DESCHUTES RIVER CONSERVANCY

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

DESCHUTES RIVER CONSERVANCY

TABLE OF CONTENTS

YEAR ENDED SEPTEMBER 30, 2023

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	5
Statement of Activities	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9
SUPPLEMENTARY INFORMATION	
Schedule of Expenses by Funding Sources	24
SINGLE AUDIT COMPLIANCE	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	25
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with the Uniform Guidance	27
Schedule of Findings and Questioned Costs	30
Status of Prior Year (2022) Findings	31
Schedule of Expenditures of Federal Awards	32
Notes to the Schedule of Expenditures of Federal Awards	33

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Deschutes River Conservancy
Bend, Oregon

Opinion

We have audited the financial statements of Deschutes River Conservancy (a nonprofit organization) (the Organization), which comprise the statement of financial position as of September 30, 2023, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2023, 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 (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Organization has adopted ASU 2016-02 Leases (Topic 842) issued by the Financial Accounting Standards Board (FASB). Our opinion is not modified with respect to this matter.

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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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' 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 auditors' 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 GAAS and Government 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 GAAS and Government 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 the Organization'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 the Organization'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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenses by funding sources on page 24 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information included in this schedule is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 5, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance.

Prior-Year Summarized Comparative Information

We have previously audited the Organization's September 30, 2022, financial statements and expressed an unmodified audit opinion on those audited financial statements in our reported dated February 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Price Frank & Co. + KDP Certified Public Accountants, LLP

March 5, 2024

FINANCIAL STATEMENTS

DESCHUTES RIVER CONSERVANCY

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2023

(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2022)

	Totals	
	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,296,918	$ 1,115,081
Grants and other receivables	598,356	421,561
Prepaid expenses	15,627	19,251
TOTAL CURRENT ASSETS	1,910,901	1,555,893
PROPERTY AND EQUIPMENT, net of accumulated depreciation of $29,839 and $27,366, respectively	13,712	16,849
OTHER ASSETS		
Right-of-use asset, net of accumulated amortization of $48,998	403,931	
Deposits	5,269	5,269
TOTAL OTHER ASSETS	409,200	5,269
TOTAL ASSETS	$ 2,333,813	$ 1,578,011
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 282,472	$ 191,044
Accrued payroll and related expenses	116,767	90,995
Current portion of lease liability	52,723	
Deferred revenue	209,214	232,007
TOTAL CURRENT LIABILITIES	661,176	514,046
OTHER LIABILITIES		
Lease liability, net of current portion	351,481	
TOTAL LIABILITIES	1,012,657	514,046
NET ASSETS		
Without donor restrictions	1,095,472	959,304
With donor restrictions	225,684	104,661
TOTAL NET ASSETS	1,321,156	1,063,965
TOTAL LIABILITIES AND NET ASSETS	$ 2,333,813	$ 1,578,011

See accompanying notes to financial statements

DESCHUTES RIVER CONSERVANCY

STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Totals 2023	Totals 2022
REVENUE				
Grants	$ 480,088	$ 3,404,289	$ 3,884,377	$ 1,339,014
Interest income	3,442		3,442	555
Contributions and events	180,789	37,594	218,383	191,745
Other income	444,770		444,770	305,569
In-kind	891		891	5,989
Net assets released from restrictions	3,320,860	(3,320,860)		
TOTAL REVENUE	4,430,840	121,023	4,551,863	1,842,872
EXPENSES				
Program services				
Water acquisition - stream-flow restoration				
Conservation	2,566,196		2,566,196	448,255
Water management	314,921		314,921	167,363
Leasing of water rights	161,923		161,923	166,527
Permanent transfers - restoration	35,400		35,400	93,261
Mitigation				
Temporary transfers - mitigation	102,655		102,655	90,383
Planning and monitoring	511,118		511,118	366,717
Consulting	8,646		8,646	8,253
Total Program services	3,700,859		3,700,859	1,340,759
Supporting Services				
Management and general	406,108		406,108	367,282
Fundraising	187,705		187,705	107,343
Total Supporting services	593,813		593,813	474,625
TOTAL EXPENSES	4,294,672		4,294,672	1,815,384
CHANGE IN NET ASSETS	136,168	121,023	257,191	27,488
NET ASSETS - Beginning of year	959,304	104,661	1,063,965	1,036,477
NET ASSETS - End of year	$ 1,095,472	$ 225,684	$ 1,321,156	$ 1,063,965

