a farm management extension specialist at Oregon State College from 1922 to 1932. He became the assistant director of the Agricultural Experiment Station from 1932 to 1949, then associate director until his retirement in 1953. Following his retirement, he accepted a position in Israel, which necessitated his resignation from ARF. His service of 19 years as Secretary was invaluable in establishing ARF.





Besse







# The Agricultural Research Foundation

he Agricultural Research Foundation was established in October of 1934 to encourage and facilitate research in all branches of agriculture and related fields for the benefit of Oregon's agricultural industry. The Foundation is the custodian of privately and publicly donated research funds used to support projects conducted at Oregon State University and throughout the state.

During the 79 years since its organization, the Foundation has provided leadership, incentive and moral support to a vigorous constructive research program. To date the Foundation has received and managed over \$157 million in donor gifts and grants to support research on a wide range of agricultural topics. In addition, the Foundation itself has provided over \$16 million of its own funds, via its Competitive Grants Program, to catalyze exploritative research studies proposed by agricultural scientists at OSU.

The organizers of the Foundation envisioned a corporation that would collaborate and work in close partnership with OSU and Oregon's diverse agricultural industries.



**BETSY HARTLEY** 











LYNN KETCHUM

he Agricultural Research Foundation had another strong year of operations. Income received for projects was \$7,281,440 which is approximately the same amount as the prior year. However, project expenses incurred were \$7,859,633, an increase of 21.2% from the prior year. The total assets decreased 3.1% from the previous year to \$22,599,678 due to market fluctuations in investments and higher expenses. Researchers spent more funds held by the Foundation because of State and Federal funding cuts. This is the first time in the last decade that expenses exceeded income. The Foundation's own general fund provided support for the Competitive Grants Program in the amount of \$418,546, bringing the total general fund support for special projects to \$444,693.

To prevent significant market value drops when interest rates rise on the long duration bonds, Ferguson Wellman Capital Management (Ferguson Wellman) repositioned about \$6 million of the Foundation's investments from long term to short term bonds at the request of the Board of Directors and the Finance Committee. As a result, the Foundation has a more balanced portfolio, to mitigate market risk and liquidity risk. On June 30, 2013, the Foundation's investments contained 5.8% federal securities, 0.9% certificates of deposit, 70.8% municipal securities, and 22.5% corporate bonds. Ferguson Wellman is managing 71% of the portfolio while Wells Fargo and Morgan Stanley Smith Barney hold 29% of the portfolio. Overall the weighted average coupon rate on investments was 4.8% in

2012-13, compared to 5.3% in 2011-2012. This was caused by reducing the duration of the bonds.

At the June 30 year end, the investment portfolio had an unrealized gain of \$120,615, reflected in net assets as market value above the historical cost of investments. The Foundation does not anticipate a realized gain as management expects to hold all securities to maturity by continuing to closely manage cash flow.

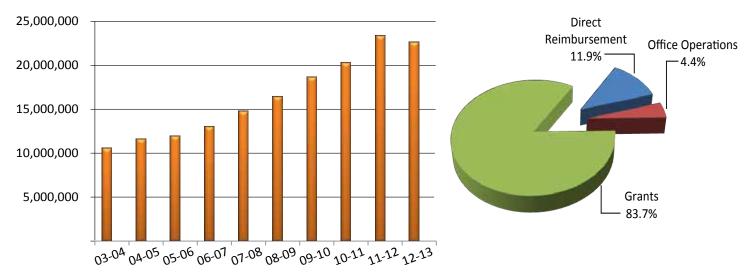
The financial statements and related financial information in this Annual Report are the responsibility of Foundation management, and have been audited by Johnson McGowan and Associates, independent public accountants.

