GaryMcGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

All Hands Raised

Financial Statements and Other Information
as of and for the Year Ended June 30, 2016
and Report of Independent Accountants

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Management Discussion and Analysis

We are pleased to share the attached audited financial statements for All Hands Raised for the year ended June 30, 2016. The organization continues to operate from a financially healthy position, with unrestricted net assets available for programs and general operations of $370,638 and total net assets of $1,925,125. The results outlined in these financial statements reflect a strong commitment by the Board of Directors and the staff to deliver on our mission to champion education, equity and excellence, from birth to career.

More than 221,000 youth aged zero to 24 currently live in Multnomah County. With an acute focus on equity, we are working to improve the educational outcomes for these children, youth and young adults. To do this, All Hands Raised provides the framework, coaching and tools that empower schools and organizations to change. And in this fiscal period, our work centered on six focus areas, engaging more than 400 partners.

The following represent a few of the significant milestones that occurred during this fiscal period and contributed positively to our shared efforts.

- Through our role as the "backbone organization" our work continues to focus on bringing together leaders and practitioners from education, business, government and non-profits to align our work around practices that lead to positive impact. We deepened our commitment to use results-based tools to drive work on the ground at six school sites to help improve K-12 attendance. And we continued to deepen our work in our other focus areas: racial educational equity, kindergarten transition, ninth grade transition, college access and completion, and pathways to construction and manufacturing. These efforts contributed to our role as a leader in the regional and national "cradle to career" movement.

- We continue to take great pride in our work to steward Portland Public Schools (PPS) parent-led fundraising and manage the PPS Parent Equity Fund. PPS parents raised $3,806,485 during the 2015-16 fiscal year. In this same fiscal period, we distributed $988,000 in PPS Parent Equity Fund Awards, using a data-driven formula, to 39 high-need schools in PPS.

- The 21st annual event, "Shine On" was held on February 29, 2016, and through the work of a subcommittee of the Board, the event realized excellent corporate sponsorship, individual commitments, and in-kind support. This resulted in raising $474,017 of unrestricted funds from this one-night event.

We are proud of the impact we are having on improving outcomes for children, youth and young adults in Multnomah County, as well as on keeping leaders and practitioners engaged in and committed to building an improved system for our children and youth.

These financial statements reflect our commitment to ensuring that the work of the organization is sustainable and healthy. We look forward to sharing our progress and impact in future audits.

Sincerely,

Carmen Rubio, *Chair* Dan Ryan, *CEO*

Report of the Audit Committee

The financial statements and other information contained in this report have been prepared by management, which is responsible for the information's integrity and objectivity. The financial statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis and are deemed to present fairly the financial position of ALL HANDS RAISED and the changes in its net assets and cash flows. Where necessary, management has made informed judgments and estimates of the outcome of events and transactions, with due consideration given to materiality.

As a means of fulfilling its responsibility for the integrity of financial information included in this report, management relies on a system of internal controls established to ensure, within reasonable limits, that assets are safeguarded against loss or unauthorized use, that transactions are properly recorded and executed in accordance with management's authorization, and that the accounting records can be relied upon to prepare financial statements in accordance with generally accepted accounting principles. This system is augmented by careful selection and training of qualified personnel and the dissemination of written policies and procedures.

The financial statements have been examined by the organization's independent accountants, GARY MCGEE & CO. LLP, whose report follows. Their examinations were made in accordance with generally accepted auditing standards. The Board of Directors meets periodically with management and the independent accountants to review accounting, auditing, internal accounting controls, and financial reporting matters, and to ensure that all responsibilities are fulfilled with regard to the objectivity and integrity of the organization's financial statements. The Board of Directors also reviews the scope and results of the organization's audit, and current and emerging accounting and financial requirements and practices affecting the organization.

Christine Barbour
Audit Committee Chair

GaryMcGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Directors
All Hands Raised:

We have audited the accompanying financial statements of All Hands Raised, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities 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 All Hands Raised as of June 30, 2016, 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.

