
OREGON NATURAL DESERT ASSOCIATION

FINANCIAL STATEMENTS

**For the Year Ended
December 31, 2025**

OREGON NATURAL DESERT ASSOCIATION

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

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, 2025 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the 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.

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.

Capstone Certified Public Accountants, L.L.C.

Capstone Certified Public Accountants, L.L.C.

Redmond, Oregon

April 1, 2026

OREGON NATURAL DESERT ASSOCIATION

STATEMENT OF FINANCIAL POSITION

(See Independent Accountants' Review Report)

December 31, 2025

ASSETS

Current assets:

Cash and cash equivalents (Note 1)	\$ 1,928,077
Accounts receivable	59,176
Payroll tax holding account	<u>39,825</u>

Total current assets 2,027,078

Property and equipment (Note 4)	50,604
Less accumulated depreciation	<u>(50,604)</u>
	<u>-</u>

Other assets:

Deposits	6,920
Investments	2,839,226
Beneficial interests (Note 3)	506,973
Right of use asset - operating (Note 8)	<u>203,020</u>
	<u><u>\$ 5,583,217</u></u>

OREGON NATURAL DESERT ASSOCIATION

STATEMENT OF FINANCIAL POSITION - continued

(See Independent Accountants' Review Report)

December 31, 2025

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$	6,624
Accrued payroll liabilities		41,433
Accrued vacation		61,871
Deferred revenue (Note 6)		143,500
Lease liability - operating - current (Note 8)		<u>76,072</u>
Total current liabilities		329,500
Lease liability - operating - long-term (Note 8)		<u>126,948</u>
Total liabilities		456,448
Net assets (Note 7):		
Net assets without donor restrictions		4,363,899
Net assets with donor restrictions		<u>762,870</u>
Total net assets		<u>5,126,769</u>
	\$	<u>5,583,217</u>

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

OREGON NATURAL DESERT ASSOCIATION

STATEMENT OF ACTIVITIES (See Independent Accountants' Review Report)

For the Year Ended December 31, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating activities			
Support & revenue			
Grants	\$ 556,918	\$ 494,615	\$ 1,051,533
Contributions	931,364	-	931,364
Events	6,036	-	6,036
Sales	17,548	-	17,548
Net assets released from restrictions	374,386	(374,386)	-
Total support and revenue	<u>1,886,252</u>	<u>120,229</u>	<u>2,006,481</u>
Expenses			
Program activities	1,586,649	-	1,586,649
Management and general	247,713	-	247,713
Fundraising activities	284,295	-	284,295
Total expenses	<u>2,118,657</u>	<u>-</u>	<u>2,118,657</u>
Net loss from operations	(232,405)	120,229	(112,176)
Non-operating income (loss)			
Unrealized gain on investments	151,471	67,053	218,524
Realized gain on investments	108,654	(3,681)	104,973
Investment earnings	134,951	3,922	138,873
Gain on sale of asset	121	-	121
Reimbursements	27,104	-	27,104
Attorney fee recovery	60,000	-	60,000
Third party attorney fees	(41,826)	-	(41,826)
Other income	1,622	-	1,622
Change in net assets	209,692	187,523	397,215
Net assets, beginning of the year	<u>4,154,207</u>	<u>575,347</u>	<u>4,729,554</u>
Net assets, end of year	<u><u>\$ 4,363,899</u></u>	<u><u>\$ 762,870</u></u>	<u><u>\$ 5,126,769</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, 2025

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and benefits	\$ 1,112,677	\$ 180,434	\$ 210,507	\$ 1,503,618
Contract services	172,415	27,959	32,619	232,993
Travel	37,126	-	-	37,126
Occupancy	106,710	17,304	20,188	144,202
Supplies and maintenance	35,883	5,819	6,789	48,491
Events	10,006	-	1,365	11,371
Fees, dues and licenses	42,992	-	-	42,992
Printing	48,712	7,899	9,216	65,827
Postage and shipping	19,088	3,095	3,611	25,794
Insurance	-	5,203	-	5,203
Depreciation	1,040	-	-	1,040
	<u>\$ 1,586,649</u>	<u>\$ 247,713</u>	<u>\$ 284,295</u>	<u>\$ 2,118,657</u>

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

OREGON NATURAL DESERT ASSOCIATION

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

For the Year Ended December 31, 2025

Operating activities:

