

1000 FRIENDS OF OREGON

Audited Financial Statements

For the Year Ended March 31, 2025



McDONALD JACOBS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
1000 Friends of Oregon

Opinion

We have audited the accompanying financial statements of 1000 Friends of Oregon (a nonprofit organization), which comprise the statement of financial position as of March 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 1000 Friends of Oregon as of March 31, 2025, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of 1000 Friends of Oregon and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 1000 Friends of Oregon's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 1000 Friends of Oregon's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 1000 Friends of Oregon's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited 1000 Friends of Oregon's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 27, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

McDonald Jacobo, P.C.

Portland, Oregon
October 6, 2025

1000 FRIENDS OF OREGON
STATEMENT OF FINANCIAL POSITION
March 31, 2025
(With comparative totals for 2024)

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 611,962	\$ 632,523
Pledges receivable	227,282	75,000
Prepaid expenses and other assets	19,757	42,854
Property and equipment, net	13,269	6,099
Right-of-use assets	190,899	238,515
Investments	4,744,808	4,657,843
Beneficial interest in perpetual trust	<u>139,756</u>	<u>141,626</u>
 TOTAL ASSETS	 <u>\$ 5,947,733</u>	 <u>\$ 5,794,460</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 37,529	\$ 44,892
Operating lease liabilities	<u>193,920</u>	<u>238,756</u>
Total liabilities	<u>231,449</u>	<u>283,648</u>
 Net assets:		
Net assets without donor restrictions	<u>2,312,567</u>	<u>2,639,090</u>
Net assets with donor restrictions:		
Expiring restrictions	2,003,361	1,489,696
Perpetual restrictions	<u>1,400,356</u>	<u>1,382,026</u>
Total net assets with donor restrictions	<u>3,403,717</u>	<u>2,871,722</u>
Total net assets	<u>5,716,284</u>	<u>5,510,812</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 5,947,733</u>	 <u>\$ 5,794,460</u>

See notes to financial statements.

1000 FRIENDS OF OREGON
STATEMENT OF ACTIVITIES
For the year ended March 31, 2025
(With comparative totals for 2024)

	2025				2024
	Without Donor Restrictions	With Donor Restrictions Expiring	Perpetual	Total	Total
Support and revenue:					
Contributions and grants	\$ 1,178,535	\$ 858,323	\$ 20,200	\$ 2,057,058	\$ 1,379,833
Program service revenue	22,979	-	-	22,979	3,202
In-kind contributions	13,500	-	-	13,500	31,500
Net assets released from restrictions:					
Satisfaction of time restrictions	87,468	(87,468)	-	-	-
Satisfaction of purpose restrictions	368,984	(368,984)	-	-	-
Total support and revenue	<u>1,671,466</u>	<u>401,871</u>	<u>20,200</u>	<u>2,093,537</u>	<u>1,414,535</u>
Expenses:					
Program	1,526,521	-	-	1,526,521	979,076
Management and general	405,771	-	-	405,771	289,280
Fundraising	183,283	-	-	183,283	194,465
Total expenses	<u>2,115,575</u>	<u>-</u>	<u>-</u>	<u>2,115,575</u>	<u>1,462,821</u>
Net income (loss) from operations	<u>(444,109)</u>	<u>401,871</u>	<u>20,200</u>	<u>(22,038)</u>	<u>(48,286)</u>
Non-operating activities:					
Investment income, net	117,586	111,794	-	229,380	429,862
Change in value of perpetual trust	-	-	(1,870)	(1,870)	10,089
Total non-operating activities	<u>117,586</u>	<u>111,794</u>	<u>(1,870)</u>	<u>227,510</u>	<u>439,951</u>
Change in net assets	(326,523)	513,665	18,330	205,472	391,665
Net assets:					
Beginning of year	<u>2,639,090</u>	<u>1,489,696</u>	<u>1,382,026</u>	<u>5,510,812</u>	<u>5,119,147</u>
End of year	<u>\$ 2,312,567</u>	<u>\$ 2,003,361</u>	<u>\$ 1,400,356</u>	<u>\$ 5,716,284</u>	<u>\$ 5,510,812</u>

See notes to financial statements.

