



**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

FRIENDS OF THE RIVER FOUNDATION

December 31, 2020 and 2019

FRIENDS OF THE RIVER FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

**The Board of Directors
Friends of the River Foundation**

We have audited the accompanying financial statements of Friends of the River Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility

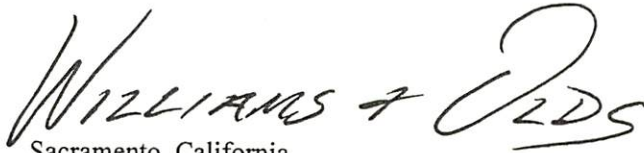
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of the River Foundation as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "WILLIAMS & OLDS" in a stylized, cursive script.

Sacramento, California
August 12, 2021

FRIENDS OF THE RIVER FOUNDATION

STATEMENT OF FINANCIAL POSITION

For the years ended December 31, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 683,331	\$ 281,860
Investments	-	5,256
Accounts receivable, net	12,500	14,000
Contributions receivable, net	46,456	255,435
Prepaid expenses and other assets	18,549	19,297
Beneficial interest in endowment fund, held at Placer Community Foundation	95,143	83,850
Property and equipment, net	8,716	13,001
TOTAL ASSETS	\$ 864,695	\$ 672,699
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 3,847	\$ 3,475
Accrued liabilities	13,047	8,688
Funds held for others	14,220	-
EIDL loan payable	150,000	-
SBA loan payable	67,468	-
TOTAL LIABILITIES	248,582	12,163
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without donor restrictions	502,220	509,216
With donor restrictions	113,893	151,320
TOTAL NET ASSETS	616,113	660,536
TOTAL LIABILITIES AND NET ASSETS	\$ 864,695	\$ 672,699

See accompanying notes to the financial statements.

FRIENDS OF THE RIVER FOUNDATION

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants and contributions	\$ 368,344	\$ 24,580	\$ 392,924
Special event, less direct costs of \$1,850	136,599	-	136,599
Investment return, net	1,033	6,693	7,726
Rental income	15,946	-	15,946
<i>Net assets released from restrictions</i>	<u>68,700</u>	<u>(68,700)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	590,622	(37,427)	553,195
EXPENSES			
Program services	<u>391,619</u>	<u>-</u>	<u>391,619</u>
Total program services	<u>391,619</u>	<u>-</u>	<u>391,619</u>
Supporting services			
Fund development	143,469	-	143,469
General and administrative	<u>62,530</u>	<u>-</u>	<u>62,530</u>
Total supporting services	<u>205,999</u>	<u>-</u>	<u>205,999</u>
TOTAL EXPENSES	<u>597,618</u>	<u>-</u>	<u>597,618</u>
CHANGE IN NET ASSETS	(6,996)	(37,427)	(44,423)
NET ASSETS AT BEGINNING OF YEAR	<u>509,216</u>	<u>151,320</u>	<u>660,536</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 502,220</u></u>	<u><u>\$ 113,893</u></u>	<u><u>\$ 616,113</u></u>

See accompanying notes to the financial statements.

FRIENDS OF THE RIVER FOUNDATION

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants and contributions	\$ 497,831	\$ 153,453	\$ 651,284
In-kind contributions	338,400	-	338,400
Special event, less direct costs of \$34,370	168,591	-	168,591
Investment return, net	217	11,905	12,122
Rental income	16,805	-	16,805
<i>Net assets released from restrictions</i>	<u>131,474</u>	<u>(131,474)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	1,153,318	33,884	1,187,202
EXPENSES			
Program services	<u>693,547</u>	<u>-</u>	<u>693,547</u>
Total program services	<u>693,547</u>	<u>-</u>	<u>693,547</u>
Supporting services			
Fund development	99,190	-	99,190
General and administrative	<u>69,185</u>	<u>-</u>	<u>69,185</u>
Total supporting services	<u>168,376</u>	<u>-</u>	<u>168,376</u>
TOTAL EXPENSES	<u>861,923</u>	<u>-</u>	<u>861,923</u>
CHANGE IN NET ASSETS	291,395	33,884	325,279
NET ASSETS AT BEGINNING OF YEAR	<u>217,821</u>	<u>117,436</u>	<u>335,257</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 509,216</u></u>	<u><u>\$ 151,320</u></u>	<u><u>\$ 660,536</u></u>

See accompanying notes to the financial statements.

FRIENDS OF THE RIVER FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

	<u>Program</u>	<u>Fund Development</u>	<u>General & Administrative</u>	<u>Total</u>
Salaries and wages	\$ 239,204	\$ 52,770	\$ 18,813	\$ 310,787
Employee benefits	30,138	6,434	2,048	38,620
Payroll taxes	<u>22,350</u>	<u>4,934</u>	<u>1,742</u>	<u>29,026</u>
TOTAL SALARIES AND RELATED EXPENSES	<u>291,691</u>	<u>64,139</u>	<u>22,602</u>	<u>378,433</u>
Rent	40,235	8,637	3,120	51,992
Accounting fees	-	-	17,641	17,641
Contract services	22,672	36,169	6,434	65,275
Printing & publication	358	148	88	593
Licenses & fees	366	26	288	679
Bank & payroll charges	10	4,785	4,894	9,689
Supplies	4,254	968	2,746	7,968
Telephone, fax & email	7,562	1,708	547	9,816
Insurance	5,404	1,190	57	6,652
Books & subscriptions	2,913	7,282	1,303	11,498
Equipment repair & maintenance	2,778	-	60	2,838
Meals & entertainment	4,293	337	2,182	6,812
Postage & shipping	2,811	16,609	27	19,447
Advertising & promotion	1,648	-	-	1,648
Utilities	178	43	19	240
Travel & mileage	830	476	8	1,314
Equipment lease & rental	314	384	102	799
Depreciation expense	<u>3,303</u>	<u>570</u>	<u>412</u>	<u>4,285</u>
TOTAL EXPENSES	<u><u>\$ 391,619</u></u>	<u><u>\$ 143,469</u></u>	<u><u>\$ 62,530</u></u>	<u><u>\$ 597,618</u></u>

See accompanying notes to the financial statements.

FRIENDS OF THE RIVER FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

	<u>Program</u>	<u>Fund Development</u>	<u>General & Administrative</u>	<u>Total</u>
Salaries and wages	\$ 214,689	\$ 46,879	\$ 16,469	\$ 278,037
Employee benefits	18,117	5,990	476	24,583
Payroll taxes	<u>17,251</u>	<u>3,807</u>	<u>1,304</u>	<u>22,362</u>
TOTAL SALARIES AND RELATED EXPENSES	<u>250,057</u>	<u>56,676</u>	<u>18,249</u>	<u>324,982</u>
Donated services	338,400	-	-	338,400
Rent	18,215	4,425	25,494	48,134
Accounting fees	-	-	13,059	13,059
Contract services	14,946	1,303	241	16,490
Printing & publication	2,608	4,084	462	7,155
Licenses & fees	13,014	(80)	602	13,536
Bank & payroll charges	-	6,719	2,505	9,224
Supplies	4,931	413	270	5,614
Telephone, fax & email	5,362	1,284	2,712	9,358
Insurance	7,393	1,798	355	9,546
Books & subscriptions	4,718	6,065	644	11,427
Equipment repair & maintenance	6,202	1,359	60	7,620
Meals & entertainment	13,508	-	1,433	14,941
Postage & shipping	3,873	11,896	1,532	17,301
Advertising & promotion	1,221	941	18	2,181
Utilities	209	22	10	240
Travel & mileage	5,003	1,312	974	7,289
Equipment lease & rental	2,117	639	229	2,984
Depreciation expense	945	49	228	1,222
Miscellaneous	<u>825</u>	<u>287</u>	<u>109</u>	<u>1,221</u>
TOTAL EXPENSES	<u><u>\$ 693,547</u></u>	<u><u>\$ 99,190</u></u>	<u><u>\$ 69,185</u></u>	<u><u>\$ 861,923</u></u>

See accompanying notes to the financial statements.