**Yanli Zhang** Manager of Finance and Research

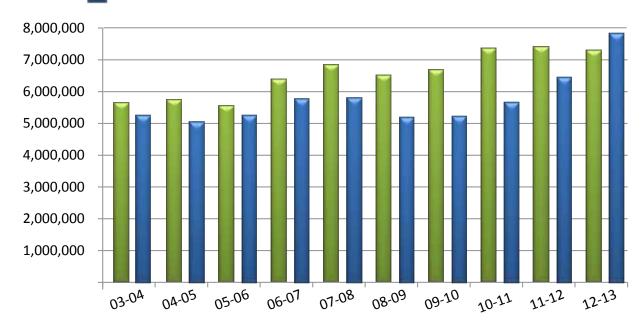


# Assets (in dollars)

# Funding in support of programs



- **Income** in dollars (All funds contributed for research projects, excludes general fund investment income)
- **Expenditures** in dollars (All funds spent for research projects, excludes office operations)



# AGRICULTURAL RESEARCH FOUNDATION INDEPENDENT AUDITOR'S REPORT

statement of assets and net assets-cash basis of Agricultural Research Foundation (an Oregon nonprofit corporation) as of June 30, 2013, and the related statement of revenues, expenses and changes in net assets – cash basis for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note1, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and net assets of the Agricultural Research Foundation as of June 30, 2013, and its revenues, expenses and changes in net assets for the year then ended, on the bases of accounting described in note 1.

Johnson McGowan & Associates LLP Albany, Oregon September 20, 2013





# **AGRICULTURAL RESEARCH FOUNDATION**

(an Oregon Nonprofit Corporation)

# Statement of Revenues, Expenses and Changes in Net Assets - Cash Basis

For the Year Ended June 30, 2013

	Temporarily Unrestricted Restricted		Permanently Restricted	Total	
Revenues					
Contracts and gifts	\$ 600	\$ 7,280,340	\$ 500	\$ 7,281,440	
Investment income	807,822	40,998	591	849,411	
Realized gain on investments	454,797	21,966	317	477,080	
Net assets released from restrictions - fulfillment of purpose	7,421,138	(7,473,439)	52,301	_	
Total Revenues	8,684,357	(130,135)	53,709	8,607,931	
Expenses					
Compensation and benefits	307,536	-	-	307,536	
Equipment purchases	10,621	-	-	10,621	
Research project salaries					
and expenses	6,881,081	-	-	6,881,081	
Travel	59,812	-	-	59,812	
Supplies and materials	332,320	-	-	332,320	
Services, postage and other Depreciation	626,782 6,867	-	-	626,782 6,867	
·					
Total Expenses	8,225,019			8,225,019	
Changes in Net Assets					
Before Unrealized Loss					
on Investments	459,338	(130,135)	53,709	382,912	
Unrealized (loss) on investments	(1,116,850)	-	-	(1,116,850)	
Changes in Net Assets	(657,512)	(130,135)	53,709	(733,938)	
Net assets, Beginning of Year	2,563,971	19,864,825	904,820	23,333,616	
Net Assets, End of Year	\$ 1,906,459	\$ 19,734,690	\$ 958,529	\$ 22,599,678	

AGRICULTURAL RESEARCH FOUNDATION (an Oregon Nonprofit Corporation) Notes to Financial Statements June 30, 2013

# Nature of Activities

The Agricultural Research Foundation (the Foundation) was established to encourage and facilitate research in all branches of agriculture and related fields for the benefit of Oregon's agricultural industries. The Foundation, which was incorporated in 1934, is the custodian of privately and publicly donated research funds used to support projects conducted at Oregon State University and throughout the state.

# Note 1 – Summary of **Significant Accounting Policies**

# A. Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. Under that basis, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. That basis differs from generally accepted accounting principles primarily because the Foundation has not recognized accounts receivable from grantors and other third parties and accounts payable to vendors and beneficiaries and their related effects on earnings in the accompanying financial statements.

# B. Donated Services

Donated services are recognized as contributions if the services either (a) create or enhance non-financial assets or (b) require specialized skills, which are

performed by people with those skills, and would otherwise be purchased by the Foundation.

During the year, donated services consisted solely of board members' participation with the Foundation. The kinds of services provided generally involve the contribution of time, but these services do not meet the criteria for recognition as contributed services.