1000 FRIENDS OF OREGON
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended March 31, 2025
(With comparative totals for 2024)

	Program	Management and General	Fundraising	2025 Total	2024 Total
Personnel expenses	\$ 881,319	\$ 205,242	\$ 110,789	\$ 1,197,350	\$ 1,017,357
Professional fees	408,815	62,081	19,094	489,990	192,435
Occupancy	58,702	12,909	31,461	103,072	118,504
Event expenses	11,881	98,333	2,715	112,929	3,296
Printing and copying	10,348	1,466	7,123	18,937	27,681
Travel and meetings	29,972	6,342	1,119	37,433	30,816
Bank fees and dues	10,770	2,178	275	13,223	10,216
Depreciation	3,255	816	504	4,575	11,946
Regrant expenses	77,040	-	-	77,040	-
Miscellaneous	<u>34,419</u>	<u>16,404</u>	<u>10,203</u>	<u>61,026</u>	<u>50,570</u>
Total expenses	<u>\$ 1,526,521</u>	<u>\$ 405,771</u>	<u>\$ 183,283</u>	<u>\$ 2,115,575</u>	<u>\$ 1,462,821</u>

See notes to financial statements.

1000 FRIENDS OF OREGON
STATEMENT OF CASH FLOWS
For the year ended March 31, 2025
(With comparative totals for 2024)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 205,472	\$ 391,665
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Contributions restricted to endowment	(20,200)	(15,000)
Depreciation	4,575	11,946
Amortization of right-of-use assets	47,616	74,207
Net realized/unrealized gain on investments	(188,199)	(418,653)
Change in value of perpetual trust	1,870	(10,089)
(Increase) decrease in:		
Pledges receivable	(152,282)	327,289
Prepaid expenses and other assets	23,097	(12,458)
Increase (decrease) in:		
Accounts payable and accrued expenses	(7,363)	24,564
Operating lease liabilities	<u>(44,836)</u>	<u>(80,045)</u>
Net cash flows from operating activities	<u>(130,250)</u>	<u>293,426</u>
 Cash flows from investing activities:		
Purchase of property and equipment	(11,745)	(3,171)
Proceeds from the sale of investments	131,934	513,230
Distributions from beneficial interest	166,272	160,383
Purchase of investments	<u>(196,972)</u>	<u>(553,228)</u>
Net cash flows from investing activities	<u>89,489</u>	<u>117,214</u>
 Cash flows from financing activities:		
Contributions restricted to endowment	<u>20,200</u>	<u>15,000</u>
Net cash flows from financing activities	<u>20,200</u>	<u>15,000</u>
 Net change in cash and cash equivalents	(20,561)	425,640
 Cash and cash equivalents - beginning of year	<u>632,523</u>	<u>206,883</u>
 Cash and cash equivalents - end of year	<u><u>\$ 611,962</u></u>	<u><u>\$ 632,523</u></u>
 Supplemental cash flow information:		
Cash paid for operating leases	\$ 56,125	\$ 77,989
Non-cash investing and financing activities:		
Obtaining right-of-use assets in exchange for lease liabilities	-	148,341

See notes to financial statements.

1000 FRIENDS OF OREGON
NOTES TO FINANCIAL STATEMENTS
March 31, 2025

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

1000 Friends of Oregon (the Organization) is an Oregon not-for-profit corporation working on land use issues at federal, state and local levels. The Organization provides no-cost legal assistance to citizens, performs planning and research, and educates the public about land-use laws and issues.

Revenues are primarily from contributions from individuals and foundations located in Oregon. During fiscal year 2025, 1000 Friends celebrated their 50th anniversary with an event honoring supporters and accomplishments.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents. Cash and cash equivalents at March 31, 2024 include \$15,000 restricted to the endowment.

Pledges Receivable

Pledges receivable are reported at the amount management expects to collect on balances outstanding at year-end. Based on an assessment of the credit history with those having outstanding balances and current relationships with them, management has concluded that realization losses on balances outstanding at year-end will be immaterial.

1000 FRIENDS OF OREGON
NOTES TO FINANCIAL STATEMENTS, CONTINUED
March 31, 2025

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Property and Equipment

Acquisitions of property and equipment greater than \$1,000 and with an anticipated long-term future benefit are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received.

