

OREGON NATURAL DESERT ASSOCIATION
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

OREGON NATURAL DESERT ASSOCIATION

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STUART KATTER, CPA, LLP

Certified Public Accountant

2689 Northwest Crossing Drive • Bend, Oregon 97703 • Phone (541) 639-7299 • Fax (541) 728-2137

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Oregon Natural Desert Association
Bend, Oregon

We have audited the accompanying financial statements of the Oregon Natural Desert Association (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and net assets, 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 of America; 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 of America. 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 entity'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 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 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 Natural Desert Association as of December 31, 2017, and the changes in its net assets, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

STUART KATTER, CPA, LLP

Certified Public Accountant



By: Stuart D. Katter – a partner

April 20, 2018

FINANCIAL STATEMENTS

OREGON NATURAL DESERT ASSOCIATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	\$ 1,947,141	\$ 1,860,561
<i>Total current assets</i>	<u>1,947,141</u>	<u>1,860,561</u>
<i>Deposit</i>	5,000	5,000
<i>Investments</i>		
Long-term investments	148,319	144,011
Oregon Community Foundation Fund	52,825	44,876
<i>Property and equipment(net of accumulated depreciation)</i>	<u>47,875</u>	<u>45,896</u>
<i>Total assets</i>	<u>\$ 2,201,160</u>	<u>\$ 2,100,344</u>
LIABILITIES AND NET ASSETS		
<i>Current liabilities</i>		
Accrued liabilities	\$ 18,570	\$ 28,374
<i>Total current liabilities</i>	<u>18,570</u>	<u>28,374</u>
<i>Net assets</i>		
Without donor restrictions	1,928,890	1,781,198
Without donor restrictions - property and equipment	<u>47,875</u>	<u>45,896</u>
<i>Total without donor restrictions</i>	<u>1,976,765</u>	<u>1,827,094</u>
With donor restrictions	<u>205,825</u>	<u>244,876</u>
<i>Total net assets</i>	<u>2,182,590</u>	<u>2,071,970</u>
<i>Total liabilities and net assets</i>	<u>\$ 2,201,160</u>	<u>\$ 2,100,344</u>

The accompanying notes are an integral part
of the financial statements

OREGON NATURAL DESERT ASSOCIATION
STATEMENT OF ACTIVITIES AND NET ASSETS
YEAR ENDED DECEMBER 31, 2017

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016

	<i>Without Donor Restrictions</i>	<i>With Donor Resrtictions</i>	<u>Totals</u>	
			<u>2017</u>	<u>2016</u>
SUPPORT AND REVENUE				
Foundation and private grants	\$	\$ 914,700	\$ 914,700	\$ 877,401
Contributions	242,751		242,751	277,902
Memberships	194,309		194,309	180,907
Reimbursements and other other program revenue	202,445		202,445	84,790
Conferences and events	18,888		18,888	27,068
Calendar and other sales	12,461		12,461	10,532
Investment earnings	1,373		1,373	76,199
Unrealized gain (loss) on investments	<u>154,941</u>		<u>154,941</u>	<u>4,183</u>
Net assets released from restrictions	<u>953,751</u>	<u>(953,751)</u>		
<i>Total support and revenue</i>	<u>1,780,919</u>	<u>(39,051)</u>	<u>1,741,868</u>	<u>1,538,982</u>
EXPENSES				
Program services	1,410,632		1,410,632	1,299,014
Management and general	132,441		132,441	129,142
Fundraising	<u>88,175</u>		<u>88,175</u>	<u>106,108</u>
<i>Total expenses</i>	<u>1,631,248</u>		<u>1,631,248</u>	<u>1,534,264</u>
CHANGE IN NET ASSETS	149,671	(39,051)	110,620	4,718
NET ASSETS, beginning of year	<u>1,827,094</u>	<u>244,876</u>	<u>2,071,970</u>	<u>2,067,252</u>
NET ASSETS, end of year	<u>\$ 1,976,765</u>	<u>\$ 205,825</u>	<u>\$ 2,182,590</u>	<u>\$ 2,071,970</u>

