Reports of Independent Auditors and
Financial Statements
with Supplementary Information

The Freshwater Trust

December 31, 2023 and 2022

MOSSADAMS

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Report of Independent Auditors

The Board of Directors
The Freshwater Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Freshwater Trust (the Organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 Freshwater Trust as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. 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 the Organization 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 The Freshwater Trust's ability to continue as a going concern for 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 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.

Supplementary Information

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 as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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 May 24, 2024 on our consideration of The Freshwater Trust'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.

Moss Adams LLP

Portland, Oregon
May 24, 2024

Financial Statements

The Freshwater Trust
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	$ 2,813,175	$ 2,669,164
Restricted reserve account	94,551	202,685
Total cash and cash equivalents and restricted reserve	2,907,726	2,871,849
Grants and fees receivable	2,359,541	1,397,427
Pledges receivable, net	394,915	666,686
Prepaid expenses and other assets	72,119	82,687
Deposits	38,739	38,739
Beneficial interest held by others	166,972	158,361
Property and equipment, net	117,114	168,220
StreamBank software, net	48,465	179,536
Projects in process - intangible assets	838,185	579,127
Right of use assets - operating	653,627	1,309,372
Water rights interest	226,909	226,909
Total assets	$ 7,824,312	$ 7,678,913
LIABILITIES AND NET ASSETS		
Accounts payable	$ 367,387	$ 292,317
Accrued expenses	178,183	44,292
Accrued interest	56,437	8,541
Payroll liabilities	182,522	157,483
Deferred revenue	2,853,225	2,910,995
Operating lease liabilities	815,304	1,489,227
Loan payable	1,900,000	1,900,000
Total liabilities	6,353,058	6,802,855
NET ASSETS		
Without donor restrictions	273,265	392,780
With donor restrictions	1,197,989	483,278
Total net assets	1,471,254	876,058
Total liabilities and net assets	$ 7,824,312	$ 7,678,913

See accompanying notes.

The Freshwater Trust
Statement of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND LOSSES			
Grants and contributions	$ 58,625	$ 3,592,596	$ 3,651,221
Individual giving	339,095	1,703,706	2,042,801
Water quality trading and other contract services	5,399,994	-	5,399,994
Special events income	762,058	-	762,058
Contributed nonfinancial assets	164,966	228,684	393,650
Investment return, net	6,934	12,933	19,867
Loss on disposal of property and equipment	(402)	-	(402)
Total revenues, gains, and losses	6,731,270	5,537,919	12,269,189
NET ASSETS RELEASED FROM RESTRICTIONS	4,823,208	(4,823,208)	-
Total revenues, gains, losses, and net assets released from restrictions	11,554,478	714,711	12,269,189
EXPENSES			
Program services	8,208,984	-	8,208,984
Special events	609,889	-	609,889
Development expenses	1,061,417	-	1,061,417
General and administrative	1,793,703	-	1,793,703
Total expenses	11,673,993	-	11,673,993
CHANGE IN NET ASSETS	(119,515)	714,711	595,196
NET ASSETS, beginning of year	392,780	483,278	876,058
NET ASSETS, end of year	$ 273,265	$ 1,197,989	$ 1,471,254

The Freshwater Trust
Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Grants and contributions	$ 108,614	$ 1,772,454	$ 1,881,068
Individual giving	329,339	1,282,029	1,611,368
Water quality trading and other contract services	3,603,555	-	3,603,555
Special events income	716,164	-	716,164
Contributed nonfinancial assets	188,563	367,645	556,208
Investment return (loss), net	2,066	(16,924)	(14,858)
Loss on disposal of property and equipment	(258)	-	(258)
Total revenues, gains, and other support	4,948,043	3,405,204	8,353,247
NET ASSETS RELEASED FROM RESTRICTIONS	3,471,738	(3,471,738)	-
Total revenues, gains, other support, and net assets released from restrictions	8,419,781	(66,534)	8,353,247
EXPENSES			
Program services	6,568,441	-	6,568,441
Special events	484,657	-	484,657
Development expenses	966,350	-	966,350
General and administrative	1,792,543	-	1,792,543
Total expenses	9,811,991	-	9,811,991
CHANGE IN NET ASSETS	(1,392,210)	(66,534)	(1,458,744)
NET ASSETS, beginning of year	1,784,990	549,812	2,334,802
NET ASSETS, end of year	$ 392,780	$ 483,278	$ 876,058

See accompanying notes.