Depreciation

Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets which range from 3 to 5 years.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Under FASB ASC 842, *Leases*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Investments

Investments are carried at fair value. Donor-restricted investment income earned on net assets with perpetual donor restrictions is reported as an increase in net assets with donor restrictions and released to net assets without donor restrictions when the board appropriates for expenditure. All other donor-restricted investment income is reported as an increase in net assets with donor restrictions and classified according to the nature of the restriction.

1000 FRIENDS OF OREGON
NOTES TO FINANCIAL STATEMENTS, CONTINUED
March 31, 2025

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include personnel expenses and shared costs for occupancy and general operating costs which are allocated on estimates of time and effort.

Income Tax Status

1000 Friends of Oregon is a not-for-profit corporation exempt from income tax under section 501(c)(3) of the Internal Revenue Code and comparable state law. No provision for income taxes is made in the accompanying financial statements, as the Organization has no activities subject to unrelated business income tax. The Organization is not a private foundation.

The Organization follows the provisions of FASB ASC Topic 740 *Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this Topic.

Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

Revenue Recognition

Revenue from various sources is recognized as follows:

Contributions and Grants: Contributions and grants which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

1000 FRIENDS OF OREGON
NOTES TO FINANCIAL STATEMENTS, CONTINUED
March 31, 2025

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Program Service Revenue: Revenues from contracts with customers are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. Revenue is recognized at a point in time as performance obligations are satisfied based on actual charges incurred in relation to total expected collections. For program revenues, the timing of revenue recognition, billings, and cash collections may result in billed accounts receivable, unbilled expenditures (contract assets) and customer advances and deferred revenue (contract liabilities). There are no contract assets or liabilities for the years ended March 31, 2025, 2024 and 2023.

In-kind Contributions: Donations of property, equipment, materials and other assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Summarized Financial Information for 2024

The financial information as of March 31, 2024 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

Subsequent Events

The Organization has evaluated all subsequent events through October 6, 2025, the date the financial statements were available to be issued.

2. AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

1000 FRIENDS OF OREGON
NOTES TO FINANCIAL STATEMENTS, CONTINUED
March 31, 2025

2. AVAILABLE RESOURCES AND LIQUIDITY, Continued

Financial assets available for general expenditure consist of the following at March 31, 2025 and 2024:

	2025	2024
Cash and cash equivalents	\$ 611,962	\$ 632,523
Pledges receivable	227,282	75,000
Investments	542,060	520,527
Beneficial interest in assets held by OCF	4,202,748	4,137,316
Beneficial interest in perpetual trust	139,756	141,626
	<u>5,723,808</u>	<u>5,506,992</u>
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	(3,403,717)	(2,871,722)
Board designated net assets	<u>(470,787)</u>	<u>(462,197)</u>
Financial assets available for general expenditure	<u>\$ 1,849,304</u>	<u>\$ 2,173,073</u>

Board designated funds are maintained as operating reserves and the release of funds may be approved by simple majority vote of the Board of Directors. See Note 8 regarding board designated net assets.

The beneficial interest in assets held by OCF with donor restrictions is restricted as an endowment and is subject to the distribution policies of OCF. Under these policies, future distributions are estimated at 4.15% of the total fund balance (approximately \$174,000) to be available for general expenditures in 2026. See Note 6 and Note 11 regarding the beneficial interest in assets held by OCF.

3. PLEDGES RECEIVABLE

Pledges receivable represent unconditional promises to give due within one year with a balance of \$227,282 and \$75,000 at March 31, 2025 and 2024, respectively.

In April 2025, the Organization was awarded a \$227,000 grant. The grant will be paid out over three years; \$112,000 for Year 1, \$76,000 for Year 2, and \$39,000 for Year 3. This grant is to go towards expenses related to hiring a communities director.

