



**GaryMcGee & Co. LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

## **Oregon Historical Society**

Financial Statements and Other Information  
as of and for the Year Ended December 31, 2020  
and Report of Independent Accountants

OREGON HISTORICAL SOCIETY

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## **REPORT OF INDEPENDENT ACCOUNTANTS**

*The Board of Trustees  
Oregon Historical Society:*

We have audited the accompanying financial statements of the Oregon Historical Society, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, 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 the Oregon Historical Society as of December 31, 2020, 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.

*Summarized Comparative Information*

We have previously audited the Oregon Historical Society's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 19, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Ernst & Young LLP*

March 25, 2021

OREGON HISTORICAL SOCIETY

**STATEMENT OF FINANCIAL POSITION**

DECEMBER 31, 2020

(WITH COMPARATIVE AMOUNTS FOR 2019)

	<b>2020</b>	<b>2019</b>
<b>Assets:</b>		
Cash and cash equivalents ( <i>note 5</i> )	\$ 4,673,151	4,088,056
Accounts receivable	123,048	17,644
Contributions and grants receivable ( <i>note 6</i> )	755,844	1,231,837
Inventories and prepayments	404,556	459,816
Investments ( <i>note 7</i> )	8,158,510	8,532,782
Beneficial interest in assets held by the Oregon Community Foundation ( <i>note 8</i> )	9,026,571	8,482,576
Beneficial interest in charitable trusts ( <i>note 9</i> )	547,815	496,771
Land, buildings, and equipment ( <i>note 10</i> )	11,106,584	9,654,049
<hr/>		
Collections ( <i>note 13</i> )		
Total assets	\$ 34,796,079	32,963,531
<hr/>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	331,183	584,323
Construction payable	202,609	69,609
Refundable advances	217,290	350,792
Deferred revenue	15,728	17,010
Note payable ( <i>note 11</i> )	780,581	-
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Total liabilities	1,547,391	1,021,734
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<b>Net assets:</b>		
Without donor restrictions:		
Available for operations	472,697	423,071
Board-designated reserves ( <i>note 15</i> )	6,321,404	6,653,392
Net investment in capital assets	11,106,584	9,654,049
<hr/>		
Total net assets without donor restrictions	17,900,685	16,730,512
With donor restrictions ( <i>note 16</i> )	15,348,003	15,211,285
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Total net assets	33,248,688	31,941,797
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Commitments and contingencies ( <i>notes 11, 12, 14, 18, 22 and 23</i> )		
Total liabilities and net assets	\$ 34,796,079	32,963,531

See accompanying notes to financial statements.

OREGON HISTORICAL SOCIETY

**STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	2020		Total	2019
	Without donor restrictions	With donor restrictions		
<b>Public support:</b>				
Contributions and grants	\$ 1,160,837	833,542	1,994,379	2,990,880
Memberships	254,451	–	254,451	234,360
Multnomah County levy (note 18)	3,204,213	–	3,204,213	3,205,065
Other governmental funding (note 19)	1,498,392	15,996	1,514,388	1,298,314
<b>Total public support</b>	<b>6,117,893</b>	<b>849,538</b>	<b>6,967,431</b>	<b>7,728,619</b>
<b>Revenues and gains:</b>				
Admissions	28,240	–	28,240	167,383
Product sales	92,111	–	92,111	274,593
Rental income	90,499	–	90,499	227,366
Program income	69,064	–	69,064	272,016
Investment return (note 7)	577,607	287,640	865,247	1,415,555
Net change in the beneficial interest in assets held by the Oregon Community Foundation (note 8)	–	938,647	938,647	1,380,812
Net change in the fair value of split-interest agreements	–	51,044	51,044	58,665
Net gain on the sale of collection items	–	–	–	1,000
Insurance proceeds	166,106	–	166,106	–
Other	23,480	–	23,480	54,404
<b>Total revenues and gains</b>	<b>1,047,107</b>	<b>1,277,331</b>	<b>2,324,438</b>	<b>3,851,794</b>
Net assets released from restrictions (note 20)	1,990,151	(1,990,151)	–	–
<b>Total revenues, gains, and other support</b>	<b>9,155,151</b>	<b>136,718</b>	<b>9,291,869</b>	<b>11,580,413</b>
<b>Expenses (note 21):</b>				
Program services	6,209,220	–	6,209,220	8,110,291
Supporting services	1,775,758	–	1,775,758	2,068,132
<b>Total expenses</b>	<b>7,984,978</b>	<b>–</b>	<b>7,984,978</b>	<b>10,178,423</b>
Increase in net assets	1,170,173 <sup>[A]</sup>	136,718	1,306,891	1,401,990
Net assets at beginning of year	16,730,512	15,211,285	31,941,797	30,539,807
<b>Net assets at end of year</b>	<b>\$ 17,900,685</b>	<b>15,348,003</b>	<b>33,248,688</b>	<b>31,941,797</b>

[A] Increase in net assets includes \$1,004,398 in depreciation expense.  
See accompanying notes to financial statements.

