
OREGON NATURAL DESERT ASSOCIATION

FINANCIAL STATEMENTS

**For the Year Ended
December 31, 2020**

OREGON NATURAL DESERT ASSOCIATION

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To the Board of Directors
Oregon Natural Desert Association

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Oregon Natural Desert Association which comprise the statement of financial position as of December 31, 2020, and the related statement of activities, functional expenses, changes in net assets 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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.

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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 Oregon Natural Desert Association 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 of America.

Capstone Certified Public Accountants, L.L.C.

Capstone Certified Public Accountants, L.L.C.

May 5, 2021

OREGON NATURAL DESERT ASSOCIATION

STATEMENT OF FINANCIAL POSITION

(See Independent Auditors' Report)

December 31, 2020

ASSETS

Current assets:

Cash and cash equivalents (Note 2)	\$ 1,406,375
Total current assets	1,406,375
Deposits	6,920
Investments	1,878,250
Beneficial interests (Note 3)	442,182
Property and equipment (Note 4)	57,494
Less accumulated depreciation	(50,908)
	<u>6,586</u>
	<u>\$ 3,740,313</u>

OREGON NATURAL DESERT ASSOCIATION

STATEMENT OF FINANCIAL POSITION - continued

(See Independent Auditors' Report)

December 31, 2020

LIABILITIES AND NET ASSETS

Current liabilities:

Accrued payroll	\$	36,382
Accrued vacation		44,729
Deferred revenue (Note 5)		<u>160,000</u>

Total current liabilities **241,111**

Net assets (Notes 6):

Net assets without donor restrictions		2,886,614
Net assets with donor restrictions		<u>612,588</u>

Total net assets **3,499,202**

\$ 3,740,313

OREGON NATURAL DESERT ASSOCIATION

STATEMENT OF ACTIVITIES

(See Independent Auditors' Report)

For the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating activities			
Support & revenue			
Foundation & private grants	\$ 424,060	\$ 252,656	\$ 676,716
Contributions	101,600	-	101,600
Memberships	537,060	-	537,060
Reimbursements and other revenue	354,806	-	354,806
Conferences and events	250	-	250
Calendar and other sales	528	-	528
Investments earnings	18,508	-	18,508
	<u>245,365</u>	<u>(245,365)</u>	<u>-</u>
Net assets released from restrictions			-
Total support and revenue	<u>1,682,177</u>	<u>7,291</u>	<u>1,689,468</u>
Expenses			
Program activities	1,354,209	-	1,354,209
Management and general	126,438	-	126,438
Fundraising activities	185,625	-	185,625
	<u>1,666,272</u>	<u>-</u>	<u>1,666,272</u>
Total expenses	<u>1,666,272</u>	<u>-</u>	<u>1,666,272</u>
Net income from operations	15,905	7,291	23,196
Non-operating income			
Unrealized gain (loss) on investments	216,184	80,182	296,366
Adjustment of property and equipment	(45,896)	-	(45,896)
	<u>186,193</u>	<u>87,473</u>	<u>273,666</u>
Change in net assets	<u>186,193</u>	<u>87,473</u>	<u>273,666</u>
Net assets, beginning of the year	<u>2,700,421</u>	<u>525,115</u>	<u>3,225,536</u>
Net assets, end of year	<u><u>\$ 2,886,614</u></u>	<u><u>\$ 612,588</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 Auditors' Report)

For the Year Ended December 31, 2020

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and benefits	\$ 1,048,988	\$ 104,899	\$ 157,348	\$ 1,311,235
Contract services	88,661	7,710	-	96,371
Travel	40,865	-	-	40,865
Occupancy	63,161	6,316	9,474	78,951
Supplies and maintenance	21,725	2,172	3,259	27,156
Events	3,758	-	513	4,271
Real estate fees	100	-	-	100
Fees, dues and licenses	34,503	-	-	34,503
Printing	31,100	-	4,241	35,341
Calendar & merchandise	-	-	7,807	7,807
Postage and shipping	12,226	-	1,667	13,893
Telephone	4,145	414	622	5,181
Accounting	4,630	463	694	5,787
Insurance	-	4,464	-	4,464
Depreciation	347	-	-	347
	<u>\$ 1,354,209</u>	<u>\$ 126,438</u>	<u>\$ 185,625</u>	<u>\$ 1,666,272</u>

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

OREGON NATURAL DESERT ASSOCIATION

STATEMENT OF CASH FLOWS

(See Independent Auditors' Report)

For the Year Ended December 31, 2020

Operating activities:

Change in net assets	\$	273,666
Adjustments to reconcile change in net assets		
Depreciation		347
Unrealized gain on investments		(296,366)
Adjustment of property and equipment		45,896
Increase in operating liabilities:		
Accrued payroll		35,973
Accrued vacation		23,720
Deferred revenue		160,000

Net cash provided by operating activities 243,236

Investing activities:

Net acquisition of property and equipment		(6,933)
Net acquisition of investments		(9,755)

Net cash used in investing activities (16,688)

Net increase in cash 226,548

Cash, beginning of year 1,179,827

Cash, end of year \$ 1,406,375

OREGON NATURAL DESERT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(See Independent Auditors' 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 the Organization 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 the Organizations. 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 the organization. These net assets may be used at the discretion of the Organization'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 the Organization 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 Auditors' 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). The Organization 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, the Organization 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, 2020, the Organization had cash bank balances of \$487,750 in excess of the FDIC limitations.

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 \$500 are capitalized and are depreciated over an estimated useful life of three to seven years using straight-line method of depreciation.

Vehicles	5 years
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OREGON NATURAL DESERT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS - Continued

(See Independent Auditor's 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 \$245,365 for the year ended December 31, 2020.

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

The Organization 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 Auditor's 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. The Organization has adjusted the presentation of these statements accordingly.

Date of Management's Review

Subsequent events have been evaluated through May 5, 2021 which is the date the financial statements were available to be issued. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of the Organization's facilities. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time. Management was unaware of any other reportable material subsequent events that required disclosure.

2 - Liquidity and Availability

Financial assets at year end:

Cash and cash equivalents	\$ 1,406,375
Investments	1,878,250
Beneficial interests (Note 3)	<u>442,182</u>
Total financial assets	3,726,807
Less deferred revenue (Note 5)	160,000
Less amounts not available to be used within one year:	
Net assets with donor restrictions (Note 6)	<u>612,588</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 2,954,219</u></u>

OREGON NATURAL DESERT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS - Continued

(See Independent Auditor's 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.

Contribution 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 \$1,878,250 are considered to be level 1 investments. The fair value of the Oregon Community Foundation Fund in the amount of \$442,182 are considered to be level 1 investments.

4 - Property and Equipment

2020	Cost	Accumulated Depreciation	Net Book Value
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, the Organization adjusted property and equipment to properly reflect assets in service.

OREGON NATURAL DESERT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS - Continued

(See Independent Auditor's Report)

5 - Deferred Revenue

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

GHSCF	\$ 110,000
Conservation Alliance	<u>50,000</u>
	<u><u>\$ 160,000</u></u>

6 - Net Assets with Donor Restrictions

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

Conservation Alliance	\$ 50,000
Christie Keffer Legal	5,406
Meyer Memorial Trust	80,000
Worthy Tree Planting	35,000
Endowment Funds	<u>442,182</u>
	<u><u>\$ 612,588</u></u>

7 - Commitments and Contingencies

The Organization 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, the Organization have designed and tailored the Organization's systems to comply with the requirements of the grants.