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Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules on pages 20 through 23 are presented for purposes of additional analysis and are 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 All Hands Raised's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 23, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

November 18, 2016

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2016

(WITH COMPARATIVE AMOUNTS FOR 2015)

	2016	2015
Assets:		
Cash and cash equivalents	$ 3,192,329	3,830,600
Contributions receivable *(note 3)*	186,288	152,080
Accounts receivable	–	1,523
Prepaid expenses and other assets	13,142	24,996
Beneficial interest in assets held by the Oregon Community Foundation *(note 4)*	72,385	78,530
Property and equipment *(note 5)*	48,287	13,780
Total assets	$ 3,512,431	4,101,509
Liabilities:		
Accounts payable and accrued expenses	111,453	104,002
Grants and other funds payable to the Portland Public School District *(note 6)*	1,475,853	2,289,035
Total liabilities	1,587,306	2,393,037
Net assets:		
Unrestricted:		
Available for programs and general operations	370,638	345,331
Funds designated by the Board *(note 8)*	250,000	200,000
Net investment in capital assets	48,287	13,780
Total unrestricted	668,925	559,111
Temporarily restricted:		
Net assets held to fund equity grants for Portland Public Schools *(note 8)*	922,990	939,850
Other temporarily restricted net assets *(note 8)*	265,621	141,922
Total temporarily restricted	1,188,611	1,081,772
Permanently restricted for endowment *(note 8)*	67,589	67,589
Total net assets	1,925,125	1,708,472
Commitments *(notes 7, 13, 14, and 15)*		
Total liabilities and net assets	$ 3,512,431	4,101,509

See accompanying notes to financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	2016				
	Unrestricted	Temporarily restricted	Permanently restricted	Total	2015
Revenues, gains, and other support:					
Private contributions and grants *(note 9)*	$ 675,217	433,820	–	1,109,037	525,677
Local school foundations	–	3,806,485	–	3,806,485	3,753,706
Government grants	200,750	42,300	–	243,050	245,000
In-kind contributions	39,821	–	–	39,821	91,803
Special events	474,017	–	–	474,017	475,988
Total investment return *(note 10)*	30	(2,708)	–	(2,678)	205
Other	1,049	–	–	1,049	3,028
Total revenues and gains	1,390,884	4,279,897	–	5,670,781	5,095,407
Net assets released from restrictions *(note 11)*	4,173,058	(4,173,058)	–	–	–
Total revenues, gains, and other support	5,563,942	106,839	–	5,670,781	5,095,407
Grants and expenses *(notes 12 and 13)*:					
Grants awarded	3,562,109	–	–	3,562,109	3,359,545
Program services:					
Program initiatives	1,027,306	–	–	1,027,306	984,639
Sponsored projects	–	–	–	–	620
Total grants awarded and program services	4,589,415	–	–	4,589,415	4,344,804
Supporting services:					
Administrative	285,755	–	–	285,755	259,461
Fundraising for local school foundations	311,085	–	–	311,085	311,389
Other fundraising	267,873	–	–	267,873	295,458
Total supporting services	864,713	–	–	864,713	866,308
Total grants and expenses	5,454,128	–	–	5,454,128	5,211,112
Increase (decrease) in net assets	109,814	106,839	–	216,653	(115,705)
Net assets at beginning of year	559,111	1,081,772	67,589	1,708,472	1,824,177
Net assets at end of year	$ 668,925	1,188,611	67,589	1,925,125	1,708,472

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	2016	2015
Cash flows from operating activities:		
Cash received from grantors and contributors	$ 5,546,451	5,156,187
Cash received from the refund of previously awarded equity fund grants, and from other sources	1,049	3,028
Distributions received from assets held by the Oregon Community Foundation *(notes 4 and 16)*	3,437	3,353
Interest income received *(note 10)*	30	392
Grants paid	(4,375,291)	(2,348,969)
Cash paid to employees and suppliers	(1,762,363)	(1,634,431)
Net cash provided by (used in) operating activities	(586,687)	1,179,560
Cash flows from investing activities:		
Capital expenditures	(51,584)	(1,142)
Net cash used in investing activities	(51,584)	(1,142)
Net increase (decrease) in cash and cash equivalents	(638,271)	1,178,418
Cash and cash equivalents at beginning of year	3,830,600	2,652,182
Cash and cash equivalents at end of year	$ 3,192,329	3,830,600

