



GREATER PORTLAND INC. AND AFFILIATES

Combined Financial Statements
Year Ended December 31, 2015
With Independent Auditor's Report



GREATER PORTLAND INC. AND AFFILIATES
DECEMBER 31, 2015
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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Greater Portland Inc. and Affiliates
Portland, Oregon

We have audited the accompanying combined financial statements of Greater Portland Inc. and Affiliates (a nonprofit organization), which comprise the combined statement of financial position as of December 31, 2015 and the related combined statements of activities and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

The Organization's management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined 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 combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Greater Portland Inc. and Affiliates as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual organizations, and it is not a required part of the combined 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 combined financial statements. The combining information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Greater Portland Inc. and Affiliates 2014 combined financial statements, and our report dated February 5, 2015, expressed an unmodified opinion on those combined financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Perkins & Company, P.C.

January 28, 2016

GREATER PORTLAND INC. AND AFFILIATES
COMBINED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015
(With comparative totals for 2014)

	2015	2014
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 507,855	\$ 430,964
Receivables	164,385	148,433
Prepaid expenses	44,419	4,125
Total current assets	716,659	583,522
PROPERTY AND EQUIPMENT, NET		
	57,878	61,196
	\$ 774,537	\$ 644,718
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 376	\$ 5,504
Accrued expenses	73,436	56,000
Total current liabilities	73,812	61,504
NET ASSETS:		
Unrestricted	519,198	419,276
Temporarily restricted	181,527	163,938
Total net assets	700,725	583,214
	\$ 774,537	\$ 644,718

See notes to combined financial statements.

GREATER PORTLAND INC. AND AFFILIATES
COMBINED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015
(With comparative totals for 2014)

	2015			2014 Total
	Unrestricted	Temporarily Restricted	Total	
REVENUES:				
Contribution revenue	\$ 1,015,860	\$ 119,885	\$ 1,135,745	\$ 1,142,250
Grant revenue	229,500	44,500	274,000	200,000
Contributions in-kind	285,866	-	285,866	177,216
Project revenue	-	231,087	231,087	155,000
Ticketing and event revenue	111,500	-	111,500	80,391
Interest income	874	-	874	1,308
Net assets released from restrictions	377,883	(377,883)	-	-
	<u>2,021,483</u>	<u>17,589</u>	<u>2,039,072</u>	<u>1,756,165</u>
EXPENSES:				
Program Services:				
Uniting regionally to compete globally	395,845	-	395,845	442,307
Choose Greater Portland	481,954	-	481,954	512,996
Stay and grow in Greater Portland	162,274	-	162,274	154,167
Supporting Services:				
Management and general	877,933	-	877,933	569,444
Investor relations	3,555	-	3,555	86,490
Other Expenses:				
Charitable contributions	-	-	-	110,618
	<u>1,921,561</u>	<u>-</u>	<u>1,921,561</u>	<u>1,876,022</u>
CHANGE IN NET ASSETS	99,922	17,589	117,511	(119,857)
NET ASSETS AT BEGINNING OF YEAR	<u>419,276</u>	<u>163,938</u>	<u>583,214</u>	<u>703,071</u>
NET ASSETS AT END OF YEAR	<u>\$ 519,198</u>	<u>\$ 181,527</u>	<u>\$ 700,725</u>	<u>\$ 583,214</u>

See notes to combined financial statements.

GREATER PORTLAND INC. AND AFFILIATES
COMBINED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015
(With comparative totals for 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 117,511	\$ (119,857)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	19,991	17,087
Loss on disposal of property and equipment	480	-
Provision for doubtful accounts	-	(3,343)
Changes in assets and liabilities:		
Cash designated for WyEast	-	113,374
Accounts receivable	(15,952)	(50,933)
Prepaid expenses	(40,294)	(375)
Accounts payable and accrued expenses	12,308	(48,069)
Net cash provided by (used in) operating activities	94,044	(92,116)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(17,153)	(11,483)
Net cash used in investing activities	(17,153)	(11,483)
NET INCREASE (DECREASE) IN CASH	76,891	(103,599)
CASH, BEGINNING OF YEAR	430,964	534,563
CASH, END OF YEAR	\$ 507,855	\$ 430,964

See notes to combined financial statements.