Change in net assets	\$ 397,215
Adjustments to reconcile change in net assets	
Depreciation	1,040
Unrealized gain on investments	(218,524)
Realized gain on investments	(104,973)
Gain on sale of asset	(121)
Decrease in operating assets:	
Accounts receivable	9,439
Increase (decrease) in operating liabilities:	
Accounts payable	983
Accrued payroll	(42,730)
Accrued vacation	13,554
Deferred revenue	(34,000)
Net cash provided by operating activities	21,883

Investing activities:

Proceeds from sale of investments	479,920
Purchase of investments, net	(286,390)
Net cash provided by investing activities	193,530
Net increase in cash	215,413
Cash, beginning of year	1,712,664
Cash, end of year	\$ 1,928,077

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 – net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization, including administration and operation of ONDA. These net assets may be used at the discretion of the ONDA's management and board of directors.

Net assets with 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, whereby the donor has stipulated the funds be maintained in perpetuity. Endowment funds are restricted 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 - Continued

(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 the 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, certificates of deposits 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, 2025, ONDA had cash bank balances of \$40,345 in excess of the FDIC limitations.

Accounts Receivable

Accounts receivable are stated at amounts expected to be received. Management believes all accounts receivable are collectible, and therefore, there is no allowance for credit losses. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. There were no credit losses during the year ended December 31, 2025.

OREGON NATURAL DESERT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS - Continued

(See Independent Accountants' Review Report)

1 - Significant Accounting Policies - continued

Beneficial Interests

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.

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 more than \$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.

Revenue Recognition

Primary revenues of the Organization are either recognized at a point in time when the services are provided and the performance obligations are satisfied or over the applicable service period and are categorized as follows:

Point in Time -

Revenues from sales and events are recognized at a point in time in the period in which the activities occur.

Applicable Service Period -

Revenues associated with contracts and reimbursements are recognized on a monthly basis over the calendar year.

OREGON NATURAL DESERT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS - Continued

(See Independent Accountants' Review Report)

1 - Significant Accounting Policies - continued

Grants and contributions

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. Grants may be received prior to the applicable service period in which they are recorded as deferred revenue until the period in which applicable than recognized as revenue.

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 \$374,386 for the year ended December 31, 2025.

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.

Functional Allocation of Expenses

As required by FASB ASC 958, the costs of providing the 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 the programs and supporting services benefitted.

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.

OREGON NATURAL DESERT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS - Continued

(See Independent Accountants' Review Report)

1 - Significant Accounting Policies - continued

Leases

The Organization leases commercial office space. The Organization determines if an arrangement is a lease at inception. A contract contains a lease if the contract conveys the right to control the use of identified property or equipment (an identified asset) for a period of time in exchange for consideration. Amounts associated with operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, we use the incremental borrowing rate or a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The Organization has made the election to use risk-free rates as the discount rate for operating right of use assets. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization has made an accounting policy election to forgo applying the requirements for recognition to a short-term lease, 12 months or less, and alternatively, record the lease payments in the income statement on a straight-line basis over the term of the lease.

Date of Management's Review

Subsequent events have been evaluated through April 1, 2026, which is the date the financial statements were available to be issued. Management was unaware of any reportable material subsequent events that required adjustment or disclosure.

OREGON NATURAL DESERT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS - Continued

(See Independent Accountants' Review Report)

2 - Liquidity and Availability

The following represents the Organization's financial assets available within one year as of December 31, 2025:

Cash and cash equivalents	\$ 1,928,077
Accounts receivable	59,176
Payroll tax holding account	39,825
Investments	2,839,226
Beneficial interests (Note 3)	<u>506,973</u>
Total financial assets	5,373,277
Less deferred revenue (Note 6)	143,500
Less amounts not available to be used within one year:	
Net assets with donor restrictions (Note 7)	<u>762,870</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 4,466,907</u></u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash may be invested in short-term investments, including money market accounts and certificates of deposit.

OREGON NATURAL DESERT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS - Continued

(See Independent Accountants' Review Report)

3 – Beneficial Interest in Funds Held at Oregon Community Foundation

The Organization has established an endowment fund with the Oregon Community Foundation (OCF), an Oregon nonprofit corporation. Contributions made to OCF for the benefit of the Organization become component funds of OCF and are held in the Oregon Natural Desert Association Endowment Fund, if so designated by the donor. Under OCF's governing documents, such contributions are the property of OCF, and OCF retains variance power; however, the Organization is the beneficiary of the fund and is entitled to distributions as described below.

