
OREGON NATURAL DESERT ASSOCIATION

FINANCIAL STATEMENTS

**For the Year Ended
December 31, 2021**

OREGON NATURAL DESERT ASSOCIATION

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To the Board of Directors
Oregon Natural Desert Association

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

We have reviewed the accompanying financial statements of Oregon Natural Desert Association (hereafter, "ONDA"), which comprise the statement of financial position as of December 31, 2021 and the related statements of activities, functional expenses, and cash flows for the year then ended, and related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation and fair presentation of the 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 misstatements whether due to fraud or error.

Accountants' Responsibility:

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of ONDA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

CAPSTONE CERTIFIED PUBLIC ACCOUNTANTS, LLC

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Accountants' Conclusion:

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information:

The December 31, 2020 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated May 5, 2021. We have not performed any auditing procedures since that date. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Capstone Certified Public Accountants, L.L.C.

Capstone Certified Public Accountants, L.L.C.
Redmond, Oregon
April 14, 2022

OREGON NATURAL DESERT ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

(See Independent Accountants' Review Report)

December 31,	2021 (Reviewed)	2020 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents (Note 1)	\$ 2,600,341	\$ 1,406,375
Accounts receivable	8,754	-
Prepaid expenses	<u>11,459</u>	<u>10,947</u>
Total current assets	2,620,554	1,417,322
Deposits	6,920	6,920
Investments	2,289,498	1,878,250
Beneficial interests (Note 3)	487,388	442,182
Property and equipment (Note 4)	57,494	57,494
Less accumulated depreciation	<u>(52,294)</u>	<u>(50,908)</u>
	<u>5,200</u>	<u>6,586</u>
	<u>\$ 5,409,560</u>	<u>\$ 3,751,260</u>

OREGON NATURAL DESERT ASSOCIATION

STATEMENTS OF FINANCIAL POSITION - continued

(See Independent Accountants' Review Report)

December 31,	2021 (Reviewed)	2020 (Audited)
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 250,521	\$ -
Accrued payroll	2,545	47,329
Accrued vacation	55,722	44,729
Deferred revenue (Note 5)	342,965	160,000
Total current liabilities	651,753	252,058
Net assets (Notes 6):		
Net assets without donor restrictions	4,253,082	2,886,614
Net assets with donor restrictions	504,725	612,588
Total net assets	4,757,807	3,499,202
	\$ 5,409,560	\$ 3,751,260

OREGON NATURAL DESERT ASSOCIATION

STATEMENT OF ACTIVITIES (See Independent Accountants' Review Report)

**For the Year Ended December 31, 2021
(with comparative audited totals from December 31, 2020)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2020 Total</u>
Operating activities				
Support & revenue				
Grants	\$ 625,414	\$ 67,922	\$ 693,336	\$ 676,716
Contracts	58,593	-	58,593	52,117
Contributions	660,122	-	660,122	586,543
Reimbursements	30,800	-	30,800	88,657
Events	763	-	763	250
Sales	11,638	-	11,638	9,802
Investments earnings	16,398	-	16,398	18,508
Net assets released from restrictions	220,991	(220,991)	-	-
Total support and revenue	<u>1,624,719</u>	<u>(153,069)</u>	<u>1,471,650</u>	<u>1,432,593</u>
Expenses				
Program activities	1,485,490	-	1,485,490	1,354,209
Management and general	154,575	-	154,575	126,438
Fundraising activities	190,346	-	190,346	185,625
Total expenses	<u>1,830,411</u>	<u>-</u>	<u>1,830,411</u>	<u>1,666,272</u>
Net income from operations	(205,692)	(153,069)	(358,761)	(233,679)
Non-operating income				
Unrealized gain on investments	292,931	45,206	338,137	296,366
PPP loan forgiveness	247,685	-	247,685	256,875
Attorney fee recovery	1,367,501	-	1,367,501	-
Third party attorney fees	(335,957)	-	(335,957)	-
Adjustment of property and equipment	-	-	-	(45,896)
Change in net assets	1,366,468	(107,863)	1,258,605	273,666
Net assets, beginning of the year	<u>2,886,614</u>	<u>612,588</u>	<u>3,499,202</u>	<u>3,225,536</u>
Net assets, end of year	<u><u>\$ 4,253,082</u></u>	<u><u>\$ 504,725</u></u>	<u><u>\$ 4,757,807</u></u>	<u><u>\$ 3,499,202</u></u>

The accompanying notes are an integral part of the financial statements.