The Freshwater Trust
Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services	Supporting Services: Special Events	Supporting Services: Development	Supporting Services: General and Administration	Total Expenses
Payroll and related costs	$ 4,156,080	$ 68,860	$ 554,510	$ 1,033,765	$ 5,813,215
Advertising and promotion	-	-	20,322	700	21,022
Special events expenses	-	387,960	-	-	387,960
Contracted services	2,329,857	-	-	48,084	2,377,941
Bank charges	-	4,254	2,951	6,218	13,423
Dues and subscriptions	6,102	-	10,709	119,381	136,192
Meetings and education	635	-	5,268	5,699	11,602
Insurance	-	-	-	73,380	73,380
Licenses, taxes, and fees	15,983	-	-	5,559	21,542
Supplies	396,290	-	2,926	10,670	409,886
Gifts and promotion	-	-	6,241	1,414	7,655
Utilities	25,122	629	3,771	52,599	82,121
Postage and shipping	-	-	616	3,693	4,309
Professional services	389,746	-	303,671	144,717	838,134
Printing and publishing	1,539	-	9,243	608	11,390
Business development and prospecting	2,154	-	26,836	6,887	35,877
Travel	61,437	-	38,653	10,797	110,887
Interest	-	-	-	72,406	72,406
Equipment and maintenance	-	-	-	1,885	1,885
Lease expenses - Equipment	-	-	45	14,626	14,671
Lease expenses - Occupancy	172,119	-	-	172,119	344,238
Lease expenses - Land	198,787	-	-	-	198,787
Depreciation and amortization	188,048	-	-	5,816	193,864
Contributions of nonfinancial assets	235,099	148,186	7,685	2,680	393,650
Bad debt expense	29,986	-	67,970	-	97,956
Total expenses	$ 8,208,984	$ 609,889	$ 1,061,417	$ 1,793,703	$ 11,673,993

See accompanying notes.

The Freshwater Trust
Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services	Supporting Services: Special Events	Supporting Services: Development	Supporting Services: General and Administration	Total Expenses
Payroll and related costs	$ 3,294,354	$ 55,929	$ 601,474	$ 1,053,642	$ 5,005,399
Advertising and promotion	65,459	-	59,037	22,772	147,268
Special events expenses	67	308,518	-	2,335	310,920
Contracted services	1,866,053	-	-	48,768	1,914,821
Bank charges	376	3,070	4,372	5,220	13,038
Dues and subscriptions	3,826	-	-	3,089	6,915
Meetings and education	9,074	-	-	19,173	28,247
Insurance	-	-	-	54,222	54,222
Interest	-	-	-	47,931	47,931
Licenses, taxes, and fees	2,800	-	1,982	2,316	7,098
Supplies	96,630	-	110	17,759	114,499
Gifts and promotion	114	50	8,478	7,698	16,340
Telephone	-	-	46	26,244	26,290
Postage and shipping	479	-	242	5,220	5,941
Professional services	285,961	-	129,750	170,705	586,416
Printing and publishing	1,064	-	17,496	640	19,200
Business development and prospecting	41,436	733	60,279	37,948	140,396
Travel	62,075	44	579	6,643	69,341
Equipment and maintenance	28,388	-	5,705	60,197	94,290
Lease expenses - Equipment	-	-	-	21,586	21,586
Lease expenses - Occupancy	158,904	-	-	158,904	317,808
Lease expenses - Land	37,202	-	-	-	37,202
Depreciation and amortization	201,421	-	-	6,230	207,651
Contributions of nonfinancial assets	373,419	116,313	53,175	13,301	556,208
Bad debt expense	-	-	23,625	-	23,625
Water acquisition fees and lease payments	39,339	-	-	-	39,339
Total expenses	$ 6,568,441	$ 484,657	$ 966,350	$ 1,792,543	$ 9,811,991

See accompanying notes.

