



**Southern Oregon Regional
Economic Development, Inc.**
Wildly Serious About Business

Southern Oregon Regional Economic Development, Inc.

**Financial Report
For the Years Ended
June 30, 2025 and 2024**

Southern Oregon Regional Economic Development, Inc.

Financial Report

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June 30, 2025 and 2024**



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**Audited by:
Isler Medford, LLC
Certified Public Accountants**

Published



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INTRODUCTORY SECTION



Southern Oregon Regional
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Board of Directors

Executive Committee

President: Chris DuBose Market President, First Interstate Bank
Vice President: Kaycee Miller Marketing Director, Rentec Direct
Secretary/Treasurer: Breanne Eagles Principal, Moss Adams X Baker Tilly
Past President: Steve Vincent Avista Utilities Oregon Region Business Manager
Alan Meyer, At-Large Pacificorp, Director of Customer & Community Affairs
Nick Fahey, At-Large Southern Oregon Sanitation Government Affairs Director

Board Members

Paul Anderson General Manager, Rogue Truck Body
Jessica Ayres Councilor, City of Medford
Dr. Rick Bailey President, Southern Oregon University
Taneea Browning Mayor, City of Central Point
Aaron Cubic City Manager, City of Grants Pass
Jeff Dahl Councilor, City of Ashland
Ron Doan Operations Officer, Cow Creek Band of Umpqua Tribe of Indians
Rick Dyer Commissioner, Jackson County
David Elliott Western Oregon Manager, Boise Cascade
Judy Farm Executive Director, Tribal One
Rob Field City Manager, City of Medford
TJ Holmes Sr. Vice President, Travel Medford
Daniel Marple CEO, Herb Pharm
Robb Mayers CEO, Outlier Construction
Matt Newell Dir. Business Dev., Providence Health & Services
Clint Scherf Mayor, City of Grants Pass
Kathy Sell Mayor, City of Eagle Point
Dr. Randy Weber President, Rogue Community College
Claudia Williams Bus. Deposit Relationship Mgr., Rogue Credit Union

All Board members receive mail at the Administrative Office.

Management Staff

Amy Browne Operations Manager
Terrill Roper Business Development Manager
Carrie Bohl Communications and Business Support Manager
Jaymes Tadlock Business Development Manager
Ryan DeRoo Business Development Loan Manager

Administrative Office
100 E Main St., Ste A
Medford, OR 97501

November 27, 2025



**Southern Oregon Regional
Economic Development, Inc.**

To the Board of Directors
Southern Oregon Regional Economic Development, Inc.

Ladies and Gentlemen:

SOREDI continues to deliver relevant business development services nearly four decades after its inception. This past fiscal year was marked by a significant transition in leadership, which was navigated successfully thanks to the strength and dedication of our team. Together, we reaffirmed our commitment to the vitality of Southern Oregon communities and advanced strategic initiatives that position the region for long-term prosperity. We are pleased to present this annual financial report for the fiscal year ended June 30th, 2025.

A major milestone was the completion of One Rogue Valley – Reimagined, our updated Comprehensive Economic Development Strategy (CEDS) for 2025–2030, meeting EDA requirements and charting a collaborative course for the next five years. In addition, we finalized an updated five-year Revolving Loan Fund (RLF) plan, ensuring continued access to capital for local businesses.

We also continued to move forward on transformative projects such as the Southern Oregon Innovation Hub, fostering entrepreneurship and innovation for the good of the community. Strengthening partnerships and focusing on collaboration remained central to our success, as we worked closely with public and private stakeholders to implement strategies across business development, talent, tourism, and placemaking. Looking forward, we are also reprioritizing our outreach to members and strengthening membership engagement, ensuring that our partners remain informed, connected, and integral to advancing regional prosperity.

SOREDI booked two loans in 2025, and one loan was paid in full as is shown below. Loan activity was slow this year as SOREDI focused on developing the new five-year work plan and businesses were cautious about borrowing due to market conditions.

Current year loan activity Letter of Transmittal

	<u>Amounts</u>
Advanced Composite Solutions	\$ 51,080.00
Ashland Dehydrated Foods LLC	<u>\$ 150,000.00</u>
Total new loans	<u>\$ 201,080.00</u>
<u>Loans Paid Off</u>	
Kauffman Wood Products	\$ 10,707.05
Total loans paid off	<u>\$ 10,707.05</u>

As we look ahead, SOREDI remains confident in its mission and vision as One Rogue Valley. We are committed to building a resilient, inclusive economy through collaboration, innovation, and strategic investment.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris DuBose".

Chris DuBose, Board President

Southern Oregon Regional Economic Development, Inc.
Financial Report
For the Years Ended June 30, 2025 and 2024

FINANCIAL SECTION



Southern Oregon Regional
Economic Development, Inc.

Wildly Serious About Business



Certified Public Accountants
And Business Advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Southern Oregon Regional Economic Development, Inc.

