
TUOLUMNE RIVER PRESERVATION TRUST

FINANCIAL STATEMENTS

December 31, 2019

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2018)

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

TUOLUMNE RIVER PRESERVATION TRUST

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Tuolumne River Preservation Trust
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of Tuolumne River Preservation Trust, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, cash flows and functional expenses for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 Tuolumne River Preservation Trust as of December 31, 2019, 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.

Report on Summarized Comparative Information

We have previously audited the Tuolumne River Preservation Trust's December 31, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 27, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Croody & Lameda CPAs LLP

Oakland, California

November 6, 2020

TUOLUMNE RIVER PRESERVATION TRUST

Statement of Financial Position

December 31, 2019

(With Comparative Totals as of December 31, 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,175,734	\$ 475,199
Accounts receivable	5,000	1,700
Grants receivable	441,168	647,422
Pass-through receivable	336,333	1,756,273
Prepaid expenses	9,797	7,456
Total current assets	<u>1,968,032</u>	<u>2,888,050</u>
Investments - quasi-endowment (Note 3)	37,873	5,000
Property and equipment, net (Note 5)	2,236	4,792
Deposit	7,382	1,706
Total Assets	<u><u>\$ 2,015,523</u></u>	<u><u>\$ 2,899,548</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,011,379	\$ 460,785
Pass-through payable (Note 14)	299,148	1,749,028
Accrued vacation	22,935	21,426
Total Liabilities	<u>1,333,462</u>	<u>2,231,239</u>
Net Assets		
Without donor restrictions (Note 8)	577,910	423,810
With donor restrictions (Note 9)	104,151	244,499
Total Net Assets	<u>682,061</u>	<u>668,309</u>
Total Liabilities and Net Assets	<u><u>\$ 2,015,523</u></u>	<u><u>\$ 2,899,548</u></u>

See Notes to the Financial Statements

TUOLUMNE RIVER PRESERVATION TRUST

**Statement of Activities
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)**

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2019	2018
Support and Revenue				
Foundation grants	\$ 82,287	\$ 260,258	\$ 342,545	\$ 364,279
Government grants	1,420,159		1,420,159	871,839
Donations	248,153		248,153	157,736
Special event, net (Note 10)	78,584		78,584	87,167
Interest	1,275		1,275	389
Investment activity, net	2,395		2,395	-
Support provided by expiring time and purpose restrictions	400,606	(400,606)	-	-
Total Support and Revenue	<u>2,233,459</u>	<u>(140,348)</u>	<u>2,093,111</u>	<u>1,481,410</u>
Expenses				
Program				
Bay Area	140,625		140,625	346,690
Central Valley	1,061,791		1,061,791	175,488
Sierra Nevada	506,593		506,593	641,527
Fiscal Projects	24,140		24,140	-
Total Program	<u>1,733,149</u>		<u>1,733,149</u>	<u>1,163,705</u>
Management and general	166,254		166,254	180,655
Fundraising	179,956		179,956	170,931
Total Expenses	<u>2,079,359</u>	<u>-</u>	<u>2,079,359</u>	<u>1,515,291</u>
Change in Net Assets	154,100	(140,348)	13,752	(33,881)
Net Assets, beginning of year	<u>423,810</u>	<u>244,499</u>	<u>668,309</u>	<u>702,190</u>
Net Assets, end of year	<u>\$ 577,910</u>	<u>\$ 104,151</u>	<u>\$ 682,061</u>	<u>\$ 668,309</u>

See Notes to the Financial Statements

TUOLUMNE RIVER PRESERVATION TRUST

**Statement of Cash Flows
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)**

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 13,752	\$ (33,881)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	2,556	2,885
Loss on disposition	-	4,174
Investment activity, net	(2,395)	-
Donations restricted for endowment	(32,800)	(5,000)
Changes in assets and liabilities:		
Accounts receivable	(3,300)	(1,700)
Grants receivable	1,626,194	(1,370,440)
Prepaid expenses	(2,341)	392
Deposit	(5,676)	1,619
Accounts payable and accrued expenses	(899,286)	1,306,417
Accrued vacation	1,509	1,102
Net cash provided (used) by operating activities	698,213	(94,432)
Cash flows from investing activities		
Proceeds from investments	7	-
Purchase of investments	(35,485)	-
Net cash provided (used) by investing activities	(35,478)	-
Cash flows from financing activities		
Donations restricted for endowment	32,800	5,000
Net cash provided (used) by financing activities	32,800	5,000
Net change in cash and cash equivalents	695,535	(89,432)
Cash and cash equivalents, beginning of year	480,199	569,631
Cash and cash equivalents, end of year	\$ 1,175,734	\$ 480,199
Composition of cash and cash equivalents		
Held for operating purposes	\$ 1,175,734	\$ 475,199
Held for quasi-endowment	-	5,000
Total	\$ 1,175,734	\$ 480,199

