

MCKENZIE RIVER TRUST

FINANCIAL STATEMENTS

Year Ended December 31, 2024



KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

MCKENZIE RIVER TRUST
FINANCIAL STATEMENTS
Year Ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
McKenzie River Trust
Eugene, Oregon

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of McKenzie River Trust (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, 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 McKenzie River Trust as of December 31, 2024, and the changes in 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 McKenzie River Trust 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 McKenzie River Trust'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, including omissions, 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.

To the Board of Directors
McKenzie River Trust

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 McKenzie River Trust'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 McKenzie River Trust'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 McKenzie River Trust's 2023 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated July 30, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Portland, Oregon
July 16, 2025

MCKENZIE RIVER TRUST

STATEMENT OF FINANCIAL POSITION

December 31, 2024

(With comparative amounts as of December 31, 2023)

ASSETS

	2024	2023
Cash and cash equivalents	\$ 1,427,314	\$ 1,646,868
Grants and contributions receivable (Note C)	176,537	468,613
Investments (Note D)	9,450,130	7,540,208
Prepaid expenses and deposits	7,000	4,000
Buildings, equipment, and site improvements, net (Note F)	1,021,749	439,195
Property acquisition costs (Note G)	-	250,619
Right of use assets (Note M)	332,467	-
Land held for conservation (Note H)	14,151,837	14,744,074
Beneficial interest in assets held by others (Note E)	778,933	711,857
Total assets	\$ 27,345,967	\$ 25,805,434

LIABILITIES AND NET ASSETS

Accounts payable	\$ 69,141	\$ 120,658
Accrued payroll and related liabilities	91,127	69,763
Other deferred revenue and deposits	2,800	2,880
Deferred project funds	-	25,381
Lease liabilities (Note M)	332,467	-
Notes payable (Note I)	950,000	2,374,000
Total liabilities	1,445,535	2,592,682
Net assets		
Without donor restrictions		
Undesignated operating funds	1,176,698	1,015,282
Board designated program funds (Note J)	1,455,686	1,318,620
Buildings, equipment, and site improvements	1,021,749	439,195
Land held and site improvements on land held for conservation	13,201,837	12,620,692
Total without donor restrictions	16,855,970	15,393,789
With donor restrictions (Note J)	9,044,462	7,818,963
Total net assets	25,900,432	23,212,752
Total liabilities and net assets	\$ 27,345,967	\$ 25,805,434

See notes to financial statements.

MCKENZIE RIVER TRUST

STATEMENT OF ACTIVITIES

Year Ended December 31, 2024

(With comparative totals for the year ended December 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2024	2023
Support, contracts and other revenues				
Foundation grants	\$ 412,371	\$ 221,031	\$ 633,402	\$ 723,016
Government grants	-	5,228,871	5,228,871	4,354,813
Corporate grants	104,084	42,635	146,719	708,073
Individual contributions	972,884	276,464	1,249,348	1,354,936
In-kind goods and services (Note K)	64,169	-	64,169	20,584
In-kind land donations (Note K)	379,000	-	379,000	5,685,469
Program income	8,625	27,745	36,370	19,280
Other income	1,250	-	1,250	1,044
	<u>1,942,383</u>	<u>5,796,746</u>	<u>7,739,129</u>	<u>12,867,215</u>
Net assets released from restrictions	<u>5,289,252</u>	<u>(5,289,252)</u>	<u>-</u>	<u>-</u>
Total support, contracts, other revenue, and reclassifications	<u>7,231,635</u>	<u>507,494</u>	<u>7,739,129</u>	<u>12,867,215</u>
Expenses				
Program services	4,930,624	-	4,930,624	4,737,201
Supporting services				
Management and general	490,769	-	490,769	436,340
Development	677,945	-	677,945	574,926
Total expenses	<u>6,099,338</u>	<u>-</u>	<u>6,099,338</u>	<u>5,748,467</u>
Change in net assets before non-operating activities	1,132,297	507,494	1,639,791	7,118,748
Non-operating revenue and expenses				
Interest received	74,327	133,226	207,553	178,037
Change in beneficial interest in assets held by OCF	75,120	-	75,120	64,861
Realized and unrealized gains (losses) on investments, net of expenses	180,437	584,779	765,216	1,358,225
Insurance proceeds from casualty event	65,223	-	65,223	8,525
Expenses from casualty event	<u>(65,223)</u>	<u>-</u>	<u>(65,223)</u>	<u>(8,525)</u>
Change in net assets	1,462,181	1,225,499	2,687,680	8,719,871
Net assets, beginning of year	<u>15,393,789</u>	<u>7,818,963</u>	<u>23,212,752</u>	<u>14,492,881</u>
Net assets, end of year	<u>\$ 16,855,970</u>	<u>\$ 9,044,462</u>	<u>\$ 25,900,432</u>	<u>\$ 23,212,752</u>