OREGON HISTORICAL SOCIETY  
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	2020								2019
	Program services				Supporting services			Total	
	Research services	Exhibits	Education	Total	Admini- stration	Fund- raising	Total		
Salaries and related costs	\$ 1,223,554	1,209,144	463,436	2,896,134	1,340,728	519,801	1,860,529	4,756,663	4,816,695
Professional services	65,189	341,027	46,660	452,876	409,205	7,123	416,328	869,204	2,219,893
Supplies	7,638	30,576	2,428	40,642	43,750	4,322	48,072	88,714	298,155
Printing	2,300	3,407	33,234	38,941	6,986	12,306	19,292	58,233	131,446
Telephone	—	733	—	733	31,826	—	31,826	32,559	30,425
Computer and network	41,977	—	229	42,206	225,618	—	225,618	267,824	228,640
Postage and shipping	2,162	5,725	10,684	18,571	1,648	10,328	11,976	30,547	59,832
Rental of equipment	11,369	17,838	4,041	33,248	30,314	1,616	31,930	65,178	69,540
Repair, maintenance, and utilities	—	—	—	—	356,370	—	356,370	356,370	376,323
Rent	—	—	—	—	124,844	—	124,844	124,844	124,844
Travel and transportation	10,267	13,397	10,474	34,138	1,909	5,920	7,829	41,967	275,653
Training, subscriptions, and dues	2,083	810	2,388	5,281	23,988	3,357	27,345	32,626	67,325
Advertising and promotion	16,120	32,241	16,120	64,481	745	950	1,695	66,176	237,872
Production and purchase costs	—	18,578	—	18,578	—	—	—	18,578	117,322
Collection acquisition costs (note 13)	25	675	—	700	—	—	—	700	641
Insurance	—	—	—	—	79,484	—	79,484	79,484	77,903
Taxes	—	—	—	—	20,214	—	20,214	20,214	17,453
Other	577	6,284	24,048	30,909	21,910	17,880	39,790	70,699	115,150
Total expenses before depreciation and allocation of costs	1,383,261	1,680,435	613,742	3,677,438	2,719,539	583,603	3,303,142	6,980,580	9,265,112
Depreciation	350,789	499,176	47,424	897,389	45,629	61,380	107,009	1,004,398	913,311
Allocation of facility, security, communications, and other program support costs	637,842	911,929	84,622	1,634,393	(1,742,821)	108,428	(1,634,393)	—	—
Total expenses	\$ 2,371,892	3,091,540	745,788	6,209,220	1,022,347	753,411	1,775,758	7,984,978	10,178,423

See accompanying notes to financial statements.

OREGON HISTORICAL SOCIETY

**STATEMENT OF CASH FLOWS**

YEAR ENDED DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Cash received from contributors, grantors and members	\$ 7,106,575	7,580,942
Cash received from admissions, service recipients, and others	362,814	977,932
Distribution of investment return earned on assets held by the Oregon Community Foundation ( <i>note 8</i> )	394,652	384,291
Investment income received	161,017	266,552
Cash paid to employees and suppliers	(7,161,273)	(9,731,064)
Net cash provided by (used in) operating activities	863,785	(521,347)
<b>Cash flows from investing activities:</b>		
Purchase of capital assets	(2,295,640)	(1,324,169)
Proceeds from the sale of investments	1,218,692	922,143
Reinvestment of investment income	(140,190)	(204,581)
Net cash used in investing activities	(1,217,138)	(606,607)
<b>Cash flows from financing activities:</b>		
Proceeds from the issuance of note	780,581	-
Proceeds from contributions restricted for long-term investment and capital acquisition	157,867	431,466
Net cash provided by financing activities	938,448	431,466
Net increase (decrease) in cash, cash equivalents, and restricted deposits and funded reserves	585,095	(696,488)
Cash and cash equivalents at beginning of year	4,088,056	4,784,544
Cash and cash equivalents at end of year	\$ 4,673,151	4,088,056

See accompanying notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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### 1. Organization

The Oregon Historical Society is dedicated to making Oregon's long, rich history visible and accessible to all. For more than a century, we have served as the state's collective memory, gathering and preserving a vast collection of artifacts, photographs, films, manuscripts, books, and oral histories. We exist because history is powerful, and because a history as deep and rich as Oregon's cannot be contained within a single story or point of view.

Researchers from around the world travel to our library, unearthing information that challenges conventional thinking. Curious individuals come to us to explore their family trees or discover the history of their homes or neighborhoods. Archaeologists, environmentalists, filmmakers, architects, novelists, artists, and others all find their way to us, asking questions, making discoveries, creating knowledge.

We share our vast collection through thought-provoking museum exhibits and robust digital platforms. We bring history directly to Oregon's students in ways that bridge gaps of time and perspective, and we support lifelong learning through our many public lectures and events. We advance critical inquiry through the OREGON HISTORICAL QUARTERLY, a journal that has sparked conversations throughout our community for over a century.

The Society currently enjoys a membership of approximately 4,616 members.

### 2. Program Services

During the year ended December 31, 2020, the Society incurred program service expenses in the following major categories:

**Research Services** – The Oregon Historical Society Research Library is one of the largest historical libraries in the country and maintains an unparalleled collection relating to the history of Oregon and the Pacific Northwest. Its holdings include thousands of books, government documents, and serials; maps; manuscript collections; oral history interviews and other sound recordings; as well as millions of photographs; millions of feet of archival film footage; and a growing collection of digitized and born-digital images, documents, sound, and video.

These collections broaden and enrich the understanding and interpretation of the cultural, political, religious, social, economic, scientific, and technological life in Oregon. 2020 was an unprecedented year, not only because of the COVID-19 pandemic, fires, riots and vandalism, but the library underwent a complete renovation targeted to finish in March 2021. Hence, the downtown library closed in February 2020 and all collections and staff were moved to the Gresham warehouse. Prior to its closure in February, the Research Library staff received 408 in-person research visits. The library staff, from the Gresham warehouse, continued to support the general public worldwide along with its partners and affiliates with its online digital collections and staff support via phone calls, mails and emails.