# C. Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

# D. Cash and Cash Equivalents

Cash and cash equivalents include bank deposits, money market accounts, and highly liquid investments with maturities of three months or less from purchase date. Cash and cash equivalents restricted for long-term purposes are included in investments.

# E. Equipment and Leasehold **Improvements**

Equipment purchased, maintained, and used by the Foundation is capitalized. It is the Foundation's policy to capitalize equipment over \$500 at cost. Lesser amounts are expensed. Maintenance and repairs are expensed as incurred; major renewals and betterments are capitalized. When items of equipment are sold or retired, the related costs and accumulated

depreciation are removed from the accounts and any gain or loss is included in current activity.

Depreciation of equipment and leasehold improvements is calculated using the straight-line method over the estimated useful lives of the assets, which averages three to ten years.

# F. Financial Statement Presentation

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets. temporarily restricted net assets, and permanently restricted net assets.

# G. Contributions

Pursuant to FASB ASC (Accounting Standards Codification) 958-605, Not-for-Profit Entities--Revenue Recognition--Contributions Received, the Foundation records contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

# H. Tax Exempt Status

The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a) (2). Accordingly, no provision for income taxes is included in the financial statements.

AGRICULTURAL RESEARCH FOUNDATION (an Oregon Nonprofit Corporation) Notes to Financial Statements June 30, 2013

# I. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the accompanying financial statements. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor, if any, are reported as increases in temporarily and permanently restricted net assets in the reporting period in which the income and gains are recognized. If the restrictions are met (either by passage of time or by use), the income is transferred to the unrestricted net assets in the reporting period in which the restrictions are met.

# J. Fair Value of Financial Instruments

The carrying amounts for cash, cash equivalents, and shortterm investments, if any, in the accompanying financial statements approximate fair values because of the short maturities of those instruments. The fair value of investments are estimated based on quoted market prices for those investments.

# K. Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions.



RHONDA SIMMONS





# Note 2 - Classifications of Net **Assets**

The classifications of net assets presented in the financial statements are unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets in the amount of \$1,906,459 account for all resources over which the governing body has discretionary control. Investment earnings related to these net assets are allocated to undesignated, unrestricted net assets unless specified otherwise by the Board and Foundation policy.

Temporarily restricted net assets in the amount of \$19,734,690 account for all resources for which the donor has assigned a particular purpose. Temporarily restricted net assets are comprised of multiple research projects, each having its own set of guidelines and dates by which the project funds must be expended. Investment earnings related to these net assets are allocated to unrestricted net assets unless specified otherwise by donors.

The permanently restricted net assets consist of six endowment funds; the nonexpendable balances in the Savery Fund of \$573,338, the Tim Wirth Memorial Scholarship Fund of \$17,100, the Squaw Butte Development Fund of \$131,511, the Elliker Scholarship Fund of \$53,763, the John Flanagan Memorial Scholarship of \$156,000, and the Robert E. and Carolyn S. Witters Fund of \$26,817, totaling \$958,529. Investment income earned from the Savery Fund is allocated to the College of Ag Sciences for various scholarships and awards. Investment income earned from the Tim Wirth Memorial Scholarship Fund provides scholarships for recipients chosen by the Crop and Soil Sciences Department. Investment income earned from the Squaw Butte Development Fund provides funding to support research programs at Eastern Oregon Ag Research Center. Investment income earned from the Elliker Scholarship Fund provides for scholarships for recipients chosen by the Microbiology and Food Sciences Departments. Investment income earned from the John Flanagan Memorial Scholarship provides scholarships for recipients chosen by the Crop and Soil Sciences Department. Investment income earned from the Robert E. and Carolyn S. Witters Fund is for support of graduate students enrolled in a plant science program in the Department of Crop and Soil Sciences to attend plant-related professional meetings, conferences, workshops, etc.