See Notes to the Financial Statements

TUOLUMNE RIVER PRESERVATION TRUST

**Statement of Functional Expenses
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)**

	Program	Management and General	Fundraising	Total	
				2019	2018
Salaries	\$ 430,841	\$ 71,624	\$ 112,221	\$ 614,686	\$ 619,042
Employee benefits	31,551	23,104	10,495	65,150	66,309
Payroll taxes	35,281	5,865	9,189	50,335	50,743
Total Personnel	<u>497,673</u>	<u>100,593</u>	<u>131,905</u>	<u>730,171</u>	<u>736,094</u>
Professional services	1,123,329	20,527	4,150	1,148,006	597,472
Outreach and marketing	-	850	12,438	13,288	15,735
Office supplies and expense	49,902	31,639	23,354	104,895	79,680
Occupancy	29,324	6,089	1,013	36,426	36,787
Travel	21,850	3,938	3,762	29,550	27,479
Depreciation	2,192	364	-	2,556	2,885
Insurance	8,749	1,454	2,279	12,482	10,605
Events, meetings and other	130	800	1,055	1,985	8,554
Expenses by function	<u>\$ 1,733,149</u>	<u>\$ 166,254</u>	<u>\$ 179,956</u>	<u>\$ 2,079,359</u>	<u>\$ 1,515,291</u>
Expenses reported on a net basis on statement of activities					
Event expenses	-	-	16,738	16,738	20,814
Total Expenses	<u>\$ 1,733,149</u>	<u>\$ 166,254</u>	<u>\$ 196,694</u>	<u>\$ 2,096,097</u>	<u>\$ 1,536,105</u>

See Notes to the Financial Statements

TUOLUMNE RIVER PRESERVATION TRUST

Notes to the Financial Statements For the Year Ended December 31, 2019 (With Comparative Totals for the Year Ended December 31, 2018)

NOTE 1: NATURE OF ACTIVITIES

Tuolumne River Preservation Trust (the Organization) is a California nonprofit public benefit corporation, which was organized in 1981 to promote the stewardship of the Tuolumne River and its tributaries to ensure a healthy Watershed.

The Organization's programs include:

Sierra Nevada program - restores the streams, meadows, and forests of the upper Tuolumne watershed and educates the general public about where their water comes from and what they can do to conserve it.

Central Valley program - restores the lower Tuolumne River through policy advocacy to improve flows in the river, through on-the-ground restoration to improve habitat and recreation opportunities, and through k-12 education and general public outreach to ensure that local communities have the knowledge needed to properly steward the river.

Bay Area program - advocates for the City of San Francisco to act as a steward of the Tuolumne River and educates elementary students about where their water comes from and what they can do to conserve it.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other

TUOLUMNE RIVER PRESERVATION TRUST

Notes to the Financial Statements For the Year Ended December 31, 2019 (With Comparative Totals for the Year Ended December 31, 2018)

donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions. The Organization's unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Accounting for Revenue

The Organization recognizes revenue as performance obligations are satisfied.

Revenue is recognized over time when any of the following conditions are met: The customer receives and consumes the benefits provided by the Organization's performance as the Organization performs; the Organization's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or the work does not create an asset with an alternative use to the Organization and the entity has a right to payment for performance completed to date.

Revenue is recognized over time for cost reimbursement contracts as eligible expenses are incurred if other conditions of the contract are satisfied. Revenue from agreements that include milestones and milestone payments are recognized over time as milestones are reached. Revenue from agreements based on hourly rates are recognized over time as time is expended if the Organization expects it will have an enforceable right to payment for such amounts. Revenue is recognized based on estimated progress towards complete satisfaction of the performance obligation if the Organization can reasonably measure such progress. If the Organization's efforts are expended evenly throughout the performance period the Organization may recognize revenue on a straight-line basis over such a period.

Revenue is recognized at a point in time when goods or services are provided to customers and the Organization is not required to provide additional goods or services or if the above criteria are not met. Revenue from the sales of goods or merchandise are recognized at the point in time when the goods or merchandise are provided to the customer.

The Organization tracks contract assets representing earned amounts that are not yet receivable separately from accounts receivable, if any. As a practical expedient the Organization disregards the effects of potential financing components if the period between payment and performance is one year or less.