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

1. Organization

All Hands Raised is an independent, community-based organization established in 1994 to meet the most urgent educational needs of kids in Portland. Specifically, the organization was established to steward the Portland Public Schools ("PPS") parent-led fundraising and manage the PPS Equity Fund, a role that continues today. The organization is a nonprofit corporation organized in accordance with the laws of the State of Oregon and managed by a volunteer Board of Directors.

In November of 2010, All Hands Raised was endorsed as the managing entity for the adaptation of a "cradle to career" initiative in Portland and Multnomah County. The focus of the All Hands Raised Partnership is to improve educational outcomes for children throughout Multnomah County from cradle to career. All Hands Raised works to ensure equity and excellence by linking the many people, programs and sectors serving students; and is committed to a data-driven process that sparks conversation, improves practice, and increases collaboration.

The mission of All Hands Raised is to champion education, equity, and excellence from cradle to career. The organization mobilizes leadership, ideas, resources, and community action to ensure all kids in all neighborhoods throughout Portland and Multnomah County achieve their full potential.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the organization are described in paragraphs that follow 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 of these assets permit the organization to use all or part of the income earned on related investments for general or specific purposes.

Grants and 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.

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 are recognized as revenues in the period received. Unconditional promises to give (pledges) are recognized as revenues when the commitment is communicated to 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. Pledges for the support of future grants, operations, programs, and activities are recorded at the present value of the estimated future cash flows. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

Contributions of furniture and equipment 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 furniture and equipment 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.

In-Kind Contributions – The organization receives contributed services from a large number of volunteers who assist in fundraising efforts through their participation in a range of activities. In accordance with FASB ASC No. 958-605, *Revenue Recognition,* the value of such services, which the organization considers not practicable to estimate, has not been recognized in the statement of activities. 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 statement of activities.

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, 2016, the organization recorded in-kind contributions representing $2,588 in contributed services and $37,233 in materials and supplies. In addition, the organization reported $53,453 in in-kind contributions associated with special fundraising events.

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

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.

Capital Assets and Depreciation – Property and equipment are carried at cost when purchased, and initially at fair value when acquired by gift. Purchases of capital assets having a unit cost exceeding $750 or more and an estimated useful life of more than one year are capitalized and carried at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally three to ten years for furniture and office equipment and five to ten years for leasehold improvements, or the term of the lease, if shorter.

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. Bequests are recorded as revenue at the time the organization has an established right to the bequest and the proceeds are measurable.

Grants Awarded – Grants are accrued when awarded by the organization and unconditional. Grants are provided from available resources and in accordance with restrictions imposed by donors.

Advertising and Promotional Expenses – Advertising and promotional costs are charged to expense as they are incurred. During the year ended June 30, 2016, the organization incurred $15,377 in advertising and branding expenses.

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 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 historic dollar value 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 an 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 donor-restricted endowment fund;
- The purposes of the organization and the donor-restricted endowment 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 has placed its endowment funds with the Oregon Community Foundation ("OCF") and follows OCF's policies regarding the limitation of the spending of investment income and appreciation to 4.5% of the average fair value of such investments measured over a three-year trailing average at June 30 of each year. Actual endowment return earned in excess of distributions under this policy is reinvested as part of OCF's endowment management. For years where actual endowment return is less than distributions under the policy, the short-fall is covered by realized and unrealized returns from prior years.

During the year ended June 30, 2016, the Board appropriation of endowment assets totaled $3,437. See note 8.

Concentrations of Credit Risk – The organization's financial instruments consist primarily of cash equivalents, 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").