FRIENDS OF THE RIVER FOUNDATION

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (44,423)	\$ 325,279
<i>Adjustments to reconcile change in net assets to</i>		
<i>net cash provided by (used in) operating activities:</i>		
Depreciation	4,285	1,222
Realized and unrealized (gain) loss on investments	7,683	(83)
Realized and unrealized (gain) on beneficial interest	(11,293)	(17,858)
Changes in operating assets and liabilities:		
Accounts receivable	1,500	135
Contributions receivable	208,979	(239,190)
Prepaid expenses and other assets	748	(11,456)
Accounts payable	372	1,886
Accrued liabilities	4,359	1,036
Funds held for others	14,220	-
Total adjustments	<u>230,853</u>	<u>(264,308)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	186,430	60,971
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for purchases of investments	(7,194)	(7,194)
Proceeds from sale of investments	4,767	4,767
Cash paid for purchase of property and equipment	<u>-</u>	<u>(3,958)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,427)</u>	<u>(6,385)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from SBA loan payable	150,000	-
Proceeds from EIDL loan payable	<u>67,468</u>	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>217,468</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	401,471	54,586
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>281,860</u>	<u>227,274</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 683,331</u></u>	<u><u>\$ 281,860</u></u>

See accompanying notes to the financial statements.

FRIENDS OF THE RIVER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE A - ORGANIZATION

Friends of the River Foundation (the Foundation) based in Sacramento, California, is a not-for-profit organization incorporated in 1976 under the laws of the State of California. The specific and primary purpose for which the organization was formed is for the preservation, protection, and restoration of rivers, streams, and their watersheds, through public education, citizen activist training and organizing, and expert advocacy to influence public policy.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

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 Foundation's management and the 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 Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds 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 statements of activities.

Measure of Operations: The Statements of Activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Foundation's ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature. There were no nonoperating activities during 2020 and 2019.

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

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

FRIENDS OF THE RIVER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Grants, Contributions and Contributions Receivable: Grants and contributions are recognized when cash, securities, or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Assets received with donor-imposed conditions are reported as “Refundable Advances” in the Statement of Financial Position until the conditions have been substantially met.

Grants and contributions received are recorded as support with or without donor restrictions, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), 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 receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Based on historical experience, an assessment of economic conditions, and a review of subsequent collections, management expects all such contributions to be collectible. Accordingly, no allowance for uncollectible contributions has been established as of December 31, 2020 and 2019. As of December 31, 2020 and 2019, the Foundation’s contributions receivable balance was \$46,456 and \$255,435, respectively.

Donated Services and Facilities: Donated services and facilities are recognized as public support and as a corresponding expense at the estimated fair value on the date donated. Donated services and facilities are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with these skills, and would otherwise be purchased by the Foundation.

Fair Value: The Foundation applies the accounting provisions related to fair value measurements. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establishes a fair value hierarchy that prioritizes the information used in developing fair value estimates, and require disclosure of fair value measurements by level within the fair value hierarchy. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost).

FRIENDS OF THE RIVER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

Level 1: Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs reflecting the reporting entity's own assumptions, which require the most judgment.

Investments: The Foundation carries investments in marketable securities at their fair values in the Statement of Financial Position. Purchases and sales of securities are reflected on a trade-date basis. Unrealized and realized gains and losses are included in the accompanying Statement of Activities. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date. Investment income and gains restricted by a donor are reported as increases or decreases in net assets with or without donor restrictions depending on the nature of the restrictions.

Property and Equipment: The Foundation capitalizes all expenditures for property and equipment in excess of \$2,500. Purchased property and equipment are carried at cost. Donated fixed assets are recorded at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the assets.

Functional Allocation of Expenses: Expenses that can be identified with a specific program or supporting service are charged directly to the related program or service. Expenses associated with more than one program or supporting service are allocated to functional categories using allocation methods appropriate to the nature of the expense, including personnel, space, time and other factors.

Income Tax Status: The Foundation is a not-for-profit organization exempt from income taxes under Internal Revenue Code Section 501(c)(3), and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been made.

Uncertainty in Income Taxes: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Foundation to report information regarding its exposure to various tax positions taken by the Foundation. The Foundation has determined whether any tax positions have met the recognition threshold and have measured the exposure to those tax positions. Management believes that the Foundation has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Foundation are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

FRIENDS OF THE RIVER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Financial Instruments and Credit Risk: The Foundation manages deposit concentrations risk by placing cash, money market accounts, and certificates of deposits with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed the Federal Deposit Insurance Corporation (FDIC) insured limits or include uninsured investments in money market mutual funds. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from organizations supportive of our mission.

New Accounting Pronouncements: In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606) (“ASU 2014-09”), which provides guidance on revenue recognition and supersedes the revenue recognition requirements in Topic 605, Revenue Recognition and most industry-specific guidance. The standard’s core principle is that a company recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under current guidance. These judgments may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. The Organization adopted ASU 2014-09 effective January 1, 2019 using the full retrospective transition method. This adoption did not have a significant impact on the financial statements. The Organization analyzed the revenue streams and concluded there was no change to the timing and pattern of revenue recognition for these revenue streams under the new guidance. As such, adoption of the standard did not result in a change to the revenue recognition policies, require recognition of a cumulative adjustment or have a material impact on our financial statements.

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. We have implemented the provisions of ASU 2018-08 effective January 1, 2019 applicable to both contributions received and contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation.

FRIENDS OF THE RIVER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE C – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Following is a description of the valuation methodologies used for investments measured at fair value during the years ended December 31, 2020 and 2019.

U.S. Securities: Valued at closing price reported on the active market on which the individual securities are traded.

Beneficial interest in endowment funds held at Placer Community Foundation: The beneficial interest in endowment funds held at the Community Foundation has been valued, as a practical expedient, at the fair value of the Foundation's share of the Community Foundation's investment pool as of the measurement date. The Community Foundation values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the Community Foundation, which includes private placements and other securities for which prices are not readily available, are determined by the management of the Community Foundation and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the valuation methods are appropriate and consistent within the industry, the use of different methodologies or assumption to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying balance sheet measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in endowment funds held at Placer Community Foundation	\$ -	\$ -	\$ 95,143	\$ 95,143
Total investments	\$ -	\$ -	\$ 95,143	\$ 95,143

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying balance sheet measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Securities	\$ 5,256	\$ -	\$ -	\$ 5,256
Beneficial interest in endowment funds held at Placer Community Foundation	-	-	83,850	83,850
Total investments	\$ 5,256	\$ -	\$ 83,850	\$ 89,106

FRIENDS OF THE RIVER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE C – INVESTMENTS AND FAIR VALUE MEASUREMENTS – Continued

Beneficial Interest

The Foundation has transferred assets to the Placer Community Foundation (the Community Foundation) to establish a Permanently Endowed Designated Fund (the Endowment Fund) (see Note I). The agreement states that the transfer is irrevocable and that the assets will not be returned to the Foundation. The Community Foundation will make distributions of income earned on the funds to the Foundation, subject to the Foundations spending policy. The Foundation has granted the Community Foundation variance power which allows the Community Foundation, at its sole discretion and subject to certain conditions, to modify any condition or restriction on the distribution of funds. The Foundation reports the fair value of the Endowment Fund as beneficial interest in endowment fund held at Placer Community Foundation in the statement of financial position and reports distributions received as investment income. Changes in the value of the fund are reported as gains or losses in the statement of activities. Changes in the fund for the years ended December 31:

	2020	2019
Balance, beginning of year	\$ 83,850	\$ 65,992
Contributions	4,600	5,953
Change in value, net	7,949	13,042
Administrative fees	<u>(1,256)</u>	<u>(1,137)</u>
Balance, end of year	\$ <u>95,143</u>	\$ <u>83,850</u>

NOTE D – FIXED ASSETS

Property and equipment consist of the following at December 31:

	2020	2019
Rafts	\$ 28,428	\$ 28,428
Office Equipment	7,048	7,048
Less: accumulated depreciation	<u>(26,760)</u>	<u>(22,475)</u>
Total	\$ <u>8,716</u>	\$ <u>13,001</u>

NOTE E – NOTES PAYABLE

SBA Loan

On April 15, 2020, the Foundation received a U.S. Small Business Administration Loan (the “SBA Loan”) from Cross River Bank, pursuant to the Paycheck Protection Program (the “PPP”) established under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), in the amount of \$67,468. The application for these funds required the Foundation in good faith to certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Foundation. This certification further required the Foundation to take into account current business activity and the ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. On April 28, 2021, the SBA loan has been fully forgiven by the SBA and the Foundation is not responsible for any repayments.

FRIENDS OF THE RIVER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE E – NOTES PAYABLE – Continued

Economic Injury Disaster Loan

On June 5, 2020, the Foundation executed a secured loan with the U.S. Small Business Administration (“SBA”) under its Economic Injury Disaster Loan (“EIDL”) assistance program, which was expanded pursuant to the CARES Act. The principal amount of the EIDL Loan is \$150,000, with proceeds to be used for working capital purposes. The loan is secured by all tangible and intangible assets of the Foundation. Interest on the EIDL Loan accrues at a rate of 2.75% per annum. Installment payments, including principal and interest, are due monthly beginning June 15, 2021 in the amount of \$641. The balance of principal and interest is payable thirty years from the date of the EIDL Loan.

In connection to the EIDL loan program, the Foundation received EIDL advance funds of \$6,000 during 2020 from the SBA, pursuant to an expansion of the program, which do not have to be repaid.

Annual principal on the loan is due as follows:

Year ended December 31,		
2021	\$	2,093
2022		3,666
2023		3,768
2024		3,873
2025		3,981
Thereafter		132,619
Total	\$	<u>150,000</u>

NOTE F – DONATED SERVICES

The Foundation has received donated services from a variety of unpaid volunteers assisting in leadership, committees, fund-raising activities and program services. The value of this donated time is not reflected in the accompanying financial statements since it does not meet the criteria for recognition as a contribution.

For the year ended December 31, 2020, the Foundation did not receive any donated services.

For the year ended December 31, 2019, the Foundation received substantial donated legal services, the value of these services totaled \$338,400 and was recorded as donated services in the accompanying statements of activities and functional expenses.

NOTE G – COMMITMENTS AND CONTINGENCIES

Operating Leases

The Foundation leases office space under a non-cancelable operating lease through October 2021. Total rent expense under this non-cancellable operating lease amounted to \$48,252 and \$46,050 for the years ended December 31, 2020 and 2019, respectively. Future minimum lease payments required under the lease amount to \$41,895 at December 31, 2020.

FRIENDS OF THE RIVER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE G – COMMITMENTS AND CONTINGENCIES – Continued

Contingencies

The Foundation has been awarded certain grants and contracts and is subject to financial and compliance requirements of the grantors or their representatives. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although management does not expect such amounts, if any, to materially affect the financial statements.

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of grants, contributions and other funding received for the purpose of fulfilling the Foundation's primary mission. Net assets with donor restrictions also consist of endowment funds held to support the mission of the Foundation.