The Research Library online catalogue is the primary point of discovery for researchers seeking to use its holdings. Archival collections are also described in more detail in ArchivesWest, an online consortial resource for academic and research libraries in the Pacific Northwest and Mountain states. The library's digital archive, OHS Digital Collections, provides direct online access worldwide. A robust suite of Digital History websites, including the Oregon History Project, the Oregon Encyclopedia, and the Oregon History Wayfinder, provide primary sources and authoritative content that support education and research, with broad appeal to a general audience. During the pandemic, online traffic increased 61% from previous year and had over 1.5M pageviews.

The Research Library provides research support to all Society programs and departments and collaborates widely with community partners from around the state. The Society also publishes the OREGON HISTORICAL QUARTERLY, which has been a benefit of membership since 1900. The QUARTERLY is a peer-reviewed, public history journal that brings documented history about Oregon and the Pacific Northwest to both scholars and the general audience. The QUARTERLY is supported by an advisory committee comprised of scholars, public historians, and educators from throughout the state.

**Exhibits** – The Society collects, preserves, documents, and exhibits the state’s material culture with more than 85,000 artifacts. Its major new permanent exhibition, the award winning *Experience Oregon* exhibit opened to the general public on February 14, 2019, on Oregon’s 160th birthday. A dynamic educational exhibit, *Experience Oregon* allows visitors to learn about the countless people, places and events that have shaped Oregon. Interactive stations throughout the exhibit continually direct visitors back to the present, emphasizing why learning about history matters. *Experience Oregon* opened with accolades from the media, other historical organizations and the general public as being diverse and inclusive and telling the true story of Oregon.

The Society mounts eight to ten traveling and temporary exhibitions on varied themes each year. On-site exhibits are shown in its seven galleries. The Society also loans objects to more than 30 historical institutions on a yearly basis. In 2020, 13,405 visitors came to the Oregon Historical Society prior to its pandemic closure to view its exhibits and participate in various programs.

**Education** – The educational department at Oregon Historical Society provides tours, traveling trunks, curriculum, and interactive exhibits for visitors of all ages, with a focus on grades K-12. OHS offers 11 traveling trunks on urban, rural, and multicultural topics, each filled with objects and images for hands-on and experiential learning, traveling throughout the State of Oregon to grades K-12 classrooms and a range of organizations, including senior home facilities. The trunks and exhibits are accompanied by curriculum for classroom teachers and students.

The education department also manages the Oregon History Day program, which is a part of the renowned, award-winning National History Day program. Approximately two dozen teachers and about 1,000 students from all regions of the state participate in Oregon History Day by conducting historical research and creating an exhibit, website, documentary, performance or paper entry. In 2020 when the COVID-19 pandemic struck, the education department adjusted by developing a fully virtual state contest. Approximately 150 students submitted their history day projects which were virtually reviewed and scored by teams of three judges per category, representing local teachers, archivists, librarians, historians, and museum professionals. Every June, the State of Oregon participates in the national contest, which is typically held near Washington, D.C. In 2020, the national contest was also converted into a virtual contest for the safety of the participants. 56 Oregon students represented Oregon in all categories. Two entries received these awards: Outstanding Junior Entry Oregon and Outstanding Senior Entry Oregon, and for the second year in a row, students in the Senior Group Documentary won the gold for their first-place film, “Breaking the Curfew: The Story of Minoru Yasui.”

The Education program served 2,091 students in docent-led tours in 2020 prior to its closure in March and 3,126 students throughout Oregon with its traveling trunk program. OHS also added a weekly E-Digest to educators starting in mid-April informing them of programs and articles that will assist them with virtual teaching.

**Programs and Events** – Due to the pandemic closure of exhibits, programs and events, OHS was able to pivot immediately in its communication to members and the general public by emailing everyone on the e-blast list with two E-Digests per week: E-newsletter on articles pertaining to specific themes and *Dear Oregon* Blogs imparting articles of interest. OHS was able to pivot to virtual programs and events as well. These immediate pivots allowed OHS to continue to serve its mission to Oregonians and the general public worldwide.

**Affiliates** – The Society works closely with more than 130 affiliate societies and historical museums located throughout the state to provide information and technical support in historical organizational management activities, and works with and supports the Oregon Century Farm & Ranch Program, the Oregon Geographic Names Board, the Oregon Cultural Trust, and the Oregon Heritage Commission.

### 3. Recently-Issued Accounting Standard

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for the fiscal year ending December 31, 2022. The Society has not yet determined the impact of ASU No 2016-02 on its financial statements.

### 4. Summary of Significant Accounting Policies

The significant accounting policies followed by the Society 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** – Net assets, revenues, gains and losses are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Society and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor-imposed stipulations. From time to time, the Society’s Board of Trustees may designate a portion of these net assets for particular purposes and objectives.
- *Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that will be met either by actions of the Society and/or the passage of time. These balances represent the unexpended portion of donor-restricted contributions and investment return to be used for specific programs and activities as directed by the donor. The balances also include net assets subject to donor-imposed stipulations that they be maintained permanently by the organization (e.g., endowment funds). Generally, the donors of these assets permit the Society to use all or part of the income earned on related investments for general or specific purposes.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are also reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed 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.

