



Gary McGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

Rogue River Watershed Council

Financial Statements, Single Audit Reports, and Other
Information as of and for the Year Ended December 31, 2025
and Reports of Independent Accountants

ROGUE RIVER WATERSHED COUNCIL

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REPORT OF INDEPENDENT ACCOUNTANTS

*The Board of Directors
Rogue River Watershed Council:*

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Rogue River Watershed Council, which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rogue River Watershed Council as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Rogue River Watershed Council 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 these financial statements in accordance with accounting principles generally accepted in the United States, 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 Rogue River Watershed Council's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 Rogue River Watershed Council'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 Rogue River Watershed Council'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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards on page 18, 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. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Summarized Comparative Information

We performed a compilation engagement with respect to the 2024 financial statements, and in our report thereon, dated February 5, 2025, stated we did not audit or review those financial statements, and accordingly, expressed no opinion or other form of assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2026 on our consideration of Rogue River Watershed Council'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 Rogue River Watershed Council'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 Rogue River Watershed Council's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Canyon & Co. LLP". The signature is written in a cursive, flowing style.

April 21, 2026

ROGUE RIVER WATERSHED COUNCIL
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025
(WITH COMPARATIVE AMOUNTS FOR 2024)

	2025	2024
Assets:		
Cash and cash equivalents	\$ 246,831	150,279
Grants receivable (<i>note 4</i>)	220,096	263,898
Prepaid expenses and deposits	2,090	2,244
Equipment (<i>note 5</i>)	474	1,044
Right-of-use asset – operating lease (<i>note 6</i>)	42,746	53,800
Total assets	\$ 512,237	471,265
Liabilities:		
Accounts payable and accrued expenses	2,427	25,784
Accrued payroll and related expenses	34,189	30,141
Deferred revenue	3,400	2,700
Lease liability – operating lease (<i>note 6</i>)	42,746	53,800
Total liabilities	82,762	112,425
Net assets:		
Without donor restrictions:		
Available for programs and general operations	339,102	294,934
Net investment in capital assets	474	1,044
Total without donor restrictions	339,576	295,978
With donor restrictions (<i>note 7</i>)	89,899	62,862
Total net assets	429,475	358,840
Commitments and contingencies (<i>notes 4, 9, 12, and 13</i>)		
Total liabilities and net assets	\$ 512,237	471,265

See accompanying notes to financial statements.

ROGUE RIVER WATERSHED COUNCIL

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025			2024
	Without donor restrictions	With donor restrictions	Total	
Revenues, gains, and other support:				
Government grants	\$ 214,428	2,252,175	2,466,603	1,972,323
Other contributions and grants	39,526	357,322	396,848	613,049
In-kind contributions <i>(note 8)</i>	17,702	–	17,702	6,121
Special events, net of direct costs of \$15,633 in 2025 and \$13,775 in 2024	23,794	18,406	42,200	48,750
Other revenue	1,329	–	1,329	1,213
Total revenues and gains	296,779	2,627,903	2,924,682	2,641,456
Net assets released from restrictions <i>(note 10)</i>	2,600,866	(2,600,866)	–	–
Total revenues, gains, and other support	2,897,645	27,037	2,924,682	2,641,456
Expenses <i>(note 11)</i> :				
Program services	2,658,413	–	2,658,413	2,447,203
Management and general	165,510	–	165,510	154,212
Fundraising	30,124	–	30,124	31,334
Total expenses	2,854,047	–	2,854,047	2,632,749
Increase in net assets	43,598	27,037	70,635	8,707
Net assets at beginning of year, as restated <i>(note 16)</i>	295,978	62,862	358,840	350,133
Net assets at end of year	\$ 339,576	89,899	429,475	358,840

See accompanying notes to financial statements.

ROGUE RIVER WATERSHED COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025					2024				
	Program services				Total program services	Supporting services			Total	2024
Stream restoration	Water quality improvement	Engagement	Monitoring	Management and general		Fund-raising	Total supporting services			
Salaries and related expenses	\$ 223,840	89,536	111,920	22,384	447,680	116,566	27,030	143,596	591,276	621,824
Contracted services	2,147,056	4,458	23,703	–	2,175,217	23,199	–	23,199	2,198,416	1,938,106
Materials and permits	6,122	139	111	34	6,406	–	–	–	6,406	10,223
Professional services	–	–	–	–	–	9,914	–	9,914	9,914	9,690
Occupancy	5,725	2,290	2,862	572	11,449	2,981	691	3,672	15,121	15,038
Office expenses	1,666	990	2,342	–	4,998	4,001	1,987	5,988	10,986	13,814
Advertising and promotion	–	500	–	–	500	–	–	–	500	1,760
Travel expenses	7,851	339	542	597	9,329	116	161	277	9,606	8,207
Meetings and training	264	–	–	–	264	2,150	255	2,405	2,669	3,423
Insurance	–	–	–	–	–	3,853	–	3,853	3,853	4,186
Dues, fees, and memberships	–	–	–	–	–	2,730	–	2,730	2,730	2,942
Contributions to others	2,000	–	–	–	2,000	–	–	–	2,000	2,000
Depreciation	–	–	–	570	570	–	–	–	570	1,536
Total expenses	\$ 2,394,524	98,252	141,480	24,157	2,658,413	165,510	30,124	195,634	2,854,047	2,632,749