1000 FRIENDS OF OREGON
NOTES TO FINANCIAL STATEMENTS, CONTINUED
March 31, 2025

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at March 31, 2025 and 2024:

	2025	2024
Furniture and equipment	\$ 15,329	\$ 24,083
Website	47,500	27,000
Donor database	11,000	11,000
	73,829	62,083
Accumulated depreciation	(60,560)	(55,984)
Property and equipment, net	<u>\$ 13,269</u>	<u>\$ 6,099</u>

5. INVESTMENTS

Investments consist of the following at March 31, 2025 and 2024:

	2025	2024
Short-term treasury funds	\$ 232,848	\$ 220,527
Certificate of deposit	309,212	300,000
Beneficial interest in investments at Oregon Community Foundation	4,202,748	4,137,316
Total investments	<u>\$ 4,744,808</u>	<u>\$ 4,657,843</u>

The Organization has investment funds with Oregon Community Foundation (OCF) which are administered as a component of OCF and is subject to OCF's Articles of Incorporation and Bylaws. Under the terms of the agreement, variance power has been granted to OCF, however, the Organization is the beneficiary of the funds and the transfer is reciprocal in nature. Accordingly, OCF recognizes the fund as a liability on its statement of financial position.

The nature of investments is as follows at March 31, 2025 and 2024:

	2025	2024
Without donor restrictions	\$ 1,341,091	\$ 1,786,121
Held in endowment	1,917,840	1,884,067
Other donor restrictions	1,485,877	987,655
	<u>\$ 4,744,808</u>	<u>\$ 4,657,843</u>

1000 FRIENDS OF OREGON
NOTES TO FINANCIAL STATEMENTS, CONTINUED
March 31, 2025

6. BENEFICIAL INTEREST IN PERPETUAL TRUST

The Organization was named the ultimate beneficiary of an irrevocable trust (split-interest agreement) held by Wells Fargo on behalf of the Organization. Under the terms of the trust, the Organization will receive 10% of the assets of the trust upon the death of the current beneficiary. The beneficial interest in the trust is valued at the Organization's entitled percentage of the fair market value of the investments and is reported as net assets with perpetual restrictions (See Note 10). Upon distribution of the trust assets, the net assets will be recharacterized as net assets without donor restrictions. The value of the beneficial interest in perpetual trust is \$139,756 and \$141,626 at March 31, 2025 and 2024, respectively. The change in value of the perpetual trust was an increase of \$1,870 and a decrease of \$10,089 for the years ended March 31, 2025 and 2024, respectively.

7. OPERATING LEASES

The Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms.

The Organization's operating leases consist of leases for office space and equipment with remaining lease terms of 4 to 5 years.

One of the Organization's office leases expired in February 2024 and a new agreement in a different location was signed effective March 2024 for 60 months and includes escalating rent payments. The office lease term includes a one-year extension, available at the Organization's option, which it is not reasonably certain to exercise. Therefore, the payments associated with the extension are not included in the ROU asset nor the lease liability recognized.

The second office lease term includes a two-year extension through 2025 that was exercised. Therefore, the payments associated with the extension are included in the ROU asset and the lease liability recognized.

1000 FRIENDS OF OREGON
NOTES TO FINANCIAL STATEMENTS, CONTINUED
March 31, 2025

7. OPERATING LEASES, Continued

The following summarizes the line items in the statements of financial position which include amounts for operating leases as of March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Operating leases:		
Right-of-use assets	<u>\$ 190,899</u>	<u>\$ 238,515</u>
Operating lease liabilities	<u>\$ 193,920</u>	<u>\$ 238,756</u>

The following summarizes the weighted average remaining lease term and discount rate as of March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Weighted average remaining lease term	3.97 years	4.92 years
Weighted average discount rate	4.15%	4.14%

The maturities of lease liabilities as of March 31, 2025 are as follows:

Year ending March 31, 2026	\$ 51,253
2027	52,708
2028	54,200
2029	51,218
2030	<u>2,196</u>
	211,575
Less discount/interest	<u>(17,655)</u>
Present value of lease liabilities	<u>\$ 193,920</u>

For the years ended March 31, 2025 and 2024, total lease costs are reported as follows in the statement of functional expenses:

	<u>2025</u>	<u>2024</u>
Operating lease costs (occupancy)	\$ 53,197	\$ 71,790
Operating lease costs (miscellaneous)	<u>2,928</u>	<u>4,392</u>
	<u>\$ 56,125</u>	<u>\$ 76,182</u>

1000 FRIENDS OF OREGON
NOTES TO FINANCIAL STATEMENTS, CONTINUED
March 31, 2025

8. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following at March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Undesignated	\$ 1,841,780	\$ 2,176,893
Board designated	<u>470,787</u>	<u>462,197</u>
Total net assets without donor restrictions	<u>\$ 2,312,567</u>	<u>\$ 2,639,090</u>

Board designated net assets are designated as an operating reserve.