The organization's beneficial interest in funds held by the OCF is dependent upon changes in the fair values of the underlying investments and the ability of the OCF to honor its commitment.

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. As of June 30, 2016, the organization held $3,016,183 in excess of FDIC-insured limits. Due to grant payments made subsequent to the fiscal year-end, the June 30 balance is generally higher than the organization's annual average.

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 – The organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. All Hands Raised derives its public charity status as an organization described in Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Internal Revenue Code.

Subsequent Events – As required by FASB ASC No. 855-10, *Subsequent Events*, subsequent events have been evaluated by management through November 18, 2016, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2015 – The accompanying financial information as of and for the year ended June 30, 2015 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.

3. Contributions Receivable

Contributions receivable consist of unconditional promises expected to be collected in less than one year and total $186,288 at June 30, 2016.

Conditional Grants and Contributions

At June 30, 2016, the organization held one grant for which a portion of the award was conditioned upon the organization satisfying certain reporting requirements and receiving the grantor's approval. The conditional portion of the grant totaled $75,000. Accordingly, this amount has not yet been reflected in the accompanying financial statements because the associated conditions had not been satisfied as of June 30, 2016.

4. Beneficial Interest in Assets Held by the Oregon Community Foundation

At June 30, 2016, the organization's endowment assets, totaling $72,385, are held by the Oregon Community Foundation. Under the terms of its agreement with OCF, the funds are invested at the discretion of OCF and are held in a mixture of asset classes designed to maximize return while minimizing risk. The organization may receive quarterly distributions of investment return in accordance with OCF's spending policies (currently 4.5% of a trailing 13-quarter market value average). Additional distributions can be made at any time by the affirmative vote of the majority of the organization's Board of Directors and the approval of OCF.

During the year ended June 30, 2016, distributions totaling $3,437 were made to the organization. See note 16 for additional information about the changes in these funds.

In accordance with FASB ASC No. 958-605, the organization accounts for its interest in these funds using the equity method of accounting, which approximates the present value of the estimated expected future cash flow that will inure to the organization in the future. Management's estimate of fair value is based solely upon information provided by the OCF.

5. Property and Equipment

A summary of property and equipment at June 30, 2016 is as follows:

Furniture and office equipment	$	176,245
Leasehold improvements		36,934
		213,179
Less accumulated depreciation		(164,892)
	$	48,287

6. Grants Payable

The organization annually awards grants funded by donations to local Portland Public School District foundations. See note 12 for additional information about these grants and their funding. At June 30, 2016, the organization had $1,475,853 in outstanding grants payable.

7. Line of Credit

At June 30, 2016, the organization maintained an unsecured credit line with Wells Fargo through a MasterCard access card valued at $100,000, with annual interest calculated on the outstanding balance at 10.0%, and daily finance charges of .02739%. Unlike a traditional revolving line of credit, cash advance fees are charged when the line is used over the counter or at an ATM, and monthly minimum payments are required on all outstanding balances. No balance was outstanding at June 30, 2016.

8. Restrictions and Limitations on Net Asset Balances

The following provides information about restrictions and limitations ascribed to the organization's net assets at June 30, 2016:

Board-Designated

At June 30, 2016, the organization's Board of Directors had designated $250,000 of unrestricted net assets for an operating reserve fund.

Temporarily Restricted

Temporarily restricted net assets at June 30, 2016 total $1,188,611 and consist of contributions, grants, and other unexpended revenues and gains available for specific program services or future periods, as follows:

Net assets available to fund equity grants for Portland Public Schools	$	922,990
Other temporarily restricted net assets:		
High School to College and Career Collaborative		105,855
Participation in a large-scale collective impact research study		
Ninth Grade Counts		20,000
Oregon Department of Education Regional Achievement Collaborative		21,150
Endowment earnings		4,796
Future periods		113,820
Total other temporarily restricted net assets		265,621
	$	1,188,611

Permanently Restricted for Endowment

At June 30, 2016, the organization held $67,589 in donor-restricted endowment funds. The investment income earned on these permanently restricted net assets is unrestricted as to purpose.