The accompanying notes are an integral part
of the financial statements

OREGON NATURAL DESERT ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016

	<i>Program</i>	<i>Management</i>		<i>Totals</i>	
	<i>Services</i>	<i>and General</i>	<i>Fundraising</i>	<i>2017</i>	<i>2016</i>
Salaries and benefits	\$ 1,002,950	\$ 103,753	\$ 46,114	\$ 1,152,817	\$ 1,063,426
Contract services	116,640	448	200	117,288	148,037
Travel	61,188	6,330	2,813	70,331	65,295
Occupancy	59,175	6,121	2,721	68,017	47,748
Supplies and maintenance	45,036	4,659	2,071	51,766	50,642
Events			18,036	18,036	38,514
Real estate acquisition fee	46,828			46,828	
Fees, dues and licenses	29,747	3,077	1,368	34,192	34,592
Printing	19,384	2,006	891	22,281	25,604
Newsletter & media		2,977	2,976	5,953	11,194
Calendar & merchandise			9,620	9,620	9,079
Postage and shipping	8,963	927	412	10,302	10,285
Telephone	5,567	576	256	6,399	6,367
Accounting	740	76	34	850	5,330
Utilities	3,219	333	148	3,700	2,306
Insurance	3,782	391	174	4,347	3,229
<i>Total expenses before depreciation</i>	1,403,219	131,674	87,834	1,622,727	1,521,648
Depreciation	7,413	767	341	8,521	12,616
<i>Total expenses</i>	<u>\$ 1,410,632</u>	<u>\$ 132,441</u>	<u>\$ 88,175</u>	<u>\$ 1,631,248</u>	<u>\$ 1,534,264</u>

The accompanying notes are an integral part
of the financial statements

OREGON NATURAL DESERT ASSOCIATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 110,620	\$ 4,718
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	8,521	12,616
Unrealized (gain) loss on investments	(154,941)	(4,183)
Decrease (increase) in:		
Deposits		2,500
(Decrease) increase in:		
Accrued liabilities	<u>(9,804)</u>	<u>12,043</u>
 <i>Net cash provided by (used in) operating activities</i>	 <u>(45,604)</u>	 <u>27,694</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Net acquisition of property and equipment	(10,500)	
Net (acquisition) proceeds from investments	<u>142,684</u>	<u>(3,124)</u>
 <i>Net cash provided by (used in) investing activities</i>	 <u>132,184</u>	 <u>(3,124)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 86,580	 24,570
 CASH AND CASH EQUIVALENTS, beginning of year	 <u>1,860,561</u>	 <u>1,835,991</u>
 CASH AND CASH EQUIVALENTS, end of year	 <u>\$ 1,947,141</u>	 <u>\$ 1,860,561</u>

The accompanying notes are an integral part of the financial statements

OREGON NATURAL DESERT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Oregon Natural Desert Association (ONDA) is a nonprofit organization incorporated under the laws of the State of Oregon for the purpose of preservation, protection, and rehabilitation of Oregon's arid-land environment and to assist and cooperate with other organizations involved in natural resource preservation and education.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards. Under Statement of Financial Accounting Standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Income Taxes

The financial statements do not reflect the effects of income taxes. The Organization is a not-for-profit corporation which has been granted tax exempt status under code section 501(c)(3). In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code.

Support and Revenue

Grants and contributions received as well as collectible unconditional promises to give are recognized in the period received. Grants and contributions are recorded as without donor restrictions and with donor restrictions depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in donor restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Releases totaled \$953,751 for the year ended December 31, 2017

Comparative Financial Information

The financial statements and notes to the financial statements contain certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Cash and Cash Equivalents

Cash equivalents are stated at cost which approximates market value. For purposes of the statement of cash flows, the Organization considers all cash investments with maturities of three months or less to be cash and cash equivalents.

