



**FINANCIAL REPORT**  
**September 30, 2023**

# TILLAMOOK ESTUARIES PARTNERSHIP

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Tillamook Estuaries Partnership  
Tillamook, Oregon

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Tillamook Estuaries Partnership (the "Organization"), which comprise the statement of financial position as of September 30, 2023, 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 Organization as of September 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (Government Auditing Standards). 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 audits. 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 of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern 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 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.

Board of Directors  
Tillamook Estuaries Partnership

**Other Matter**

Our audits were 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 US, *Code of Federal Regulations 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 information 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 July 24, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.



July 24, 2024

## **FINANCIAL STATEMENTS**

# TILLAMOOK ESTUARIES PARTNERSHIP

## STATEMENT OF FINANCIAL POSITION

September 30, 2023

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### ASSETS

Cash	\$	252,406
Grants receivable		464,529
Equipment and furniture, net		<u>19,929</u>
<b>Total assets</b>	<b>\$</b>	<b><u>736,864</u></b>

### LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$	59,667
Refundable advances		45,518
Accrued vacation payable		<u>22,455</u>
<b>Total liabilities</b>		<u>127,640</u>
Net assets		
Without donor restrictions		561,154
With donor restrictions		<u>48,070</u>
<b>Total net assets</b>		<u>609,224</u>
<b>Total liabilities and net assets</b>	<b>\$</b>	<b><u>736,864</u></b>

See notes to financial statements.

**TILLAMOOK ESTUARIES PARTNERSHIP**  
**STATEMENT OF ACTIVITIES**  
**Year Ended September 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Totals
Support			
Federal and state grants			
Environmental Protection Agency (EPA)	\$ 1,609,388	\$ -	\$ 1,609,388
Oregon Department of Environmental Quality (ODEQ)	42,852	-	42,852
Oregon Watershed Enhancement Board (OWEB)	188,299	-	188,299
Bureau of Land Management (BLM)	97,049	-	97,049
Other	118,669	-	118,669
Local grants	362,328	-	362,328
Contributions			
Cash	6,326	-	6,326
In-kind rent	14,671	-	14,671
Net assets released from restriction	25,781	(25,781)	-
<b>Total support</b>	<u>2,465,363</u>	<u>(25,781)</u>	<u>2,439,582</u>
Expenses			
Program services	2,173,064	-	2,173,064
General and administrative	139,496	-	139,496
Fundraising	15,866	-	15,866
<b>Total expenses</b>	<u>2,328,426</u>	<u>-</u>	<u>2,328,426</u>
<b>Change in net assets</b>	136,937	(25,781)	111,156
Net assets beginning	424,217	73,851	498,068
Net assets ending	<u>\$ 561,154</u>	<u>\$ 48,070</u>	<u>\$ 609,224</u>

See notes to financial statements.



**TILLAMOOK ESTUARIES PARTNERSHIP**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended September 30, 2023**

	Program Services						Supporting Services		
	EPA National Estuary Program	ODEQ projects	OWEB projects	BLM projects	Other projects	Total program	General and Administrative	Fundraising	Totals
	Compensation	\$ 471,121	\$ 3,388	\$ 63,614	\$ 17,254	\$ 65,338	\$ 620,715	\$ 69,625	\$ 9,080
Employee benefits	123,510	674	12,594	5,348	11,893	154,019	17,175	599	171,793
Payroll taxes	52,294	445	5,511	2,037	8,615	68,902	8,120	725	77,747
Office supplies	11,292	-	-	-	1,209	12,501	238	-	12,739
Operating supplies	29,964	5,812	36,427	47,872	22,341	142,416	10,003	-	152,419
Postage	229	-	-	-	53	282	-	-	282
Printing and advertising	298	-	-	-	-	298	3,507	362	4,167
Telephone and internet	75	-	-	877	-	952	8,283	-	9,235
Rent	17,709	-	-	-	14,671	32,380	1,733	-	34,113
Utilities	-	-	-	6,549	15,650	22,199	2,633	-	24,832
Repair and maintenance	756	-	-	-	365	1,121	-	-	1,121
Insurance	1,228	-	-	-	-	1,228	12,399	-	13,627
Travel	38,031	-	1,166	743	7,821	47,761	-	-	47,761
Dues and subscriptions	1,295	-	-	-	734	2,029	3,909	4,500	10,438
Audit	16,500	-	-	-	-	16,500	-	-	16,500
Janitorial	5,091	-	-	-	-	5,091	-	-	5,091
Contract services	562,072	30,473	68,987	16,242	338,837	1,016,611	1,616	600	1,018,827
Computer costs	10,176	-	-	-	4,990	15,166	255	-	15,421
Office equipment	2,400	-	-	-	-	2,400	-	-	2,400
Depreciation	-	-	-	-	10,493	10,493	-	-	10,493
<b>Total expenses by function</b>	<b>\$ 1,344,041</b>	<b>\$ 40,792</b>	<b>\$ 188,299</b>	<b>\$ 96,922</b>	<b>\$ 503,010</b>	<b>\$ 2,173,064</b>	<b>\$ 139,496</b>	<b>\$ 15,866</b>	<b>\$ 2,328,426</b>

See notes to financial statements.

# TILLAMOOK ESTUARIES PARTNERSHIP

## STATEMENT OF CASH FLOWS Year Ended September 30, 2023

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Cash Flows from Operating Activities	
Change in net assets	\$ 111,156
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	10,493
Changes in operating assets and liabilities	
Grants receivable	(63,776)
Accounts payable	(61,390)
Refundable advances	45,518
Accrued vacation payable	2,444
	<hr/>
<b>Net cash provided by operating activities</b>	<b>44,445</b>
	<hr/>
<b>Net increase in cash</b>	<b>44,445</b>
Cash - beginning	<hr/>
	207,961
Cash - ending	<hr/>
	<b>\$ 252,406</b>

See notes to financial statements.

# TILLAMOOK ESTUARIES PARTNERSHIP

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – REPORTING ENTITY

Tillamook Estuaries Partnership (the “Organization”) was incorporated March 4, 2002 to operate programs and projects for the conservation and rehabilitation of the Tillamook Bay Estuary. The Tillamook Bay Estuary is one of 28 estuaries designated as having national significance. The Organization receives most of its financial support through federal awards from the Environmental Protection Agency. The board is comprised of representatives from the businesses, governments and general citizenry in the surrounding area.

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

#### Net Assets

Financial statement presentation follows the recommendations of FASB ASC 958-205, “Not-for-Profit Entities— Presentation of Financial Statements.” Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets; accordingly, 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. These net assets may be used at the discretion of the Organization’s management and board of directors.
- *Net assets with donor restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the fund be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Donor-restricted contributions that are received and spent in the same period are presented as net assets without donor restrictions.

#### Revenue Recognition

Contributions received are recorded as support that is with donor restrictions or without donor restrictions. Classification is based on the existence and nature of any donor restrictions imposed on the contribution.

# TILLAMOOK ESTUARIES PARTNERSHIP

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition (Continued)

The Organization's grant revenue is primarily 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. The Organization elected to use the simultaneous release method for conditional grants which allows the Organization to report donor-restricted contributions whose restrictions are met in the same reporting period as the revenue is recognized as support within net assets without donor restrictions. 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 expenses are reported as refundable advances in the statement of financial position.

#### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Grants Receivable

Receivables from granting agencies are stated at net realizable value to the Organization.

#### Equipment and Furniture

Assets with an initial cost greater than \$5,000 and a useful life of more than one year are capitalized as equipment and furniture. Equipment and furniture are stated at cost, or estimated value if donated, less accumulated depreciation which is calculated using the straight-line method over useful lives of 5 to 10 years.

#### Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program services and supporting services benefited. Salaries, benefits, and other expenses that are associated with more than one program or supporting service are allocated on the basis of estimates of time and effort.

#### Income Taxes

The Organization is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and qualifies for the charitable contribution deduction. The Internal Revenue Service (IRS) does not classify the Organization as a private foundation. Management has evaluated tax positions taken and there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions.

**TILLAMOOK ESTUARIES PARTNERSHIP**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 3 – AVAILABILITY AND LIQUIDITY**

The following represents the Organization’s financial assets available to meet general expenditures at September 30, 2023:

Financial assets:	
Cash	\$ 252,406
Grants receivable	<u>464,529</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 716,935</u>

As part of the Organization’s liquidity management, it structures its financial assets to be available as its general expenses, liabilities and other obligations come due.

**NOTE 4 – GRANTS RECEIVABLE**

Amounts due from granting agencies and others as of September 30, 2023, are as follows:

EPA	\$ 274,352
ODEQ	7,786
OWEB	51,611
Hebo Stewardship Group	38,036
BLM	32,295
Other	<u>60,449</u>
	<u>\$ 464,529</u>

**NOTE 5 – EQUIPMENT AND FURNITURE**

At September 30, 2023, equipment and furniture consisted of the following:

Equipment and software	\$ 159,973
Furniture	<u>15,153</u>
	175,126
Accumulated depreciation	<u>(155,197)</u>
	<u>\$ 19,929</u>

# TILLAMOOK ESTUARIES PARTNERSHIP

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6 – RETIREMENT PLAN

The Organization sponsors a 401(k) retirement plan. All employees who have attained age 21 are eligible to participate. Employees may elect to defer a portion of their wages up to the limits established in the IRS. In addition, the Organization contributes seven percent of eligible employees' wages to the plan, subject to IRS limits. Contributions by the Organization for the year ended September 30, 2023, amounted to \$60,464.

### NOTE 7 – IN-KIND RENT

The Organization leases real property from the Port of Garibaldi, which is a governmental entity. Total lease expense for the year ended September 30, 2023, amounted to \$32,380, with \$14,671 of this amount contributed as an in-kind donation. The fair value of the in-kind donation was determined using the Real Market Value (RMV) as certified by the Tillamook County Assessor as the basis for an appraisal for determining annual lease rates. The Organization received the letter from the Port of Garibaldi which had language granting the Organization an in-kind donation for the aforementioned amount.

During the year ended September 30, 2023, \$17,709 was paid to the Port of Garibaldi under the lease agreement. Under the lease agreement, which expires June 30, 2024, the Organization is committed to pay the Port of Garibaldi approximately \$13,680 for the year ended September 30, 2024.

### NOTE 8 – RISKS AND UNCERTAINTIES

#### Deposits with Financial Institutions

The Organization's deposits with financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. Any excess may be subject to risk of loss. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

#### Concentrations

The Organization received a significant portion (65 percent) of its support from the Environmental Protection Agency (EPA) under the National Estuary Program. Additionally, approximately 59 percent of the Organization's grant receivables as of September 30, 2023 were from the EPA.

**TILLAMOOK ESTUARIES PARTNERSHIP**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 9 – GRANTS AVAILABLE**

The Organization has been awarded various amounts under grant agreements which have not been reported in the financial statements because not all conditions have been met to earn the grant as follows:

<u>Awarding Agency</u>	<u>Unearned Amount</u>
EPA	\$ 2,466,788
ODEQ	79,273
OWEB	598,297
NOAA	625,000
Hebo Stewardship Group	<u>64,043</u>
	<u>\$ 3,833,401</u>

**NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes at September 30, 2023:

Netarts / Oceanside projects	\$ 14,000
Salmon projects	4,507
Salmon super highway	15,500
Explore nature program	5,000
Travel Oregon	<u>9,063</u>
	<u>\$ 48,070</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the year ended September 30, 2023:

Southern flow corridor	\$ 1,373
Explore nature program	2,759
ODEQ	1,405
Roundhouse	5,136
Native plant nursery	<u>15,108</u>
	<u>\$ 25,781</u>

# TILLAMOOK ESTUARIES PARTNERSHIP

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 11 – SUBSEQUENT EVENTS**

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



## **COMPLIANCE SECTION**

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

Board of Directors  
Tillamook Estuaries Partnership  
Tillamook, Oregon

We have audited, in accordance with 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 (*Government Auditing Standards*), the financial statements of Tillamook Estuaries Partnership (the “Organization”), which comprise the statement of financial position as of September 30, 2023, 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 July 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 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 have not been identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001, that we consider to be a material weakness.

Board of Directors  
Tillamook Estuaries Partnership  
Report on Internal Control over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*

### **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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The Organization's Response to Findings**

Government Auditing Standards require the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to 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.

July 24, 2024

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON  
INTERNAL OVER CONTROL COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Tillamook Estuaries Partnership  
Tillamook, Oregon

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Tillamook Estuaries Partnership's (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2023. The Organization's major federal programs are identified in the summary of 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 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 September 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 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 each 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 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 not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

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

- exercise professional 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 our 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 controls over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal controls over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that have not been 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.

July 24, 2024

**TILLAMOOK ESTUARIES PARTNERSHIP**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended September 30, 2023**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>Department of Agriculture</b>			
<i>U.S. Forest Service</i>			
Passed through Cascade Pacific Resource Conservation and Development			
Watershed Restoration and Enhancement Agreement Authority	10.693	20-SA-11061200-007 WYH20-25	\$ 9,439
Watershed Restoration and Enhancement Agreement Authority	10.693	20-SA-11061200-007 WYH21-26	16,361
Watershed Restoration and Enhancement Agreement Authority	10.693	20-SA-11061200-007 Mod 2	17,591
Watershed Restoration and Enhancement Agreement Authority	10.693	20-SA-11061200-007 WYH22-32	3,963
Watershed Restoration and Enhancement Agreement Authority	10.693	USFS 20-CA MODS 0,1,2 TEP23-1	<u>2,000</u>
Total Department of Agriculture			<b><u>49,354</u></b>
<b>Department of Commerce</b>			
<i>National Oceanic and Atmospheric Administration</i>			
Passed through Pacific States Marine Fisheries Commission			
State of Oregon; Oregon Watershed Enhancement Board	11.438	EB3YL192PKNG	<u>13,955</u>
Total Department of Commerce			<b><u>13,955</u></b>
<b>Department of The Interior</b>			
<i>Bureau of Land Management</i>			
Secure Rural Schools and Community Self-Determination	15.234	L12AC10034	25,465
Secure Rural Schools and Community Self-Determination	15.234	L22AC00053	16,242
Threatened and Endangered Species	15.246	L20AC00031	44,139
Plant Conservation and Restoration Management			
Northwest Oregon Restoration Partnership	15.245	L20AC00323	11,203
<i>U.S. Fish and Wildlife Service</i>			
Coastal	15.631	20-SA-11061200-007	<u>9,765</u>
Total Department of the Interior			<b><u>106,814</u></b>
<b>Environmental Protection Agency</b>			
<i>Office of Water</i>			
National Estuary Program	66.456		1,609,387
Passed through Oregon Department of Environmental Quality			
Nonpoint Source Implementation Grants	66.460	038-21	
Nonpoint Source Implementation Grants	66.460	091-21	
Nonpoint Source Implementation Grants	66.460	072-23	
Nonpoint Source Implementation Grants	66.460	003-24	<u>42,852</u>
Total Environmental Protection Agency			<b><u>1,652,239</u></b>
Total Expenditures of Federal Awards			<b><u>\$ 1,822,362</u></b>

See notes to schedule of expenditures of federal awards.

# **TILLAMOOK ESTUARIES PARTNERSHIP**

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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### **NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Tillamook Estuaries Partnership (the “Organization”) under programs of the federal government for the year ended September 30, 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

### **NOTE 3 – INDIRECT COST RATE**

The Organization has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



**TILLAMOOK ESTUARIES PARTNERSHIP**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
♦ Material weakness(es) identified?	Yes
♦ Significant deficiency(ies) identified? reported	None
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major federal programs:	
♦ Material weakness(es) identified?	No
♦ Significant deficiency(ies) identified reported	None
Type of auditor’s report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs:

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.456	National Estuary Program

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

# TILLAMOOK ESTUARIES PARTNERSHIP

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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### **Section II – Financial Statement Findings**

2023-001

Criteria – The Organization is responsible for establishing and maintaining internal controls over financial reporting to prevent, or detect and correct, material misstatements in the financial statements.

Condition – The Organization’s internal controls did not prevent, or detect and correct, a material misstatement in the undeposited funds account, resulting in an overstatement of grants receivable in the amount of \$67,399.

Cause – The Organization did not properly record cash payments received which caused the undeposited funds account to be misstated at year-end.

Effect – Material errors were not prevented, or detected and corrected.

Recommendation – We recommend the Organization perform a thorough secondary review of balance sheet accounts to ensure that balances are fairly stated at year-end.

Views of responsible officials – The Organization agrees with the finding and will develop an action plan that includes increased review to ensure all transactions are recorded accurately.

### **Section III – Federal Award Findings and Questioned Costs**

None