See notes to financial statements.

MCKENZIE RIVER TRUST

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2024
(With comparative totals for the year ended December 31, 2023)

	<u>PROGRAM SERVICES</u>					<u>SUPPORTING SERVICES</u>		<u>Total</u>	
	<u>Land Protection</u>	<u>Land Stewardship</u>	<u>Conservation Easement Monitoring</u>	<u>Public Outreach</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2024</u>	<u>2023</u>
Wages	\$ 131,382	\$ 415,903	\$ 28,168	\$ 304,150	\$ 879,603	\$ 312,200	\$ 407,119	\$ 1,598,922	\$ 1,330,300
Employee benefits and taxes	34,767	107,468	7,018	72,158	221,411	99,467	97,621	418,499	334,395
Land acquisition costs	138,117	-	-	-	138,117	-	-	138,117	123,061
Land value write down	2,171,000	-	-	-	2,171,000	-	-	2,171,000	-
Loss on sale of land	26,919	-	-	-	26,919	-	-	26,919	-
Land management									
Contract labor	-	305,045	80,307	-	385,352	-	-	385,352	3,155,076
Supplies and materials	-	174,547	-	-	174,547	-	-	174,547	41,072
Tools and equipment	-	27,831	-	-	27,831	-	-	27,831	6,539
Other land management	-	1,509	-	-	1,509	-	-	1,509	59,956
Site utilities	-	14,875	-	-	14,875	-	-	14,875	10,256
Mailings	593	1,764	56	36,275	38,688	1,140	30,012	69,840	43,770
Depreciation	-	48,250	-	-	48,250	17,223	-	65,473	72,771
Event expense	10	1,452	5	22,600	24,067	40	13,818	37,925	24,748
Grants to others	404,632	-	-	-	404,632	-	-	404,632	111,716
In-kind goods and services	50,458	692	-	186	51,336	-	12,833	64,169	10,587
Insurance	2,301	15,340	2,240	4,712	24,593	5,356	6,297	36,246	32,494
Office expense	5,741	26,408	1,059	16,080	49,288	11,707	16,136	77,131	63,635
Miscellaneous expense	2,377	8,323	509	29,282	40,491	4,793	30,376	75,660	56,964
Professional fees	6,003	17,638	1,150	27,644	52,435	12,128	24,301	88,864	80,548
Property taxes	-	45,440	-	-	45,440	-	-	45,440	29,163
Rent, utilities, and security	10,473	33,057	2,272	24,235	70,037	25,076	32,506	127,619	97,594
Training	1,022	3,541	59	2,844	7,466	1,239	2,493	11,198	18,231
Travel	3,628	17,675	1,083	10,351	32,737	400	4,433	37,570	45,591
Total functional expenses	\$ 2,989,423	\$ 1,266,758	\$ 123,926	\$ 550,517	\$ 4,930,624	\$ 490,769	\$ 677,945	\$ 6,099,338	\$ 5,748,467

See notes to financial statements.