Opinion

We have audited the accompanying financial statements of Southern Oregon Regional Economic Development, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025 and 2024, and the related statements of activities and cash flows for the years 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 Southern Oregon Regional Economic Development, Inc. as of June 30, 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 of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Southern Oregon Regional Economic Development, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Southern Oregon Regional Economic Development, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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, 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 Southern Oregon Regional Economic Development, Inc.'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 Southern Oregon Regional Economic Development, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules of financial position and supplementary schedules of activities are presented for purposes of additional analysis and are 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.

Isler Medford, LLC

Isler Medford, LLC

Medford, Oregon

December 5, 2025

Southern Oregon Regional Economic Development, Inc.
Financial Report
For the Years Ended June 30, 2025 and 2024



Southern Oregon Regional
Economic Development, Inc.
Wildly Serious About Business

FINANCIAL STATEMENTS

SOUTHERN OREGON REGIONAL ECONOMIC DEVELOPMENT, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and 2024

Assets	2025	2024
Current assets:		
Cash	\$ 3,850,488	\$ 3,570,217
Receivables and prepaids	446,641	107,806
Accrued interest receivable	25,618	25,443
Loans receivable, current maturities	475,207	445,064
Total current assets	<u>\$ 4,797,954</u>	<u>\$ 4,148,530</u>
Property and equipment:		
Furniture and equipment	\$ 51,253	\$ 47,051
Accumulated depreciation	<u>(31,786)</u>	<u>(26,025)</u>
Property and equipment, net	<u>\$ 19,467</u>	<u>\$ 21,026</u>
Loans receivable, net of current maturities and allowance for loan losses	<u>\$ 1,883,742</u>	<u>\$ 1,954,429</u>
Total assets	<u><u>\$ 6,701,163</u></u>	<u><u>\$ 6,123,985</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 23,020	\$ 30,005
Payroll payable	24,049	16,191
Other current liabilities	439,729	68,787
Total current liabilities	<u>\$ 486,798</u>	<u>\$ 114,983</u>
Total liabilities	<u><u>\$ 486,798</u></u>	<u><u>\$ 114,983</u></u>
Net assets:		
Without donor restrictions	\$ 2,338,308	\$ 2,496,213
With donor restrictions	<u>3,876,057</u>	<u>3,512,789</u>
Total net assets	<u><u>\$ 6,214,365</u></u>	<u><u>\$ 6,009,002</u></u>
Total liabilities and net assets	<u><u>\$ 6,701,163</u></u>	<u><u>\$ 6,123,985</u></u>

The accompanying notes are an integral part of these statements.

SOUTHERN OREGON REGIONAL ECONOMIC DEVELOPMENT, INC.
STATEMENT OF ACTIVITIES
For the Years Ended June 30, 2025 and 2024

Net Assets without Donor Restrictions		2025	2024
Revenues and other supports			
Grants		\$ 2,045	\$ 11,509
Membership dues		315,602	324,459
Event income		32,310	29,856
Interest income		126,425	119,560
Interfund transfers		300,345	-
Other income		38,684	88,744
Net assets released from restrictions		499,531	282,741
Total revenues and other supports		\$ 1,314,942	\$ 856,869
Expenses			
Program services			
Economic development planning program		\$ 75,000	\$ 75,000
Revolving loan fund		154,429	192,095
Total program services		\$ 229,429	\$ 267,095
Support services			
General and administrative		\$ 661,240	\$ 475,436
Loan and special projects		312,076	65,410
Special Funds Held in Trust		270,101	15,646
Total support services		\$ 1,243,417	\$ 556,492
Total expenses		\$ 1,472,846	\$ 823,587
(Decrease)increase in net assets without donor restrictions		\$ (157,904)	\$ 33,282
Net Assets with Donor Restrictions			
Revenues and other supports			
Grants		\$ 704,000	\$ 96,831
Interest income		153,960	149,813
Other income		4,838	100
Net assets reclassified		(499,531)	(282,741)
Total revenues and other supports		\$ 363,267	\$ (35,997)
Increase(decrease) in net assets with donor restrictions		\$ 363,267	\$ (35,997)
Change in net assets		\$ 205,363	\$ (2,715)
Net assets, beginning of year		6,009,002	6,011,717
Net assets, end of year		\$ 6,214,365	\$ 6,009,002

The accompanying notes are an integral part of these statements.

SOUTHERN OREGON REGIONAL ECONOMIC DEVELOPMENT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2025 and 2024