See accompanying notes to financial statements

DESCHUTES RIVER CONSERVANCY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2023

(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2022)

	Program Services			Support Services		Totals	
	Conserved Water	Leasing and Transfers	Basin Planning	Management and General	Fundraising	2023	2022
PERSONNEL							
Salaries and wages	$ 75,934	$ 90,368	$ 283,434	$ 151,963	$ 86,726	$ 688,425	$ 591,838
Payroll taxes and benefits	45,695	54,380	170,561	91,446	52,188	414,270	370,859
Total Personnel	121,629	144,748	453,995	243,409	138,914	1,102,695	962,697
MATERIALS AND SERVICES							
Contracting	2,434,746	7,121	342,882	98		2,784,847	462,632
Irrigation leases		125,580				125,580	129,725
Outreach	12,496	1,446	5,200		1,718	20,860	22,660
Computers and software	3,352	389	1,056	9,298	352	14,447	17,341
Supplies and materials	3,257	117	15	6,778		10,167	7,980
Office rent				68,146		68,146	65,896
Printing and publication	1,415	164	757	4,021	4,875	11,232	8,200
Professional expenses	1,104			26,458		27,562	22,320
Telephone and communications				4,809		4,809	4,710
Travel and lodging	3,233	2,668	7,808	2,769	285	16,763	4,961
Insurance				4,228		4,228	4,007
Utilities				9,503		9,503	7,875
Postage	61	68	16	675	757	1,577	1,216
Vehicle expense				420		420	3,955
Education and meetings	864	37	2,308	15,595	273	19,077	14,194
Events and fees	2,288	17,647	373	1,944	40,531	62,783	64,512
Other administrative costs				1,865		1,865	2,694
Total materials and services	2,462,816	155,237	360,415	156,607	48,791	3,183,866	844,878
Total expenses before depreciation	2,584,445	299,985	814,410	400,016	187,705	4,286,561	1,807,575
Depreciation	2,019			6,092		8,111	7,809
TOTAL EXPENSES	$ 2,586,464	$ 299,985	$ 814,410	$ 406,108	$ 187,705	$ 4,294,672	$ 1,815,384

See accompanying notes to financial statements

DESCHUTES RIVER CONSERVANCY

STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2023
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2022)

	Totals	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 257,191	$ 27,488
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	8,111	7,809
Lease implementation	274	
Changes in current assets and liabilities		
Grants and other receivables	(176,795)	175,986
Prepaid expenses	3,624	(1,442)
Employee note		3,358
Accounts payable	91,428	(305,621)
Accrued payroll liabilities	25,772	(9,179)
Deferred revenue	(22,794)	(190,498)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	186,811	(292,099)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(4,974)	(1,367)
NET CASH USED IN INVESTING ACTIVITIES	(4,974)	(1,367)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	181,837	(293,466)
CASH AND CASH EQUIVALENTS - Beginning of year	1,115,081	1,408,547
CASH AND CASH EQUIVALENTS - End of year	$ 1,296,918	$ 1,115,081

See accompanying notes to financial statements

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Deschutes River Conservancy (the Organization), is a multi-stakeholder consensus-based organization with a mission to restore stream-flow and improve water quality in the Deschutes River Basin. The Organization's founders recognized the need for a non-profit organization with ecosystem restoration goals and methods focused on positive incentives, consensus and local governance rather than regulation. In March 1996, Senator Mark Hatfield introduced federal legislation authorizing federal agencies to work with this cooperative non-profit organization, then known as the Deschutes Basin Working Group. The federal legislation covered multiple years with fiscal year ended September 30, 2016, as the final year. On December 8, 2016, the Board of Directors agreed to operate outside of the federal legislation.