GREATER PORTLAND INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2015
(With comparative totals for 2014)

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Organization - Greater Portland Inc. (“GPI”) is an Oregon mutual benefit corporation, formed as a consortium of private and public sector leaders dedicated to growing a sustainable and vibrant economic future for the seven-county Portland-Vancouver metropolitan area. GPI was formed to inform the world that the region is open for business, offering a dynamic home for forward-thinking leaders and their innovative companies. GPI has various levels of investor contributors which are as follows as of December 31, 2015:

Cornerstone Director:	\$50,000	and above
Platinum Director:	\$25,000	to \$49,999
Gold:	\$10,000	to \$24,999
Silver:	\$5,000	to \$9,999
Bronze:	\$2,500	to \$4,999

Cornerstone and Platinum investors are entitled to receive seats on GPI’s board of directors.

Greater Portland Economic Development District (“GPEDD”) is a wholly owned member of GPI, and was formerly known as Portland-Vancouver Regional PCED (“Regional Partners”). The mission of GPEDD is to promote regional economic development in collaboration with GPI. GPEDD maintains the United States Department of Commerce – Economic Development Administration’s Economic Development Designation (“EDD”) and receives federal grant revenues to assist with operations. The board of directors of GPEDD are a mixture of private and public sector executives.

Wy’East Economic Development Institute (“Wy’East”) is an Oregon private foundation. The mission of Wy’East is to lessen the economic development burden on regional governmental bodies and to present public forums and research on economic development or through contributions to similar charitable organizations. Wy’East was dissolved as of May 29, 2014.

Greater Portland Partnership for Economic Advancement (“GPPEA”) is an Oregon non-profit public benefit corporation. The mission of GPPEA is to lessen the economic development burden on regional governmental bodies and to present public forums on economic development. Currently, the board of directors of GPPEA are also board directors of GPI.

An overview of the significant program services are as follows:

Uniting regionally to compete globally - GPI assists with regional collaboration to build cross-border and cross-sector collaboration that leverages the region’s assets, engages leadership and aligns efforts to compete in the global market through the following services:

- Leadership in the planning process for Greater Portland 2020 – the five-year comprehensive economic development plan for the broader region, which comprises the two-state area and multiple counties and local communities.

- Management of the annual update to the Comprehensive Economic Development Strategy for the Economic Development District in partnership with the U.S. Department of Commerce's Economic Development Administration.
- Support and coordination of regional responses to U.S. federal government economic development grant opportunities.

Choose Greater Portland - GPI assists with businesses recruitment by creating targeted awareness of the value proposition for the region as a place for business; grow the recruitment funnel to bring traded-sector expansion and relocation projects to the region through the following services:

- Coordination of tailored research for suitable land and buildings, labor availability and other relevant market information.
- Facilitation of key partnerships with local utility companies, higher education and other business development partners.
- Creation of a cohesive marketing strategy to increase awareness of Greater Portland and its offerings for businesses staying, growing and expanding to the Greater Portland region.
- Communication of testimonials and business-case examples through regional marketing materials and GPI website.
- Articulation of the benefits of doing business in Greater Portland through earned media, including national and local news, collateral, events, and interactive marketing outlets.

Stay and grow in Greater Portland - GPI assists local community partners with business retention/expansion and general economic development efforts through the following services:

- Preparation of most current market, economic and demographic information.
- Development of the Greater Portland Global plan to increase exports and foreign direct investment activity in the region.
- Ability to provide industry and market analysis, economic and fiscal analysis and operating cost comparison analysis.

Principals of Combination - The combined financial statements include the consolidated accounts of GPI and its wholly owned subsidiary, GPEDD. In addition, those consolidated accounts are combined with GPPEA and Wy'East (through May 29, 2014), which are under common control with GPI, (collectively "the Organization"). All material related party balances and transactions have been eliminated.

Financial Statement Presentation - 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. Unrestricted net assets may include net assets for which the Board of Directors has imposed various internal stipulations as to usage.
- *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. The Organization had no permanently restricted net assets for the years ended December 31, 2015 and 2014.

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 are released from restrictions.

Cash, Cash Equivalents and Concentration of Risk - The Organization considers deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents. The Organization maintains cash balances at financial institutions in Oregon which are insured by the Federal Deposit Insurance Corporation up to \$250,000, and at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash.

Receivables - Receivables are stated at amounts due from investors for contributions or due from granting agencies. The Organization considers uncollectible receivables on a specific identification basis and records an allowance for doubtful accounts when a balance or a portion of a balance is deemed uncollectible. No allowance was considered necessary as of December 31, 2015 and 2014. Balances are written-off when determined to be uncollectible, and balances over 30 days outstanding are considered delinquent. The Organization does not assess finance charges on past due accounts. All receivables are due in less than one year.