MCKENZIE RIVER TRUST
STATEMENT OF CASH FLOWS

Year Ended December 31, 2024
(With comparative totals for the year ended December 31, 2023)

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 2,687,680	\$ 8,719,871
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	65,473	72,771
Realized/unrealized (gain)/loss on investments	(765,216)	(1,358,225)
Realized/unrealized (gain)/loss in beneficial interest in the assets of OCF	(75,120)	(64,861)
Donated land	(379,000)	(5,685,469)
Donated securities	(258,207)	(277,260)
Loss on sale of land	26,919	-
Transfer of land	353,632	-
Purchases of conservation lands and easements	(3,109,695)	(498,303)
Proceeds from sale of land	356,000	-
Land value write down	2,171,000	-
Changes in assets and liabilities:		
Grants and contributions receivable	292,077	239,033
Prepaid expense and deposits	(3,000)	-
Accounts payable	(51,518)	(90,411)
Accrued payroll and related liabilities	21,364	18,806
Other revenue and deposits	(25,461)	(7,520)
Net cash provided by (used in) operating activities	1,306,928	1,068,432
Cash flows from investing activities:		
Purchase of investments, net	(886,499)	(779,876)
Contributions to beneficial interest in the assets of OCF	(21,116)	-
Distributions from beneficial interest in the assets of OCF	29,160	28,086
Purchase of equipment, land held for conservation, and site improvements	(648,027)	-
Net cash provided by (used in) investing activities	(1,526,482)	(751,790)
Net change in cash	(219,554)	316,642
Cash and cash equivalents, beginning of year	1,646,868	1,330,226
Cash and cash equivalents, end of year	\$ 1,427,314	\$ 1,646,868
Supplemental disclosure of activities and financing		
Proceeds from notes payable used to purchase land held for conservation	\$ 1,424,000	\$ 950,000
Non cash investing activities		
In-kind contribution of land	\$ 379,000	\$ 5,685,469

See notes to financial statements.

MCKENZIE RIVER TRUST
NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE A – DESCRIPTION OF ORGANIZATION

Nature of Operations

McKenzie River Trust (the Trust) is an Oregon nonprofit corporation that provides for the protection and enhancement of natural qualities of land in Western Oregon. The mission of the Trust is to help people protect and care for the lands and rivers they cherish in Western Oregon. The Trust carries out management and restoration activities on properties it owns in fee title, particularly on its Finn Rock Reach, Siuslaw Estuary, and Green Island parcels. The Trust also hosts outreach events on its properties and participates in public events to increase public awareness and support for land and water conservation in the region. The Trust also holds and monitors conservation easements through its service area. Acreage managed by the Trust as of December 31, 2024 is as follows:

Acreage under management:	
Conservation lands	5,469 acres
Conservation easements	<u>5,145 acres</u>
Total acreage under management	<u><u>10,614 acres</u></u>

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared to focus on the Trust as a whole and to present transactions in two classes of net assets – with or without donor restrictions, as follows:

- **Net Assets Without Donor Restrictions** – represent net assets not subject to donor-imposed stipulations.
- **Net Assets With Donor Restrictions** – represent net assets subject to donor-imposed stipulations that may or will be met by actions of the Trust and/or the passage of time.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of donor restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Cash and Cash Equivalents

The Trust classifies as cash and cash equivalents all checking, savings, and money market accounts and all investments maturing within 90 days when purchased.

Contributions

Support is received primarily from individual contributions, private foundation grants, and various governmental grants and contracts. Contributions are generally available for unrestricted use unless restricted by the donor.

MCKENZIE RIVER TRUST

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

Grants and other contributions of cash and other assets are reported as restricted contributions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are released from restrictions and reported in the statement of activities as net assets without donor restrictions.