OREGON NATURAL DESERT ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

(See Independent Accountants' Review Report)

For the Year Ended December 31, 2021
(with comparative audited totals from December 31, 2020)

	Program Services	Supporting Services		Total	2020 Total
		Management and General	Fundraising		
Salaries and benefits	\$ 1,152,686	\$ 129,677	\$ 158,495	\$ 1,440,858	\$ 1,311,235
Contract services	107,723	8,498	-	116,221	96,371
Travel	25,058	-	-	25,058	40,865
Occupancy	70,497	7,931	9,693	88,121	78,951
Supplies and maintenance	20,880	2,349	2,871	26,100	27,156
Events	10,134	-	1,382	11,516	4,271
Real estate fees	-	-	-	-	100
Fees, dues and licenses	34,200	-	-	34,200	34,503
Printing	33,571	-	3,925	37,496	35,341
Calendar & merchandise	-	-	9,961	9,961	7,807
Postage and shipping	15,136	-	2,064	17,200	13,893
Telephone	5,298	596	729	6,623	5,181
Accounting	8,920	1,004	1,226	11,150	5,787
Insurance	-	4,520	-	4,520	4,464
Depreciation	1,387	-	-	1,387	347
	<u>\$ 1,485,490</u>	<u>\$ 154,575</u>	<u>\$ 190,346</u>	<u>\$ 1,830,411</u>	<u>\$ 1,666,272</u>

The accompanying notes are an integral part of the financial statements.

OREGON NATURAL DESERT ASSOCIATION

STATEMENTS OF CASH FLOWS (See Independent Accountants' Review Report)

For the Years Ended December 31,	2021 (Reviewed)	2020 (Audited)
Operating activities:		
Change in net assets	\$ 1,258,605	\$ 273,666
Adjustments to reconcile change in net assets		
Depreciation	1,387	347
Unrealized gain on investments	(338,137)	(296,366)
Adjustment of property and equipment	-	45,896
Increase in:		
Accounts receivable	(8,754)	-
Prepaid expenses	(512)	-
Increase (decrease) in operating liabilities:		
Accounts payable	250,521	-
Accrued payroll	(44,784)	35,973
Accrued vacation	10,993	23,720
Deferred revenue	182,965	160,000
Net cash provided by operating activities	<u>1,312,284</u>	<u>243,236</u>
Investing activities:		
Net acquisition of property and equipment	-	(6,933)
Net acquisition of investments	(118,318)	(9,755)
Net cash used in investing activities	<u>(118,318)</u>	<u>(16,688)</u>
Net increase in cash	1,193,966	226,548
Cash, beginning of year	<u>1,406,375</u>	<u>1,179,827</u>
Cash, end of year	<u><u>\$ 2,600,341</u></u>	<u><u>\$ 1,406,375</u></u>

The accompanying notes are an integral part of the financial statements.

OREGON NATURAL DESERT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(See *Independent Accountants' Review Report*)

1 - Significant Accounting Policies

Nature of Activities

The Oregon Natural Desert Association (ONDA) was incorporated in the State of Oregon in 1989. ONDA is a nonprofit organization with a mission to protect, defend and restore Oregon's high desert for current and future generations.

Basis of Accounting

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

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting as required under accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of ONDA and changes therein are classified and reported 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 ONDA. Equipment acquisitions, including the recording of their cost and depreciation are also included in the unrestricted funds. net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of ONDA. These net assets may be used at the discretion of ONDA's management and board of directors. These funds accounting for unrestricted contributions and other unrestricted revenue.

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. Endowment funds are restricted in perpetuity. Investment earnings on endowment funds are considered to be without donor restrictions. net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of ONDA or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

OREGON NATURAL DESERT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(See Independent Accountants' Review Report)

1 - Significant Accounting Policies - continued

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). ONDA groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 – Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 – Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets / liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset / liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, ONDA considers petty cash and all demand deposits to be cash and cash equivalents. Cash held by financial institutions is insured by the Federal Deposit Insurance Corporation up to \$250,000 for each institution. As of December 31, 2021 and 2020, ONDA had cash bank balances of \$1,396,588 and \$487,750 in excess of the FDIC limitations, respectively.

Property 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 \$5,000 are capitalized and are depreciated over an estimated useful life of three to seven years using straight-line method of depreciation. Vehicles are depreciated over a useful life of five years.