TUOLUMNE RIVER PRESERVATION TRUST

Notes to the Financial Statements For the Year Ended December 31, 2019 (With Comparative Totals for the Year Ended December 31, 2018)

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Government Funding

The Organization receives government funding on a cost reimbursement basis. Payment of amounts under such funding is conditioned on expenditure of funds on eligible costs and compliance with program terms and conditions. The Organization recognizes revenue from such government funding as related costs are incurred.

Accounts Receivable

Accounts receivable are primarily unsecured non-interest bearing amounts due from grantors on a cost reimbursement or performance grants. The Organization considers all accounts receivable to be fully collectible at December 31, 2019. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Grants Receivable

Grants receivable consists of unconditional promises to give that are recognized as contributions when the promise is received. Grants receivable that are expected to be collected in less than one year are reported at net realizable value. Grants receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The Organization has evaluated the value of the discount and concluded that it was not material for recognition. The Organization considers all grants receivable to be fully collectible at December 31, 2019. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of December 31, 2019 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively, after they are filed.

TUOLUMNE RIVER PRESERVATION TRUST

**Notes to the Financial Statements
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)**

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Estimates

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

Cash Equivalents

The Organization considers money market funds and other highly liquid investments with original maturities of three months or less when purchased that are held in operating accounts to be cash equivalents.

Property and Equipment

All acquisitions of property and equipment in excess of \$2,500 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment as follows:

Furniture and equipment	5 years
Boat	5 years
Website	3 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable.

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries, wages and benefits are allocated by job description to: program, program split, fundraising or administration. Percentage of allocation is set as a historical standard or at time of hire.

TUOLUMNE RIVER PRESERVATION TRUST

**Notes to the Financial Statements
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)**

Payroll taxes are allocated to administration.

Occupancy is allocated similar to salaries, wages and benefits. Each physical location distribution is allocated to match personnel's tenancy. Depreciation, amortization, and interest are allocated to administration.

Office expenses, supplies, insurance, advertising and other expenses that cannot be directly identified to program, fundraising or fall gala are allocated to administration.

Management, general expenses or administration include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization does not conduct fundraising activities in conjunction with its program activities.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

NOTE 3: INVESTMENTS

Investments are stated at fair value and consisted of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 10,009	\$ 5,000
Mutual funds	<u>27,864</u>	<u>-</u>
Total	<u>\$ 37,873</u>	<u>\$ 5,000</u>

Funds held in the investment account consist primarily of the Organization's endowment funds, and such funds may not be available for immediate general operations.

Investment Activity

Investment activity consisted of the following for the year ended December 31, 2019:

Interest and dividends	\$ 366
Realized and unrealized gain (loss), net	<u>2,029</u>
Total	<u>\$ 2,395</u>

The Organization classifies investment activity as a non-operating activity as the activity relates to the Organization's endowment funds which are intended for long term use.

TUOLUMNE RIVER PRESERVATION TRUST

**Notes to the Financial Statements
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)**

Investment Composition

The composition of investments was as follows as of December 31, 2019:

Cash and cash equivalents	\$ 10,009	27%
Fixed income funds	13,363	35%
Equity funds	<u>14,501</u>	<u>38%</u>
Total	<u>\$ 37,873</u>	<u>100%</u>

NOTE 4: FAIR VALUE MEASUREMENTS

The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

Fair value of investments measured on recurring basis were based on level 1 inputs as of December 31, 2019.

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Boat	\$ 3,436	\$ 6,000
Website	1,356	5,475
Less accumulated depreciation	<u>(2,556)</u>	<u>(6,683)</u>
Total	<u>\$ 2,236</u>	<u>\$ 4,792</u>

NOTE 6: COMMITMENTS

Operating Leases

The Organization leases two office spaces under leases which expire through June 2021. Future minimum operating lease payments are as follows for the years ending December 31:

2020	\$ 31,168
2021	<u>12,798</u>
Total	<u>\$ 43,966</u>

Rent for the years ended December 31, 2019 and 2018 was \$37,866 and \$36,022, respectively.

TUOLUMNE RIVER PRESERVATION TRUST

**Notes to the Financial Statements
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)**

NOTE 7: CONTINGENCIES

Grants

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has determined that the grants are compatible with the objectives of the Organization. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

Conservation Easements

As of December 31, 2019 conservation easements managed by the Organization consisted of the following:

- Dos Rios Ranch: Approximately 1,603 acres near the Tuolumne River located in Stanislaus County, California.
- Hidden Valley Ranch: Approximately 497 acres near the Tuolumne River located in Stanislaus County, California.

The Organization has a fiduciary responsibility to preserve the conservation easements, and this responsibility may result in future costs to the Organization for monitoring, management or enforcement of the terms of the related easements.