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specified Purpose:		
River protection	\$ <u>18,750</u>	\$ <u>67,470</u>
Total Subject to Expenditure for Specified Purpose:	<u>18,750</u>	<u>67,470</u>
Endowments (See Note I):		
Subject to endowment spending policy and appropriation:		
River protection	<u>17,554</u>	<u>10,861</u>
Total endowments	<u>17,554</u>	<u>10,861</u>
Not subject to spending policy or appropriation:		
Beneficial interest in endowment fund held by		
Community Foundation	<u>77,589</u>	<u>72,989</u>
Total net assets with donor restrictions	\$ <u>113,893</u>	\$ <u>151,320</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors:

Purpose Restrictions Accomplished:	<u>2020</u>	<u>2019</u>
River protection	\$ <u>68,700</u>	\$ <u>131,474</u>
Total restrictions released	\$ <u><u>68,700</u></u>	\$ <u><u>131,474</u></u>

FRIENDS OF THE RIVER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE I – ENDOWMENT FUND

In 2017, the Foundation transferred assets to the Community Foundation to establish the Endowment Fund, which is restricted to supporting the primary missions of the Foundation. The Board of Directors established a spending policy whereby 5% of the fair market value of the Endowment Fund balance is available to be distributed annually.

The Foundation is subject to the State of California's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which governs the management and use of donor-restricted endowment funds held by charitable organizations. Accounting principles generally accepted in the United States provide guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of UPMIFA and also improve disclosures about an organization's endowment funds.

Consistent with UPMIFA and Board policy, the Foundation classifies as net assets with donor restrictions the original value of gifts (including subsequent gifts) of donor-restricted endowment and, if applicable, accumulations of donor-restricted endowments as required by the donor. Accumulated earnings of donor-restricted endowments are classified as net assets with donor restrictions until distributed in accordance with UPMIFA and Board policy.

The Trustees have adopted an investment policy which governs the management and oversight of the Foundation's Endowment Fund and other investments. Foundation assets are diversified appropriately using Modern Portfolio Theory concepts, as required by UPMIFA. The endowment funds are invested in a well-diversified asset mix by the Community Foundation, which includes equity and debt securities.

The following represents the changes in beneficial interest in endowment fund net assets for the year ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Endowment net assets, beginning of year	\$ 83,850	\$ 65,991
Contributions	4,600	5,954
Investment income	7,950	13,042
Administrative fees	<u>(1,257)</u>	<u>(1,137)</u>
Endowment net assets, end of year	<u>\$ 95,143</u>	<u>\$ 83,850</u>

As of December 31, 2020 and 2019 we had the following endowment net asset composition by type of fund:

	<u>2020</u>	<u>2019</u>
Donor restricted endowment funds		
Original donor-restricted and additional gift amounts required to be maintained in perpetuity by donor	\$ 77,589	\$ 72,990
Accumulated investment gains (losses)	<u>17,554</u>	<u>10,860</u>
Total donor-restricted endowment funds	<u>\$ 95,143</u>	<u>\$ 83,850</u>

FRIENDS OF THE RIVER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE J – AVAILABILITY AND LIQUIDITY

The following represents the Foundation's financial assets at December 31:

Financial assets at year-end:	2020	2019
Cash and cash equivalents	\$ 683,331	\$ 281,860
Investments	-	5,256
Accounts receivable, net	12,500	14,000
Contributions receivable, net	46,456	255,435
Appropriation from beneficial interest in endowment fund held by Community Foundation	95,143	89,106
Total financial assets	837,430	645,657
Less amounts not available to be used within one year:		
Contractual or donor-imposed restrictions:		
Beneficial interest in endowment fund held by Community Foundation	95,143	83,850
Restricted by donor with purpose restriction	18,750	67,470
Funds held for others	14,220	9,220
	128,113	151,320
Financial assets available to meet general expenditures within one year	\$ 709,317	\$ 494,337

The Foundation's goal is to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested.

NOTE K – RELATED PARTY TRANSACTIONS

The Foundation stores all boating equipment in a rented shed and holds river advocacy training school events at Camp Lotus, which is owned by a member of the Board of Directors. Amounts paid to Camp Lotus for these services are at a discounted rate. For the year ended December 31, 2020, the Foundation paid \$3,002.

NOTE L – SUBSEQUENT EVENTS

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through August 12, 2021, the date that the financial statements were available to be issued.