OREGON NATURAL DESERT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Furniture and Equipment

Property and equipment is stated at historical cost, or if donated, at the estimated fair value at the date of donation. Furniture and equipment in excess of \$500 are capitalized and are depreciated over an estimated useful life of three to seven years using straight-line and accelerated methods of depreciation. Depreciation expense amounted to \$8,521 for the year ended December 31, 2017.

Functional Allocation of Expenses

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

Subsequent Events

Subsequent events have been evaluated through April 20, 2018, which is the date the financial statements were issued.

NOTE 2 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to a concentration of credit risk consist principally of cash and cash equivalents, investments and accounts receivable. The Organization maintains its cash balances at FDIC insured institutions and invests in brokerage accounts and the Oregon Community Foundation.

NOTE 3 - FUND STRUCTURE

A brief description of the various funds used by the Organization in accounting for their activities is as follows:

Net assets without donor restrictions

These funds account for unrestricted contributions and other unrestricted revenue. These funds provide for administration and operation of the Organization. Equipment acquisitions, including the recording of their cost and depreciation are also included in the unrestricted funds.

Net assets with donor restrictions

These funds are used to account for the proceeds of specific revenue sources that are legally or contractually restricted to expenditures for specified purposes. Additionally, these funds account for the collection and disbursement of restricted contributions of which the income portion is, if not specifically required to be added to the capital, transferred to net assets without donor restrictions.

OREGON NATURAL DESERT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 4 - SUMMARY OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at December 31, 2017:

Petty cash	\$	207
Checking		39,075
Savings		<u>1,907,859</u>
	<u>\$</u>	<u>1,947,141</u>

NOTE 5 - INVESTMENTS

Investments as of December 31, 2017, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>
Fixed retirement annuity	\$ 127,318	\$ 148,319
Oregon Community Foundation Fund	<u>41,087</u>	<u>52,825</u>
	<u>\$ 168,405</u>	<u>\$ 201,144</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2017:

Contributions made to the Oregon Community Foundation Endowment Fund, an Oregon nonprofit corporation, become permanent funds of the Oregon Community Foundation for the Oregon Natural Desert Association Endowment Fund, if so designated by the contributor. The Foundation distributes an appropriate percentage of the fair value of the principal and income of the Fund to the Oregon Natural Desert Association. The fair value of the Fund at December 31, 2017 was \$52,825 of which all is considered to be net assets with donor restrictions. The above investments are considered to be level 1 investments.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2017 is as follows:

Furniture and equipment	\$	66,388
Improvements		42,503
Less accumulated depreciation		<u>(61,016)</u>
	<u>\$</u>	<u>47,875</u>

OREGON NATURAL DESERT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions for program activities consisted of the following as of December 31, 2017:

Brainerd Foundation	\$ 25,000
Greater Hart - Sheldon Conservation Fund	100,000
Wildlife Conservation Society	28,000
Oregon Community Foundation Fund	<u>52,825</u>
	<u>\$ 205,825</u>

NOTE 8 – IN-KIND DONATIONS

Donated services are recognized as contributions in accordance with Statement of Financial Accounting Standards, Accounting for Contributions Received and Contributions Made, if the services; a) create or enhance nonfinancial needs or b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, fund-raising activities and various committee assignments. The services provided by these volunteers are not recognized as contributions in the financial statements since the recognition criteria under Statement of Financial Accounting Standards were not met.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Grant Compliance: Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, the Board and management deems the contingency remote, since by accepting the grants and their terms, the Organization has designed and tailored the Organization's systems to comply with the requirements of the grants.

Leases: Oregon Natural Desert Association leases office space in Bend and Portland, Oregon under noncancellable operating leases. Rental expense under all noncancellable leases for the year ended December 31, 2017 was \$68,017. Additionally, the Oregon Natural Desert Association sublet a portion of its office space and received rental income in the amount of \$14,150 for the year ended December 31, 2017.