The Organization's Board of Directors is comprised of the key private and public interests in the Deschutes River Basin. It has representatives from agricultural, tribal, environmental, recreational, municipal, fish and wildlife and hydroelectric interests in central Oregon.

The Organization receives grant funds from state, federal, private foundation and hydro mitigation sources. In addition, as a 501(c)(3) organization, the Organization receives tax-deductible contributions from individuals and corporations. The funds are used to finance stream-flow restoration projects in the Deschutes River Basin using four basic approaches: 1) leasing water rights, 2) permanent water transfers, 3) water conservation and 4) water management agreements.

The Organization has classified the Organization's activities in five major classes of programs: 1) water acquisition and stream flow restoration, 2) mitigation through water transfers, 3) water quality projects, 4) planning and monitoring and 5) consulting.

The Organization was formed as an Oregon nonprofit corporation on November 13, 1996.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donor, and grantors. Donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization or the passage of time.

Donor restricted revenues are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's water acquisition, mitigation, restoration and consulting programs.

Use of Estimates

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

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities for the year ended September 30, 2023. Therefore, the Organization has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value of Financial Instruments

The Organization has not elected to measure financial assets and liabilities using the Fair Value Option for Financial Assets and Financial Liabilities under the *Financial Accounting Standards Board Accounting StandardsCodification Topic 825*. The Organization does have financial instruments, which include items such as accounts receivable, grants receivable, accounts payable and notes payable that have carrying amounts which approximate fair value at September 30, 2023.

Contributions

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of beneficial interest is received. Conditional promises to give with a measurable performance barrier and right of return, are not recognized until the conditions on which they depend have been met.

Consequently, at September 30, 2023, contributions of $209,214 have not been recognized in the accompanying statement of activities because the condition(s) on which they depend have not yet been met.

Contributed Services

A portion of the Organization's functions and programs are conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the services do not require specialized skills and because the amount is not susceptible to objective measurement or valuation. Contributed professional services have been recorded at fair value as in-kind revenue in the amount of $891 and $5,989 for the years ended September 30, 2023, and 2022, respectively. For the years ended September 30, 2023, and 2022, the contributed professional services consist of marketing expenses and printing services.

Cash and Cash Equivalents

Cash and cash equivalents for purposes of the statement of cash flows consist of demand deposits, highly liquid investments with an original maturity of three months or less and amounts held by the United States Treasury Department in the Organization's name which are immediately available for use.

Grants Receivable

Grants receivable relate to reimbursement-basis awards from various granting agencies. No allowance for uncollectible amounts was considered necessary.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contribution and Other Receivables

Contribution and other receivables are stated at the amount management expects to collect from outstanding balances. For the year ended September 30, 2023, management has determined that no allowance for uncollectible amounts is necessary and therefore, no valuation allowance has been recorded.

Fixed Assets

Fixed assets are recorded at cost or fair market value on the date of receipt, if donated, and are depreciated using the straight-line method over their estimated useful life of three to ten years. Leasehold improvements are depreciated over the life of the lease. The Organization capitalizes all items with a cost exceeding $1,000 and an estimated useful life greater than one year. If donors stipulate how long the donated fixed assets must be used, the contributions are recorded as net assets with restrictions when received. In the absence of such stipulations, contributions of fixed assets are recorded as unrestricted support. Fixed assets acquired by the Organization are generally considered owned by the Organization. However, fixed assets purchased with federal funding sources may require the Organization to refund the proceeds from the sale of these assets, if any, to the appropriate federal agency.