Prepaid Expenses - Prepaid expenses consist of prepaid license fees, prepaid sponsorships and prepaid airline tickets. Prepaid expenses are amortized over their useful lives, or expensed as incurred.

Property and Equipment - Property and equipment is stated at cost. Depreciation is computed using the straight-line method based on estimated useful lives of three to seven years. Maintenance and repairs are charged to operations as incurred; expenditures for additions, improvements, and replacements are capitalized. Gains or losses from dispositions are reflected in operations.

Revenue Recognition - Revenues consists of contributions from investors, grants, project and event revenue. Contribution revenue is recognized when invoiced or pledged. Grant revenue is earned when approved by granting agency. Event revenue is recognized when earned. The Organization records various types of in-kind contributions. Contributed goods or services are recognized at fair value if the goods or services would typically need to be purchased, if not provided by contribution. The amounts reflected in the accompanying combined financial statements as in-kind contributions are offset by like amounts included in expenses.

Advertising Expense - Advertising costs are incurred through in-kind contributions from investors and are expensed as incurred. Advertising expenses incurred totaled \$0 and \$5,130 for the years ended December 31, 2015 and 2014, respectively.

Income Taxes - GPI, GPEDD and GPPEA have been granted not-for-profit status in accordance with Section 501(c)(6), 501(c)(4) and 501(c)(3), respectively, of the Internal Revenue Code (“the Code”) and are therefore generally exempt from federal and state income taxes. Accordingly, no provision for income taxes has been provided in the accompanying combined financial statements.

To the extent that the Organization was assessed interest or penalties associated with income tax positions, such expense would be recognized as interest expense. As of December 31, 2015 and 2014, the Organization had no unrecognized tax benefits.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Summarized Financial Information for 2014 - The combined financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's combined financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Subsequent Events - The Organization has performed an evaluation of subsequent events in accordance with Accounting Standards Codification (ASC) Topic 855, *Subsequent Events*, through January 28, 2016, which is the date these combined financial statements were available to be issued.

NOTE 2 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consist of the following at December 31:

	2015	2014
Computer equipment	\$ 98,926	\$ 81,773
Office equipment	30,782	34,446
	129,708	116,219
Less accumulated depreciation	71,830	55,023
	\$ 57,878	\$ 61,196

NOTE 3 – EMPLOYEE BENEFIT PLAN

The Organization's employees are eligible to participate in the Greater Portland, Inc. 401(k) Plan ("the Plan"). Under the Plan, employees may contribute up to 100% of their compensation, subject to Internal Revenue Service limitations. The Organization matches 100% of the first 4% of employees' contributions to the Plan. Organization contributions to the Plan amounted to \$30,837 for 2015, and \$22,959 for 2014.

NOTE 4 – RELATED PARTY TRANSACTIONS

The combined financial statements include revenues and expenses arising from transactions with board members. Related party management and general expenses of in-kind contributions totaling \$213,544 and \$141,512 for the years ended December 31, 2015 and 2014, respectively, were donated by board members.

NOTE 5 – COMMITMENTS

The Organization leases office space from a contributor to the Organization through January 2018. No rent is required to be paid by the Organization as the space is provided as an in-kind contribution. Rent expense and related in-kind contributions totaled \$74,712 for 2015 and 2014.

NOTE 6 – SIGNIFICANT CONTRIBUTORS

Two contributors accounted for 88% of the Organization's receivables as of December 31, 2015. Two contributors also accounted for 87% of the Organization's receivables as of December 31, 2014.

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net asset balances as of December 31, 2015 and 2014 are related to donor specific projects and time restricted contributions. Net assets were released from restrictions by incurring expenses and satisfying the following restricted sources during the years ended December 31, 2015 and 2014 as follows:

	<u>2015</u>	<u>2014</u>
Time restrictions met	\$ 110,978	\$ 94,157
Spending on restricted projects was made	<u>266,905</u>	<u>227,040</u>
	<u>\$ 377,883</u>	<u>\$ 321,197</u>

NOTE 8 – SUBSEQUENT EVENTS

Subsequent to December 31, 2015, the Organization executed an amended lease whereby it increased the rentable space and was granted a tenant improvement loan of \$27,000 that bears no interest and will be paid over a two-year period beginning February 2016. The current lease as described in Note 5 above is in full force in addition to this amendment. The amended lease payments will be provided as in-kind contributions, consistent with the current practice.

SUPPLEMENTARY INFORMATION

GREATER PORTLAND INC. AND AFFILIATES
COMBINING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

	Greater Portland Inc.	Greater Portland Partnership for Economic Advancement	Greater Portland Economic Development District	Eliminations	Combined Total
<u>ASSETS</u>					
CURRENT ASSETS:					
Cash	\$ 356,920	\$ 145,925	\$ 5,010	\$ -	\$ 507,855
Receivables	305,954	-	44,500	(186,069)	164,385
Prepaid expenses	42,544	1,875	-	-	44,419
Total current assets	<u>705,418</u>	<u>147,800</u>	<u>49,510</u>	<u>(186,069)</u>	<u>716,659</u>
PROPERTY AND EQUIPMENT, NET	<u>57,878</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,878</u>
	<u>\$ 763,296</u>	<u>\$ 147,800</u>	<u>\$ 49,510</u>	<u>\$ (186,069)</u>	<u>\$ 774,537</u>
<u>LIABILITIES AND NET ASSETS</u>					
CURRENT LIABILITIES:					
Accounts payable	\$ 376	\$ 122,244	\$ 63,825	\$ (186,069)	\$ 376
Accrued expenses	73,436	-	-	-	73,436
Total current liabilities	<u>73,812</u>	<u>122,244</u>	<u>63,825</u>	<u>(186,069)</u>	<u>73,812</u>
NET ASSETS:					
Unrestricted	569,599	8,414	(58,815)	-	519,198
Temporarily restricted	119,885	17,142	44,500	-	181,527
Total net assets	<u>689,484</u>	<u>25,556</u>	<u>(14,315)</u>	<u>-</u>	<u>700,725</u>
	<u>\$ 763,296</u>	<u>\$ 147,800</u>	<u>\$ 49,510</u>	<u>\$ (186,069)</u>	<u>\$ 774,537</u>

GREATER PORTLAND INC. AND AFFILIATES
COMBINING STATEMENT OF REVENUES AND FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Greater Portland Inc.	Greater Portland Partnership for Economic Advancement	Greater Portland Economic Development District	Eliminations	Combined Total
REVENUES:					
Contribution revenue	\$ 1,135,745	\$ -	\$ -	\$ -	\$ 1,135,745
Grant revenue	-	185,000	89,000	-	274,000
Contributions in-kind	273,023	11,643	1,200	-	285,866
Project revenue	-	231,087	-	-	231,087
Ticketing and event revenue	96,500	15,000	-	-	111,500
Interest income	268	501	105	-	874
Income from affiliates	-	-	75,000	(75,000)	-
	<u>1,505,536</u>	<u>443,231</u>	<u>165,305</u>	<u>(75,000)</u>	<u>2,039,072</u>
EXPENSES:					
Personnel costs	675,702	132,810	212,446	-	1,020,958
Consultants and contracted services	111,603	245,357	1,200	-	358,160
Marketing	61,150	46,065	-	-	107,215
Occupancy expenses	123,875	70	-	-	123,945
Charitable giving	500	-	-	-	500
Meals and entertainment	159,449	8,802	126	-	168,377
Grant to affiliates	75,000	-	-	(75,000)	-
IT supplies and maintenance	9,768	25,089	-	-	34,857
Travel	35,012	10,333	-	-	45,345
Depreciation and amortization	19,991	-	-	-	19,991
Dues and subscriptions	16,310	235	625	-	17,170
Insurance	2,703	-	-	-	2,703
Postage	469	-	-	-	469
Bank fees	846	-	-	-	846
Miscellaneous	21,025	-	-	-	21,025
	<u>1,313,403</u>	<u>468,761</u>	<u>214,397</u>	<u>(75,000)</u>	<u>1,921,561</u>
INCREASE (DECREASE) IN NET ASSETS	192,133	(25,530)	(49,092)	-	117,511
NET ASSETS AT BEGINNING OF YEAR	<u>497,351</u>	<u>51,086</u>	<u>34,777</u>	<u>-</u>	<u>583,214</u>
NET ASSETS AT END OF YEAR	<u>\$ 689,484</u>	<u>\$ 25,556</u>	<u>\$ (14,315)</u>	<u>\$ -</u>	<u>\$ 700,725</u>