Continued

The following summarizes the organization's endowment-related activities for the year ended June 30, 2016:

	Temporarily restricted	Permanently restricted	Total
Endowment net assets at beginning of year	$ 10,941	67,589	78,530
Net decrease in the fair value of beneficial interest in assets held by the Oregon Community Foundation	(2,708)	–	(2,708)
Appropriation of endowment assets for expenditure	(3,437)	–	(3,437)
Endowment net assets at end of year	$ 4,796	67,589	72,385

9. Private Contributions and Grants

The following summarizes private contributions and grants for the year ended June 30, 2016:

Foundations	$ 774,856
Businesses, including employee matching gifts	186,561
Individuals, including $5,726 in gifts received through workplace giving campaigns	147,620
	$ 1,109,037

10. Total Investment Return

Total investment return for the year ended June 30, 2016 is summarized as follows:

Net decrease in the fair value of beneficial interest in assets held by the Oregon Community Foundation	$ (2,708)
Interest income	30
	$ (2,678)

11. Net Assets Released from Restrictions

During the year ended June 30, 2016, the organization incurred expenses totaling $4,173,058 in satisfaction of the restricted purposes, or by the occurrence of other events, specified by donors.

12. Grants Awarded

During the year ended June 30, 2016, the organization announced the following grant awards:

Funded by donations to local Portland Public School Foundations: [1]	
Grants to underwrite instructional staff, educational enhancements, extended-day activities, and contracts	$ 2,449,685
Equity fund awards to close the achievement and opportunity gap between low-income children, second language learners, and children of color and their white, generally more affluent, peers	998,000
Other grants:	
Parent-teacher associations	102,335
City workplace giving	9,232
Other awards	2,857
	$ 3,562,109

[1] The largest group of the organization's grant awards are to the Portland Public School District and are underwritten entirely by donations received through local PPS school foundations ("LSF's"). Currently, there are 42 active LSF's within the PPS District, including eight with independent legal status. Of the donations raised through LSF's, the first $10,000 received each year (per school), together with two-thirds of all subsequent contributions received during the year, are passed on directly to PPS to benefit the individual schools identified by the donor. The remaining approximately one-third of each donation is retained by the organization in the PPS Equity Fund, a fund established to raise monies for the purpose of promoting equity among all schools within the PPS District. Grants awarded through the Equity Fund are based on calculated rankings of factors, such as demographic diversity and free and reduced lunch percentages of the student populations at each school. Equity Fund grants are approved by the organization's Board of Directors.

13. Expenses

The costs of operating the organization have been allocated among functional categories based on estimates of the effort expended in each area, as follows:

- *Program initiatives* – Program-related expenses, representing the management of the Cradle-to-Career partnership, and the non-grant costs of fulfilling various charitable purposes ascribed to gifts by organization donors.

- *Sponsored projects* – Projects conducted under the auspices of the organization, but which are independently funded by external sources in support of research, instruction, training, or other specific services. Each sponsored project is operated under an agreement that binds the organization to a set of specific terms and conditions, and requires the institutional endorsement of the organization's Board of Directors.

- *Supporting services* – Organization administrative and fundraising expenses pertaining to the general charitable purposes and activities of the organization.

Continued

Expenses by object class for the year ended June 30, 2016 are as follows:

Salaries and wages	$ 859,961
Payroll taxes	93,913
Benefits and other employee costs	90,321
Outside services	90,862
Catering and hospitality	133,101
Supplies and materials	87,973
Professional services	159,046
Meeting and event rentals	116,959
Occupancy	70,638
Bank, merchant, and other processing fees	49,381
Repairs and maintenance	4,315
Advertising/branding	15,377
Printing and copying	30,037
Insurance	12,835
Travel	21,714
Design and photography	17,964
Postage and delivery	4,155
Conferences	6,926
Telephone	6,162
Dues and publications	1,570
Miscellaneous expense	1,732
Depreciation	17,077
	$ 1,892,019

Together with the $3,562,109 in grants awarded by the organization during the year ended June 30, 2016 (see note 12), the organization's total grants and expenses equaled $5,454,128 for the year.