9. NET ASSETS WITH EXPIRING DONOR RESTRICTIONS

Net assets with expiring donor restrictions consist of the following at March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Land Use Legal Defense Fund	\$ 773,873	\$ 773,576
Metro 4 Everyone	8,193	8,193
Regional Equity Atlas	13,757	13,757
Vintner's Fund	65,203	65,203
Working Lands Engagement Coordinator	13,897	13,897
Wildfire Recovery	-	5,722
For Our Land	69,869	17,307
Welcoming Neighbors Network	538,553	-
Unappropriated endowment earnings (Note 11)	517,484	502,041
Time restricted	<u>2,532</u>	<u>90,000</u>
Total net assets with expiring restrictions	<u>\$ 2,003,361</u>	<u>\$ 1,489,696</u>

1000 FRIENDS OF OREGON
NOTES TO FINANCIAL STATEMENTS, CONTINUED
March 31, 2025

10. NET ASSETS WITH PERPETUAL DONOR RESTRICTIONS

Net assets with perpetual donor restrictions consist of the following donor-restricted endowment funds at March 31, 2025 and 2024, which restrict the principal portion of the endowment in perpetuity but permit the utilization of investment income for programs:

	2025	2024
Templeton Fund	\$ 1,085,600	\$ 1,065,400
Gerhardt Fund	150,000	150,000
Rekate Fund	25,000	25,000
Beneficial interest in perpetual trust	139,756	141,626
Total net assets with perpetual donor restrictions	<u>\$ 1,400,356</u>	<u>\$ 1,382,026</u>

Also see Note 11, Endowment.

11. ENDOWMENT

The Organization's endowment consists of funds established for long-term support of the Organization and includes donor-restricted endowment funds. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted Oregon's Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with perpetual restrictions (a) the original value of gifts donated to the perpetual endowment (b) the original value of subsequent gifts to the perpetual endowment and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with perpetual restrictions is classified as net assets with expiring restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the Act.

1000 FRIENDS OF OREGON
NOTES TO FINANCIAL STATEMENTS, CONTINUED
March 31, 2025

11. ENDOWMENT, Continued

In accordance with UPMIFA, the Organization consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Changes in endowment net assets for the years ended March 31, 2025 and 2024 are as follows:

	<u>Expiring Restrictions</u>	<u>Perpetual Restrictions</u>	<u>Total</u>
Endowment net assets -			
March 31, 2023	\$ 401,912	\$ 1,356,937	\$ 1,758,849
Investment return:			
Contributions	311	15,000	15,311
Investment return, net of fees	18,140	-	18,140
Change in investment value	146,966	-	146,966
Change in value of perpetual trust	-	10,089	10,089
Appropriation of endowment assets for expenditure	<u>(65,288)</u>	<u>-</u>	<u>(65,288)</u>
Endowment net assets -			
March 31, 2024	502,041	1,382,026	1,884,067
Investment return:			
Contributions	1,319	20,200	21,519
Investment return, net of fees	8,808	-	8,808
Change in investment value	73,373	-	73,373
Change in value of perpetual trust	-	(1,870)	(1,870)
Appropriation of endowment assets for expenditure	<u>(68,057)</u>	<u>-</u>	<u>(68,057)</u>
Endowment net assets -			
March 31, 2025	<u>\$ 517,484</u>	<u>\$ 1,400,356</u>	<u>\$ 1,917,840</u>

1000 FRIENDS OF OREGON
NOTES TO FINANCIAL STATEMENTS, CONTINUED
March 31, 2025

11. ENDOWMENT, Continued

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The endowment funds are invested with OCF. The Board of Directors of OCF determines investment and spending policies for all funds held by OCF. Currently, the Organization receives bi-annual distributions from funds held at OCF. The distribution rate, as determined by the Board of Directors of OCF, is currently between 4.15% and 4.30% of the average fair market of the Organization's funds based on a 13 quarter trailing average.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Funds held with OCF are invested in a mixture of equities, fixed-income instruments, alternative investment classes, distressed debt, private investments and cash. The Organization believes the investment and spending policy is consistent with the objective to maintain purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

12. CONTRIBUTED NONFINANCIAL ASSETS (INKIND CONTRIBUTIONS)

The Organization received contributed professional services related to event services during the year ended March 31, 2025 and speaker coaching for 2024. These services were used to support management (2025) and programs (2024) and were valued at \$13,500 and \$31,500, respectively. Contributed professional services are recorded at their estimated fair value using current market rates from similar vendors and comparable professionals.