Contributions of donated noncash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals with those skills. Such services would typically need to be purchased if not provided by donation and are recorded at their fair values in the period received. Donated noncash assets are used for programmatic purposes and are not monetized.

Conditional Promises to Give

A portion of the Trust's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Trust has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Trust has cost-reimbursable grants of approximately \$1,584,486 that have not been recognized at December 31, 2024 because performance requirements and/or qualifying expenditures have not yet been incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments and Fair Value Measurements

The beneficial interest in assets held by others is measured at fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Net appreciation in fair value, which consists of the realized gains (losses) and the unrealized gains (losses) of the underlying investments, is also shown in the statement of activities. Interest income is accrued as earned.

Property and Equipment

Property and equipment in excess of \$5,000 is recorded at cost or at estimated fair value at the date of gift. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

MCKENZIE RIVER TRUST

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

Expenditures for additions, major renewals and betterments are capitalized, and expenditures for repairs and maintenance are expensed as they are incurred.

Depreciation has been computed using the straight-line method over the estimated useful lives of the buildings or equipment, 20 to 40 years for buildings, 5 to 10 years for equipment, and 20 years for site improvements.

Leases

The Trust determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Trust determines these assets are leased because the Trust has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically for the exercise of the right to substitute the asset are not considered to be or contain a lease because the Trust determines it does not have the right to contract and direct the use of the identified asset.

In evaluating its contracts, the Trust separately identifies lease and non-lease components, such as fixed common area and other fixed maintenance costs, in calculating the right of use (ROU) assets and lease liabilities for its office space and fixtures. Non-lease components, which primarily include payments for maintenance and utilities, are excluded from lease payments in calculating the ROU balances.

Leases result in the recognition of ROU assets and lease liabilities on the balance sheet. 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, measured on a discounted basis. The Trust determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Trust uses the implicit rate when readily determinable. As most leases do not provide an implicit rate, the Trust uses a risk free discount rate for the leased office space.

Lease expense is generally recognized on a straight-line basis over the lease term.

MCKENZIE RIVER TRUST

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conservation Lands and Easements

The first property to enter the Trust's portfolio did so in 1992. Conservation lands are real property with significant ecological or community value. These properties are either managed in an effort to protect ecological integrity and community value of the property, or transferred to other organizations who will manage the lands in a similar fashion. The Trust records land and land interests at cost if purchased, or at fair value at the date of acquisition, if all or part of the land was received as a donation. Fair value is generally determined by an independent appraisal at the time of acquisition.

The Board may from time to time evaluate the carrying value of land held for conservation, and if the value of the property appears impaired based upon restrictions imposed by the Board or a third-party funding source, such as through a grant agreement or third-party conservation easement, it may adjust the value of the land based on the restrictions imposed.

Conservation easements are comprised of listed rights and/or restrictions over a privately owned property that are conveyed by the property owner to the Trust, almost always in perpetuity, in order to protect the owned property as a significant natural area, as defined in federal tax regulations. These easements may be transferred to others so long as the assignee agrees to ensure, in perpetuity, the conservation purposes intended by the original grantor. While professional appraisals are used to determine a fair market value for conservation easements held by the Trust, that market value is not convertible by the Trust and holding the easement increases the Trust's stewardship obligations. Consequently, easements are recorded at a nominal \$1 value for tracking purposes only.

Income Taxes

The Trust has been approved as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and applicable state laws. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Trust does not believe it has unrelated trade or business income in excess of \$1,000.

Functional Allocation of Expenses

The costs of providing the programs and supporting services have been summarized in the statement of activities. Directly identifiable expenses are charged to programs and supporting services when incurred. Certain costs, including office expense, occupancy, leases and utilities have been allocated among the programs and supporting services benefited based primarily on estimates of time and effort.

Prior Year Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by natural expense classification by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Trust's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

MCKENZIE RIVER TRUST

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE C – GRANTS AND CONTRIBUTIONS RECEIVABLE

At December 31 2024, grants and contributions receivable are as follows:

Government grants	\$	171,942
Other		4,594
	\$	176,536

All grants and contributions receivable are expected to be collected within one year.