Depreciation expenses on fixed assets amounted to $8,111 and $7,809 for the years ended September 30, 2023, and 2022, respectively.

Revenue and Revenue Recognition

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are recognized upon performance requirements and/ or the incurrence of allowable qualified expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position.

Other Income

Other income includes revenue related to administrative support, consulting and miscellaneous income.

Functional Allocation of Expenses

The cost of providing the programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, costs are allocated between fundraising, management and general or program services based on evaluations of the related benefits in accordance with generally accepted accounting principles in the United States of America for non-profit organizations.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Functional Allocation of Expenses – Continued

Program expenses consist of all expenses paid for conservation projects. Management and general expenses include oversight, business management, general recordkeeping, budgeting and other such management and administrative activities that support the projects and the Organization overall. Communications and outreach expenses include newsletter, website and payroll costs related to community discussions involving the Deschutes River. Fundraising expenses include the cost of recruiting volunteers, writing grant applications and conducting other activities to solicit contributions from individuals and other organizations.

Additionally, a schedule of expenses by funding source has been provided. This schedule lists the expenses for each program which include, when appropriate and in accordance with the programs, an allocation of management and general costs.

The expenses that are allocated include the following:

Expense	Method of Allocation
Payroll costs	Direct charge, marketing expenses by total expense
Contracting	Direct charge, marketing expenses by total expense
Irrigation leases	Direct charge, marketing expenses by total expense
Professional fees	Direct charge, marketing expenses by total expense
Supplies and materials	Direct charge, marketing expenses by total expense
Vehicle expenses	Direct charge, marketing expenses by total expense
Events and fees	Direct charge, marketing expenses by total expense
Insurance	Direct charge
Printing and publications	Direct charge, marketing expenses by total expense
Office Rent and Utilities	Direct charge
Depreciation	Direct charge
Other	Direct charge, marketing expenses by total expense

Advertising Costs

Deschutes River Conservancy expenses the costs of advertising the first-time advertising takes place. Advertising expense was $1,155 and $2,520 for the years ended September 30, 2023, and 2022, respectively.

Compensated Absences

The Organization accrues vacation pay when earned. Accrued but unused vacation for the years ended September 30, 2023, and 2022, totaled $33,370 and $23,408, respectively, and is included in accrued payroll and related expenses on the accompanying Statement of Financial Position.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Administration Support Contract

The Organization provides bookkeeping, administrative and technology support to the Upper Deschutes Watershed Council (UDWC). The Organization has entered into an agreement with UDWC and received $73,080 and $62,946 for the years ending September 30, 2023, and 2022, respectively. The income has been recorded as "other income" and the costs are included in "salaries and wages". The Organization does not exercise a significant control over UDWC.

Comparative Information

The financial statements and notes to the financial statements include certain prior year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2022, from which the summarized information was derived.

Leases

The Organization determines if an arrangement is, or contains, a lease at inception. All leases are recorded in the statement of financial position except for leases with an initial term less than twelve months for which the Organization made the short-term lease election.

Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. The 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. ROU assets also include adjustments related to lease payments made and lease incentives received at or before the commencement date. Operating lease ROU assets are included in other assets and the related liabilities are included in long-term liabilities in the statement of financial position. At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the risk-free rate. Operating lease cost is recognized on a straight-line basis over the lease term as lease expense within operating expenses in the statement of activities. Lease and non-lease components of lease agreements are accounted for separately. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recently Adopted Accounting Standards

The Organization adopted ASC 842, Leases, effective October 1, 2022. This standard requires lessees to recognize leases on the statement of financial position as right-of-use (ROU) assets and lease liabilities based on the discounted present value of the future lease payments. In adopting ASC 842, the Organization elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs of existing leases.

Upon adoption, the Organization recognized operating ROU assets and lease liabilities both in the amount of $452,929. The Organization was not a party to any contracts classified as finance leases or any leases in the Organization was the lessor. As such, ASC 842 had no effect on the accounting for these types of contracts.

NOTE 2 – AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at September 30:

	2023	2022
Financial assets		
Cash and cash equivalents	$ 1,296,918	$ 1,115,081
Accounts receivable and other receivables	65,809	96,836
Grants receivable	532,547	324,725
Total financial assets	1,895,274	1,536,642
Less amounts not available to be used within one year:		
Net assets with donor restrictions	225,684	104,661
Funds designated by the board	232,861	232,861
Net assets with purpose restrictions to be met within the year	382,360	254,193
Total amounts not available:	840,905	591,715
Financial assets available to meet general expenditures within one year	$ 1,054,369	$ 944,927

As part of the Organization's liquidity plan, excess cash is invested in short-term investments, including money market accounts and short-term cash equivalents. It is also the Organization's policy to maintain a cash reserve sufficient to fund 70% of annual budgeted operating expenses.

NOTE 3 – CASH AND CASH EQUIVALENTS

The Organization maintains deposit accounts which can, at times, exceed federally insured limits of $250,000. To eliminate the Organization's exposure to significant risk related to deposits over the FDIC coverage, the Organization has opened accounts in several banks and monitors the balances so that they are below the $250,000 limit. Additionally, the Organization uses a "sweep" for their checking account. On each business day, deposit balances over $100,000 are swept from the checking account to the bank's pooled collateral investments. The investments include government mortgage-backed securities such as Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) securities. A portion of the Organization's deposits may not be insured or collateralized at various times. The Organization's cash balances in excess of FDIC limits total $794,865 and $644,879 at September 30, 2023, and 2022, respectively.

Cash and cash equivalents consisted of the following amounts at September 30:

	2023	2022
First Interstate checking	$ 907,450	$ 730,275
First Interstate money market	136,187	134,425
Umpqua Bank money market	250,195	249,957
LPL Investment Account	2,103	100
Cash on hand	983	324
	$ 1,296,918	$ 1,115,081

NOTE 4 – GRANTS AND OTHER RECEIVABLES

At September 30, 2023, and 2022, grants and other receivables consisted of the following:

	2023	2022
Grants receivable	$ 532,547	$ 324,725
Other receivables	65,809	96,836
Total grants and other receivables	$ 598,356	$ 421,561

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2023	2022
Furniture, fixtures and equipment	$ 34,794	$ 35,458
Leasehold improvements	8,757	8,757
	43,551	44,215
Accumulated depreciation	(29,839)	(27,366)
	$ 13,712	$ 16,849

NOTE 6 – DEFERRED REVENUES

The following table provides information about significant changes in the contract liabilities for the year ended September 30:

	2023	2022
Deferred grant revenue, beginning of year	$ 232,007	$ 422,505
Revenue recognized that was included in deferred revenue at the beginning of year	(34,793)	(152,003)
Increase in deferred revenue due to cash received during the period	12,000	(38,495)
Deferred grant revenue, end of year	$ 209,214	$ 232,007

NOTE 7 – 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 liability, which arises from an operating lease, was calculated based on the present value of future lease payments over the lease terms. The Organization has made an accounting policy election to use a risk-free rate of 4% in lieu of its incremental borrowing rate to discount future lease payments.

NOTE 7 – LEASES – CONTINUED

The Organization leases office space in Bend, Oregon, under an operating lease expiring December 31, 2023, calling for monthly payments of $4,918 with an annual escalator of 3% through the term of the lease, and the option to renew the lease for one term of five years. During the year ending September 30, 2023, an amendment to the lease extended the initial lease term for one year ending December 31, 2024. The extension option is reasonably expected to be exercised, extending the operating lease to December 31, 2029. Lease payments for the years ended September 30, 2023, and 2022, were $68,146 and $65,896, respectively. Upper Deschutes Watershed Council reimburses the Organization for a portion of the annual lease payments, which is recorded as rental income. For the years ended September 30, 2023, and 2022, the Organization received $29,226 and $27,548, respectively from Upper Deschutes Watershed Council.