14. Retirement Plan

The organization provides management and staff who are eligible for benefits and employed more than 30 hours each week with a tax sheltered plan, as described under Section 403(b) of the Internal Revenue Code. All eligible employees may make voluntary contributions to the plan on a pre-tax basis, up to the limits allowed by law. The organization makes discretionary contributions to the plan. Contributions to the plan vest as accrued. The organization made contributions totaling $4,736 to the plan during the year ended June 30, 2016.

15. Operating Lease Commitments

The organization leases its facilities and certain office equipment under noncancellable operating leases. These leases expire in various years through July of 2020. The approximate minimum rental commitments for all of the above are as follows:

Years ending June 30,	
2017	$ 81,265
2018	45,879
2019	7,800
2020	7,800
2021	650
	$ 143,394

Total rent expenses for facilities and office equipment for the year ended June 30, 2016 were approximately $78,713.

16. Fair Value Measurements

Included in the accompanying financial statements are certain financial instruments which are carried at fair value, including the beneficial interest in assets held by the Oregon Community Foundation.

The accompanying financial statements report the organization's investments at fair value. These assets have been classified, for disclosure purposes, based on a hierarchy defined by FASB ASC No. 820, *Fair Value Measurements and Disclosures*. The 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, 2016, the beneficial interest in assets held by the Oregon Community Foundation are considered to be Level 3 financial instruments.

The changes in valuation of Level 3 financial instruments are as follows:

Fair value at beginning of year	$	78,530
Net change in fair value		(2,708)
Distributions		(3,437)
Fair value at end of year	$	72,385

17. 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 used in operating activities (as reported on the statement of cash flows):

Increase in net assets	$	216,653
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation		17,077
Net change in beneficial interest in assets held by the Oregon Community Foundation *(note 16)*		6,145
Net changes in:		
Contributions receivable		(34,208)
Accounts receivable		1,523
Prepaid expenses and other assets		11,854
Accounts payable and accrued expenses		7,451
Grants and other funds payable to the Portland Public School District		(813,182)
Total adjustments		(803,340)
Net cash used in operating activities	$	(586,687)

■

SCHEDULE OF FINANCIAL POSITION BY PROGRAM

JUNE 30, 2016

	Unrestricted		
	All Hands Raised Partnership operating results	Portland Public Schools Foundation operating results	Total operating results
Assets:			
Cash and cash equivalents	$ 718,949	1,475,853	2,194,802
Contributions receivable	–	–	–
Prepaid expenses and other assets	13,142	–	13,142
Beneficial interest in assets held by the Oregon Community Foundation	–	–	–
Property and equipment	48,287	–	48,287
Total assets	$ 780,378	1,475,853	2,256,231
Liabilities:			
Accounts payable and accrued expenses	(111,453)	–	(111,453)
Grants and other funds payable	–	(1,475,853)	(1,475,853)
Total liabilities	(111,453)	(1,475,853)	(1,587,306)
Total net assets	$ 668,925	–	668,925

Temporarily restricted				
All Hands Raised Partnership	**Portland Public Schools Foundation**	**Total**	**Permanently restricted Endowment corpus**	**Total**
92,005	905,522	997,527	–	3,192,329
168,820	17,468	186,288	–	186,288
–	–	–	–	13,142
4,796	–	4,796	67,589	72,385
–	–	–	–	48,287
265,621	922,990	1,188,611	67,589	3,512,431
–	–	–	–	(111,453)
–	–	–	–	(1,475,853)
–	–	–	–	(1,587,306)
265,621	922,990	1,188,611	67,589	1,925,125