NOTE D – FAIR VALUE MEASUREMENTS

Valuation techniques used to measure fair value are prioritized into the following hierarchy:

Level 1 – Quoted prices in active markets for identical assets. Assets in this level typically include publicly traded equities, mutual fund investments and cash equivalents.

Level 2 – Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data such as published interest rates and yield curves, over-the-counter derivatives, market modeling, or other valuation methodologies.

Level 3 – Unobservable inputs that reflect management’s assumptions and best estimates based on available data. Assets in this level include beneficial interests in assets held by others.

Fair value of the beneficial interest in assets held by others is determined by the Oregon Community Foundation (OCF), and is based upon the Trust’s proportionate interest in OCF’s endowment partner fund liability after adjustments for contributions and distributions made during the year. OCF’s endowment partner fund liability is stated at fair value, which is generally equivalent to the present value of future payments expected to be made to the endowment partners.

Realized and unrealized gains and losses from investments are reported in the statement of activities as they occur. There have been no changes in valuation techniques and related inputs.

The beneficial interest in assets held by others is a Level 3 investment.

	Level 1	Level 2	Level 3	Total
Fixed income funds	\$ 3,452,484	\$ -	\$ -	\$ 3,452,484
Equities	5,931,696	-	-	5,931,696
Exchange traded funds	65,950	-	-	65,950
Beneficial interest in assets held by others	-	-	778,933	778,933
	\$ 9,450,130	\$ -	\$ 778,933	\$ 10,229,063

MCKENZIE RIVER TRUST

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE E – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

Fair value of the beneficial interest in assets held by others is determined by the Trust’s endowment partner, OCF, and is based upon the Trust’s proportionate interest in OCF’s endowment partner fund liability after adjustments for contributions and distributions made during the year. OCF’s endowment partner fund liability is stated at fair value, which is generally equivalent to the present value of future payments expected to be made to the endowment partners. Funds may be distributed to the Trust upon a majority vote of its Board of Directors, if in the judgment of the OCF Board of Directors the requested distribution is consistent with the objectives and purposes of the Trust. If the Trust ceases to exist, distributions from the fund will be made to a qualified organization with similar objectives and purposes.

The changes in investments valued using Level 3 measurements are as follows:

Beginning balance	\$	711,857
Contributions		21,116
Earnings		5,577
Funds released		(29,160)
Investment fees		(6,926)
Realized gain (loss) on investment		3,374
Unrealized gain (loss) on investment		<u>73,095</u>
Total investments at fair value	\$	<u><u>778,933</u></u>

NOTE F – BUILDINGS, EQUIPMENT AND SITE IMPROVEMENTS

Property and equipment of the Trust consist of the following:

Building and improvements	\$	1,259,099
Office equipment		27,302
Tractors and vehicles		199,971
Website and database		106,840
Other equipment		31,953
Less accumulated depreciation and amortization		<u>(603,416)</u>
	\$	<u><u>1,021,749</u></u>

Depreciation and amortization expense totaled \$65,473 for the year ended December 31, 2024.

MCKENZIE RIVER TRUST

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE G – PROPERTY ACQUISITION COSTS

The Trust is currently in the process of adding several properties to its portfolio. Costs related to land acquisitions are incurred routinely for land that may or may not be acquired by the Trust. Due to the uncertainty related to these expenses, the Trust capitalizes all land acquisition related expenses if the land purchase is completed during the year or expected to be completed after year end. Most other costs are expensed as incurred. In addition, some acquisition expenses may be reimbursed to the Trust as a part of the purchase agreement. Reimbursements are recorded as revenue in the year in which they become unconditional. At December 31, 2024 all property acquisition costs have been transferred to land held for conservation as the property transactions were completed.