See accompanying notes to financial statements

ROGUE RIVER WATERSHED COUNCIL

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025	2024
Cash flows from operating activities:		
Cash received from grantors, contributors, and others	\$ 2,967,115	2,668,792
Cash paid to employees and suppliers	(2,857,363)	(2,683,479)
Cash paid for amounts included in the measurement of operating lease liability	(13,200)	(13,200)
Net cash provided by (used in) operating activities	96,552	(27,887)
Cash and cash equivalents at beginning of year	150,279	178,166
Cash and cash equivalents at end of year	\$ 246,831	150,279

Supplemental schedule of cash flow information:

Right-of-use asset obtained in exchange of new operating lease obligation	\$ —	59,364
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See accompanying notes to financial statements.

ROGUE RIVER WATERSHED COUNCIL

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

1. Organization

The Rogue River Watershed Council is a private, nonprofit organization established under the laws of the State of Oregon in 1995 to promote and implement voluntary cooperative conservation actions within watersheds.

The Council works to restore instream and streamside habitat, improve water quality, and encourage community members to become stewards of the Rogue River and its tributaries. Aquatic monitoring and science-based decision-making are critical to the Council's restoration planning and actions. The Council covers approximately 1,641,000 acres from the headwaters near Crater Lake to the mouth of Kelsey Creek and encompasses the towns of Grants Pass, Merlin, Shady Cove, Eagle Point, Butte Falls, Central Point, Jacksonville, Phoenix, Talent, Medford, Ashland, Rogue River, and Gold Hill.

2. Program Services

During the year ended December 31, 2025, the Council incurred program services expenses in the following major categories:

Stream Restoration – The Council identifies conditions in and along streams that limit habitat quality for fish and wildlife, and water quality. The Council engages with private and public landowners and land managers to discuss these limiting factors, develop approaches to reduce or eliminate the impact, and implement ecological restoration projects to address them. Restoration actions including large wood installment and side-channel reconnection help restore natural stream processes.

Additionally, aquatic animal passage and movement are improved through prioritized barrier removal and subsequent irrigation system conversion when necessary.

Streamside restoration, including riparian rehabilitation, uses integrated pest management practices to help recover native plant communities, primarily focused on excluding livestock and suppressing noxious weeds. Additional efforts to encourage native plant survival are included in future stewardship. When necessary, native plant species are planted to contribute shade to the stream and increase slope stability to help prevent erosion. More often than not, however, we allow native species to recruit naturally at our streamside restoration projects.

These actions restore natural processes that improve water quality and sustain high-quality aquatic and terrestrial habitats that build a resilient ecosystem and robust fish, plant, and animal populations.

Water Quality Improvement – The Council works to address issues that pollute and warm the streams in our region. The Council has developed a collaborative Water Quality Improvement Program that will help achieve the goal of cleaner water. Specifically, the intent of the program is to address persistent water quality problems that include high temperature, low dissolved oxygen levels, sedimentation, bacteria presence, and nutrient loading.

Projects such as side-channel reconnection, streamside rehabilitation, converting from flood to sprinkler irrigation, and reducing stormwater runoff in urban areas provide water quality benefits including decreased stream bank erosion, increased shading, and decreased nutrient bacteria entering the stream.

The Council also works with drinking water providers to strategically locate ecological restoration practices and on farm agriculture improvements to benefit source water protection efforts.

Engagement – The Council uses a variety of strategies to communicate and engage with community members about stream processes, functioning watersheds, resilient communities, and Council activities. Engagement strategies include active social media accounts, a regularly updated website, short video productions, and video library, as well as short newsletters (every other month) and lengthier newsletters (biannual). Engagement actions supplement and promote the Council’s restoration efforts.

Monitoring – The Council uses monitoring information to assess actions, guide decisions, determine ecological limiting factors, and measure the success of the Council’s activities. Currently, the Council monitors water quality parameters in Bear, Little Butte, and Elk Creeks as they relate to wildfire, the Upper Rogue Coho Strategic Action Plan, and a large-scale irrigation system improvement.

3. Summary of Significant Accounting Policies

The significant accounting policies followed by the Council are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

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

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor-imposed stipulations.

- *Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that will be met either by actions of the Council and/or the passage of time. These balances represent the unexpended portion of donor-restricted contributions to be used for specific programs and activities, as directed by the donor.

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

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles 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. In the opinion of management, such differences, if any, would not be significant.

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

Capital Assets and Depreciation – Generally, property and equipment in excess of \$2,500 are capitalized, and carried at cost when purchased, and initially at fair market value when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which are generally three to five years.