SCHEDULE OF ACTIVITIES BY PROGRAM

YEAR ENDED JUNE 30, 2016

		Unrestricted	
	All Hands Raised Partnership operating results	Portland Public Schools Foundation operating results	Total operating results
Revenues:			
Private contributions and grants	$ 675,217	–	675,217
Local school foundations	–	–	–
Government grants	200,750	–	200,750
In-kind contributions	2,684	37,137	39,821
Special events	474,017	–	474,017
Total investment return	30	–	30
Other	1,049	–	1,049
Total revenues	1,353,747	37,137	1,390,884
Net assets released from restrictions	349,713	3,823,345	4,173,058
Total revenues	1,703,460	3,860,482	5,563,942
Grants and operating expenses:			
Grants awarded	12,372	3,549,737	3,562,109
Operating expenses	1,580,934	311,085	1,892,019
Total grants and operating expenses	1,593,306	3,860,822	5,454,128
Net results	110,154	(340)	109,814
Use of general operating funds to underwrite Portland Public Schools Foundation operating expenses	(340)	340	–
Net assets at beginning of year	559,111	–	559,111
Net assets at end of year	$ 668,925	–	668,925

Temporarily restricted				
All Hands Raised Partnership	Portland Public Schools Foundation	Total	Permanently restricted Endowment corpus	Total
433,820	–	433,820	–	1,109,037
–	3,806,485	3,806,485	–	3,806,485
42,300	–	42,300	–	243,050
–	–	–	–	39,821
–	–	–	–	474,017
(2,708)	–	(2,708)	–	(2,678)
–	–	–	–	1,049
473,412	3,806,485	4,279,897	–	5,670,781
(349,713)	(3,823,345)	(4,173,058)	–	–
123,699	(16,860)	106,839	–	5,670,781
–	–	–	–	3,562,109
–	–	–	–	1,892,019
–	–	–	–	5,454,128
123,699	(16,860)	106,839	–	216,653
–	–	–	–	–
141,922	939,850	1,081,772	67,589	1,708,472
265,621	922,990	1,188,611	67,589	1,925,125

GOVERNING BOARD AND MANAGEMENT

Board of Directors

Carmen Rubio, *Chair*
Executive Director
Latino Network

Dan Floyd,
Immediate Past *Chair*
Vice President, Marketing and Public Relations
Hood to Coast/Portland to Coast Relays

Jennifer Messenger Heilbronner
Vice Chair
Executive Vice President
Metropolitan Group

Rich Brown
Treasurer
Senior Vice President
Social and Corporate Responsibility
Bank of America

Christine Barbour
Parent Leader

Simone Brooks
President
Brooks Staffing

Michael Burch
Community Relations and Outreach Representative
Pacific Northwest Regional Council of Carpenters

Trever Cartwright
Founding Partner
Coraggio Group

Andrea Cook
President
Warner Pacific College

Dan Field
Director, Community Benefit and External Affairs
Kaiser Permanente

Scott Hatley
Founder
Incight

Mo King
Global Business Development Director
Nike Golf

Victoria Lara
Founder and Chief Executive Officer
Lara Media Services

Michael Lewellen
Senior Vice President of Communications and Public Relations
Portland Trail Blazers

Adrienne Livingston
World Venture

Eddie Martinez
Accomplished Musician and President of Amped Media Solutions

Bob McKean
Former Superintendent
Centennial School District

Carole Morse
Arts and Education Advocate

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Equitable Education Portfolio Director
Meyer Memorial Trust

Maurice Rahming
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Nikkei Legacy Center

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Felicia Tripp
Deputy Director
Portland Housing Center

Wim Wiewel
President
Portland State University

Legal Counsel

Ed Harnden
Barran Liebman, LLP

Management

Dan Ryan
Chief Executive Officer

Steffeni Mendoza Gray
Vice President, Operations

David Bunnell
Senior Manager, Finance

Jeanie-Marie Price
Vice President, Communication

Kellie Torres
Vice President, Strategic Planning

Nate Waas Shull
Vice President, Partnerships

INQUIRIES AND OTHER INFORMATION

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