The Freshwater Trust
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023		2022	
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	$	595,196	$	(1,458,744)
Adjustments to reconcile change in net assets to net cash cash provided by (used in) operating activities				
Depreciation and amortization		193,864		207,651
Loss on sale of property and equipment		402		258
Allowance for pledges receivable		(15,632)		18,625
Change in discount for pledges receivable		24,795		17,971
Net unrealized and realized (gains) losses on investments		(15,215)		19,911
Non-cash lease costs		(18,178)		179,855
Changes in assets and liabilities				
Grants and fees receivable		(962,114)		(624,872)
Pledges receivable		262,608		(23,268)
Prepaid expenses and other assets		10,568		(49,934)
Accounts payable		75,070		101,908
Accrued expenses		133,891		44,292
Accrued interest		47,896		(294)
Payroll liabilities		25,039		(15,111)
Deferred rent		-		(154,361)
Deferred revenue		(57,770)		468,156
Net cash provided by (used in) operating activities		300,420		(1,267,957)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property and equipment and projects in process		(271,147)		(534,097)
Proceeds from investments		6,604		6,254
Net cash used in investing activities		(264,543)		(527,843)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from loan payable		-		1,900,000
Payments on PRI loan payable		-		(1,900,000)
Proceeds from line of credit		1,000,000		-
Payments on line of credit		(1,000,000)		-
Net cash used by financing activities		-		-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED RESERVE		35,877		(1,795,800)
CASH AND CASH EQUIVALENTS AND RESTRICTED RESERVE, beginning of year		2,871,849		4,667,649
CASH AND CASH EQUIVALENTS AND RESTRICTED RESERVE, end of year	$	2,907,726	$	2,871,849
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Cash paid for loan interest	$	24,510	$	45,146
Termination of lease liability	$	497,463	$	-
Operating asset acquired in exchange for lease liabilities	$	203,018	$	1,489,227

See accompanying notes.

Note 1 – Organization

The Freshwater Trust (the Organization) is a 501(c)(3) not-for-profit organization that preserves and restores freshwater ecosystems. The Freshwater Trust develops watershed-scale, incentive-based solutions that benefit rivers, water users, and local communities.

During the years ended December 31, 2023 and 2022, the Organization incurred program expenses in the following major categories:

Water Quality Trading – The Freshwater Trust's water quality trading program allows for regulated entities to achieve regulatory compliance by funding restoration actions. By calculating and quantifying how much thermal energy is avoided on a river by planting streamside trees, the Organization generates credits that are then purchased by wastewater facilities and power plants to offset their impacts to impaired rivers and streams. The work is done in partnership with regulated agencies, irrigators, regulators and farmers. This program can include restoration actions that generate not only temperature credits, but also credits generated from reductions of other pollutants, such as nutrients.

Working Lands Conservation – The Freshwater Trust works collaboratively with water users to design conservation solutions that improve water use efficiency, improve underlying groundwater conditions, and help create more stream flow in rivers.

Habitat – The Freshwater Trust actively restores aquatic habitat in the Western United States through its Habitat Restoration program. From placing logs instream to create river complexity and planting trees to stabilize streambanks and provide shade to lower water temperature, the Organization advances science-based, ecologically-sound restoration projects to restore habitat function critical to salmon productivity.

Watershed Analytics and Solutions – Making sense of widely available, but largely “unseen” data, The Freshwater Trust is able to drive landscape-level change on the conservation landscape. Specifically, the Organization uses data to identify and illustrate the specific action or actions necessary to change the trajectory of a watershed’s current condition; uses that insight to drive the policy changes, funders, and social buy-in necessary to understand and implement that optimal pathway; and then develop the operational/supply chain capacity and innovative conservation financing approaches necessary to deploy those solutions.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting – The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of presentation – Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

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.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors that may or will be met, either by actions of the Organization or the passage of time. When a restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Also included in this classification are net assets subject to donor-imposed stipulations which must be maintained in perpetuity by the Organization. Generally, the donors of these assets permit the use of all or part of the income earned on any related investments for general or specific purposes.

Adoption of new accounting standards – The Organization adopted Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including trade receivables and held-to-maturity debt securities. The Organization adopted the standard on January 1, 2023, utilizing the modified retrospective transition approach. This standard did not have a material impact on the financial statements.

Cash equivalents – For financial statement purposes, the Organization considers all liquid investments having initial maturities of three months or less to be cash equivalents.

Concentration of credit risk – As of December 31, 2023, the Organization's cash and cash equivalents were maintained with one financial institution in the United States, and the Organization's current deposits are in excess of federal insured limits. If the financial institution with whom the Organization does business were to be placed into receivership, the Organization may be unable to access the cash the Organization has on deposit with such institutions. If the Organization is unable to access cash and cash equivalents as needed, the Organization's financial position and ability to operate the Organization's business may be adversely affected.

Restricted reserve account – Restricted reserve funds include amounts restricted for future stewardship costs by the U.S. Forest Service (USFS). The balance in the reserve account at December 31, 2023 and 2022, was $94,551 and $202,685, respectively.