Right-of-Use Asset and Lease Liability – The Council recognizes a right-of-use (“ROU”) asset and a lease liability, measured at the present value of the lease payments for operating leases not classified as short-term leases. The obligations associated with the leases are recognized as a liability based on the discounted future lease payments using the risk-free rate of return. Lease terms may include options to extend or terminate certain leases which are included in the lease valuation if it is reasonably certain that management will exercise the option. Lease expense for lease payments is recognized on a straight-line basis over the term of the lease.

Revenue Recognition – With regard to revenues from grants and contracts, the Council evaluates whether each transfer of assets is (1) an exchange (reciprocal) transaction in which a resource provider receives commensurate value in return for the assets transferred, or (2) a nonreciprocal transfer (a contribution or a grant), where no value is exchanged.

- *Exchange Transactions* – If the transfer of assets is determined to be an exchange transaction, the Council recognizes revenue when or as it satisfies the required performance obligations and transfers the promised good or service to a customer, and when the customer obtains control of that good or service.
- *Contributions and Grants* – If the transfer of assets is determined to be a contribution, the Council evaluates whether the contribution is conditional based upon whether the agreement includes both (1) a barrier that must be overcome to be entitled to the funds and (2) either a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets.
- *Governmental Support* – Activities funded by governments are often carried out for the benefit of the general public, rather than to obtain goods or services for the government’s own use or proprietary benefit. Accordingly, if the primary beneficiary of the activity is the general public, rather than the government itself, the transaction is treated as nonreciprocal (i.e., a contribution).

Grants and Contributions – Grants and contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the commitment is received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions and grants received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions.

Unconditional promises to give with payments due in future periods, are recorded as increases in net assets with donor restrictions at the estimated present value of future cash flows using credit adjusted discount rates which articulate to the collection period of the respective pledge. Such discount rates are not subsequently revised. Amortization of the discount is recorded as additional contribution revenue in subsequent years in the appropriate net asset class.

Contributions and grants receivable are reported net of an allowance for estimated uncollectible promises. Promises to give are written off when deemed uncollectible.

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions of capital assets without donor stipulations concerning the use of such long-lived assets are reported as revenues of the net assets without donor restrictions class. Contributions of cash or other assets to be used to acquire capital assets with such donor stipulations are reported as net assets with donor restrictions; the restrictions are considered to be released at the time of acquisition of such long-lived assets in accordance with donor’s intent.

In-Kind Contributions – Significant services received which create or enhance a non-financial asset or require specialized skills that the organization would have purchased if not donated are recognized in the statement of activities.

In-kind contributions of equipment and other materials are recorded when there is an objective basis upon which to value the contribution and when the contribution is an essential part of the organization's activities.

Benefits Provided to Donors at Special Events – The Council conducts special fundraising events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of the benefits received by participants at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Council.

Advertising and Promotional Expenses – Advertising and promotional costs are charged to expense as they are incurred.

Concentrations of Credit Risk – The Council's financial instruments consist primarily of cash equivalents which may subject the organization to concentrations of credit risk as, from time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation.

All checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC for up to \$250,000 for each depositor, for each insured bank, for each account ownership category. At December 31, 2025, the Council did not hold any cash equivalents in excess of the FDIC insured level.

Certain grants receivable also subject the Council to concentrations of credit risk. When necessary, receivables are reported net of an allowance for uncollectible accounts.

Income Taxes – The Council is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and derives its public charity status as an organization described in Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Internal Revenue Code.

Subsequent Events – Subsequent events have been evaluated by management through April 21, 2026, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2024 – The accompanying financial information as of and for the year ended December 31, 2024 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

Other Significant Accounting Policies – Other significant accounting policies are set forth in the financial statements and the following notes.

4. Grants Receivable

Grants receivable consist of unconditional promises totaling \$220,096 expected to be collected within one year.

Conditional Grants Receivable

As of December 31, 2025, the Council had been awarded additional grants totaling \$3,890,367, the receipt of which is conditioned upon incurring specific costs. These awards have not been included in the accompanying financial statements because the associated conditions had not been satisfied as of December 31, 2025.

5. Equipment

A summary of equipment at December 31, 2025 is as follows:

Field equipment	\$	49,542
Office equipment		2,679
		<hr/> 52,221
Less accumulated depreciation		(51,747)
		<hr/> \$ 474

6. Operating Lease

The Council leases office space under an operating lease agreement that expires on June 30, 2029. At December 31, 2025, a ROU asset and associated operating lease liability totaling \$42,746 have been recorded for this lease, using a discount rate of 4.4%. Rental expenses related to the operating lease totaled \$13,200 for the year ended December 31, 2025.

Future Lease Payments

Operating lease obligations are expected to be paid for each of the following fiscal years:

Years ending December 31,

2026	\$	13,200
2027		13,200
2028		13,200
2029		6,600
		<hr/>
		46,200
Less present value discount		(3,454)
		<hr/>
Total operating lease obligations	\$	42,746

7. Net Assets with Donor Restrictions

The following summarizes the Council's net assets with donor-imposed restrictions as of December 31, 2025:

Expendable net assets restricted for the following purposes:

Restoration	\$	78,079
Engagement		10,811
Water quality		1,009
		<hr/>
	\$	89,899

8. In-Kind Contributions

During the year ended December 31, 2025, the Council recorded \$17,402 in donated restoration related professional services, and \$300 in administrative professional services. Value ascribed to these services were based on market prices for similar services.

In addition, during the year ended December 31, 2025, the Council received items to be sold at its annual auction. Contributed auction items totaled \$11,405 and have been valued at their gross selling price. This amount has been included in the special fundraising events revenue in the accompanying statement of activities. Proceeds from the sale of auction items have not been restricted by donors.

9. Concentration of Revenues

During the year ended December 31, 2025, the Council reported \$1,108,662 in grants from the U.S. Department of the Interior, Fish & Wildlife Service, which represented 38% of total revenues.

10. Net Assets Released from Restrictions

During the year ended December 31, 2025, the Council incurred \$2,600,866 in expenses in satisfaction of the restricted purposes specified on contributions by donors, or satisfied the restrictions by the occurrence of other events.

11. Expenses

The costs of providing the various programs and activities of the Council have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the organization, and therefore require allocation on a reasonable basis that is applied consistently. Those expenses include salaries and wages, benefits, and payroll taxes, which are allocated on the basis of time and efforts. Occupancy, office expenses, and other expenses, are allocated on the basis of estimates to the activities that are most directly benefited.

12. Retirement Plan

During the year ended December 31, 2025, the Council provided its employees with a SIMPLE IRA plan. The Council makes annual matching contribution up to 3% of the annual compensation of each participant. Employees may make voluntary contributions to the plan up to the limits allowed by law. Employees select from several investment options within the IRA. Contributions from both employees and the Council vest as accrued. Contributions by the Council to the plan totaled \$12,728 for the year ended December 31, 2025.

13. Contingencies

Amounts received or receivable under the Council's grants from governmental agencies are subject to audit and adjustment by the grantor agencies. Any expenditures or claims disallowed as a result of such audits would become a liability of the Council's net assets without donor restrictions. In the opinion of the Council's management, any adjustments that might result from such audits would not be material to the organization's overall financial statements.

14. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure within one year of the statement of financial position date comprise the following at December 31, 2025:

Cash and cash equivalents	\$ 246,831
Grants receivable	220,096
	\$ 466,927

As part of its liquidity management, the Council has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

15. Statement of Cash Flows Reconciliation

The following presents a reconciliation of the increase in net assets (as reported on the statement of activities) to net cash provided by operating activities (as reported on the statement of cash flows):

Increase in net assets	\$ 70,635
<i>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</i>	
Depreciation	570
Amortization of ROU asset – operating lease	11,054
<i>Net changes in:</i>	
Grants receivable	43,802
Prepaid expenses and deposits	154
Accounts payable and accrued expenses	(23,357)
Accrued payroll and related expenses	4,048
Deferred revenue	700
Lease obligation –operating lease	(11,054)
Total adjustments	25,917
Net cash provided by operating activities	\$ 96,552

16. Restatement of Unaudited Net Assets at December 31, 2024, and Reclassification of 2024 Comparative Totals

During the year ended December 31, 2025, the Council identified an error in its accounting for certain donor-restricted contributions in previously issued financial statements. These contributions were recorded as deferred revenues rather than contributions with donor restrictions. Because the fiscal year 2024 financial information is presented for comparative purposes, the Council has corrected the error by restating unaudited balances as of and for the year ended December 31, 2024, as follows:

	As previously reported	Adjustments	As restated
Net assets at beginning of year	\$ 267,924	82,209	350,133
Deferred revenue	41,824	(39,124)	2,700
Total revenues and gains	2,684,541	(43,085)	2,641,456
Increase in net assets	51,792	(43,085)	8,707
Net assets with donor restriction at year end	23,738	39,124	62,862
Total net assets at year end	319,716	39,124	358,840

Finally, certain 2024 amounts presented herein have been reclassified to conform to the 2025 presentation.



ROGUE RIVER WATERSHED COUNCIL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2025

Federal grantor / pass-through grantor / program or cluster title	Pass-through entity identifying number	Federal Assistance Listing No.	Provided to subrecipients	Total federal expenditures
U.S. Department of the Interior:				
<i>National Fish Passage</i>	n/a	15.685	\$ 434,580	1,099,442
<i>Partners for Fish and Wildlife</i>	n/a	15.631	–	9,220
<i>Secure Rural Schools and Community Self-Determination</i>	n/a	15.234	–	131,795
<i>Good Neighbor Authority</i>				
Passed through:				
State of Oregon Watershed Enhancement Board	222-9009-23835	15.015	–	161,929
Total U.S. Department of Interior			434,580	1,402,386
U.S. Department of Commerce:				
<i>Habitat Conservation</i>				
Passed through:				
Wild Salmon Center	NA23NMF4630021	11.463	–	65,128
Wild Salmon Center	NA23NMF4630021	11.463	–	221,753
Total ALN 11.463			–	286,881
Total U.S. Department of Commerce			–	286,881
Total expenditures of federal awards			\$ 434,580	1,689,267

See accompanying notes to schedule of expenditures of federal awards.

ROGUE RIVER WATERSHED COUNCIL

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2025

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Rogue River Watershed Council under programs of the federal government for the year ended December 31, 2025. The information in this 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* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of The Rogue River Watershed Council, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Rogue River Watershed Council.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly between the Rogue River Watershed Council and agencies and departments of the Federal Government and all sub-awards to the organization by non-federal organizations pursuant to federal grants, contracts and similar agreements.

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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Rogue River Watershed Council elected to use the 10-percent de minimis indirect cost rate and the 15-percent de minimis cost rate after October 1, 2024, as allowed under the Uniform Guidance.



REPORT OF INDEPENDENT ACCOUNTANTS 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
Rogue River Watershed Council:*

We have audited, in accordance with the auditing standards generally accepted in the United States 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 Rogue River Watershed Council, which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 21, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Rogue River Watershed Council'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 Rogue River Watershed Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Rogue River Watershed Council'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 organization'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items nos. 2025-001 and 2025-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Rogue River Watershed Council'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*.

Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Rogue River Watershed Council's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Rogue River Watershed Council's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



April 21, 2026

REPORTS OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

*The Board of Directors
Rogue River Watershed Council:*

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Rogue River Watershed Council's 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 Rogue River Watershed Council's major federal programs for the year ended December 31, 2025. The Rogue River Watershed Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Rogue River Watershed Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 Rogue River Watershed Council 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 Rogue River Watershed Council'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 Rogue River Watershed Council'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 Rogue River Watershed Council'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 generally accepted auditing standards, *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 Rogue River Watershed Council's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Rogue River Watershed Council'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 Rogue River Watershed Council'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 Rogue River Watershed Council'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item nos. 2025-003 through 2025-006. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Rogue River Watershed Council's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Rogue River Watershed Council's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item no. 2025-003 to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items nos. 2025-004 through 2025-006 to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Rogue River Watershed Council's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Rogue River Watershed Council's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



April 21, 2026

ROGUE RIVER WATERSHED COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2025

Section 1 – Summary of Auditors' Results

Financial Statements

1. Type of auditor's report issued on whether the audited financial statements were prepared in accordance with GAAP – unmodified
2. Significant deficiency(ies) in internal control identified in the audit of the financial statements – none
3. Material weakness(es) in internal control identified in the audit of the financial statements – yes
4. Noncompliance that is material to the financial statements noted – none

Federal Awards

5. Significant deficiency(ies) in internal control over major federal programs identified in the audit – yes
6. Material weakness(es) in internal control over major federal programs identified in the audit – yes
7. The type of auditor's report issued on compliance for major federal programs – unmodified
8. Audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) – yes

Identification of Major Federal Programs

- U.S. Department of the Interior, National Fish Passage (ALN: 15.685)
9. Dollar threshold used to distinguish between Type A and Type B programs – \$1,000,000
 10. Is the auditee qualified as a low-risk auditee under 2 CFR 200.520? – no

Section 2 – Financial Statement Findings

11. Findings relating to the financial statements reported in accordance with *Government Auditing Standards* – findings nos. 2025-001 and 2025-002

Section 3 – Federal Award Findings and Questioned Costs

12. Findings and questioned costs relating to federal awards – findings nos. 2025-003 through 2025-006

ROGUE RIVER WATERSHED COUNCIL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

YEAR ENDED DECEMBER 31, 2025

Finding Number: 2025-001
Finding Type: Financial statement finding
Control Deficiency Type: Material weakness

Criteria: U.S. GAAP requires unconditional donor-restricted contributions to be recognized as revenue in the period received and classified as net assets with donor restrictions until the restrictions are satisfied.

Condition: The Council records donor-restricted grants using a deferred revenue model, recognizing revenue only as funds are spent. As a result, unexpended restricted contributions were recorded as liabilities rather than net assets with donor restrictions. This approach does not align with U.S. GAAP for nonprofit entities, which requires unconditional donor-restricted contributions to be recognized as revenue when awarded and reported as net assets with donor restrictions until the restrictions are met. As a result, unexpended restricted contributions were recorded as liabilities rather than net assets with donor restrictions.

Cause: The deferred revenue method was used as practical internal tool to track grant spending, and management was not aware that this approach differed from GAAP. The absence of audits for the past several years contributed to the continuation of this practice.

Effect: For fiscal year 2025, an audit adjustment was necessary to properly report restricted contributions, deferred revenue, and net assets with donor restrictions. The adjustment resulted in a decrease in deferred revenue and a corresponding increase in net assets with donor restrictions totaling \$76,050. In addition, beginning-of-year net assets with donor restrictions and current-year revenues were adjusted, resulting in a net increase in current-year restricted revenues of \$36,925.

Audit Recommendation: We recommend that management establish year-end procedures to review grant agreements and determine appropriate revenue recognition and classification of net assets.

Management's Response: Rogue River Watershed Council will recognize the full value of unconditional donations and mitigation payments that are specified for certain activities, programs, or projects in the year they are promised or received and not defer unspent portions of that income. We will update the Council's Fiscal Management Policy to reflect this procedure.

ROGUE RIVER WATERSHED COUNCIL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

YEAR ENDED DECEMBER 31, 2025

Finding Number: 2025-002
Finding Type: Financial statement finding
Control Deficiency Type: Material weakness

Criteria: Auditee requirements contained in 2 CFR 200 Subpart F requires the auditee to prepare a schedule of expenditures of Federal awards (“SEFA”) for the period covered by the auditee’s fiscal year that includes all federal awards expended during the year.

Condition: During our audit, we noted that one pass-through federal award was omitted from the SEFA. We also identified that the amount reported as passed through to a subrecipient included costs incurred in a prior year.

Cause: The Council had procedures in place to identify federal awards and their expenditures; however, they did not fully capture awards with both federal and state components, and the related federal expenditures for the reporting year were not verified. The independent review of the SEFA focused on general accuracy but did not include steps to confirm completeness of all the pass-through federal the timing of pass-through amounts to sub-recipients.

Effect: Federal expenditures reported on the SEFA were understated by \$121,445, and the amount reported as passed through to a subrecipient was overstated by \$500,000.

Audit Recommendation: We recommend that management strengthen its internal controls over the SEFA preparation and review to ensure all grants are reviewed for federal funding components and that reported expenditures and pass-through amounts are reported in the correct period.

Management’s Response: This was our first single audit, and we were unclear about the time bounds for the pass-through funding (we reported all of the pass-through funding associated with a federal grant and should have reported the pass-through funding for that grant for the period 1/1/2025 through 12/31/2025). Additionally, some of our grants from non-federal sources include federal monies, and we did our best to research those. Unfortunately, we missed one.

We will write clear procedures in our Fiscal Management Policy to guide future SEFA development (including detailed descriptions for capturing federal monies associated with non-federal grantors and the appropriate time constraints for the amount recognized as pass-through). Moreover, we are adopting a new coding system for our non-federal grants/ sources of funding that will help us distinguish those that include federal monies (and, therefore, need to be included in a SEFA).

ROGUE RIVER WATERSHED COUNCIL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

YEAR ENDED DECEMBER 31, 2025

Finding Number:	2025-003
Finding Type:	Federal award finding
Federal Assistance Listing No.:	15.685
Program Name:	National Fish Passage
Federal Agency:	U.S. Department of the Interior
Pass-Through Entity:	n/a
Grant Number:	F24AC01768-00
Award Project Period:	July 1, 2024 through July 1, 2029
Control Deficiency Type:	Material weakness
Instance of Noncompliance:	Yes
Compliance Requirement:	Cash Management
Repeat Finding:	No

Criteria: Under 2 CFR 200.305(b), advance payments must be limited to the minimum amounts needed and timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity. Federal funds should not be drawn significantly in advance of when program costs will be incurred. When the non-Federal entity must be paid in advance in should maintain written procedures that minimize the time elapsing between the transfer of funds and disbursement. Further, non-federal entities must maintain advance payments in an interest-bearing account.

Condition: The Council drew down a portion of the federal award amount in advance of immediate cash needs. The draw occurred in March 2025 after management determined that a potential federal funding freeze could significantly delay the project if funds were not immediately accessible. The Council typically limits drawdowns to requests for reimbursement; however, management elected to deviate from this practice due to the perceived risk. In addition, the Council does not currently have a written cash management policy compliant with 2 CFR 200, which contributed to the inconsistency. The funds were fully expended on allowable program costs over a nine-month period. The funds were not kept in an interest-bearing account in accordance with 2 CFR 200.305(b).

Cause: Management was aware of cash management requirements but made a deliberate decision to draw down the funds in advance due to concerns about a potential funding freeze and the risk of project delays.

Effect: Although the funds were ultimately spent on allowable program costs, drawing funds earlier than necessary resulted in noncompliance with federal cash management requirements regarding both the timing of the draws and the requirement to hold advance funds in an interest-bearing account, which may have failed to earn interest that would otherwise be payable to the federal government.

Questioned Costs: None.

Audit Recommendation: The Council should develop and implement written cash management policies that clearly define allowable timing of drawdowns. When unusual circumstances arise, the Council should obtain authorization from the federal awarding agency before deviating from standard practices. Draws in advance of immediate cash requirements should be kept in an interest-bearing account, and the interest should be remitted to the federal government.