	2025									
	Program Services			Support Services						
	Economic Development Planning	Revolving Loan Fund	Total Program Services	General and Administrative	Loan and Special Projects Fund	Special Funds Held in Trust	Total Expenses			
Operating expenses										
Salaries	\$ 55,300	\$ 79,054	\$ 134,354	\$ 354,516	\$ 46,032	\$ 88,156	\$ 623,058			
Payroll taxes and benefits	14,917		14,917	99,689		9,289	\$ 123,895			
Travel	3,321		3,321	9,397		11,710	\$ 24,428			
Supplies and materials	1,462		1,462	13,494		2,524	\$ 17,480			
Professional services				- 92,293		97,639	\$ 189,932			
Insurance				- 5,799			\$ 5,799			
Communications				- 11,241			\$ 11,241			
Advertising, public relations and Marketing				- 2,983		842	\$ 3,825			
Equipment rent				- 3,598			\$ 3,598			
Professional development				- 5,707		2,598	\$ 8,305			
Utilities	16,341	16,341		(34,435)	18,094		\$ -			
Repairs and maintenance		- 11,507					\$ 11,507			
Dues and subscriptions		- 4,100					44	\$ 4,144		
Bad debts	(13,615)	(13,615)		- 9,110			\$ (4,505)			
Office rent	4,057	4,057		44,049	4,493	3,500	\$ 56,099			
Depreciation		- 3,881		2,940		383	\$ 7,204			
Interfund transfers	68,884	68,884		100	231,461		\$ 300,445			
Special projects		- -				29,348	\$ 29,348			
Other expenses	(290)	(290)		33,321	(55)	24,067	\$ 57,043			
Total expenses	\$ 75,000	\$ 154,431	\$ 229,431	\$ 661,240	\$ 312,075	\$ 270,100	\$ 1,472,846			

The accompanying notes are an integral part of these statements.

SOUTHERN OREGON REGIONAL ECONOMIC DEVELOPMENT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2025 and 2024

	2024									
	Program Services			Support Services						
	Economic Development Planning	Revolving Loan Fund	Total Program Services	General and Administrative	Loan and Special Projects Fund	Special Funds Held in Trust	Total Expenses			
Operating expenses										
Salaries	\$ 55,300	\$ 79,054	\$ 134,354	\$ 216,607	\$ 46,031	\$ -	\$ 396,992			
Payroll taxes and benefits	14,917	-	14,917	77,299			\$ 92,216			
Travel	3,321	-	3,321	8,747			\$ 12,068			
Supplies and materials	1,462	-	1,462	13,239			\$ 14,701			
Professional services		- -		75,102			\$ 75,102			
Insurance		- 5,799					\$ 5,799			
Communications		- 12,866					\$ 12,866			
Advertising, public relations and Marketing		- 8,197					\$ 8,197			
Equipment rent		- 3,568					\$ 3,568			
Professional development		- 4,773					\$ 4,773			
Utilities	16,342	16,342		(34,436)	18,094		\$ -			
Repairs and maintenance		- 8,946					\$ 8,946			
Dues and subscriptions		- 3,356					\$ 3,356			
Bad debts	52,477	52,477		- (32,681)			\$ 19,796			
Office rent	4,057	4,057		28,350	4,493		\$ 36,900			
Depreciation		- 3,920		245			\$ 4,165			
Interfund transfers	39,668	39,668		100	29,121		\$ 68,889			
Special projects		- 9,599					15,646	\$ 25,245		
Other expenses	497	497		29,404	107			\$ 30,008		
Total expenses	\$ 75,000	\$ 192,095	\$ 267,095	\$ 475,436	\$ 65,410	\$ 15,646	\$ 823,587			

The accompanying notes are an integral part of these statements.

SOUTHERN OREGON REGIONAL ECONOMIC DEVELOPMENT, INC.
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 205,363	\$ (2,715)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	7,204	4,165
(Decrease) increase in allowance for loan losses	(4,505)	19,796
(Increase) in receivables and prepaids	(339,010)	(59,148)
Increase (decrease) in payables	873	(43,509)
Increase in other accrued liabilities	370,942	68,788
Net cash provided (used) by operating activities	<u>\$ 240,867</u>	<u>\$ (12,623)</u>
Cash flows from investing activities		
(Purchase) of equipment	\$ (5,646)	\$ (17,436)
Loans made	(201,080)	(147,435)
Collections on loans	246,130	510,913
Net cash provided by investing activities	<u>\$ 39,404</u>	<u>\$ 346,042</u>
Cash flows from financing activities		
Payments on notes payable	\$ -	\$ -
Net increase in cash	\$ 280,271	\$ 333,419
Cash, beginning of year	<u>\$ 3,570,217</u>	<u>\$ 3,236,798</u>
Cash, end of year	<u>\$ 3,850,488</u>	<u>\$ 3,570,217</u>

The accompanying notes are an integral part of these statements.

Southern Oregon Regional Economic Development, Inc.

Notes to the Financial Statements

Note 1 - Nature of Business and Summary of Significant Accounting Policies

Nature of Business

Southern Oregon Regional Economic Development, Inc. (SOREDI) was incorporated in 1982 as Josephine Economic Development Association, the name was changed in 1989 to develop and maintain an overall economic development program for Southern Oregon. SOREDI also coordinates and implements economic development activities in the district and procures and manages grant and revolving loan activities; SOREDI merged with the Southern Oregon Economic Development District (SOEDD) in 1994 and continues to serve as the region's federally designated economic development district.

SOREDI is organized as a nonprofit corporation and is an exempt organization under Section 501(c)(4) of the Internal Revenue Code (IRC). Donations made to SOREDI do not qualify as charitable contributions for income tax purposes. Unrelated business income, of which SOREDI had none, would be subject to federal income tax. Consequently, the accompanying financial statements do not reflect any provisions for income taxes. The Organization's information returns are generally subject to examination by taxing authorities for a period of three years after filing.

Revenues are generated primarily through grants from the U.S. Economic Development Administration and support from local government agencies and private members.

Basis of Accounting

Revenue and expenses are recognized on the accrual basis of accounting. Membership dues are considered to be available for unrestricted use unless specifically restricted by the member/donor. Separate general ledger accounts and segregated bank accounts are maintained for restricted programs as required by grantor agencies.

Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective for fiscal years beginning after December 15, 2017.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified 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. The Board may designate assets without restrictions for specific operational purposes from time to time.

Southern Oregon Regional Economic Development, Inc.

Notes to the Financial Statements

Note 1 - Nature of Business and Summary of Significant Accounting Policies (continued)

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 entity or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of 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.

Cash

For purposes of the statements of cash flows, SOREDI considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Short-term Investments

Short-term investments consist of certificates of deposit with maturities greater than three months. Amounts are stated at fair market value, which approximates cost.

Loans Receivable and Allowance for Loan Losses

Loans receivable are stated at unpaid principal balances, less an allowance for loan losses. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

The allowance for loan losses is calculated based on a percentage of outstanding loans receivable. Management's periodic evaluation of the adequacy of the allowance is based on SOREDI's past loan loss experience, known inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of underlying collateral, and current economic conditions.

Loans are issued to borrowers in Southern Oregon. The loans are secured by some form of collateral, depending on the type of loan. The risk of loss is the difference between the loan amount and the market value of the collateral at time of default.

Property and Equipment

Property and equipment are recorded at cost. All significant acquisitions, renovations, and repairs which increase the value of an asset are capitalized. All expenditures for repairs and maintenance which do not appreciably extend the useful life or increase the value of the asset are expensed in the period in which the cost is incurred.

Southern Oregon Regional Economic Development, Inc.

Notes to the Financial Statements

Note 1 - Nature of Business and Summary of Significant Accounting Policies (continued)

Depreciation

SOREDI depreciates property and equipment over its estimated useful life. Depreciation is computed using the straight-line method.

Advertising

Advertising costs of \$3,825 and \$8,197 for 2025 and 2024 were expensed as incurred.

Implementation of Accounting Standards

For the fiscal year ending June 30, 2025, SOREDI implemented the following new accounting standards:

GASB Statement No. 102 "*Certain Risk Disclosures*" This Statement's primary objective is to provide users of government financial statements with the essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement is effective with fiscal years beginning after June 15, 2024.

SOREDI will implement new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements from implementing any of the following pronouncements:

GASB Statement No. 103 "*Financial Reporting Model Improvements*" This Statement's primary objective is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. It also addresses certain application issues. This statement is effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104 "*Disclosure of Certain Capital Assets*" This Statement's primary objective is to provide users of government financial statements with essential information about certain types of capital assets. This statement is effective for fiscal years beginning after June 15, 2025.

Southern Oregon Regional Economic Development, Inc.

Notes to the Financial Statements

Note 2 - Cash

Under the terms of grant agreements, SOREDI is required to maintain restricted cash accounts. The accounts can only be used to pay operating expenses of the related programs.

	<u>2025</u>	<u>2024</u>
Restricted cash	\$ 2,451,468	\$ 1,817,228
Unrestricted cash	1,399,020	1,752,989
	<u>\$ 3,850,488</u>	<u>\$ 3,570,217</u>

Note 3- Liquidity of Financial Assets

SOREDI has \$1,627,591 financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of the following:

Cash	\$ 1,399,020
Prepays and accrued interest receivable	21,368
Current portion of loans receivable	207,203
Total assets available	<u>\$ 1,627,591</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. SOREDI has a goal to maintain liquid financial assets on hand to meet 120 days of normal operating expenses. SOREDI works to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, SOREDI invests cash in excess of daily requirements in various short-term investments, including certificate of deposits.

Southern Oregon Regional Economic Development, Inc.

Notes to the Financial Statements

Note 4 - Property and Equipment

At June 30, property and equipment consisted of the following:

	<u>2025</u>	<u>2024</u>
Furniture and equipment	\$ 36,553	\$ 32,351
Software	14,700	14,700
Total property and equipment	\$ 51,253	\$ 47,051
Accumulated depreciation	(31,786)	(26,025)
Property and equipment, net	\$ 19,467	\$ 21,026

Total depreciation expense for 2024 was \$7,204 and \$4,165 for 2024.

Note 5 - Loans Receivable

SOREDI provides loans to various local entities through its revolving loan funds. Loans are individually collateralized, most through individual deeds/titles and Uniform Commercial Code filings. These loans have interest rates ranging from 0.0 percent to 11.5 percent.