Grants and fees receivable and credit losses – Grants and fees receivable are unsecured and reported at the amount management expects to collect on balances outstanding at year-end. Management's policy regarding write-offs of receivable balances is to review historical payments and subsequent collections in order to determine if an allowance for credit losses is necessary. Based on an assessment of the credit history with those having outstanding balances and current relationships with them, management has concluded that realization losses on balances outstanding at year-end will be insignificant, and thus no allowance for credit losses has been recorded at December 31, 2023 or 2022. Grants and fees receivable balances were the following:

	December 31, 2023	December 31, 2022	January 1, 2022
Grants and fees receivable	$ 2,359,541	$ 1,397,427	$ 772,555

Pledges receivable – Pledges are considered unconditional commitments of the donors. Accordingly, recognition of those contributions is recognized when the pledge is made. Management's policy regarding write-offs of receivable balances is to review historical payments and subsequent collections in order to determine if an allowance is necessary. The allowance for doubtful accounts is estimated by evaluating the credit worthiness of those from whom amounts are due as well as current economic trends. Based on management's analysis, an allowance was recorded at December 31, 2023 and 2022, for $34,257 and $18,625, respectively.

Property and equipment – Purchased property and equipment is recorded at its cost of acquisition. Donated property and equipment is recorded at its estimated fair value on the date of donation. Property and equipment additions in excess of $500 are capitalized. Depreciation is provided on a straight-line basis over the estimated useful lives of 3 to 10 years. Depreciation of property and equipment for the years ended December 31, 2023 and 2022, was $62,793 and $76,579, respectively.

Investments and investment return – Investments in securities with readily determinable fair values are measured at fair value in the statements of financial position. Investment return includes realized and unrealized gains and losses, interest, and dividends, net of investment expenses, and are reported as an increase or decrease to the appropriate net asset category.

StreamBank software development costs and projects in process – intangible assets – Costs to develop software programs to be used solely for internal needs have been accounted for in accordance with the provisions of FASB Accounting Standards Codification (ASC) No. 350-40, Internal-Use Software. Costs incurred during the application development stage for software programs to be used solely for internal needs are capitalized and will be amortized over their useful life once the software is substantially complete and ready for its intended use. Capitalized software is amortized over 5 to 10 years. Costs capitalized to StreamBank software at each of the years ended December 31, 2023 and 2022 totaled $1,185,282. Accumulated amortization totaled $1,136,817 and $1,005,746, respectively, as of December 31, 2023 and 2022. Amortization expense for each of the years ended December 31, 2023 and 2022, was $131,071. Projects in process at December 31, 2023 and 2022, related to software development totaled $838,185 and $579,127 at December 31, 2023 and 2022, respectively.

Leases – The Organization determines if an arrangement is a lease, or contains a lease, at the inception of the arrangement and reassesses that conclusion, if the arrangement is modified. When the Organization determines the arrangement is a lease, or contains a lease, at lease inception, a determination is made as to whether the lease is an operating lease or a finance lease. Operating and finance leases result in the Organization recording a right-of-use ("ROU") asset and lease liability on its statement of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating and finance lease ROU assets and liabilities are initially recognized based on the present value of lease payments over the lease term. In determining the present value of lease payments, the Organization uses the implicit interest rate in the lease, if readily determinable, or when the implicit interest rate is not readily determinable, the Organization has elected the practical expedient that permits use of a risk-free discount rate, determined using a period comparable with that of the lease term. Rent expense from operating leases is recognized on a straight-line basis over the term of the leases. For finance leases, interest expense is recognized, using the effective interest-rate method over the term of the leases, and ROU assets are amortized on a straight-line basis over the term of the leases.

The Organization also elected the following practical expedients:

- Practical expedient on not separating lease components from nonlease components for classes of underlying assets. This was elected for the Organization’s real estate leases.
- Package of practical expedients, which must be elected as a package, to leases that commenced before January 1, 2022, which permit an entity to (1) not reassess whether any expired or existing contracts are or contain leases (2) not reassess the lease classification and (3) reassess initial direct costs.
- Practical expedient to not recognize ROU assets and lease liabilities that arise from short-term (12 months or less) leases for any class of underlying asset.

Income taxes – The Organization is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes has been made in the accompanying statements.

The Organization recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Organization recognizes interest and penalties related to income tax matters, if any, in licenses, taxes, and fees expense.

The Organization had no unrecognized tax benefits at December 31, 2023 or 2022. The Organization files an exempt organization return in the U.S. federal jurisdiction and applicable unrelated business income tax returns for U.S. federal and Oregon purposes.

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

A portion of the Organization’s revenue is derived from cost-reimbursable federal and state 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 Organization 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 statements of financial position. The Organization had not received any cost-reimbursable grant funds that have not been recognized at December 31, 2023 or 2022, because qualifying expenditures have not yet been incurred.

Functional allocation of expenses – The costs of providing program and other activities have been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. Such allocations are determined by management on a reasonable basis that is consistently applied on the basis of estimates of time and effort for all categories other than occupancy which is allocated on the basis of estimates of space, time, and effort.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications – Certain prior year amounts have been reclassified to conform to current year presentation. Such changes had no impact on the change in net assets or total net assets.

Subsequent events – Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are available to be issued. The Organization recognizes in the financial statements, the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position and before the financial statements are available to be issued.

The Organization has evaluated subsequent events through May 24, 2024, which is the date the financial statements were available to be issued.

Note 3 – Liquidity and Availability

Financial assets and liquid resources available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following for the years ended December 31:

	2023	2022
Financial assets at year-end		
Cash and cash equivalents	$ 2,813,175	$ 2,669,164
Restricted reserve account	94,551	202,685
Grants and fees receivable	2,359,541	1,397,427
Pledges receivable, current portion	286,914	459,097
Beneficial interest held by others	166,972	158,361
Total financial assets	5,721,153	4,886,734
Less amounts not available to be used within one year		
Restricted reserve account	94,551	202,685
Beneficial interest held by others	166,972	158,361
Net assets with donor restrictions	1,079,470	372,079
	1,340,993	733,125
Financial assets available to meet general expenditures over the next twelve months	$ 4,380,160	$ 4,153,609

Additionally, the Organization has an operating line of credit totaling $1,000,000 at December 31, 2023 and 2022, respectively. See Note 10 for further details on the line of credit. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 4 – Revenue and Revenue Recognition

To determine revenue recognition for contracts with customers, the Organization performs the following five steps:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when the Organization satisfies a performance obligation

The Organization has utilized the portfolio approach practical expedient per Topic 606-10-10-4, which allows the application of Topic 606 to a portfolio of contracts with similar characteristics provided the accounting does not differ materially to application of Topic 606 to the individual contract.

The Organization's revenues under the scope of Topic 606 primarily related to: (1) Water Quality Trading (WQT) contracts with future stewardship and (2) WQT contracts without future stewardship.

WQT contracts with future stewardship – WQT contracts with future stewardship commitments are bundled arrangements that include program set up and implementation (implementation) as well as stewardship (stewardship) expenses. Stewardship includes monitoring and maintenance, ongoing verifications, and other services necessary to meet the thermal credit verification during the period under contract.

WQT contracts with future stewardship obligations include service warranties related to the stewardship obligations that have been included and recognized as a separate performance obligation. The Organization concluded these warranties were service type warranties given that the customer contracts require the Organization to complete additional services, including monitoring and maintenance, ongoing verifications, and other stewardship activities necessary to ensure project benefits accrue and are protected over time.

Revenue is allocated to implementation and stewardship performance obligations based on stand-alone selling prices, which were determined based on the prices used to generate credit calculations.

As the Organization performs implementation and stewardship obligations, the Organization recognizes the revenues as those services are completed. The total of recognized revenue is estimated based on ongoing stewardship requirements per the related contracts. The Organization has concluded that the customer simultaneously receives and consumes the benefit of these completed services.

WQT contracts without future stewardship – The Organization also enters into contracts with customers where future stewardship expenses are not bundled into an upfront purchase price. These contracts operate like a professional services agreement. Based on the nature of the professional services provided, the Organization has concluded that the customer simultaneously receives and consumes the benefit as the Organization performs the services, and thus the service revenues are recognized as the service is performed.

Amounts that have been charged to the customer are recorded in grants and fees receivable and in deferred revenue or revenue, depending on whether the revenue recognition criteria have been met.

WQT contracts with future stewardship commitments bundle payment for implementation and future stewardship into a credit price that is paid upon verification that the site has been implemented consistent with performance standards. WQT contracts without future stewardship commitments are generally billed based on services completed, expenses incurred, or hours worked. In instances where the timing of revenue recognition differs from the timing of invoicing, the Organization has determined contracts do not include a significant financing component. The primary purpose of the Organization's invoicing terms is to provide customers with simplified and predictable ways of purchasing the Organization's services, not to receive financing from customers or to provide customers with financing.