Management's Response: The Rogue River Watershed Council will develop a cash management policy in compliance with 2 CFR 200 (or amend our Fiscal Management Policy to include required cash management policies and procedures). The policy/ amendment will focus on short-term cash flow needs and the need to minimize time between the transfer and disbursement of federal funds, which will guide the organization's use of federal funding.

ROGUE RIVER WATERSHED COUNCIL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

YEAR ENDED DECEMBER 31, 2025

Finding Number:	2025-004
Finding Type:	Federal award finding
Federal Assistance Listing No.:	15.685
Program Name:	National Fish Passage
Federal Agency:	U.S. Department of the Interior
Pass-Through Entity:	n/a
Grant Number:	F24AC01768-00
Award Project Period:	July 1, 2024 through July 1, 2029
Control Deficiency Type:	Significant deficiency
Instance of Noncompliance:	Yes
Compliance Requirement:	Subrecipient monitoring
Repeat Finding:	No

Criteria: Under 2 CFR 200.332 a pass-through entity must:

- Evaluate each subrecipient’s risk of compliance to determine appropriate monitoring
- Conduct monitoring activities based on risk, which may include reviewing financial and programmatic reports, following up on deficiencies, and verifying that subrecipients have required audits
- Verify that subrecipients are not suspended or debarred prior to issuing a subaward
- Ensure subrecipients submit required reports timely and comply with federal requirements
- Include all applicable requirements imposed, including audit requirements under 2 CFR 200 Subpart F, the sub-award
- Issue management decisions for audit findings within 6 months of receiving the audit report

Condition: The Council did not fully implement the required subrecipient monitoring procedures for its federal subaward. Specifically:

- A formal written risk assessment was not performed prior to issuing the subaward. The Council relied on its prior working relationship with and knowledge of the subrecipient on non-federally funded projects rather than evaluating federal compliance risk.
- Procurement and suspension/debarment verification were performed after the start of the subaward date.
- Monitoring procedures performed were not thoroughly documented
- The subaward did not include certain necessary language related the audit requirements under 2 CFR 200, Subpart F

Cause: This is the Council’s first experience with awarding federal funds to a subrecipient. Staff relied on familiarity with the subrecipient rather than formalizing and documenting the required federal oversight steps.

Effect: Without a documented risk assessment, timely debarment verification, documented monitoring activities, and required subaward language, the Council cannot fully demonstrate that it mitigated the risk of subrecipient noncompliance. This increases the likelihood that federal requirements may not be met or that noncompliance may go undetected.

Questioned Costs: None.

ROGUE RIVER WATERSHED COUNCIL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

YEAR ENDED DECEMBER 31, 2025

Audit Recommendation: The Council should strengthen its subrecipient monitoring processes by:

- Developing and implementing a formal risk assessment process for all subrecipients of federal funds.
- Performing and documenting suspension/debarment checks prior to issuing any subaward.
- Reviewing its subaward requirements to ascertain that they include all the applicable requirements
- Establishing monitoring procedures that include:
 - Tracking and reviewing required financial and programmatic reports for timeliness and completeness.
 - Obtaining and reviewing the subrecipient's Single Audit or alternative audit documentation.
 - Issuing management decisions on findings within 6 months
 - Documenting follow-up on any identified issue

Management's Response: Rogue River Watershed Council's sub-recipient award in 2025 represents our first (and only) such award to date. While we don't expect any sub-recipient awards in the near future, we will develop a set of procedures guiding such awards including the steps and the required timing for conducting a risk assessment, suspension/ debarment verification, required monitoring procedures, and the required language under 2 CFR 200, Subpart F. These procedures will be contained within a stand-alone policy for sub-recipient awards.

ROGUE RIVER WATERSHED COUNCIL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

YEAR ENDED DECEMBER 31, 2025

Finding Number:	2025-005
Finding Type:	Federal award finding
Federal Assistance Listing No.:	15.685
Program Name:	National Fish Passage
Federal Agency:	U.S. Department of the Interior
Pass-Through Entity:	n/a
Grant Number:	F24AC01768-00
Award Project Period:	July 1, 2024 through July 1, 2029
Control Deficiency Type:	Significant deficiency
Instance of Noncompliance:	Yes
Compliance Requirement:	Reporting
Repeat Finding:	No

Criteria: Under 2 CFR Part 170, direct recipients of federal funds must report first-tier subawards of \$30,000 or more to the Federal Service and Financial Reporting System in SAM.GOV, in accordance with Federal Funding Accountability and Transparency Act (FFATA), no later than the end of the month following the month in which the subaward was made. Required information includes subrecipient identifying data, award amount, and other elements specified by FFATA.

Condition: The Council did not submit the required FFATA first-tier subaward report for its federal subaward. The subaward met the reporting threshold, but no report was filed in SAM.GOV.

Cause: This was the Council's first year receiving direct federal funding, and staff was not yet familiar with FFATA reporting requirements. The Council did not have written procedures in place to identify when FFATA reporting is required or to ensure timely submission.