**Cash Equivalents** – For purposes of the financial statements, the Society considers all liquid investments having initial maturities of three months or less to be cash equivalents. At December 31, 2020 cash and cash equivalents included \$50,101 in restricted deposits and funded reserves. See footnote 5.

Cash and cash equivalents held as part of the Society’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** – Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair value in the consolidated statement of financial position. Whenever available, quotations from organized securities exchanges are used as the basis for fair value.

Net investment return, which includes both current yield (interest and dividend income) and net appreciation (decline) in the fair value of investments, is reported in the consolidated statement of activities, net of investment expenses. Interest income is accrued as earned. All security transactions are recorded on a trade date basis

The Society 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.

**Beneficial Interest in Assets Held by the Oregon Community Foundation** – In accordance with generally accepted accounting principles, the Society accounts for its interest in these funds at fair value using the equity method of accounting, which approximates the present value of the expected future cash flows that will inure to the Society.

**Inventories** – Inventories, which consist primarily of inventories held for sale by the Society’s gift shop, are carried at the lower of cost or market value.

**Capital Assets and Depreciation** – Land, buildings, and equipment are carried at cost, and at fair value when acquired by gift. Depreciation is generally provided on a straight-line basis over the estimated useful lives of the respective assets, which is 10 to 31 years for buildings and related improvements and 3 to 7 years for furniture and equipment.

**Revenue Recognition** – With regard to revenues from grants and contracts, the Society evaluates whether each transfer of assets is (1) an exchange (reciprocal) transaction in which a resource provider receives commensurate value in return for the assets transferred, or (2) a nonreciprocal transfer (a contribution or a grant), where no value is exchanged.

- *Exchange Transactions* – If the transfer of assets is determined to be an exchange transaction, the Society recognizes revenue when or as it satisfies the required performance obligations and transfers the promised good or service to a customer, and when the customer obtains control of that good or service.

The Society’s exchange transactions include revenues from admission fees, product sales, program income, and rental income. These revenues are generally recognized at the time of sale or as the service delivery occurs.

- *Contributions and Grants* – If the transfer of assets is determined to be a contribution, the Society evaluates whether the contribution is conditional based upon whether the agreement includes both (1) a barrier that must be overcome to be entitled to the funds, and (2) either a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets.

Membership payments from Society members are considered equivalent to contributions without donor restrictions and are recognized as revenue when received.

- *Governmental Support* – Activities funded by governments are often carried out for the benefit of the general public, rather than to obtain goods or services for the government’s own use or proprietary benefit. Accordingly, if the primary beneficiary of the activity is the general public, rather than the government itself, the transaction is treated as nonreciprocal (i.e., a contribution).

Appropriations and other governments funding of Society programs is generally recognized when it is received.

**Contributions** – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the donor’s commitment is received. 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 and grants received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions.

Unconditional promises to give with payments due in future periods, are recorded as increases in net assets with donor restrictions at the estimated present value of future cash flows using credit adjusted discount rates which articulate to the collection period of the respective pledge. Such discount rates are not subsequently revised. Amortization of the discount is recorded as additional contribution revenue in subsequent years in the appropriate net asset class.

Contributions and grants receivable are reported net of an allowance for estimated uncollectible promises. Promises to give are written off when deemed uncollectible.

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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

**In-Kind Contributions** – A number of unpaid volunteers have made significant contributions of their time to develop and implement the Society’s programs. Under generally accepted accounting principles, 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. During the year ended December 31, 2020, the Society recorded \$3,850 in contributed marketing services.

In-kind contributions of land, buildings, 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 Society’s activities. During the year ended December 31, 2020, the Society recorded \$13,337 in contributed supplies and \$28,293 in capital assets.

**Outstanding Legacies** – The Society is the beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. The Society’s share of such bequests is recorded when the probate courts declare the testamentary instrument valid and the proceeds are measurable.

**Beneficial Interest in Charitable Trusts** – The Society receives contributions of property in which the donor or donor-designated beneficiary may retain a life interest. The assets are invested and administered by either a trustee or the Society, and distributions are made to the beneficiaries during the term of the agreement. These funds are generally invested in mutual funds, and the Society records its interest in these trusts at fair value based on estimated future cash receipts. Initial recognition and subsequent adjustments to the assets' carrying values are reported as a change in the value of split-interest agreements in the accompanying financial statements, and are classified as net assets with or without donor restrictions, depending on the existence of donor-imposed purpose or time restrictions, if any.

**Advertising and Promotional Expenses** – Advertising and promotional costs are charged to expense as they are incurred. Advertising expenses totaled \$66,177 for the year ended December 31, 2020.

**Concentrations of Credit Risk** – The Society's financial instruments consist primarily of cash equivalents, mutual funds, other exchange-traded products, and funds held at the Oregon Community Foundation ("OCF"), 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"). Funds in excess of current operating needs are invested in fully FDIC insured accounts. 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. Management believes that risk with respect to these balances is minimal, due to the high credit quality of the institutions used.

Certain receivables may also subject the Society to concentrations of credit risk. To minimize its exposure to significant losses from customer or donor insolvencies, the Society'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.

Finally, the Society's beneficial interest in assets held by OCF is dependent upon changes in the market value of the underlying investments and the ability of OCF to honor its commitment.

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

**Income Taxes** – The Society is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and comparable state law. In addition, the Society has been recognized as a public charity under IRC Sections 170(b)(1)(A)(vi) and 509(a)(1).