The Organization reported the following balances, required to be disclosed in accordance with FASB ASC 606-10-50-11:

	January 1, 2022	December 31, 2022	December 31, 2023
Grants and fees receivable	$ 772,555	$ 1,397,427	$ 2,359,541
Deferred revenue	2,442,839	2,910,995	2,853,225

Note 5 – Pledges Receivable

Pledges receivable greater than one year are reflected at the present value of estimated future payments using an estimated discount rate ranging from 3.25% to 8.50%. As of December 31, 2023, pledges receivable are due as follows:

Years Ending December 31,	2024	$ 310,000
	2025	90,000
	2026	30,000
	2027	30,000
		460,000
Less discount to net present value		(30,828)
Less allowance for doubtful accounts		(34,257)
	Total	$ 394,915

Note 6 – Beneficial Interest in Perpetual Trust

The Freshwater Trust has an agreement with the Oregon Community Foundation (OCF) to transfer certain of its investments to OCF in order to achieve improved performance results and enhanced long-term planned giving goals. The agreement gives OCF variance power, that is, terms which grant OCF's Board of Directors the authority to modify restrictions and conditions of the fund under certain circumstances. The agreement stipulates that OCF will distribute a percentage of the fair value of the fund to the Organization based on the expected total return on the investments of the permanent funds of OCF and other factors. The agreement specifies that such percentage shall not be less than a reasonable rate of return. For the years ended December 31, 2023 and 2022, the Organization received distributions of $6,604 and $6,254, respectively.

Note 7 – Fair Value Measurements

GAAP establishes a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities readily accessible at the reporting date.

Level 2 – Pricing inputs are observable for the assets or liabilities, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1.

Level 3 – Pricing inputs are unobservable for the assets or liabilities and may include significant judgment or estimation.

The Organization used the following methods and significant assumptions to estimate fair value for its assets measured at fair value in the financial statements:

Beneficial interest in perpetual trust – As described in Note 6, investments held at OCF represent the Organization's share of a pooled investment portfolio managed by OCF. The Organization's share of the pooled investment portfolio is not actively traded, and significant other observable inputs are not available. However, the underlying investments of OCF are measured by management of OCF using a variety of valuation methods using Level 1, Level 2, and Level 3 inputs. As such, investments held at OCF are valued on the basis of the net asset value (NAV) as a practical expedient for measuring fair value. NAV is the market value of the investment, less any associated liabilities, divided per share, or its equivalent. Investments measured at NAV are not included in the fair value hierarchy. There are no unfunded commitments, and the redemption frequency is quarterly. There is no redemption notice period and no other restrictions.

There have been no changes in methodologies used to determine fair value during the years ended December 31, 2023 or 2022.

Follows is the Organization's assets measured at fair value on a recurring basis, along with an articulation of how fair value was determined at December 31, 2023 and 2022:

	2023			
	Level 1	Level 2	Level 3	Total
Beneficial interest in perpetual trust measured at net asset value				$ 166,972
Total assets at fair value	$ -	$ -	$ -	$ 166,972

	2022			
	Level 1	Level 2	Level 3	Total
Beneficial interest in perpetual trust measured at net asset value				$ 158,361
Total assets at fair value	$ -	$ -	$ -	$ 158,361

Note 8 – Water Rights

The Organization has acquired title for partial water right interests among several basins in Oregon to preserve in-stream water flows. The water rights are valued based on their original purchase cost. Annually, the Organization assesses the value of the water right interests held to determine if any permanent impairment of value has occurred. If the value of the water rights is determined to be impaired, the carrying value of the water rights would be reduced to their estimated fair value in the period that the impairment has occurred. For the years ended December 31, 2023 and 2022, the Organization has not recognized any impairment losses on the value of these water rights.

Note 9 – Property and Equipment

Property and equipment consisted of the following at December 31:

	2023	2022
Furniture and fixtures	$ 93,483	$ 93,483
Equipment	167,589	165,165
Leasehold improvements	383,405	383,405
Less accumulated depreciation	(527,363)	(473,833)
	$ 117,114	$ 168,220

Note 10 – Line of Credit

The Organization has a line of credit totaling $1,000,000. The line of credit is secured by accounts receivable, contracts receivable, and grants receivable. At inception of the line of credit, while the line could be made available for general expenditures, the Board placed certain restrictions on the use of the line of credit. In 2023, these restrictions were removed. Interest accrues at the Wall Street Journal prime rate plus 0.75% or the floor rate of 7.25%. The Wall Street Journal rate was 8.50% and 7.50% at December 31, 2023 and 2022, respectively. The operating line matures on August 24, 2024. There was no outstanding balance on the line of credit at December 31, 2023 and 2022.