	<u>2025</u>	<u>2024</u>
Beginning loans receivable	\$ 2,797,791	\$ 3,161,269
Loans made	201,080	147,435
Principal payments received	(246,129)	(510,913)
Ending loans receivable	\$ 2,752,742	\$ 2,797,791

	<u>2025</u>	<u>2024</u>
Total loans receivable	\$ 2,752,742	\$ 2,797,791
Allowance for loan losses	(393,793)	(398,298)
Net loans receivable	\$ 2,358,949	\$ 2,399,493
Current maturities	(475,207)	(445,064)
Loans receivable, net of current maturities and allowance for loan losses	\$ 1,883,742	\$ 1,954,429

Southern Oregon Regional Economic Development, Inc.

Notes to the Financial Statements

Note 5 - Loans Receivable (continued)

The following is a schedule of the future current maturities for the loans receivable:

	<u>2025-2026</u>	<u>2026-2027</u>	<u>2027-2028</u>	<u>2028-2029</u>	<u>2029-2030</u>	<u>Remaining Years</u>	<u>Totals</u>
IRP	\$ 312,744	\$ 167,766	\$ 165,544	\$ 197,559	\$ 257,198	\$ 477,094	\$ 1,577,905
RBEG	84,345	89,812	96,501	103,965	111,870	400,473	886,966
EDA	78,118	57,620	30,881	18,983	11,757	90,511	287,870
Loans receivable, current maturities	<u>\$ 475,207</u>	<u>\$ 315,198</u>	<u>\$ 292,926</u>	<u>\$ 320,507</u>	<u>\$ 380,825</u>	<u>\$ 968,078</u>	<u>\$ 2,752,741</u>

The following is a summary of the activity in the allowance for loan losses account.

	<u>2025</u>	<u>2024</u>
Balance July 1	\$ 398,298	\$ 378,502
Additions(recoveries) charged to operating expenses	(4,505)	19,796
Write-offs of uncollectable loans	-	-
	<hr/>	<hr/>
Balance June 30	<u>\$ 393,793</u>	<u>\$ 398,298</u>

Note 6 - Pension Plan

SOREDI has a 401(k) plan that covers eligible employees, as defined in the plan. Employer's discretionary match expense for the year ended June 30, 2025 was \$10,181 and for the year ended June 30, 2024 was \$10,746.

Note 7 - Operating Leases

SOREDI leases a digital copier under an operating lease. The lease is a 60-month lease expiring on June 30, 2029. In addition, SOREDI leases a postal shipping machine. The lease term is 75 months beginning January 10, 2021. The future lease payments are summarized below:

	Digital copier	Postal meter	Total
2025-2026	1,459	636	2,095
2026-2027	1,459	477	1,936
2027-2028	1,459	-	1,459
2028-2029	1,459	-	1,459
Total lease obligation	<u>\$ 5,836</u>	<u>\$ 1,113</u>	<u>\$ 6,949</u>

Southern Oregon Regional Economic Development, Inc.

Notes to the Financial Statements

Note 7 - Operating Leases (continued)

Effective September 1, 2018, SOREDI entered into a property lease with People's Bank of Commerce. On September 1, 2022 the lease was extended for another 24 months to August 31, 2024. The annual lease obligation is as follows:

2024-2025	\$ <u>6,180</u>
Total lease obligation	\$ <u>6,180</u>

Effective August 15, 2024, SOREDI entered into a month-to-month lease agreement with One Hundred Main, LLC. The current monthly lease amount is \$3,829.

Total rental expenses for all operating leases amounted to \$59,697 for 2025 and \$40,468 for 2024.

Note 8 - Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to adjustment upon audit by the grantor agency. Any disallowed costs, including amounts already collected, may constitute a liability. It is management's opinion that the results of these audits would not have a material effect on SOREDI'S financial position.

SOREDI receives various grants which require local matching funds to be provided by SOREDI.

Note 9 - Concentration of Risk

SOREDI maintains cash balances at several banks. Accounts of each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, and additional collateral certificates are held for some institutions.

Southern Oregon Regional Economic Development, Inc.

Notes to the Financial Statements

Note 10- Change in Allowance for Loan Losses

In April, 2019 the SOREDI Board approved a change in the procedure for determining the allowance for loan losses for the Revolving Loan Funds. The following was approved:

On a semiannual basis (at 6/30 and 12/31) the Allowance for Loan Losses will be adjusted to reflect a minimum of 6% reserve for each individual loan with no known credit weakness using the principal balance of the loan at the time of review.

Specific reserves are based on known credit weakness for any loan with a delinquency of greater than 90 days. The reserve is intended to reflect the probability of repayment of the loan balance considering all known credit factors.

The total adjustment for the year ended June 30, 2025 was \$(4,505) and for the year ended June 30, 2024 was \$19,796. This has been reported as bad debt expense.

Note 11- Special Funds Held in Trust

On September 15, 2020, SOREDI entered into an operating agreement to establish and manage the Southern Oregon Startup Fund, LLC whose purpose is to purchase, sell, hold and otherwise invest in securities of early stage privately held companies that compete in the Southern Oregon Startup Challenge. It registered with the IRS to establish an employer identification number and is registered with the Oregon Secretary of State. SOREDI opened a new restricted account at First Interstate Bank and made an initial investment of \$5,000 into the Startup Fund during the fiscal year ending June 30, 2021. In addition, a matching grant was received from the Oregon Growth Board for \$5,000.

Southern Oregon Startup Fund LLC		
Beginning balance 7-1-2024	\$	10,000
Revenues		
Interest/Misc. income		—
Total revenues	\$	—
Expenses		
Excess of revenues over (under) expenses	\$	—
Ending balance 6-30-2025	\$	<u>10,000</u>

Southern Oregon Regional Economic Development, Inc. Notes to the Financial Statements

Note12-Subsequent Events

On September 1, 2025 Blair Sundell-Bahrd took over as the Executive Director for SOREDI. Blair is a Rogue Valley native and has over 17 years of experience in economic development, business finance and entrepreneurship.

Southern Oregon Regional Economic Development, Inc.
Financial Report
For the Years Ended June 30, 2025 and 2024



Southern Oregon Regional
Economic Development, Inc.
Wildly Serious About Business

**SUPPLEMENTARY INFORMATION
COMBINING STATEMENTS
AND SCHEDULES**

SOUTHERN OREGON REGIONAL ECONOMIC DEVELOPMENT, INC.
SUPPLEMENTARY SCHEDULE OF FINANCIAL POSITION
June 30, 2025

	With Donor Restrictions						Without Donor Restrictions				Totals
	Planner Grant	(IRP) Revolving Loan Fund	(RBEG) Revolving Loan Fund	(EDA) Revolving Loan Fund	RLF Cares Act Fund	Special Funds Held in Trust	Total Restricted Funds	General and Administrative Fund	Loan and Special Projects Fund		
Assets											
Current assets:											
Cash	\$ 497	\$ 460,762	\$ 826,685	\$ 535,877	\$ 199,133	\$ 428,514	\$ 2,451,468	\$ 341,832	\$ 1,057,188	\$ 3,850,488	
Prepaid expenses										6,912	
Due from Other Funds										439,729	
Accrued interest receivable		31	1,686	5,114	4,331		11,162		14,456	25,618	
Loans receivable, current maturities		9,895	84,345	78,118	95,646		268,004		207,203	475,207	
Total current assets	\$ 497	\$ 470,688	\$ 1,175,331	\$ 619,109	\$ 299,110	\$ 428,514	\$ 2,993,249	\$ 525,858	\$ 1,278,847	\$ 4,797,954	
Property and equipment:											
Furniture and equipment							\$ 2,298	2,298	\$ 34,255	\$ 14,700	
Accumulated depreciation							\$ (383)	(383)	(28,218)	(31,185)	
Property and equipment, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,915	\$ 1,915	\$ 6,037	\$ 11,515	
Loans receivable, net of current maturities	\$ 152,345	\$ 683,830	\$ 192,479	\$ 236,386	\$ -	\$ 1,265,040	\$ -	\$ 618,702	\$ 1,883,742		
Total assets	\$ 497	\$ 623,033	\$ 1,859,161	\$ 811,588	\$ 535,496	\$ 430,429	\$ 4,260,204	\$ 531,895	\$ 1,909,064	\$ 6,701,163	

SOUTHERN OREGON REGIONAL ECONOMIC DEVELOPMENT, INC.
SUPPLEMENTARY SCHEDULE OF FINANCIAL POSITION
June 30, 2024

	With Donor Restrictions						Without Donor Restrictions				Totals
	Planner Grant	(IRP) Revolving Loan Fund	(RBEG) Revolving Loan Fund	(EDA) Revolving Loan Fund	RLF Cares Act Fund	Special Funds Held in Trust	Total Restricted Funds	General and Administrative Fund	Loan and Special Projects Fund		
Assets											
Current assets:											
Cash	\$ 495	\$ 459,066	\$ 969,794	\$ 236,282	\$ 141,591	\$ 10,000	\$ 1,817,228	\$ 413,124	\$ 1,339,865	\$ 3,570,217	
Prepaid expenses											
Accrued interest receivable										25,443	
Loans receivable, current maturities		1,101	9,042	2,217	2,439		14,799		10,644		
Other current assets		8,586	80,708	44,396	73,590		207,280		237,784	445,064	
Total current assets		18,750					18,750		89,056	\$ 107,806	
Property and equipment:											
Furniture and equipment										47,051	
Accumulated depreciation										(26,025)	
Property and equipment, net		\$ -	\$ 14,455	\$ -	\$ -	\$ -	\$ 14,455	\$ 6,571		\$ 21,026	
Loans receivable, net of current maturities		\$ 165,255	\$ 781,014	\$ 259,604	\$ 307,353	\$ -	\$ 1,513,226	\$ -	\$ 441,203	\$ 1,954,429	
Total assets	\$ 19,245	\$ 648,463	\$ 1,840,558	\$ 542,499	\$ 524,973	\$ 10,000	\$ 3,585,738	\$ 508,751	\$ 2,029,496	\$ 6,123,985	