A copier machine is held by the Organization under an operating lease through August 31, 2023. Minimum monthly payments vary and include additional charges based on equipment usage. Base rents paid under the lease are $106 per month. The lease was not renewed, and terms are now a month-to-month agreement.

Year ending September 30,	Future Minimum Lease Payments	Future maturities of operating lease liabilities
2024	$ 67,923	$ 52,723
2025	69,961	56,944
2026	72,060	61,399
2027	74,222	66,099
2028	76,448	71,057
Thereafter	65,522	95,982
	$ 426,136	$ 404,204
	Less current maturities	$ (52,723)
		$ 351,481

NOTE 8 – EMPLOYEE RETIREMENT PLAN

The Organization offers a tax-sheltered annuity (TSA) retirement plan under Internal Revenue Code Section 403(b), which is available to all employees. Employees may contribute a portion of the qualified wages, subject to a limit under the Code.

In addition to employee contributions, the Organization makes discretionary contributions on behalf of all eligible employees. To be eligible, employees must normally work more than 20 hours per week and have at least 1,000 hours of services during the twelve-month period following date of hire. All contributions immediately vest at 100%. IRS contributions limits apply. The Organization's contributions for the years ended September 30, 2023, and 2022, amounted to $56,550 and $52,541, respectively.

NOTE 9 – NET ASSETS

Net assets without donor restrictions were as follows for the years ended September 30:

	2023	2022
Undesignated	$ 862,611	$ 726,443
Board designated	232,861	232,861
	$ 1,095,472	$ 959,304

NOTE 9 – NET ASSETS – CONTINUED

Net assets with donor restrictions included the following as of September 30:

	2023	2022
Anjulicia Foundation	$	$ 10
Avion Blue Water	1,877	(1,676)
BEF: CRWQ Partnership	30,000	
Bella Vista 2022	2,864	30,251
Deschutes County: DBWC	12,247	10,000
DBBC: HCP Crooked	25,099	16,000
DBBC: HCP Whychus	18,824	12,000
Laird Norton 2015	585	585
Meyer Operation Grant	1,388	1,388
Meyer Memorial Trust 2020		25,683
Meyer Memorial Trust 2023	74,079	
Oregon Community Foundation	12,610	1,460
Pebble Oakes 2022	335	
PGE: Environmental Stewardship	7,500	7,500
PGE: Project Zero	1,072	664
Raise the Deschutes: Sponsorships	2,846	
Roundhouse: Raise the Deschutes	9,787	
The Deschutes Brewery	796	796
The Flyfisher Foundation	18,775	
Wild Steelhead Coalition: Trout Creek	5,000	
	$ 225,684	$ 104,661

NOTE 9 – NET ASSETS – CONTINUED

Net assets released from restrictions included:

	2023	2022
Satisfaction of purpose restrictions		
Anjulicia Foundation	$ 10	$ 75
Avion Blue Water	8,520	13,944
Bella Vista 2020		23,270
Bella Vista 2022	27,387	39,749
BOR: Drought Resiliency	128,980	
COIC: DBWC		5,595
Deschutes County: ARPA	266,730	
Deschutes County: DBWC	17,753	10,000
Meyer Memorial Trust 2020	25,682	85,283
Meyer Memorial Trust 2023	5,921	
National Fish and Wildlife Foundation	276,405	
National Resoures Conservation Service	656,002	
North Unit Irrigation District: Water Bank		11,300
Oregon Community Foundation: DBWC	13,850	13,540
OWRD: J&L	1,660,508	
OWRD: Smith Rock Kings Way (Toolbox)	26,412	
Oregon Watershed Enhancement Board	192,949	
Pebbles Oakes Foundation	4,665	1,000
PGE: Project Zero	5,591	5,203
Raise the Deschutes: Sponsorships	54	
Roundhouse: Raise the Deschutes	213	
Roundhouse: Water Bank		2,000
The Flyfisher Foundation	3,228	
	$ 3,320,860	$ 210,959

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Under the terms of some grant agreements, Deschutes River Conservancy is required to match the funding it receives on a dollar-for-dollar basis. These matching commitments are in the normal course of business.