Note 11 – Long-Term Debt

In 2022, the Organization entered into an Economic Injury Disaster Loan (EIDL) with the SBA to pay-off a previous note payable in the amount of $1,900,000. Installment payments, including principal and interest, of $8,526 monthly will begin 30 months from the date of the promissory note, or September 2024, with prepayments allowed. Interest will accrue at the rate of 2.75% per year. The loan matures February 2052 and is secured by accounts receivable, contracts receivable and grants receivable. In connection with the EIDL, the Organization is not allowed to take on additional debt, beyond borrowing on the line of credit, without prior permission from the SBA.

At December 31, 2023, the principal payments for the EIDL payable are as follows:

Years Ending December 31,	2024	$ -
	2025	4,088
	2026	50,466
	2027	52,223
	2028	53,540
	Thereafter	1,739,683
	Total	$ 1,900,000

Note 12 – Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of the following at December 31:

	2023	2022
Donations and grants restricted by purpose for habitat programs	$ 1,079,470	$ 372,079
Endowments	118,519	111,199
Total	$ 1,197,989	$ 483,278

The Endowment Fund was established for the purpose of providing investment revenues to support wild fish conservation programs in perpetuity and consist of investments held within The Freshwater Trust Endowment Fund, which is managed by OCF. See Note 6.

Net assets released from net assets with donor restrictions at December 31, 2023 and 2022, was $4,823,208 and $3,471,738, respectively.

Note 13 – Leases

Operating leases – The Organization has operating leases for office space, office equipment, and land under right-of-use operating lease agreements. The Organization's leases have remaining lease terms of 7 months to 21 years, some of which may include options to extend the leases for up to 20 years, and some of which may include options to terminate the leases with 30 days notice. The Organization recognizes variable common area maintenance charges as variable lease expenses.

The weighted average remaining lease term for operating leases totaled 7.3 years and 5.8 years as of December 31, 2023 and 2022, respectively. The weighted average discount rate for operating leases was 1.27% and 0.53% for the year ended 2023 and 2022, respectively.

Future minimum payments under those leases are as follows:

Years Ending December 31,	2024	$ 416,507
	2025	109,968
	2026	71,155
	2027	56,059
	2028	26,027
	Thereafter	204,891
	Total	884,607
	Less discount	(69,303)
	Total	$ 815,304

The Organization incurred operating lease expenses of $557,696 and $376,596 during the year ended December 31, 2023 and 2022, respectively.

During the year ended December 31, 2023, the Organization terminated one lease for office space. This resulted in a reduction to the right-of-use asset and corresponding liability in the amount of $497,463 at December 31, 2023.

Note 14 – Contributed Nonfinancial Assets

Contributed nonfinancial assets were comprised of the following for the years ended December 31:

	2023	2022
Food and beverage	$ 8,609	$ 2,460
Habitat restoration materials	172,100	177,000
Mercandise and prizes for special events	46,141	46,870
Services	161,800	329,878
Marketing materials	5,000	-
	$ 393,650	$ 556,208

The majority of contributed nonfinancial assets are goods and professional services. The estimated fair value of these services is based on information provided by third parties and market prices. A portion of the Organization’s contributed nonfinancial assets are restricted for specific project work, such as trees received from the United States Forest Service. The Organization did not monetize any contributed nonfinancial assets during the years ended December 31, 2023 or 2022.

Note 15 – Retirement Plans

The Organization provides substantially all full-time and certain part-time employees with access to a defined contribution retirement plan. The Organization's annual contribution to the plan is equal to 5.0% of the eligible annual compensation of each participant. Contributions by the Organization to the plan for the years ended December 31, 2023 and 2022, were $241,402 and $219,854, respectively.

Note 16 – Endowment

The Organization's endowment consists of one fund established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act) as requiring the preservation of the fair value of the original gift as of the gift date and the donor-restricted funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions: (a) the original gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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

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

The following table details the changes in endowment net assets for the year ended December 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 47,162	$ 111,199	$ 158,361
Investment return, net	2,282	12,933	15,215
Appropriation of endowment assets for expenditure	(991)	(5,613)	(6,604)
Endowment net assets, end of year	$ 48,453	$ 118,519	$ 166,972

The following table details the changes in endowment net assets for the year ended December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 51,087	$ 133,439	$ 184,526
Investment loss, net	(2,987)	(16,924)	(19,911)
Appropriation of endowment assets for expenditure	(938)	(5,316)	(6,254)
Endowment net assets, end of year	$ 47,162	$ 111,199	$ 158,361

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Report of Independent Auditors 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*

The Board of Directors
The Freshwater Trust

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 Freshwater Trust (the Organization), which comprise the statement of financial position as of December 31, 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 May 24, 2024.