OREGON NATURAL DESERT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS - Continued

(See Independent Accountants' Review Report)

1 - Significant Accounting Policies - continued

Donated Assets

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 restrictions. Releases totaled \$185,991 and \$245,365 for the years ended December 31, 2021 and 2020, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

ONDA is a not-for-profit organization that is exempt from Federal and State income taxes under Internal Revenue Code Section 501(c)(3). Therefore, no provision for federal or state taxes on income has been included in the financial statements. Tax positions for open tax years were reviewed and it was determined that no provision for uncertain tax positions is required.

OREGON NATURAL DESERT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS - Continued

(See Independent Accountants' Review Report)

1 - Significant Accounting Policies - continued

Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. ONDA has adjusted the presentation of these statements accordingly.

Date of Management's Review

Subsequent events have been evaluated through April 14, 2022 which is the date the financial statements were available to be issued. Management was unaware of any reportable material subsequent events that required disclosure.

2 - Liquidity and Availability

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 2,600,341	\$ 1,406,375
Investments	2,289,498	1,878,250
Beneficial interests (Note 3)	487,388	442,182
	<u>5,377,227</u>	<u>3,726,807</u>
Total financial assets	5,377,227	3,726,807
Less deferred revenue (Note 5)	342,965	160,000
Less amounts not available to be used within one year:		
Net assets with donor restrictions (Note 6)	504,725	612,588
	<u>504,725</u>	<u>612,588</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,529,537</u>	<u>\$ 2,954,219</u>

OREGON NATURAL DESERT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS - Continued

(See Independent Accountants' Review Report)

3 - Funds Held at Oregon Community Foundation

Beneficial interests in split-interest agreements held by others are recorded at the net present value of the estimated future amount to be received from such assets, revalued annually based on the fair value of investments on December 31. Perpetual trusts held by others are recorded at market value as reported by the trustee or custodian. The present value of charitable remainder trusts held by others is determined using discount rates based on the assumed rate of return on the trust assets and actuarially-determined expected lives of beneficiaries.

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 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 Stocks, Bonds and other in the amount of \$2,289,498 are considered to be level 1 investments. The fair value of the Oregon Community Foundation Fund in the amount of \$487,388 are considered to be level 1 investments.

4 - Property and Equipment

	2021	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Vehicles		<u>57,494</u>	<u>52,294</u>	<u>5,200</u>
		<u>\$ 57,494</u>	<u>\$ 52,294</u>	<u>\$ 5,200</u>
	2020	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Vehicles		<u>57,494</u>	<u>50,908</u>	<u>6,586</u>
		<u>\$ 57,494</u>	<u>\$ 50,908</u>	<u>\$ 6,586</u>

In 2020, ONDA adjusted property and equipment to properly reflect assets in service.

OREGON NATURAL DESERT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS - Continued

(See Independent Accountants' Review Report)

5 - Deferred Revenue

Deferred revenues of ONDA consist of the following grants received for future periods:

	<u>2021</u>	<u>2020</u>
Greater Hart Sheldon Conservation Fund	\$ 100,000	\$ 110,000
Hills Internship Fund	85,715	-
Wyss Fellowship	60,000	-
Collins Foundation	40,000	-
Conservation Alliance	37,500	50,000
Bend Sustainability Fund	12,750	-
Trout & Salmon Foundation	4,000	-
Cliff Bar Family Foundation	3,000	-
	<u>\$ 342,965</u>	<u>\$ 160,000</u>

6 - Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Conservation Alliance	\$ -	\$ 50,000
Mazamas Fund	500	-
Christie Keffer Legal	-	5,406
Meyer Memorial Trust	-	80,000
National Forest Foundation	16,837	-
Worthy Tree Planting	-	35,000
Endowment Funds (OCF)	487,388	442,182
	<u>\$ 504,725</u>	<u>\$ 612,588</u>

OREGON NATURAL DESERT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS - Continued

(See Independent Accountants' Review Report)

7 – Commitments and Contingencies

ONDA applies and receives grant funding that may 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, ONDA have designed and tailored ONDA's systems to comply with the requirements of the grants.

Periodically ONDA engages with third party attorneys for legal cases in which ONDA may receive a future fee reimbursement. The fee agreements are contingent upon receipt of final reimbursement. Due to the uncertain nature of timing, ONDA records reimbursement income and corresponding third party attorney fees in the period of receipt.

8 - Change in Presentation

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation.