

FRIENDS OF THE RIVER FOUNDATION

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

December 31, 2024



Puzdrak and Stortz LLC

plan-prepare-perform

FRIENDS OF THE RIVER FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of Friends of the River Foundation

Opinion

We have audited the accompanying financial statements of Friends of the River Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of the River Foundation as of December 31, 2024, and the changes in its net assets and cash flows for the year then ended in conformity 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Friends of the River Foundation 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.

Responsibility 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 Friends of the River Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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



Austin, Texas
September 2, 2025

FRIENDS OF THE RIVER FOUNDATION

STATEMENT OF FINANCIAL POSITION

December 31, 2024

ASSETS

Cash and cash equivalents	\$	509,615
Restricted cash		194,961
Investments		382,703
Accounts receivable, net		27,540
Contributions receivable, net		33,328
Prepaid expenses and other assets		8,904
Beneficial interest in endowment fund, held at Placer Community Foundation - restricted		108,386
Operating lease right-of-use assets, net		83,250
Property and equipment, net		<u>2,515</u>

TOTAL ASSETS \$ 1,351,202

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$	13,020
Accrued liabilities		25,450
Funds held for others		34,228
Operating lease liabilities		89,310
EIDL loan payable		<u>140,612</u>

TOTAL LIABILITIES 302,620

COMMITMENTS AND CONTINGENCIES

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NET ASSETS

Without donor restrictions		779,463
With donor restrictions		<u>269,119</u>

TOTAL NET ASSETS 1,048,582

TOTAL LIABILITIES AND NET ASSETS \$ 1,351,202

See accompanying notes to the financial statements.

FRIENDS OF THE RIVER FOUNDATION

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Grants and contributions	\$ 387,092	\$ 272,112	\$ 659,204
Contributions of nonfinancial assets	114,914	-	114,914
Special event revenues, less cost of direct benefits to donors of \$45,122	85,898	-	85,898
Investment return, net	26,155	9,581	35,736
<i>Net assets released from restrictions</i>	<u>158,462</u>	<u>(158,462)</u>	<u>-</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	772,521	123,231	895,752
EXPENSES			
Program services	606,984	-	606,984
Supporting services			
Fund development	57,455	-	57,455
General and administrative	120,130	-	120,130
Total supporting services	<u>177,585</u>	<u>-</u>	<u>177,585</u>
TOTAL EXPENSES	<u>784,569</u>	<u>-</u>	<u>784,569</u>
CHANGE IN NET ASSETS	(12,048)	123,231	111,183
NET ASSETS AT BEGINNING OF YEAR	<u>791,511</u>	<u>145,888</u>	<u>937,399</u>
NET ASSETS AT END OF YEAR	\$ <u><u>779,463</u></u>	\$ <u><u>269,119</u></u>	\$ <u><u>1,048,582</u></u>

See accompanying notes to the financial statements.

FRIENDS OF THE RIVER FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2024

	Program Services	Fund Development	General & Administrative	Cost of Direct Benefits to Donors	Total
Salaries and wages	\$ 315,437	\$ 19,433	\$ 45,896	\$ -	\$ 380,766
Employee benefits	17,321	947	11,845	-	30,113
Payroll taxes	26,554	1,691	4,102	-	32,347
TOTAL SALARIES AND RELATED EXPENSES	<u>359,312</u>	<u>22,071</u>	<u>61,843</u>	<u>-</u>	<u>443,226</u>
Rent	20,100	1,659	2,396	5,373	29,528
Accounting fees	-	-	10,850	-	10,850
Contract services	199,050	21,786	26,815	9,517	257,168
Printing & publication	623	4,209	95	350	5,277
Licenses & fees	1,717	-	456	619	2,792
Bank & payroll charges	2,606	2,112	963	2,256	7,937
Supplies	5,470	180	1,251	641	7,542
Telephone, fax & email	4,829	509	783	-	6,121
Insurance	2,395	-	5,778	-	8,173
Books & subscriptions	654	-	196	-	850
Equipment repair & maintenance	-	-	774	-	774
Meals & entertainment	1,013	-	929	25,602	27,544
Postage & shipping	8	2,672	19	632	3,331
Advertising & promotion	3,915	1,245	-	-	5,160
Travel & mileage	3,254	-	35	132	3,421
Equipment lease & rental	1,054	1,012	2,970	-	5,036
Interest expense	-	-	3,977	-	3,977
Depreciation expense	984	-	-	-	984
TOTAL EXPENSES BY FUNCTION	<u>606,984</u>	<u>57,455</u>	<u>120,130</u>	<u>45,122</u>	<u>829,691</u>
Less expenses included with revenues on the statement of activities					
Cost of direct benefits to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,122)</u>	<u>(45,122)</u>
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION ON THE STATEMENT OF ACTIVITIES	<u>\$ 606,984</u>	<u>\$ 57,455</u>	<u>\$ 120,130</u>	<u>\$ -</u>	<u>\$ 784,569</u>