# Note 3 - Investments

The Foundation's investments at June 30, 2013, stated at fair value, consist of various investments in government securities, mortgage and asset backed securities, municipal bonds, corporate bonds, and time certificates of deposit. These investments are summarized as follows:

	Historical	Fair	Unrealized	Investment	
	Cost	Value	Gain (Loss)	Return	
Government securities	\$ 987,874	\$ 1,025,619	\$ 37,745	\$ 1,197	
Mortgage and asset backed					
securities	204,536	245,136	4,600	46,929	
Municipal bonds	15,028,882	15,136,253	107,371	3,071	
Corporate bonds	4,734,997	4,691,556	(43,441)	159,268	
Time certificates of deposit	194,000	208,340	14,340	(3,092)	
Total	\$21,186,289	\$21,306,904	\$ 120,615	\$ 207,373	
Mortgage and asset backed securities Municipal bonds Corporate bonds Time certificates of deposit	204,536 15,028,882 4,734,997 194,000	245,136 15,136,253 4,691,556 208,340	4,600 107,371 (43,441) 14,340	46,9 3,0 159,2 (3,09	

Investment return consists of investment income and the current year realized gain and unrealized loss on investments, excluding the interest income earned on the cash held in the bank.

Investment income of \$849,411 is presented net of investment management fees in the amount of \$41,022 on the Statement of Revenues, Expenses and Changes in Net Assets -Cash Basis.

Investments are reflected in the Statement of Assets and Net Assets - Cash Basis as follows:

Investments	\$20,348,375
Restricted investments	958,529
Total	\$21,306,904

The investments above were valued using level 1 fair value measurement inputs at June 30, 2013. The level 1 inputs used for valuation, consisted of using quoted prices in active markets for identical assets.

# Note 4 - Equipment and Leasehold Improvements

Equipment and leasehold improvements consist of the following:

	Н	istorical	Accumulated			
		Cost	Depreciation		 Net	
Office equipment	\$	58,022	\$	(44,893)	\$ 13,129	
Leasehold improvements		17,923		(3,435)	14,488	
Total	\$	75,945	\$	(48,328)	\$ 27,617	

Depreciation expense for the year ended June 30, 2013 was \$6,867.

# Note 5 - Pension Plan

The Foundation has a money purchase annuity plan covering all eligible employees. Contributions are 15% of participants' annual compensation and totaled \$30,495 for the year ended June 30, 2013.

# Note 6 - Endowment

The Foundation's endowment consists of six funds established for different purposes as described in Note 2. These funds are all donor-restricted endowment funds. There are no funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, the Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purpose of the Foundation and the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Changes in endowment net assets for the year ended June 30, 2013 are as follows:

			Temporarily		Permanently				
	Unrestrict	ed	R	Restricted		Restricted		Total	
Net assets, beginning of year	\$	-	\$	92,761	\$	904,820	\$	997,581	
Investment income		-		40,998		591		41,589	
Realized gains		-		21,966		317		22,283	
Contributions to endowment	:	-		1,100		500		1,600	
Donor requested transfer		-		(49,334)		53,301		2,967	
Amounts appropriated for									
expenditure		_		(56,023)				(56,023)	
Net assets, end of year	\$	_	\$	51,468	\$	958,529	\$ 1	,009,997	



# Note 6 - Endowment continued

# **Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets can include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Invested endowment assets adhere to a strict board approved investment policy to support the Foundation's endowment spending requirements.

# Strategies Employed for Achieving **Objectives**

To satisfy its long-term income objectives, the Foundation relies on an income maximization strategy in which investment returns are achieved through current yield by investing in municipal bonds, investmentgrade corporate bonds, and investments explicitly or implicitly guaranteed by the U.S. Government. The Foundation's investments include bank and credit union deposits insured by FDIC or NCUA, and bonds secured by the FHLB, GNMA, FNMA, and FHLMC, or similar agencies to achieve its long-term income objectives within prudent risk constraints.

# NOTE 7 - Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Approximately 95.56% of the Foundation's expenses relate to program services, 4.44% to supporting services, and 0% to fundraising activities.