SOUTHERN OREGON REGIONAL ECONOMIC DEVELOPMENT, INC.
SUPPLEMENTARY SCHEDULE OF FINANCIAL POSITION
June 30, 2025

	With Donor Restrictions						Without Donor Restrictions			Totals
	Planner Grant	(IRP) Revolving Loan Fund	(RBEG) Revolving Loan Fund	(EDA) Revolving Loan Fund	RLF Cares Act Fund	Special Funds Held in Trust	Total Restricted Funds	General and Administrative Fund	Loan and Special Projects Fund	
Liabilities and Net Assets										
Accounts payable	\$ -						\$ -	\$ 23,020		\$ 23,020
Payroll payable										24,049
Due to Other Funds	\$ 21,128	\$ 40,693	\$ 279,345			\$ 42,981	\$ 384,147		55,582	439,729
Other current liabilities										-
Total current liabilities	\$ -	\$ 21,128	\$ 40,693	\$ 279,345	\$ -	\$ 42,981	\$ 384,147	\$ 47,069	\$ 55,582	\$ 486,798
Total liabilities	\$ -	\$ 21,128	\$ 40,693	\$ 279,345	\$ -	\$ 42,981	\$ 384,147	\$ 47,069	\$ 55,582	\$ 486,798
Net assets:										
Without donor restrictions	\$ -	\$ -	\$ -	\$ -			\$ -	\$ 484,826	\$ 1,853,482	2,338,308
With donor restrictions	\$ 497	\$ 601,905	\$ 1,818,468	\$ 532,243	\$ 535,496	\$ 387,448	\$ 3,876,057	\$ -		3,876,057
Total net assets	\$ 497	\$ 601,905	\$ 1,818,468	\$ 532,243	\$ 535,496	\$ 387,448	\$ 3,876,057	\$ 484,826	\$ 1,853,482	\$ 6,214,365
Total liabilities and net assets	\$ 497	\$ 623,033	\$ 1,859,161	\$ 811,588	\$ 535,496	\$ 430,429	\$ 4,260,204	\$ 531,895	\$ 1,909,064	\$ 6,701,163

SOUTHERN OREGON REGIONAL ECONOMIC DEVELOPMENT, INC.
SUPPLEMENTARY SCHEDULE OF FINANCIAL POSITION
June 30, 2024

	With Donor Restrictions						Without Donor Restrictions			Totals
	Planner Grant	(IRP) Revolving Loan Fund	(RBEG) Revolving Loan Fund	(EDA) Revolving Loan Fund	RLF Cares Act Fund	Special Funds Held in Trust	Total Restricted Funds	General and Administrative Fund	Loan and Special Projects Fund	
Liabilities and Net Assets										
Accounts payable	\$ 18,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,750	\$ 11,255	\$ -	\$ 30,005
Payroll payable										16,191
Accrued interest payable										-
Other current liabilities	\$ -	\$ 10,690	\$ 24,391	\$ 4,585	\$ -	\$ -	\$ 39,666	\$ -	\$ 29,121	68,787
Total current liabilities	\$ 18,750	\$ 10,690	\$ 24,391	\$ 4,585	\$ -	\$ -	\$ 58,416	\$ 27,446	\$ 29,121	\$ 114,983
Total liabilities	\$ 18,750	\$ 10,690	\$ 24,391	\$ 4,585	\$ -	\$ -	\$ 58,416	\$ 27,446	\$ 29,121	\$ 114,983
Net assets:										
Without donor restrictions	\$ -	\$ -	\$ -	\$ -			\$ -	\$ 481,383	\$ 2,014,830	2,496,213
With donor restrictions	\$ 495	\$ 623,315	\$ 1,816,167	\$ 537,914	\$ 524,974	\$ 9,924	\$ 3,512,789	\$ -		3,512,789
Total net assets	\$ 495	\$ 623,315	\$ 1,816,167	\$ 537,914	\$ 524,974	\$ 9,924	\$ 3,512,789	\$ 481,383	\$ 2,014,830	\$ 6,009,002
Total liabilities and net assets	\$ 19,245	\$ 634,005	\$ 1,840,558	\$ 542,499	\$ 524,974	\$ 9,924	\$ 3,571,205	\$ 508,829	\$ 2,043,951	\$ 6,123,985

SOUTHERN OREGON REGIONAL ECONOMIC DEVELOPMENT, INC.
SUPPLEMENTARY SCHEDULE OF ACTIVITIES
For the Year Ended June 30, 2025

