MCKENZIE RIVER TRUST

FINANCIAL STATEMENTS

Year Ended December 31, 2025

KERN THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

MCKENZIE RIVER TRUST

FINANCIAL STATEMENTS

Year Ended December 31, 2025

TABLE OF CONTENTS

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, 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 McKenzie River Trust as of December 31, 2025, 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.

Kern & Thompson, LLC | 13221 SW 68th Parkway, Suite 520 | Portland, Oregon 97223 | Phone: (503) 222-3338 | www.kern-thompson.com

KERN THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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 2024 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated July 16, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kern & Thompson, LLC

Portland, Oregon
August 3, 2026

MCKENZIE RIVER TRUST

STATEMENT OF FINANCIAL POSITION

December 31, 2025
(With comparative amounts as of December 31, 2024)

ASSETS

	2025	2024
Cash and cash equivalents	$ 2,642,754	$ 1,427,314
Grants and contributions receivable (Note C)	118,746	176,537
Investments (Note D)	10,132,469	9,450,130
Prepaid expenses and deposits	7,000	7,000
Buildings, equipment, and site improvements, net (Note F)	965,748	1,021,749
Right of use assets (Note I)	260,767	332,467
Land held for conservation (Note G)	15,060,189	14,151,837
Beneficial interest in assets held by others (Note H)	879,963	778,933
Total assets	**$ 30,067,636**	**$ 27,345,967**

LIABILITIES AND NET ASSETS

	2025	2024
Accounts payable	$ 105,492	$ 69,141
Accrued payroll and related liabilities	98,269	91,127
Other deferred revenue and deposits	1,400	2,800
Lease liabilities (Note I)	260,767	332,467
Notes payable (Note J)	950,000	950,000
Total liabilities	1,415,928	1,445,535
Net assets		
Without donor restrictions		
Undesignated operating funds	1,420,501	1,176,698
Board designated program funds (Note K)	2,290,975	1,455,686
Buildings, equipment, and site improvements	965,748	1,021,749
Land held and site improvements on land held for conservation	14,110,189	13,201,837
Total without donor restrictions	18,787,413	16,855,970
With donor restrictions (Note K)	9,864,295	9,044,462
Total net assets	28,651,708	25,900,432
Total liabilities and net assets	**$ 30,067,636**	**$ 27,345,967**

See notes to financial statements.

MCKENZIE RIVER TRUST

STATEMENT OF ACTIVITIES

Year Ended December 31, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	Without Donor Restrictions	With Donor Restrictions	Total 2025	Total 2024
Revenues and support				
Foundation grants	$ 732,745	$ 150,750	$ 883,495	$ 633,402
Government grants	450	2,041,535	2,041,985	5,228,871
Corporate grants	137,030	67,820	204,850	146,719
Individual contributions	1,850,777	642,176	2,492,953	1,249,348
Contributed nonfinancial assets (Note M)	72,660	-	72,660	64,169
Land donations	-	-	-	379,000
Program income	-	23,822	23,822	36,370
Other income	613	-	613	1,250
	2,794,275	2,926,103	5,720,378	7,739,129
Net assets released from restrictions	2,825,346	(2,825,346)	-	-
Total revenues and support	5,619,621	100,757	5,720,378	7,739,129
Expenses				
Program services	2,821,386	-	2,821,386	4,930,624
Supporting services				
Management and general	623,727	-	623,727	490,769
Development	590,540	-	590,540	677,945
Total expenses	4,035,653	-	4,035,653	6,099,338
Change in net assets before non-operating activities	**1,583,968**	**100,757**	**1,684,725**	**1,639,791**
Non-operating revenue and expenses				
Interest received	92,067	162,407	254,474	207,553
Change in beneficial interest in assets held by OCF	120,040	-	120,040	75,120
Realized and unrealized gains (losses) on investments, net of expenses	135,368	556,669	692,037	765,216
Insurance proceeds from casualty event	-	-	-	65,223
Expenses from casualty event	-	-	-	(65,223)
Change in net assets	**1,931,443**	**819,833**	**2,751,276**	**2,687,680**
Net assets, beginning of year	16,855,970	9,044,462	25,900,432	23,212,752
Net assets, end of year	**$ 18,787,413**	**$ 9,864,295**	**$ 28,651,708**	**$ 25,900,432**

See notes to financial statements.