NOTE H – LAND HELD FOR CONSERVATION

During the year ended December 31, 2024, there were no carrying value adjustments to previously recorded properties. However, two properties that entered the Trust's portfolio were recorded at cost and then adjusted down in amounts equal to the funding contributed by third-party grantors. These funders secured conservation easements on the properties as a condition of the grants.

At December 31, 2024 the properties held by the Trust include the following:

McKenzie Watershed

Finn Rock Reach	\$	1,981,085
Green Island		829,200
Three Sisters Meadow		578,671
Roberts Island and Preserve		529,699
Lazy Days		440,526
Drury Meadow		251,750
Chub Slough		214,199
Marvin and Marie Spores Conservation Area		204,655
McKenzie School		201,181
Berggren Watershed Conservation Area		68,047
McKenzie Oxbow		65,000
Big Island		21,184
Springfield Oxbow		19,000
Holiday Farm Fire Lots (2)		331,250
Conservation Easements		5

Long Tom Watershed

Coyote Spencer Wetlands		586,429
South Fork Spencer Creek		127,002
Spencer Swamp		290,646
Conservation Easements		10

MCKENZIE RIVER TRUST

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE H – LAND HELD FOR CONSERVATION (CONTINUED)

Willamette Watershed	
Willamette Confluence Preserve	\$ 4,893,140
Railroad Island	74,385
Coast Fork Conservation Easements	4
Mainstem Conservation Easements	1
Middle Fork Conservation Easements	1
Siuslaw Watershed	
Sweet Creek Forest	419,933
North Fork Bend	252,150
Wren Marsh	165,763
Haich ikt'at'uu	164,033
Site 59	134,637
North Fork Marsh	35,648
Conservation Easements	5
Central Coast	
Boone-Nute Slough	1,272,586
Conservation Easements	9
Various Easements	
Umpqua Watershed	2
Deschutes Watershed	1
Total	\$ <u>14,151,837</u>

NOTE I – NOTES PAYABLE

At December 31, 2024, long-term debt consisted of the following:

Note payable to individuals for \$950,000; secured by deed of trust; zero interest loan with no payments due until maturity at December 15, 2026.	\$ <u>950,000</u>
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MCKENZIE RIVER TRUST
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE I – NOTES PAYABLE (CONTINUED)

The contractual maturities of notes payable for the next five years are as follows:

Year Ending December 31,		
2025	\$	-
2026		<u>950,000</u>
	\$	<u><u>950,000</u></u>

NOTE J – DONOR RESTRICTIONS AND BOARD DESIGNATIONS ON NET ASSETS

The Trust's net assets with donor restrictions are subject to the following purpose restrictions:

Conservation easement monitoring	\$	292,602
Stewardship and protection		8,730,419
Outreach and organizational development		<u>21,441</u>
Total net assets with donor restrictions	\$	<u><u>9,044,462</u></u>

As of December 31, 2024, there is a board designated program fund totaling \$1,455,686. The purpose of this fund is to provide adequate funding for property stewardship beyond that which is donor restricted.

NOTE K – IN-KIND CONTRIBUTIONS

Contributions of donated non-cash assets are recorded at their estimated fair value in the period received. Contributed services are valued at market rates for similar services. Contributed land is valued at the estimated price that would be received for a sale of similar property in Oregon. For the year ended December 31, 2024, the Trust recorded donations as follows:

Land In-kind:		
North Fork Bend	\$	250,000
South Fork Spencer Creek		<u>129,000</u>
		<u><u>379,000</u></u>
Goods and services:		
Professional services		10,982
Supplies		3,217
Interest		<u>49,970</u>
		<u><u>64,169</u></u>
Total In-kind	\$	<u><u>443,169</u></u>

MCKENZIE RIVER TRUST

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE K – IN-KIND CONTRIBUTIONS (CONTINUED)

In addition, while the Trust provides compensation for most services requiring specific expertise, many individuals volunteer their time and perform a variety of tasks that assist the Trust with its projects. The Trust estimates that it received more than 5,400 volunteer hours by more than 541 volunteers during the year ended December 31, 2024. Those services have not been recorded in the financial statements, as the criteria for recognition have not been met.