**Summarized Financial Information for 2019** – The accompanying financial information as of and for the year ended December 31, 2019 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

**Subsequent Events** – Subsequent events have been evaluated by management through March 25, 2021, which is the date the financial statements were available to be issued.

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

## 5. Restricted Deposits and Funded Reserves

The Society holds facilities that are integrated with a neighboring building, the Sovereign Building. In order to share repair and maintenance costs, under an agreement with the Sovereign Building's owner, the Society is required to maintain a capital improvement reserve fund in an amount not less than the anticipated annual shared costs. At December 31, 2020, the Society held \$50,108 in a separate reserve account to meet this requirement.

## 6. Contributions and Grants Receivable

Contributions and grants receivable are summarized as follows at December 31, 2020:

<i>Unconditional promises expected to be collected in:</i>	
Less than one year	\$ 258,047
One year to five years	497,797
	<hr/>
	\$ 755,844

Included in gross contributions receivable at December 31, 2020 is \$197,047 in endowment pledges, and \$467 in digital vault project pledges.

## 7. Investments

The following is a summary of investments held at December 31, 2020:

<i>Mutual funds:</i>	
Intermediate term bond	\$ 2,708,151
Large-cap growth	1,098,013
Mid-cap blend	453,748
Large-cap blend	426,888
Foreign large-cap blend	210,213
Non-traditional bond	22,425
<i>Exchange-traded products:</i>	
Large-cap growth	1,133,841
Small-cap blend	679,536
Large-cap blend	378,450
Mid-cap growth	130,879
Foreign large-cap blend	78,141
	<hr/>
Total investments	7,320,285
Cash equivalents	838,225
	<hr/>
	\$ 8,158,510

Investments are held for the following purposes:

Donor-restricted endowment funds	\$ 2,184,727
Board-designated reserves	5,973,783
	<hr/>
	\$ 8,158,510

Investment return for the year ended December 31, 2020 is summarized as follows:

Interest and dividends	\$ 161,017
Net increase in the fair value of investments	704,230
	<hr/>
	\$ 865,247

## 8. Beneficial Interest in Assets Held by the Oregon Community Foundation

The Society has established the Oregon Historical Society Endowment Fund at the Oregon Community Foundation, which holds and invests it as a component fund for the benefit of the Society. The Society has granted OCF variance power over these funds. The Society accounts for its interest in these funds using the equity method of accounting, and carries the beneficial interest in the accompanying financial statements based on an estimate of the present value of the expected future cash flows that will inure to the Society. The assets in the funds are permanently restricted for endowment.

Changes in the Society's beneficial interest in these funds for the year ended December 31, 2020 are summarized as follows:

Balance at beginning of year	\$ 8,482,576
Plus increase in the fair market value of the fund	938,647
Less the distribution of investment return to the Society <sup>1</sup>	(394,652)
Balance at end of year	\$ 9,026,571

<sup>1</sup> Under the terms of its agreement with the Society, the funds are invested at the discretion of OCF's Board of Directors and are held in a mixture of asset classes designed to maximize return while minimizing risk. The Society generally receives periodic distributions of the net investment return earned on these assets (generally 5.0% of the average fair market value of the funds using a trailing 13-quarter average). Additional distributions can be made at any time by the affirmative vote of a majority of the Society's Board of Trustees and the approval of OCF. During the year ended December 31, 2020, the Society received \$394,652 in distributions.

## 9. Beneficial Interest in Charitable Trusts

At December 31, 2020, the Society is the beneficiary of two charitable trusts, as follows:

Interest in perpetual trust <sup>1</sup>	\$ 204,064
Contributions receivable from charitable remainder trust <sup>2</sup>	343,751
	\$ 547,815

<sup>1</sup> The Mason Charitable Trust is a perpetual trust established by David T. Mason and Loa H. Howard Mason. The Society will receive in perpetuity a percentage of the income generated annually by the trust, subject to the discretion of the trustee, but not less than 20% and not exceeding 40%. Trust assets at December 31, 2020 are valued at \$1,020,317. An interest in perpetual trust of \$204,064 is recorded at December 31, 2020, representing the present value of the estimated future cash flows that will inure to the Society, presuming a payout percentage of 20%. During the year ended December 31, 2020, the Society received a distribution of \$9,288 from this trust. This distribution has been included among investment income in the statement of activities.

<sup>2</sup> The Society is the partial beneficiary of the Davies Charitable Remainder Trust, established by the will of a donor. Upon the death of the income beneficiary, the Society will receive a portion of the remaining assets of the trust. Total trust assets at December 31, 2020 are valued at \$1,229,154. A contribution receivable of \$343,751 is recorded at December 31, 2020, representing the actuarially-determined present value of the estimated future cash flows that will inure to the Society, using a discount rate of 4.0%. The trust has been restricted by the donor to be added to the existing endowment fund.

## 10. Land, Buildings, and Equipment

A summary of the Society's capital assets at December 31, 2020 is as follows:

Land	\$ 1,242,203
Buildings and related improvements	18,545,538
Furniture and equipment	3,675,249
Work-in-progress	2,207,776
	25,670,766
Less accumulated depreciation	(14,564,182)
	\$ 11,106,584

## 11. Note Payable

On May 6, 2020, the Society was granted an unsecured loan from a commercial bank in the amount of \$780,581, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The bank’s loan is guaranteed by the U.S. Small Business Administration (“SBA”), and is designed to provide a direct incentive for organization and other small businesses and nonprofits to keep their employees on payroll during the COVID-19 pandemic. The SBA has promised to forgive the loan if all employees are kept on the payroll during the “covered period” (either 8 weeks or 24 weeks from the loan disbursement date) and if the funds are used for payroll, rent, mortgage interest, and/or utilities, and certain other conditions are met. However, the amount of loan forgiveness will be reduced if less than 60% of the funds are spent on payroll over a loan forgiveness period.