NOTE 10 – COMMITMENTS AND CONTINGENCIES – CONTINUED

Tax Positions

The Organization is exempt from federal and state income taxes, with the exception of federal taxes for net profits on unrelated business income, under Internal Revenue Code Section 501(c)(3). Regarding uncertain income tax positions, the Organization will recognize in its financial statements the benefit of a tax position when it believes that tax position will more likely than not be sustained on audit, based on the technical merits of the position. For an exempt organization, uncertain tax positions could result from unrelated business income activities or actions that jeopardize its status as tax-exempt, such as political activity, substantial lobbying expenditures or excessive unrelated business activities. The Organization has concluded that it had no unrecognized income tax benefits at September 30, 2023, and 2022, and it has no tax positions for which it estimates a significant change over the next twelve months.

The Organization is subject to examination by state and federal tax authorities. With few exceptions, the Organization is no longer subject to examination by major taxing authorities for years before 2019.

NOTE 11 – CREDIT RISK, CONCENTRATIONS AND CONTINGENCIES

Reimbursement claims and revenue from various grant programs may be subject to further audit and adjustment by grantor agencies. Disallowed claims could become a liability to be paid from net assets without restrictions. Any such amounts are not expected to be significant.

The Organization receives a substantial amount of its support from several agencies. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's programs and activities.

The Organization has credit risk arising from grant receivable and other receivables. The maximum amount of loss at September 30, 2023, equals the grants and other receivables balance of $598,356.

NOTE 12 – RELATED PARTY TRANSACTIONS

The Board maintains a conflict-of-interest policy which requires a board member who has an interest in a transaction to abstain from voting on the transaction. Due to the nature of the Deschutes River Conservancy's consensus-based decision-making approach, the Board of Directors involves stakeholders from private and public organizations that provide support for the Organization. Support agreements and payments are in the normal course of business for the Organization.

NOTE 12 – RELATED PARTY TRANSACTIONS – CONTINUED

The Organization has grants for water conservation projects which are carried out by the COID. The organization paid the COID a total of $2,323,168 in the year ended September 30, 2023, the majority of which was for water conservation projects. As of September 30, 2023, $19,202 was due to COID for water lease payments and $178,990 was due for water conservation projects. The Board of Directors, during the current fiscal year, included a COID representative.

The Organization also receives ongoing support from the U.S. Bureau of Reclamation (BOR) for drought resiliency. The agreement provides for $1,360,473 between July 2022 and September 2025. As of the year ended September 30, 2023, $31,014 and $9,440 were due from the BOR as reimbursement for water marketing and drought resiliency services, respectively. The Board of Directors, during the current fiscal year, included a BOR representative.

The Organization received support from North Unit Irrigation District (NUID) for an economic study to be carried out by the Organization. The agreement provides $200,000 between August 2022 and June 2023. As of September 30, 2023, $34,033 was due from NUID for water marketing and $11,300 was due to NUID for water bank pilot reimbursement. The Board of Directors, during the current fiscal year, included a NUID representative.