Unless otherwise instructed by a donor, OCF distributes a percentage of the Organization's beneficial interest at least annually in accordance with its grant payout policy for permanent funds. The annual distribution is intended to represent a reasonable rate of return. OCF may distribute amounts in excess of the standard payout rate upon a majority vote of the Organization's Board of Directors, subject to the sole judgment of OCF's Board of Directors that such distributions are consistent with the Organization's purposes and with the charitable needs of the State of Oregon.

OCF's current payout rate is 4.05%. The payout rate is set each August with the objective of maximizing annual grantmaking while preserving the long-term purchasing power of the endowment. If OCF's projected 10-year investment return is 9% or higher, the recommended payout rate is 5%. If the projected return is below 9% but above the expected payout rate, the recommended payout is 4.5%. If the projected return is lower than the expected payout rate, OCF's Board may elect to reduce the payout rate further, but not below 4.0%.

4 - Property and Equipment

Property and equipment include vehicles that are fully depreciated but remain in service. Cost and accumulated depreciation consist of the following at December 31, 2025:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Vehicles	\$ 50,604	\$ 50,604	-
	<u>\$ 50,604</u>	<u>\$ 50,604</u>	<u>\$ -</u>

OREGON NATURAL DESERT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS - Continued

(See Independent Accountants' Review Report)

5 – Fair Value Measurements

The following table summarizes financial assets measured at fair value on a recurring basis at December 31, 2025:

	<u>Level 1</u>	<u>Level 3</u>
Investments	\$ 2,839,226	\$ -
Beneficial interests (Note 3)	<u>-</u>	<u>506,973</u>
Total	<u>\$ 2,839,226</u>	<u>\$ 506,973</u>

6 - Deferred Revenue

Deferred revenues of ONDA at December 31, 2025 consist of the following grants received for future periods:

Greater Hart Sheldon Conservation Fund	\$ 100,000
Bend Visitor & Convention Bureau	1,000
First Interstate Bank	2,500
Conservation Lands Foundation	20,000
Burning Foundation	<u>20,000</u>
	<u><u>\$ 143,500</u></u>

7 - Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2025:

Grants - Program Restricted	\$ 255,897
Endowment Funds (OCF)	<u>506,973</u>
	<u><u>\$ 762,870</u></u>

OREGON NATURAL DESERT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS - Continued

(See Independent Accountants' Review Report)

8 - Leases

The organization has an operating lease for commercial office space. The organization lease has a remaining lease term until May 2028, at which time there are options to extend the lease to month to month, or to terminate the lease.

The following summarizes the line items in the balance sheet which include amounts for operation leases as of December 31, 2025:

Operating lease right of use assets	203,020
Operating lease liabilities - current	76,072
Operating lease liabilities - long-term	126,948

The components of lease expense that are included in the statement of income is as follows for December 31, 2025:

Operating lease cost	\$ 74,041
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Supplemental Cash Flows Information:

Operating cash flows from operating leases	74,041
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Weighted Average Remaining Lease Term

Operating leases	2.4 years
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Weighted Average Discount Rate

Operating leases	3.4%
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OREGON NATURAL DESERT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS - Continued

(See Independent Accountants' Review Report)

8 - Leases - continued

Maturities of lease liabilities as of December 31, 2025 were as follows:

Years ending December 31,	
2026	81,445
2027	91,000
2028	39,182
	<hr/>
Total lease payments	\$ 211,627
Less imputed interest	8,607
	<hr/>
Total	203,020
	<hr/> <hr/>

9 - 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.

OREGON NATURAL DESERT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS - Continued

(See Independent Accountants' Review Report)

10 - Revenue from Contracts

Revenue from contracts, the timing of revenue recognition, billings, and cash collections may result in accounts receivable (contract assets), deposits and deferred revenue (contract liabilities) on the statement of financial position.

The following is the organization's revenue disaggregated according to the timing of the transfer of goods and services:

Revenue recognized at a point in time:

Sales	\$	17,548	
Events		<u>6,036</u>	
	\$	<u><u>23,584</u></u>	

The following are the contract assets and contract liabilities for year ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Contract assets:		
Accounts receivable	<u>\$ 59,176</u>	<u>\$ 68,615</u>
Contract liabilities:		
Deferred revenue	<u>\$ 143,500</u>	<u>\$ 177,500</u>