Report on 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) as a basis for designing 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 a 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.

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 that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from 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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

Portland, Oregon
May 24, 2024

Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Directors
The Freshwater Trust

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited The Freshwater Trust'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 the Organization's major federal program for the year ended December 31, 2023. The Organization's major federal program is identified in the summary of auditor's 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 the major federal program for the year ended December 31, 2023.

Basis for Opinion on the 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 U.S. *Code of Federal Regulations* 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 Auditor's 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 the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

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.

Auditor's 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 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 the major federal program as a whole.

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

- Exercise professional judgment 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.

We are required to communicate with those charged with governance regarding, among other matters, 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.

Moss Adams LLP

Portland, Oregon
May 24, 2024

The Freshwater Trust
Schedule of Findings and Questioned Costs
Year Ended December 31, 2023

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? _______ yes ___x___ no
- Significant deficiency(ies) identified? _______ yes ___x___ none reported

Noncompliance material to financial statements noted? _______ yes ___x___ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _______ yes ___x___ no

Significant deficiency(ies) identified? _______ yes ___x___ none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _______ yes ___x___ no

Identification of major federal programs:

Federal Assistance Listing Number	*Name of Major Federal Program or Cluster*	*Type of Auditor's Report Issued on Compliance for Major Federal Programs*
10.932	Regional Conservation Partnership Program	Unmodified

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? ___x___ yes _______ no

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Supplementary Information

The Freshwater Trust
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	ALN Number	Agency or Pass-through Number	Amounts Provided to Subrecipients	Federal Expenditures
U.S. Department of the Interior Pass-Through Programs From:				
Bureau of Reclamation - Fish and Wildlife Coordination Act	15.517	R22AC00441	$ -	$ 196,118
Oregon Watershed Enhancement Board - Good Neighbor Authority	15.015	220-9009-22417, 222-9009-22937, L22AC00117-00	-	124,493
Oregon Watershed Enhancement Board - Aquatics Resources Management	15.244	220-9005-19659	-	40,274
Total U.S. Department of the Interior			-	360,885
U.S. Department of Agriculture Pass-Through Programs From:				
U.S. Forest Service - National Fish and Wildlife Foundation	10.683	0901.21.073460, FA.A087, 21-CA-11132422-237	-	59,303
U.S. Forest Service - Partnership Agreements	10.699	18-PA-11061000-033	-	12,510
U.S. Forest Service - Stewardship Agreements	10.701	17-SA-11060600-012	-	15,710
Natural Resources Conservation Service - Regional Conservation Partnership Program	10.932	NR230436XXXXC011	-	316,053
American Farmland Trust - San Joaquin Valley Land and Water Conservation Collaborative	10.U01	RCPP 1886, SA 0760	-	121,600
U.S. Forest Service - Innovative Finance for National Forests Program	10.U02	23-00531, 19-CS-11132420-232	-	4,486
Total U.S. Department of Agriculture			-	529,662
U.S. Department of Commerce Pass-Through Programs From:				
Oregon Watershed Enhancement Board - Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	11.438	221-3026-19570, NA20NMF4380248, 223-3000-22511, NA22NMF4380209	-	289,092
National Oceanic and Atmospheric Administration - Office for Coastal Management	11.473	FC.R581, NA23NOS4730330, 0318.23.075530	-	774
NOAA National Marine Fisheries Service - Habitat Conservation	11.463	NA20NMF4630302, NOAA-NMFS-HCPO-2020-2006306	-	8,796
Total U.S. Department of Commerce			-	298,662
U.S. Environmental Protection Agency Direct Programs:				
Columbia River Basin Restoration (CRBR) Program	66.962	02J50201	-	95,851
Total U.S. Environmental Protection Agency			-	95,851
Total Expenditures of Federal Awards			$ -	$ 1,285,060

See notes to schedule of expenditures of federal awards.

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of The Freshwater Trust (the Organization) under programs of the federal government for the year ended December 31, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. 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, changes in net assets or cash flows of the Organization.

Note 2 – 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3 – Indirect Cost Rate

During the current year, the Organization did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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