See accompanying notes to the financial statements.

FRIENDS OF THE RIVER FOUNDATION

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 111,183
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>	
Depreciation	984
Noncash lease expense	3,692
Donated equity securities	(3,976)
Change in beneficial interests in assets held by others	(6,634)
Changes in operating assets and liabilities:	
Accounts receivable	(27,540)
Contributions receivable	8,075
Prepaid expenses and other assets	(5,878)
Accounts payable	8,124
Accrued liabilities	10,486
Funds held for others	(6,178)

NET CASH PROVIDED BY OPERATING ACTIVITIES 88,348

CASH FLOWS FROM INVESTING ACTIVITIES:

Cash paid for purchases of investments	(749,144)
Proceeds from sale of investments	375,549

NET CASH USED IN INVESTING ACTIVITIES (373,595)

CASH FLOWS FROM FINANCING ACTIVITIES:

Repayment of debt	(3,768)
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NET CASH USED IN FINANCING ACTIVITIES (3,768)

NET CHANGE IN CASH, CASH EQUIVALENTS

AND RESTRICTED CASH (289,015)

CASH, CASH EQUIVALENTS AND RESTRICTED CASH

AT BEGINNING OF YEAR 993,591

CASH, CASH EQUIVALENTS AND RESTRICTED CASH

AT END OF YEAR \$ 704,576

SUPPLEMENTARY INFORMATION:

Cash paid for income taxes	\$ <u>-</u>
Cash paid for interest	\$ <u><u>3,977</u></u>

RECONCILIATION OF CASH, CASH EQUIVALENTS

AND RESTRICTED CASH BALANCES:

Cash and cash equivalents	\$ 509,615
Restricted cash	<u>194,961</u>

Total cash, cash equivalents and restricted cash \$ 704,576

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.

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

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.

FRIENDS OF THE RIVER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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, 2024.

Contribution of Nonfinancial Assets: 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. During 2024, the contributed nonfinancial assets consisted of contributed professional services from a highly skilled professional for assisting in management activities. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

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).

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.

FRIENDS OF THE RIVER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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.

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, 2024.

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

Certificates of Deposit and U.S. Government Obligations: Valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions.

FRIENDS OF THE RIVER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE C – INVESTMENTS AND FAIR VALUE MEASUREMENTS – Continued

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 assumptions 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, 2024:

	Level 1	Level 2	Level 3	Total
Domestic equity securities	\$ 2,638	\$ -	\$ -	\$ 2,638
Certificates of deposit	-	330,135	-	330,135
U.S. Government obligations	-	49,930	-	49,930
Beneficial interest in endowment funds held at Placer Community Foundation	-	-	108,386	108,386
Total	\$ 2,638	\$ 380,065	\$ 108,386	\$ 491,089

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.

FRIENDS OF THE RIVER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE C – INVESTMENTS AND FAIR VALUE MEASUREMENTS – Continued

Changes in the fund for the years ended December 31, 2024:

Balance, beginning of year	\$	98,805
Reinvested interest and dividends		1,947
Change in value, net		8,210
Administrative fees		<u>(1,577)</u>
Balance, end of year	\$	<u>108,386</u>

NOTE D – FIXED ASSETS

Property and equipment consist of the following at December 31, 2024:

Rafts	\$	28,428
Office Equipment		<u>7,048</u>
Total Property and Equipment		35,476
Less: accumulated depreciation		<u>(32,961)</u>
Total	\$	<u>2,515</u>

NOTE E – LOAN PAYABLE

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.