The loan matures in May of 2022, and bears interest at a rate of 1.0% per annum, payable monthly beginning in November 2020. However, pursuant to the Paycheck Protection Flexibility Act of 2020, the deferral period for loan payments has been extended to either (1) the date that SBA remits the borrower’s loan forgiveness amount to the lender, or (2) if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower’s loan forgiveness covered period.

The note may be prepaid by the organization at any time prior to maturity with no prepayment penalties.

In accordance with the provisions of the PPP and SBA’s promise of forgiveness, the Society intends to use the loan amount for the qualifying expenses and anticipates obtaining full forgiveness of the loan.

## 12. Line of Credit

At December 31, 2020, the Society maintained an unsecured line of credit in the amount of \$500,000, bearing interest at the prime rate (currently 4.75%). No balance was outstanding at December 31, 2020.

## 13. Collections and Exhibition Costs

Each year, the Society receives the donation of a number of valuable research collections. As a result, the Society’s collections contain thousands of rare books, pamphlets, manuscripts, maps, and photographs, which are held for public exhibition, education, or research in furtherance of public services and the Society’s overall mission. Consistent with the policy followed by many museums and historical societies, and as permitted under generally accepted accounting principles, contributions of historical treasures, artifacts, and similar assets held as part of the Society’s collections are not recognized or capitalized in the financial statements. Such items that have been acquired through purchase have similarly not been capitalized. For the year ended December 31, 2020, costs associated with the acquisition of collection items totaled \$700.

In addition, pursuant to the Society’s policy, proceeds from the sale of collection items and related insurance settlements are recorded among net assets with donor restrictions, to be used for further acquisitions or the care of the collection. During the year ended December 31, 2020, the Society recognized no gains associated with the sale of collection items.

Expenditures for exhibits and exhibition programs are not capitalized, nor are the costs associated with exhibitions and programs that will not open to the public until a future period.

#### 14. Retirement Plan and Deferred Compensation Arrangements

The Society provides substantially all full-time, and certain part-time, employees with a retirement plan, as described under Section 401(k) of the Internal Revenue Code. Under the plan, all employees may make voluntary contributions to the plan on a pre-tax basis up to the limits allowed by law. The Society matches 100% of each eligible employee's contribution up to 5.0% of the total annual compensation for employees enrolled before April of 2019 and 4.0% for those enrolled after April of 2019. Only employees who have completed at least six consecutive months of work at the Society are eligible to participate in the employer matching part of the plan. Contributions to the plan from both employees and the Society vest as accrued. During the year ended December 31, 2020, the Society contributed \$151,121 to this plan.

In addition, the Society has entered into a deferred compensation agreement with a retired executive. Under the agreement, the annual benefit has been determined by a formula that includes years of service, final average salary, and offsets for Society-funded portions of Social Security and employee contributions to the tax-sheltered annuity. The benefits are to be paid over the life of the executive or the person's surviving spouse. During the year ended December 31, 2020, the Society made payments under this agreement totaling \$5,216.

#### 15. Board-Designated Reserves

As of December 31, 2020, the Board of Trustees had designated \$6,321,404 as a reserve fund. These funds act as the Society's reserves to protect the institution from potential rapid down-turns in public funding, recessions, or unexpected transitions. These funds also serve as a resource to finance deferred maintenance, emergency repairs, or other enhancement projects with a finite life and unforeseen opportunities.

#### 16. Net Assets with Donor Restrictions

The following summarizes the Oregon Historical Society's net assets with donor-imposed restrictions as of December 31, 2020:

<i>Expendable net assets restricted for the following purposes:</i>	
Museum/collections	\$ 2,514,455
Library	453,305
Education	150,516
Biography Project	35,650
Other programs	237,917
	3,391,843
<i>Endowment restricted for the following purposes:</i>	
Education	1,259,970
Museum/collections	995,027
Library	657,240
Publications	143,175
Maritime history	76,330
	3,131,742
Endowment unrestricted as to purpose	8,276,603
	11,408,345
<i>Other donor-restricted net assets:</i>	
Beneficial interest in trust (benefitting the Society's general operations) (note 9)	547,815
	Total net assets with donor restrictions
	\$ 15,348,003

## 17. Endowment

The following summarizes the Society's donor-restricted, endowment-related activities for the year ended December 31, 2020:

	<b>Accumulated endowment return</b>	<b>Endowment principal</b>	<b>Total</b>
Endowment net assets at beginning of year	\$ 840,736	9,821,954	10,662,690
Contributions and bequests	–	100	100
Net investment return	287,640	–	287,640
Net change in beneficial interest in assets held by the Oregon Community Foundation	938,647	–	938,647
Appropriation of endowment assets for expenditure	(480,732)	–	(480,732)
Endowment net assets at end of year	\$ 1,586,291	9,822,054	11,408,345

**Interpretation of Relevant Law** – The Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) governs Oregon charitable institutions with respect to the management, investment and expenditure of donor-restricted endowment funds.

The Society's Board of Trustees 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 Oregon Historical Society 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 Society classifies as endowment principal (1) the original value of gifts donated to the donor-restricted endowment, (2) subsequent gifts to the endowment, and (3) accumulations to the endowment made pursuant to the direction of the applicable donor gift instrument.