	With Donor Restrictions							Without Donor Restrictions		
	Planner Grant	(IRP) Revolving Loan Fund	(RBEG) Revolving Loan Fund	(EDA) Revolving Loan Fund	RLF Cares Act	Special Funds Held in Trust	Total Restricted Funds	General and Administrative Fund	Loan and Special Projects Fund	Totals
Revenues and other supports										
Grants	\$ 75,000					\$ 629,000	\$ 704,000	\$ 2,045		\$ 706,045
Membership dues								315,602		315,602
Event income						4,738	4,738	32,310		37,048
Interest income	2	23,026	74,399	35,304	7,342	13,887	153,960	6,777	119,648	280,385
Interfund transfers in					100		100	270,345	30,000	300,445
Other income								37,604	1,080	38,684
Total revenues and other supports	\$ 75,002	\$ 23,026	\$ 74,399	\$ 35,304	\$ 7,442	\$ 647,625	\$ 862,798	\$ 664,683	\$ 150,728	\$ 1,678,209
Operating expenses										
Salaries	\$ 55,300	\$ 24,517	\$ 30,020	\$ 24,517		\$ 88,156	\$ 222,510	\$ 354,516	\$ 46,032	\$ 623,058
Payroll taxes and benefits	14,917					9,289	24,206	99,689		123,895
Travel	3,321					11,710	15,031	9,397		24,428
Supplies and materials	1,462					2,524	3,986	13,494		17,480
Professional services						97,639	97,639	92,293		189,932
Insurance								-	5,799	5,799
Communications								-	11,241	11,241
Advertising, public relations and Marketing						842	842	2,983		3,825
Equipment rent								-	3,598	3,598
Professional development						2,598	2,598	5,707		8,305
Utilities	8,350	2,785	5,206			16,341		(34,435)	18,094	-
Repairs and maintenance							-	11,507		11,507
Dues and membership						44	44	4,100		4,144
Bad debts	(741)	(7,620)	(2,132)	(3,122)		(13,615)		-	9,110	(4,505)
Office rent	2,074	691	1,292			3,500	7,557	44,049	4,493	56,099
Depreciation						383	383	3,881	2,940	7,204
Interfund transfers	10,437	46,303	12,144			68,884		100	231,461	300,445
Special projects						29,348	29,348			29,348
Other expenses	(201)	(81)	(52)	42		24,068	23,776	33,321	(54)	57,043
Total operating expenses	\$ 75,000	\$ 44,436	\$ 72,098	\$ 40,975	\$ (3,080)	\$ 270,101	\$ 499,530	\$ 661,240	\$ 312,076	\$ 1,472,846
Excess (deficiency) of revenues and other support over operating expenses	\$ 2	\$ (21,410)	\$ 2,301	\$ (5,671)	\$ 10,522	\$ 377,524	\$ 363,268	\$ 3,443	\$ (161,348)	\$ 205,363

SOUTHERN OREGON REGIONAL ECONOMIC DEVELOPMENT, INC.
SUPPLEMENTARY SCHEDULE OF ACTIVITIES
For the Year Ended June 30, 2024

	With Donor Restrictions							Without Donor Restrictions		
	Planner Grant	(IRP) Revolving Loan Fund	(RBEG) Revolving Loan Fund	(EDA) Revolving Loan Fund	RLF Cares Act	Special Funds Held in Trust	Total Restricted Funds	General and Administrative Fund	Loan and Special Projects Fund	Totals
Revenues and other supports										
Grants	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 21,831	\$ 96,831	\$ 11,509	\$ -	\$ 108,340
Membership dues								324,459		324,459
Event income								29,856		29,856
Interest income	1	25,108	86,636	31,318	6,750		149,813	12,691	106,869	269,373
Interfund transfers		100	-	-	-		100	68,789		68,889
Other income	-	-	-	-	-		-	19,955		19,955
Total revenues and other supports	\$ 75,001	\$ 25,208	\$ 86,636	\$ 31,318	\$ 6,750	\$ 21,831	\$ 246,744	\$ 467,259	\$ 106,869	\$ 820,872
Operating expenses										
Salaries	\$ 55,300	\$ 24,516	\$ 30,021	\$ 24,517	\$ -	\$ 134,354	\$ 216,607	\$ 46,031	\$ 396,992	
Payroll taxes and benefits	14,917					14,917	77,299			92,216
Travel	3,321					3,321	8,747			12,068
Supplies and materials	1,462					1,462	13,239			14,701
Professional services						-	75,102			75,102
Insurance						-	5,799			5,799
Communications						-	12,866			12,866
Advertising, public relations and Marketing						-	8,197			8,197
Equipment rent						-	3,568			3,568
Professional development						-	4,773			4,773
Utilities	8,352	2,784	5,206			16,342	(34,436)	18,094		-
Repairs and maintenance						-	8,946			8,946
Dues and memberships						-	3,356			3,356
Bad debts	(2,555)	22,222	(2,833)	35,643		52,477	-	(32,681)		19,796
Office rent	2,074	691	1,292			4,057	28,350	4,493		36,900
Depreciation						-	3,920	245		4,165
Interfund transfers	10,691	24,392	4,585			39,668	100	29,121		68,889
Special projects						15,646	15,646	9,599		25,245
Other expenses	267	127	103			497	29,404	107		30,008
Total operating expenses	\$ 75,000	\$ 43,345	\$ 80,237	\$ 32,870	\$ 35,643	\$ 15,646	\$ 282,741	\$ 475,436	\$ 65,410	\$ 823,587
Excess (deficiency) of revenues and other support over operating expenses	\$ 1	\$ (18,137)	\$ 6,399	\$ (1,552)	\$ (28,893)	\$ 6,185	\$ (35,997)	\$ (8,177)	\$ 41,459	\$ (2,715)