Effect: Failure to submit the required FFATA report results in incomplete public reporting of federal spending and does not comply with 2 CFR Part 170. This increases the risk of reduced transparency.

Questioned Costs: None.

Audit Recommendation: The Council should establish procedures to identify when FFATA reporting is required and ensure that all first-tier subawards are reported in SAM.GOV within the required timeframe. Staff responsible for federal grants management should receive training on FFATA requirements and incorporate FFATA checks into the federal subaward workflow.

Management's Response: Rogue River Watershed Council's sub-recipient award in 2025 represents our first (and only) such award to date. We were not aware of the FFATA first-tier subaward report requirements for federal subawards in excess of \$30,000. The Sub-Recipient Award Policy that we will develop to address audit finding 2025-004 will include a procedure (or set of procedures) to ensure the reporting of qualifying first-tier subawards to the Federal Service and Financial Reporting System in SAM.gov in accordance with Federal Funding Accountability and Transparency Act (FFATA).

ROGUE RIVER WATERSHED COUNCIL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

YEAR ENDED DECEMBER 31, 2025

Finding Number:	2025-006
Finding Type:	Federal award finding
Federal Assistance Listing No.:	15.685
Program Name:	National Fish Passage
Federal Agency:	The U.S. Department of Interior
Pass-Through Entity:	n/a
Grant Number:	F24AC01768-00
Award Project Period:	July 1, 2024 through July 1, 2029
Control Deficiency Type:	Significant deficiency
Instance of Noncompliance:	Yes
Compliance Requirement:	Procurement, suspension and debarment
Repeat Finding:	No

Criteria: A non-federal organization must follow its own documented procurement procedures, provided they comply with applicable state and local laws and align with the federal standards outlined in 2 CFR 200.318–200.327. Specifically, 2 CFR 200.318(i) requires entities to maintain records sufficient to detail the history of the procurement, including but not limited to the rationale for the procurement method chosen, the basis for selecting or rejecting contractors, and the justification for the contract price. In addition, all procurement transactions must be conducted in a manner providing full and open competition.

Furthermore, federal requirements prohibit grant recipients from contracting with, or purchasing from, contractors who are suspended and debarred from doing business with the federal government. Whenever the organization enters into contracts or purchases goods or services with federal funds that it expects to equal or exceed \$25,000, it must verify that the contractor or vendor has not been suspended, debarred or otherwise excluded.

Finally, the organization must ensure that all federal programs comply with Section 70914 of the Build America, Buy America (BABA) Act for infrastructure projects.

Condition: The Council has enacted a written procurement policy, which management believed met all the standards required under 2 CFR 200.318 through 200.327. However, the policy failed to include some of the most stringent requirements included in the Uniform Guidance. The organization did not comply with all the documentation requirements laid out in its procurement policy. In addition, the suspension and debarment verification occurred after the contract was entered into, and there was no documentation maintained to demonstrate the monitoring of contract compliance with BABA.

Cause: This was the Council's first year receiving direct federal funding and its first Single Audit. The organization is very small and has limited prior experience with federal procurement requirements.

Effect: The absence of aligned written procurement policies and timely documentation increases the risk of non-compliance with federal procurement standards. While no unallowable costs were identified and the contractor was not suspended or debarred, the issues reflect a control deficiency in procurement documentation, suspension and debarment procedures, and monitoring of federal award requirements.

ROGUE RIVER WATERSHED COUNCIL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

YEAR ENDED DECEMBER 31, 2025

Questioned Costs: None.

Audit Recommendation: We recommend the Council:

- Update its procurement policy to align with federal procurement methods, thresholds, and requirements.
- Develop written procedures for technical evaluations, contractor selection, and documentation of procurement decisions.
- Perform suspension and debarment verification prior to contract award.
- Establish monitoring procedures for contractor compliance with federal award provisions, including Build America, Buy America Act requirements.

Management's Response: Rogue River Watershed Council will review 2 CFR 200.318 through 200.327 and update our Procurement Policy to meet the necessary standards. We will strengthen our policy by setting out procedures related to, when required: (1) suspension/ debarment verification of contractors (including the timing of such verification) and (2) required agreement language related to grant-required stipulations such as BABA requirements, monitoring, compliance, and documentation.

ROGUE RIVER WATERSHED COUNCIL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2025

There were no audit findings reported in the prior year.

ROGUE RIVER WATERSHED COUNCIL
GOVERNING BOARD AND MANAGEMENT

Board of Directors – 2024

Keith Emerson, *Chair*

Stan Dean, *Vice Chair*

Steve Day, *Secretary*

Bela Toledo, *Treasurer*

Dave Grosjacques

Bob Jones

Peter Mazzini

Consuelo Montoya

Terry Ruitter

Jolee Wallace

Jack Williams

ROGUE RIVER WATERSHED COUNCIL
INQUIRIES AND OTHER INFORMATION

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