Net earnings (realized and unrealized) on the investment of endowment assets are classified as accumulated endowment return until those amounts are appropriated for expenditure by the Society 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 endowment principal represents only those amounts required to be retained permanently as a result of explicit donor stipulations.

In the absence of donor stipulations or law to the contrary, losses or appropriations of a donor-restricted endowment reduce accumulated endowment return to the extent that donor-imposed restrictions on net appreciation of the fund have not been satisfied before the loss or appropriation occurs. Any remaining loss or appropriation reduces endowment principal.

*Continued*

**Endowments with Deficiencies** – From time to time, the fair value of assets associated with individual donor-restricted endowments may fall below the level that the donor or UPMIFA requires the Society to retain as a fund of perpetual duration. In addition, the Society’s Board of Trustees interprets UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law, and the organization has a policy that permits spending from underwater endowment funds, depending on the degree to which the fund is underwater.

**Investment and Spending Policies** – In accordance with UPMIFA, the Oregon Historical Society’s Board of Trustees 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 Trustees 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 Society 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 Society; and
- The investment policies of the Society.

To meet its objective, the Oregon Historical Society’s policies limit the spending of investment income and appreciation to a maximum of 5.0% of the average fair value of such investments measured over a 13-quarter trailing average.

Actual endowment return earned in excess of distributions under this policy is reinvested as part of the Society’s endowment management and is reported as a non-operating item in the accompanying statement of activities. For years when actual endowment return is less than distributions under the policy, the short-fall is covered by realized and unrealized returns from prior years. If cumulative endowment return is exhausted, any remaining

loss or appropriation reduces endowment principal. In years when the overall endowment is underwater, the Board may permit continued spending from principal only in accordance with its policies for spending from underwater endowments. See *Endowments with Deficiencies*.

## 18. Multnomah County Levy

With the passage of Measure 26-174 in November of 2016, Multnomah County voters agreed to a five-year extension of a levy, originally approved in November of 2010. The renewed levy is projected to generate gross revenues of between \$2.54 and \$3.2 million annually. The levy’s purpose is to revitalize certain Society services on behalf of County residents and others. In return, the Society has agreed keep the library open to the public 32 hours per week, keep the museum open 47 hours a week, provide free admission to all school groups and residents of Multnomah County, and provide other services and programs. During the year ended December 31, 2020, the Society received \$3,364,213 of levy funding, of which \$160,000 was passed through to four other east county historical societies.

## 19. Other Governmental Funding

The following table summarizes other governmental support received for operating purposes during the year ended December 31, 2020:

State appropriation from the Oregon Economic Development Department	\$ 1,078,572
Proceeds from sales of Pacific Wonderland license plates <sup>1</sup>	413,646
Grants from Oregon State Libraries under the Library Services and Technology Act	22,170
	\$ 1,514,388

<sup>1</sup> According to legislation adopted by the Oregon legislature, proceeds from the sales of Pacific Wonderland license plates are divided evenly between the Oregon Historical Society and the Oregon State Capitol Foundation. The Society uses the funds to support the research library, educational programs for students and the general public, production of THE OREGON HISTORICAL QUARTERLY, and support of permanent and rotating museum exhibits.

## 20. Net Assets Released from Restrictions

During the year ended December 31, 2020, the Society incurred various expenses in satisfaction of the restricted purposes specified by donors, or satisfied the restriction by the occurrence of other events. Accordingly, during the year ended December 31, 2020, corresponding net asset reclassifications have been recorded in the accompanying statement of activities, together with other transfers, as described in the following table:

	Without donor restrictions	With donor restrictions
Satisfaction of donor restrictions for operating purposes	\$ 972,290	(972,290)
<i>Non-operating transactions:</i>		
Satisfaction of donor restrictions for capital projects	1,017,861	(1,017,861)
	\$ 1,990,151	(1,990,151)

## 21. Expenses

The costs of providing the Society's various programs and activities 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.

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the organization, and therefore require allocation on a reasonable basis that is consistently applied. Those expenses include depreciation, and other facility-related costs, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, security, communications, and other expenses, which are allocated on the basis of estimates of time and effort.

## 22. Operating Lease

The Society leases certain administrative and museum space and equipment under operating leases that expire on various dates through May of 2024. Future minimum payments under this agreement for the years subsequent to December 31, 2020 are summarized as follows:

<i>Years ending December 31,</i>	
2021	\$ 145,804
2022	128,492
2023	127,884
2024	52,019
	\$ 454,199

Rent expense for the year ended December 31, 2020 totaled \$147,714.

## 23. Other Commitments and Contingencies

During the year ended December 31, 2020, the Society entered into various agreements with construction companies for work related to roof construction, library renovation, and building upgrades. The amount outstanding under these contracts at December 31, 2020 totals \$1,128,975.

In addition, the Society also entered into agreements related to exhibit design and rental, as well as digitization services. The amount outstanding under these contracts at December 31, 2020 totals \$227,957.