1000 FRIENDS OF OREGON
NOTES TO FINANCIAL STATEMENTS, CONTINUED
March 31, 2025

13. RETIREMENT PLAN

The Organization offers a 403(b) thrift retirement plan whereby the Organization contributes three percent of the salaries of eligible employees. Contributions to the plan approximated \$15,000 and \$17,800 for the years ended March 31, 2025 and 2024, respectively.

14. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed the federally insured limit. Balances in excess of insured limits (including cash accounts and certificates of deposit) were approximately \$212,700 and \$694,700 at March 31, 2025 and 2024, respectively.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Revenue was concentrated with 32% (from two private sources) and 32% of total revenue (from one private source) for the years ended March 31, 2025 and 2024, respectively. The Organization's pledges receivable are concentrated with approximately 97% (due from one private source) and 93% (due from two private sources) at March 31, 2025 and 2024, respectively.

15. FAIR VALUE MEASUREMENTS

Assets recorded at fair value in the statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

1000 FRIENDS OF OREGON
NOTES TO FINANCIAL STATEMENTS, CONTINUED
March 31, 2025

15. FAIR VALUE MEASUREMENTS, Continued

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

Fair values of assets at March 31, 2025 and 2024 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 3</u>
March 31, 2025			
Short-term treasury funds	\$ 232,848	\$232,848	\$ -
Beneficial interest in assets held by OCF	4,202,748	-	4,202,748
Beneficial interest in perpetual trust	139,756	-	139,756
March 31, 2024			
Short-term treasury funds	220,527	220,527	-
Beneficial interest in assets held by OCF	4,137,317	-	4,137,317
Beneficial interest in perpetual trust	141,626	-	141,626

Fair values for Level 1 investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

Fair values of the beneficial interest in assets held at Oregon Community Foundation (OCF) have been provided to the Organization based on information provided by OCF which represents the Organization's proportionate share of investments owned by OCF, using a market approach.

Fair values of the interest in the perpetual trust have been provided to the Organization based on information provided by the trustee which represents the Organization's proportionate share of investments held by the trustee, using a market approach.

1000 FRIENDS OF OREGON
NOTES TO FINANCIAL STATEMENTS, CONTINUED
March 31, 2025

15. FAIR VALUE MEASUREMENTS, Continued

Fair Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

	Beneficial interest in investments at OCF	Beneficial interest in perpetual trust	Total
For the year ended March 31, 2025			
Balance at beginning of year	\$ 4,137,317	\$ 141,626	\$ 4,278,943
Interest and dividends	36,852	-	36,852
Additions to assets	35,200	-	35,200
Investment management fees	(22,590)	-	(22,590)
Distributions	(166,272)	-	(166,272)
Change in value	182,241	(1,870)	180,371
Balance at end of year	<u>\$ 4,202,748</u>	<u>\$ 139,756</u>	<u>\$ 4,342,504</u>
For the year ended March 31, 2024			
Balance at beginning of year	\$ 3,802,994	\$ 131,537	\$ 3,934,531
Interest and dividends	36,863	-	36,863
Additions to assets	60,200	-	60,200
Investment management fees	(26,240)	-	(26,240)
Distributions	(160,383)	-	(160,383)
Change in value	423,883	10,089	433,972
Balance at end of year	<u>\$ 4,137,317</u>	<u>\$ 141,626</u>	<u>\$ 4,278,943</u>

Change in value of beneficial interest in assets held by OCF is included in investment income (loss) in net assets without donor restrictions and net assets with expiring restrictions in the statement of activities. Change in value of the interest in perpetual trust is included in net assets with perpetual restrictions in the statement of activities.

16. RELATED PARTY DISCLOSURE

Certain board members are business owners in the community. At times, the Organization enters into transactions with companies where board members are key employees or owners. These transactions occur in the normal course of business, were insignificant to the financial statements and disclosed as part of the Organization's conflict of interest policy.