MCKENZIE RIVER TRUST

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	PROGRAM SERVICES					SUPPORTING SERVICES		Total	
	Land Protection	Land Stewardship	Conservation Easement Monitoring	Public Outreach	Total Program Services	General and Administrative	Fundraising	2025	2024
Wages	$ 115,258	$ 455,882	$ 34,495	$ 309,895	$ 915,530	$ 399,910	$ 355,989	$ 1,671,429	$ 1,598,922
Employee benefits and taxes	32,554	126,416	9,215	76,616	244,801	118,218	87,329	450,348	418,499
Land acquisition costs	338,050	-	-	-	338,050	-	-	338,050	24,232
Land value write down	-	-	-	-	-	-	-	-	2,171,000
Loss on sale of land	-	-	-	-	-	-	-	-	26,919
Land management									
Contract labor	-	449,319	39,339	-	488,658	-	-	488,658	372,388
Other land management	-	41,771	-	-	41,771	-	-	41,771	159,761
Repairs and maintenance	235	15,792	79	679	16,785	857	837	18,479	27,831
Interest	48,895	-	-	-	48,895	-	-	48,895	91,648
Printing and mailings	266	1,423	37	29,830	31,556	343	24,912	56,811	66,938
Depreciation	-	75,011	-	-	75,011	23,487	-	98,498	65,473
Event expense	335	1,448	120	14,047	15,950	1,142	10,783	27,875	40,504
Grants to others	-	5,195	-	9,234	14,429	-	-	14,429	409,132
Insurance	2,032	21,980	2,545	4,269	30,826	6,242	6,133	43,201	36,246
Supplies and tools	8,787	58,094	2,179	29,431	98,491	16,972	20,295	135,758	89,283
Other expense	3,553	15,090	1,008	26,565	46,216	10,396	28,623	85,235	76,957
Professional fees	66,466	92,671	963	61,139	221,239	12,454	22,258	255,951	186,581
Property taxes	-	53,205	-	-	53,205	-	-	53,205	45,440
Rent, utilities, and security	9,279	56,004	3,570	25,640	94,493	32,070	29,005	155,568	142,494
Training	219	6,873	48	7,071	14,211	679	751	15,641	11,521
Travel	1,921	19,234	1,085	9,029	31,269	957	3,625	35,851	37,569
Total functional expenses	**$ 627,850**	**$ 1,495,408**	**$ 94,683**	**$ 603,445**	**$ 2,821,386**	**$ 623,727**	**$ 590,540**	**$ 4,035,653**	**$ 6,099,338**

See notes to financial statements.

MCKENZIE RIVER TRUST

STATEMENT OF CASH FLOWS

Year Ended December 31, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ 2,751,276	$ 2,687,680
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	98,498	65,473
Realized/unrealized (gain)/loss on investments	(692,037)	(765,216)
Change in beneficial interest in the assets of OCF	(120,040)	(75,120)
Donated land	-	(379,000)
Donated securities	(212,131)	(258,207)
Loss on sale of land	-	26,919
Transfer of land	-	353,632
Purchases of conservation lands and easements	(908,351)	(3,109,695)
Proceeds from sale of land	-	356,000
Land value write down	-	2,171,000
Changes in assets and liabilities:		
Grants and contributions receivable	57,790	292,077
Prepaid expense and deposits	(1,400)	(3,000)
Accounts payable	36,351	(51,518)
Accrued payroll and related liabilities	7,142	21,364
Other revenue and deposits	-	(25,461)
Net cash provided by (used in) operating activities	**1,017,098**	**1,306,928**
Cash flows from investing activities:		
Purchase of investments, net	221,828	(886,499)
Transfers to beneficial interest in the assets of OCF	(11,611)	(21,116)
Distributions from beneficial interest in the assets of OCF	30,622	29,160
Purchase of equipment, land held for conservation, and site improvements	(42,497)	(648,027)
Net cash provided by (used in) investing activities	**198,342**	**(1,526,482)**
Cash flows from financing activities:		
Proceeds from notes payable	950,000	-
Repayment of notes payable	(950,000)	-
Net cash provided by (used in) financing activities	**-**	**-**
Net change in cash	**1,215,440**	**(219,554)**
Cash and cash equivalents, beginning of year	1,427,314	1,646,868
Cash and cash equivalents, end of year	**$ 2,642,754**	**$ 1,427,314**
Supplemental disclosure of activities and financing		
Proceeds from notes payable used to purchase land held for conservation	**$ -**	**$ 1,424,000**
Non cash investing activities		
Contribution of land	**$ -**	**$ 379,000**

See notes to financial statements.

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. Additionally, the Trust holds and monitors conservation easements through its service area. Acreage managed by the Trust as of December 31, 2025 is as follows:

Acreage under management:	
Conservation lands	5,635
Conservation easements	5,395
Total acreage under management	11,030

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.

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.

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 of purchase.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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.

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.

Revenue Recognition

With regard to its revenues from all sources, the Organization evaluates whether each transfer of assets is (1) an exchange (reciprocal) transaction in which a resource provider receives commensurate value in return for the assets transferred, or (2) a contribution or grant (a nonreciprocal transfer), where no value is exchanged.

- *Exchange Transactions* – If the transfer of assets is determined to be an exchange transaction, the Organization recognizes revenue when or as it satisfies the required performance obligations and transfers the promised good or service to a customer, and when the customer obtains control of that good or service. Exchange transactions are not significant to the Trust, but exchange transactions in the form of rents are included in Program Income.

- *Contributions and Grants* – If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) a barrier that must be overcome to be entitled to the funds and (2) either a right of return of assets transferred or a release of a promisor's obligation to transfer assets. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Otherwise, when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions and grants include individual contributions, private foundation grants, and governmental grants and contracts

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Nonfinancial Assets

Contributions of noncash assets are recorded at their fair value in the period received. Contributions of 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. Contributed 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.

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.

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.

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, 2024, from which the summarized information was derived.