The Organization also receives ongoing support from the Oregon Water Resources Department (OWRD) for various projects including water conservation feasibility studies. As of the year ended September 30, 2023, $204,755 was due from OWRD for current projects. The Board of Directors, during the current fiscal year, included an OWRD representative.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 5, 2024, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

DESCHUTES RIVER CONSERVANCY

SCHEDULE OF EXPENSES BY FUNDING SOURCES
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

Program	2023	2022
Anjulicia Foundation	$ 10	$ 75
Avion	26,520	31,944
Bella Vista	27,387	63,019
Bonneville Environmental Foundation	21,021	50,024
Bureau of Reclamation	128,980	9,440
Bureau of Reclamation/COID		81,713
Central Oregon Intergovernmental Council	54,889	29,585
COID On Farm		5,267
Columbia Basin Water Transaction Fund - BPA / NFWF	276,405	252,886
Crooked River Watershed Council	7,135	32,725
Deschutes County	284,484	17,187
Deschutes Land Trust	9,946	
Ground Water Mitigation Bank (GMB)	104,389	116,177
Intel	7,927	10,599
Meyer Memorial Trust	31,604	85,283
Natural Resources Conservation Service	656,002	125,789
North Unit Irrigation District	130,440	42,193
Oregon Community Foundation	13,850	13,539
Oregon Watershed Enhancement Board (OWEB)	192,949	195,737
Oregon Water Resources Department	1,885,038	161,986
Pelton - PGE/ Warm Springs Tribes	20,710	113,465
Portland General Electric: Project Zero	11,747	5,203
Other Miscellaneous Program Expenses	722	(7,402)
Total expenses by funding source	3,892,155	1,436,434
Unrestricted - other	402,517	378,950
Total Expenses	$ 4,294,672	$ 1,815,384

SINGLE AUDIT COMPLIANCE

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Deschutes River Conservancy

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Deschutes River Conservancy (the Organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated March 5, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* – CONTINUED

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Price Frank & Co. + KDP Certified Public Accountants, LLP

March 5, 2024

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Directors
Deschutes River Conservancy

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Deschutes River Conservancy's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2023. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 United States *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE – CONTINUED

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE – CONTINUED

We are required to communicate with those charged with governance regarding, among other things, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Price Frank & Co. + KDP Certified Public Accountants, LLP

March 5, 2024

DESCHUTES RIVER CONSERVANCY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the Deschutes River Conservancy (the Organization).

2. No material weaknesses in internal control over financial reporting were identified during the audit of the financial statements.

3. No instances of noncompliance required to be reported under *Government Auditing Standards* were identified during the audit of the financial statements.

4. No deficiencies in internal control over compliance considered to be material weaknesses were identified during the audit of the major federal award programs.

5. The auditors' report on compliance for the major federal award programs for the Organization expresses an unmodified opinion on all major federal programs.

6. No audit findings relative to the major federal award programs for the Organization are reported in this Schedule.

7. The programs tested as major programs were:

   10.932 – Regional Conservation Partnership Program

8. The threshold for distinguishing Types A and B programs was $750,000.

9. The Organization was determined not to be a low-risk auditee.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

FINDINGS – FINANCIAL STATEMENT AUDIT

None

DESCHUTES RIVER CONSERVANCY

STATUS OF PRIOR YEAR (2022) FINDINGS

YEAR ENDED SEPTEMBER 30, 2023

No prior year findings.

DESCHUTES RIVER CONSERVANCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of the Interior - Bureau of Reclamation				
Reclamation States Emergency Drought Relief	15.514	N/A	$ 128,980	$
Department of Energy				
Passed through National Fish and Wildlife Foundation				
Deschutes Basin Streamflow Restoration (OR)	81.000	0201.22.073805	276,405	
Department of Agriculture - Natural Resources Conservation Service				
Regional Conservation Partnership Program	10.932	N/A	656,002	
Department of Treasury				
Passed through Deschutes County				
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	2021-979	266,730	254,139
			$ 1,328,117	$ 254,139

DESCHUTES RIVER CONSERVANCY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2023

Note A - Basis of Presentation

The accompanying schedule of federal awards (the Schedule) includes the federal award activity of Deschutes River Conservancy (the Organization) under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 United States Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization it is not intended to and does not present the financial position, change in net assets or cash flows of the Organization.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

Note C - Indirect Cost Rate

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note D - Federal Loan Programs

There were no amounts of loans or loan guarantees related to federal awards outstanding at year end.