## 24. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure within one year of the statement of financial position date comprise the following at December 31, 2020:

<i>Total financial assets:</i>	
Cash and cash equivalents	\$ 4,673,151
Accounts receivable	123,048
Contributions and grants receivable	755,844
Investments	8,158,510
Beneficial interest in assets held by the Oregon Community Foundation	9,026,571
	22,737,124
<i>Less financial assets not available for general expenditure within the year ending December 31, 2021:</i>	
Financial assets restricted by donors for endowment	(11,408,345)
Financial assets restricted by donors for future periods	(497,797)
Restricted deposits and funded reserves ( <i>note 5</i> )	(50,108)
	(11,956,250)
<i>Plus other funds subject to appropriation for expenditure:</i>	
Fiscal year 2021 endowment appropriations for operations	496,850
	\$ 11,277,724

As part of its liquidity management, the Oregon Historical Society has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Society invests cash in excess of daily requirements in short-term investments and money market funds. To help manage unanticipated liquidity needs, the Society also has a committed line of credit, upon which it could draw (see note 12).

## 25. Fair Value Measurements

Included in the accompanying financial statements are certain financial instruments carried at fair value. The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale; similarly, the fair value of a liability is the amount at which the liability could be transferred in a current transaction between willing parties. Fair values are based on quoted market prices when available.

When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality.

All financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined under generally accepted accounting principles. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities and the lowest ranking to fair values determined using methodologies and models with unobservable inputs, as follows:

- *Level 1* – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- *Level 2* – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Level 2 also includes units in funds which only invest in financial assets classified as Level 1, have no redemption gates or lock-up periods, and for which there have been recent transactions at the published monthly net asset value.
- *Level 3* – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Society's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

At December 31, 2020, the following financial assets are measured at fair value on a recurring basis:

	<b>Level 1</b>	<b>Level 3</b>	<b>Total</b>
Investments (note 7)	\$ 7,320,285	–	7,320,285
Beneficial interest in assets held by the Oregon Community Foundation (note 8)	–	9,026,571	9,026,571
Contributions receivable from charitable remainder trusts (note 9)	–	343,751	343,751
Interest in perpetual trust (note 9)	–	204,064	204,064
	<b>\$ 7,320,285</b>	<b>9,574,386</b>	<b>16,894,671</b>

The changes in valuation of Level 3 assets using significant unobservable inputs are as follows:

	<b>Contributions receivable from charitable remainder trusts</b>	<b>Interest in perpetual trust</b>	<b>Beneficial interest in assets held by the Oregon Community Foundation</b>	<b>Total</b>
Fair value at beginning of year	\$ 304,842	191,929	8,482,576	8,979,347
Increase in the carrying value of contributions receivable from charitable remainder trusts	38,909	–	–	38,909
Net change in the value of a perpetual trust	–	12,135	–	12,135
Distribution of investment return	–	–	(394,652)	(394,652)
Net change in the beneficial interest in assets held by the Oregon Community Foundation	–	–	938,647	938,647
Fair value at end of year	\$ 343,751	204,064	9,026,571	9,574,386
	[A]	[B]	[C]	

[A] Measured at fair value based upon a discounted cash flow analysis of the expected income, taking the fair value of the assets held in trust and the life expectancy of the current beneficiaries into consideration (see note 9).

[B] Measured at fair value based upon a discounted cash flow analysis of the expected income, taking the fair value of the assets held in trust into consideration (see note 9).

[C] Measured at fair value based upon a discounted cash flow analysis of the expected income, which is equivalent to the fair value of the underlying assets held by the Oregon Community Foundation. Management's estimate of fair value is based solely upon information provided by the Oregon Community Foundation (see note 8).

## 26. 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):

Increase in net assets	\$ 1,306,891
<hr/>	
<i>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</i>	
Depreciation	1,004,398
Proceeds from contributions restricted for long-term investment	(157,867)
Net increase in the fair value of investments	(704,230)
Cash distribution received from the Oregon Community Foundation for operational purposes	394,652
Net change in beneficial interest in assets held by the Oregon Community Foundation	(938,647)
Net change in the value of charitable trusts	(51,044)
In-kind capital contributions	(28,293)
<i>Net changes in:</i>	
Accounts receivable	(105,404)
Contributions and grants receivable	475,993
Inventories and prepayments	55,260
Accounts payable and accrued expenses	(253,140)
Refundable advances	(133,502)
Deferred revenue	(1,282)
<hr/>	
Total adjustments	(443,106)
<hr/>	
Net cash provided by operating activities	\$ 863,785
<hr/>	

## 27. Reclassification of 2019 Comparative Totals

Certain 2019 amounts presented herein have been reclassified to conform to the 2020 presentation.

## 28. Coronavirus Pandemic

The U.S. has renewed its declaration of a public health state of emergency in response to the COVID-19 pandemic and various restrictions remain on the use of public and private facilities in the jurisdictions in which Oregon Historical Society operates.

The Society has been preparing for a period of economic uncertainty by diligently building our reserves over the last decade. Our reserves will enable us to mitigate some loss of revenue in these uncertain times, and combined with the government aid to businesses who continue to employ their staff we are expecting to weather the crisis well.

It is possible that the effects of these events could continue for some time, including continuing disruptions to or restrictions on our employees' ability to work and on the ability of our patrons, customers and other constituents to both fully participate in our programs and continue their current level of financial support to the organization. At the present time, the ultimate future effects of these issues are unknown, however, we are optimistic that, through our social media efforts to engage the public with effective and relevant historical information and content, we will continue to be a part of our members and patrons lives.

■

OREGON HISTORICAL SOCIETY

**GOVERNING BOARD, EX OFFICIO MEMBERS OF THE BOARD,  
AND SENIOR MANAGEMENT**

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OREGON HISTORICAL SOCIETY

**INQUIRIES AND OTHER INFORMATION**

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OREGON HISTORICAL SOCIETY  
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