Reclassification

Certain prior year amounts have been reclassified for consistency with current year presentations. These reclassifications had no effect on the reported results of operations.

NOTE C – GRANTS AND CONTRIBUTIONS RECEIVABLE

At December 31 2025, grants and contributions receivable are as follows:

Corporate grants	$	2,250
Government grants		116,497
	$	118,747

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	$ 3,653,863	$ -	$ -	$ 3,653,863
Equities	6,410,008	-	-	6,410,008
Exchange traded funds	68,598	-	-	68,598
Beneficial interest in assets held by others	-	-	879,963	879,963
	$ 10,132,469	$ -	$ 879,963	$ 11,012,432

NOTE E – 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 approximately $688,000 at December 31, 2025.

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 approximately $11,291,000 at December 31, 2025.

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	124,128
Other equipment	57,162
Less accumulated depreciation and amortization	(701,914)
	$ 965,748

Depreciation and amortization expense totaled $98,498 for the year ended December 31, 2025.

NOTE G – LAND HELD FOR CONSERVATION

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. During the year ended December 31, 2025, there were no transfers or carrying value adjustments to previously recorded properties. However, there were three conservation easement additions and two property additions into the Trust.

NOTE G – LAND HELD FOR CONSERVATION (CONTINUED)

At December 31, 2025, the properties held by the Trust include the following:

McKenzie Watershed		
Finn Rock Reach	$	1,982,867
Gate Creek		906,566
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		290,646
Spencer Swamp		127,002
Conservation Easements		11
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		6
Central Coast		
Chinook Ona Illahee		1,272,586
Conservation Easements		11
Various Easements		
Umpqua Watershed		2
Deschutes Watershed		1
Total	$	15,060,189

NOTE H – 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	$ 778,934
Contributions	11,611
Investment return, net of fees	89,418
Total investments at fair value	$ 879,963

NOTE I – 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.

	Total Operating Leases
Annual Lease Cost	$ 63,324
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from leases	$ 63,324
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 384,136
Weighted-average remaining lease term	3.2 years
Weighted-average discount rate	4.34%

NOTE I – LEASE ASSETS AND LIABILITIES (CONTINUED)

Future minimum lease payments and reconciliation to the statement of financial position at December 31, 2025 are as follows:

Year ending December 31,	Main Office	Newport Office	Total Operating Leases
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	275,857	4,240	280,097
Less present value discount	(19,239)	(91)	(19,330)
Total lease liability	$ 256,618	$ 4,149	$ 260,767

NOTE J – NOTES PAYABLE

At December 31, 2025, long-term debt consisted of the following:

Note payable for $950,000; secured by deed of trust; 6% annual interest; interest only payments, quarterly. Principal due at maturity on June 1, 2028.	$ 950,000

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

Year Ending December 31,	
2026	$ -
2027	-
2028	950,000
	$ 950,000

NOTE K – 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	$ 270,357
Land protection and stewardship	9,587,241
Outreach and organizational development	6,697
Total net assets with donor restrictions	$ 9,864,295

NOTE K – DONOR RESTRICTIONS AND BOARD DESIGNATIONS ON NET ASSETS (CONTINUED)

As of December 31, 2025, there are board designated funds totaling $2,290,975. The purpose of these funds is to provide adequate funding for owned property stewardship and easement monitoring beyond that which is donor restricted as well as additional operating reserves.

NOTE L – CONDITIONAL PROMISES TO GIVE

The Organization has been promised the following conditional awards that are subject to the right of return to the funder, should the conditions of the awards not be met. The conditional awards are cost reimbursement and are conditioned on the incurrence of qualifying expenditures. Amounts received from conditional grants prior to meeting the required conditions of the award are recorded as refundable advances. The amounts below reflect the remaining conditional promises not yet recognized as revenue as of December 31, 2025.

Type of Barrier - Qualifying Expense	Authorized Conditional Grants
Pass-through federal grants	$ 1,811,426
Direct federal grants	30,627
Direct state grants	178,167
Pass-through state grants	53,186
Other government and non-profit grants	98,498
Total	$ 2,171,904

These conditional promises to give are expected to be used for land stewardship, land protection, and public outreach.

NOTE M – CONTRIBUTED NONFINANCIAL ASSETS

Contributions of nonfinancial 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, 2025, the Trust recorded donations as follows:

Goods and services:	
Professional services	$ 42,249
Supplies	3,066
Interest	27,345
Total In-kind	$ 72,660

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 5,684 volunteer hours by more than 784 volunteers during the year ended December 31, 2025. Those services have not been recorded in the financial statements, as the criteria for recognition have not been met.

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, 2025:

Cash and cash equivalents	$ 2,642,754
Grants and contributions receivable	118,746
Investments	10,132,469
Beneficial interest in funds held by others	879,963
Total financial assets	13,773,932
Less those unavailable for general expenditure within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with purpose restriction	(9,864,295)
Financial assets available to meet cash needs for general expenditures within one year	$ 3,909,637

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.

NOTE O – 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, 2025, the employer contributions totaled $65,939. 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 P – SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 3, 2026, which is the date the financial statements were available to be issued.