Annual principal on the loan is due as follows:

Year ended December 31,		
2025	\$	3,873
2026		3,981
2027		4,093
2028		4,207
2029		4,324
Thereafter		<u>120,134</u>
Total	\$	<u>140,612</u>

FRIENDS OF THE RIVER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE F – LEASES

The Foundation leases a office facility under a long-term non-cancelable operating lease agreement. The leases expire in 2025. We include in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. Our operating lease provides for increases in future minimum annual rental payments.

The weighted-average discount rate is based on the discount rate implicit in the lease. We have elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. We have applied the risk-free rate option to the office facility.

We have elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

We elected the practical expedient to not separate lease and non-lease components for a real estate and office equipment leases.

Operating leases costs were \$23,178 during 2024. As of December 31, 2024 the weighted-average remaining lease term is 3.8 years, and the weighted average discount rate is 4.52%.

Future minimum lease payments under these operating leases as of December 31, 2024 were as follows:

	2025	\$	24,938
	2026		25,753
	2027		26,568
	2028		20,181
	2029		-
	Thereafter		-
Total future minimum lease payments		\$	97,440
Less: imputed interest			(8,130)
Total operating lease liabilities		\$	<u>89,310</u>

NOTE G – COMMITMENTS AND CONTINGENCIES

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.

FRIENDS OF THE RIVER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE G – COMMITMENTS AND CONTINGENCIES – Continued

Legal Matters

The Foundation is involved in legal proceedings, claims and compliance matters arising in the ordinary course of business. The Foundation records a provision in its financial statements when it is determined that an unfavorable outcome in one of these matters is probable and the amount of the loss can be reasonably estimated. The Foundation believes that the potential liability, if any, in excess of amounts already accrued for these contingencies will not have a material effect on its financial position, cash flows or results of operations when resolved in a future period.

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, 2024:

Subject to Expenditure for Specified Purpose:	
River protection	\$ <u>160,733</u>
Total Subject to Expenditure for Specified Purpose:	<u>160,733</u>
Endowments (See Note I):	
Subject to endowment spending policy and appropriation:	
River protection	<u>26,897</u>
Perpetual in nature, earnings from which are subject to endowment spending policy or appropriation:	
Beneficial interest in endowment fund held by Community Foundation	<u>81,489</u>
Total Endowments	<u>108,386</u>
Total net assets with donor restrictions	\$ <u>269,119</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:

River protection	\$ <u>158,462</u>
Total restrictions released	\$ <u>158,462</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, 2024:

Endowment net assets, beginning of year	\$	98,805
Contributions		-
Investment gain, net		11,158
Administrative fees		<u>(1,577)</u>
Endowment net assets, end of year	\$	<u>108,386</u>

As of December 31, 2024 we had the following endowment net asset composition by type of fund:

Donor restricted endowment funds		
Original donor-restricted and additional gift amounts required to be maintained in perpetuity by donor	\$	81,489
Accumulated investment gains (losses)		<u>26,897</u>
Total donor-restricted endowment funds	\$	<u>108,386</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, 2024:

Financial assets at year-end:	
Cash and cash equivalents	\$ 509,615
Restricted cash	194,961
Investments	382,703
Accounts receivable, net	27,540
Contributions receivable, net	33,328
Appropriation from beneficial interest in endowment fund held by Community Foundation	<u>108,386</u>
Total financial assets	<u>1,256,533</u>
Less amounts not available to be used within one year:	
Contractual or donor-imposed restrictions:	
Beneficial interest in endowment fund held by Community Foundation	108,386
Restricted by donor with purpose restriction	160,733
Funds held for others	<u>34,228</u>
	<u>303,347</u>
Financial assets available to meet general expenditures within one year	\$ <u>953,186</u>

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, 2024, the Foundation paid \$7,516.

NOTE L – SUBSEQUENT EVENTS

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 2, 2025, the date that the financial statements were available to be issued.