NOTE L – RETIREMENT PLAN

The Trust sponsors a SIMPLE IRA plan for eligible employees. The Trust matches employee contributions monthly up to 3 percent of eligible wages. For the year ended December 31, 2024, the employer contributions totaled \$47,200. Under the plan, contributions are made directly to participants' individual accounts. After the funds have been distributed, the Trust has no fiduciary responsibility or control over the accounts.

NOTE M – LEASE ASSETS AND LIABILITIES

In 2024, the Trust entered into an operating lease, expiring on March 31, 2029, for its office space. The lease generally requires the Trust to pay base rent plus common area charges under a rent schedule beginning at \$6,500 monthly and escalating 3% annually. Additionally, the Trust has an operating lease for the Newport office space that expires November 1, 2026, that has a base rent of \$400 and escalates 3% annually.

	<u>Total Operating Leases</u>
Annual Lease Cost	\$ <u>59,300</u>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from leases	\$ <u>59,300</u>
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ <u>384,136</u>
Weighted-average remaining lease term (years)	4.2
Weighted-average discount rate	4.34%

MCKENZIE RIVER TRUST

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE M – LEASE ASSETS AND LIABILITIES (CONTINUED)

Future minimum lease payments and reconciliation to the statement of financial position at December 31, 2024 are as follows:

Year ending December 31,	Main Office	Newport Office	Total Operating Leases
2025	\$ 79,755	\$ 4,968	84,723
2026	82,148	4,240	86,388
2027	84,612	-	84,612
2028	87,150	-	87,150
2029	21,947	-	21,947
Total future undiscounted lease payments	355,612	9,208	364,820
Less present value discount	(31,944)	(410)	(32,354)
Total lease liability	\$ <u>323,668</u>	\$ <u>8,798</u>	<u>332,466</u>

NOTE N – LIQUIDITY

The following chart represents the Trust's financial assets available to meet cash needs for general expenditures within one year of December 31, 2024:

Cash and cash equivalents	\$ 1,427,314
Grants and contributions receivable	176,537
Investments	9,450,130
Beneficial interest in funds held by others	778,933
Total financial assets	<u>11,832,914</u>
Less those unavailable for general expenditure within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with purpose restriction	<u>(9,044,462)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,788,452</u>

As part of the Trust's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Trust invests cash in excess of current requirements in short-term investments. Although the Trust does not intend to spend from its board-designated program funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated program funds could be made available if necessary to manage unanticipated liquidity needs.

MCKENZIE RIVER TRUST

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE O – CONCENTRATIONS OF CREDIT RISK

The Trust maintains cash and cash equivalent balances in both bank and brokerage accounts. Amounts held in bank accounts are federally insured up to \$250,000 through the Federal Deposit Insurance Corporation (FDIC). A portion of cash held in brokerage accounts is not insured under FDIC. The Trust's cash balances held in banks exceeded FDIC depository insurance by \$697,667 at December 31, 2024.

The Trust's investments and brokerage money market funds (which are cash equivalent) are subject to market fluctuations that could dramatically affect the carrying values of these assets. These funds are insured by the Securities Investors Protection Corporation (SIPC) in the event of broker-dealer failure up to a maximum of \$500,000 for brokerage accounts held in each separate capacity, with a limit of \$250,000 for claims of uninvested cash balances. This insurance covers the loss of investment securities due to an insolvent brokerage or unauthorized trading; it does not cover ordinary market loss. The Trust's balances exceeded SIPC limits by \$9,422,571 at December 31, 2024.

NOTE P – SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 16, 2025, which is the date the financial statements were available to be issued.