	Program Services	Supporting Services	Fundraising	Total
Compensation and benefits	\$ -	\$ 307,536	\$ -	\$ 307,536
Equipment purchases	10,621	-	-	10,621
Research project salaries				
and expenses	6,881,081	-	-	6,881,081
Travel	59,018	794	-	59,812
Supplies and materials	329,043	3,277	-	332.320
Services, postage and other	579,870	46,912	-	626,782
Depreciation		6,867		6,867
	\$7,859,633	\$ 365,386	\$ -	\$8,225,019



YNN KETCHUM

AGRICULTURAL RESEARCH FOUNDATION (an Oregon Nonprofit Corporation) Notes to Financial Statements June 30, 2013

# Note 8 - Concentrations of Credit Risk

The Foundation maintains its bank accounts at Citizens Bank in Corvallis, Oregon. The checking accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. There was no risk of loss beyond the FDIC coverage on the checking accounts at June 30, 2013. At June 30, 2013 the Foundation has a repurchase bank account at Citizens Bank with a balance of \$1,792,109. This balance is not FDIC insured, but instead is secured by a repurchase agreement which is collateralized by specific U.S. governmental securities.

The Foundation maintains investments with Morgan Stanley Smith Barney LLC, Charles Schwab & Co Inc, and Wells Fargo Securities LLC that are diversified in a variety of governmental securities, municipal bonds, mortgage and asset backed

**RHONDA SIMMONS** 

securities, corporate bonds, and certificates of deposit; however, the Foundation's investments are subject to market fluctuations that could dramatically affect the carrying values of these assets. The Foundation's certificates of deposit are insured by the FDIC up to \$250,000 each. In addition, the Foundation's other investments are insured by the Securities Investors Protection Corporation (SIPC) up to a maximum of \$500,000 by each company. The amount in excess of SIPC limits as of June 30, 2013 was \$20,103,323.

# Note 9 – Contract with Oregon State University

An agreement was entered into between Oregon State University (OSU) and the Foundation to provide services and facilities in exchange for financial support. If not renewed, the agreement is due to expire on June 30, 2015. OSU has agreed to provide the Foundation with office space,

utilities, and janitorial services at no cost. Support services are provided to the Foundation at the same established rates for other OSU departments. The Foundation has agreed to support OSU by (1) Receiving, investing, and administering funds for charitable, scientific, and educational activities of OSU, (2) Cooperating with the OSU Foundation in its fundraising activities and development programs, (3) Supporting OSU by means of funds donated to the Foundation and consistent with such restrictions that meet OSU guidelines or have been approved by OSU, and (4) Performing other acts as may be deemed appropriate for carrying out the purposes of the Foundation.

At June 30, 2013, the Foundation had a receivable from OSU for gift index accounts in the amount of \$22,072 and payable to OSU for contract index accounts in the amount of \$5,927,795.



**CHRIS LABELLE** 

# Note 10 - Subsequent Envents

Pursuant to FASB ASC 855, Subsequent Events, management has evaluated subsequent events through September 19, 2013, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

5 Boroughs Brewery 5G Ranch, LLC Abel, Dana Abrahamson, Reed & Nicolette ABS Global, Inc. Activ International, Inc. Adelante Mujeres Aebi, Randal Ag Concepts Corp Agdia, Inc. AgraQuest, Inc. AGRI-GRO Marketing, Inc. Agrinos Inc. Agrium Advanced Technologies AgroThermal Systems **AgSource Cooperative Services** Ahnert, Nancy L. Alaska SeaLife Center Alfa Laval Allardt, Mary Allen, Karen K. Allflex USA, Inc. Alliance of Crop, Soil & **Environmental Science Societies** Alltech, Inc. Alyeska Seafoods, Inc. Amalgamated Sugar Co., LLC American Malting Barley Association, Inc. American Penstemon Society American Seafoods Group, LLC American Takii, Inc. American Vineyard Foundation AMVAC Chemical Corporation Aquamar Arctic Storm Management Association of Clean Water Agency Austin, Judy AWIN Management, Inc. Bailey Nurseries, Inc. Bailey, Don & Betty Baird, Berton & Patricia Baker, Gail Bar CK Cattle Company Barlena, James & Dolores Barlow, Jennifer Barts, David & Edward **BASF** Corporation

Basor, Brian

BDAS, LLC

Bayer CropScience LP

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