NOTE 8: NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consisted of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Board designated quasi-endowment	\$ 37,873	\$ 5,000
Board designated reserve	125,000	125,000
Undesignated	<u>415,037</u>	<u>293,810</u>
Total	<u>\$ 577,910</u>	<u>\$ 423,810</u>

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Purpose restricted	\$ 89,882	\$ 235,746
Fiscal projects	<u>14,269</u>	<u>8,753</u>
Total	<u>\$ 104,151</u>	<u>\$ 244,499</u>

NOTE 10: SPECIAL EVENT

The Organization held an annual special fundraising event during the year. Income from the Organization's event consisted of the following for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Admissions, donations and sponsorships	\$ 62,319	\$ 58,793
Auction proceeds	33,003	49,188

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**Notes to the Financial Statements
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)**

Less cost of direct donor benefit	<u>(16,738)</u>	<u>(20,814)</u>
Total	<u>\$ 78,584</u>	<u>\$ 87,167</u>

NOTE 11: CONCENTRATION

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Government Funding and Receivables

The Organization receives a significant portion of its support from the federal government and various county and local governmental bodies. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's program and activities. Approximately 99% of receivables outstanding as of December 31, 2019 were from government funders.

NOTE 12: RETIREMENT PLAN

The Organization offers a Savings Incentive Match Plan for Employees Individual Retirement Account (SIMPLE IRA). For eligible employees, the Organization matches up to 3% of the employees' salary. Contributions were \$11,775 and \$14,204 for the years ended December 31, 2019 and 2018, respectively.

NOTE 13: QUASI-ENDOWMENT

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Funds established by donors, including any required match amounts are considered *donor-restricted endowment funds*. Funds, if any, established by the Board of Directors to function as endowments are referred to as *board-designated endowment funds (quasi-endowments)*.

Interpretation of Relevant Law

The State of California's enacted a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) which establishes law for the management and investment of donor-restricted endowment funds. Donor-restricted endowment funds are subject to a time restriction imposed by UPMIFA until amounts are appropriated for expenditure by the Organization. UPMIFA permits the Organization to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as it determined is prudent for the uses, benefits, purposes and durations for which the endowment fund was established. In making these determinations the Organization must act in good faith and consider general economic conditions, effects of inflation and deflation, tax consequences, the role of each investment in the overall portfolio, expected total return from income and appreciation, the charity's other resources, and the needs of the charity and the fund to make distributions and preserve capital.

Risk Parameters and Strategies

Endowment assets include those assets of donor-restricted funds that the Organization intends to hold in perpetuity. The Organization has adopted investment and spending

TUOLUMNE RIVER PRESERVATION TRUST

**Notes to the Financial Statements
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)**

policies for endowment assets that attempt to preserve the endowment assets while providing for a return available for appropriation to accomplish the purposes of the endowment.

Funds with Deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the original gift amount. There were no deficiencies of this nature as of December 31, 2019. In the event of such deficiencies the Organization may elect to reduce the amount appropriated for use until such deficiencies are eliminated.

Spending Policy

Appropriations from the fund require Board of Directors approval. Consistent with UPMIFA, the Organization works to limit such appropriations, if any, to an annual amount of that is considered prudent.

Composition and Activity

The composition and changes in endowment net assets as of December 31, 2019 are as follows:

	Investment <u>activity</u>	Board <u>designated</u>	<u>Total</u>
Beginning balance	\$ -	\$ 5,000	\$ 5,000
Additions	-	32,800	32,800
Net investment gain (loss)	2,395	-	2,395
Appropriation for use	<u>(2,322)</u>	<u>-</u>	<u>(2,322)</u>
Ending balance	<u>\$ 73</u>	<u>\$ 37,800</u>	<u>\$ 37,873</u>

NOTE 14: PASS-THROUGH ACTIVITY AND COLLABORATIVE PAYABLES

The Organization serves as the lead fiscal agent for a number of grants in which funds have been earmarked for partner organizations. In addition to the activity reflected on the Organization's financials, an additional \$255,266 and \$1,809,171 was accounted for on a pass-through basis reflecting the activity of the partners for the years ended December 31, 2019 and 2018, respectively. Funds payable to partners are contingent on payment by the funder. As of December 31, 2019 and 2018, \$299,148 and \$1,749,028 remained payable to collaborative partners, respectively.

NOTE 15: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and has concluded that as of November 6, 2020, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose beyond the following:

Public Health Order - Coronavirus

In March 2020 the Organization and the area it operates in was subject to a public health order related to COVID-19 coronavirus which affected activities of the Organization.

TUOLUMNE RIVER PRESERVATION TRUST

**Notes to the Financial Statements
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)**

Paycheck Protection Program Loan

In May 2020 the Organization received a Paycheck Protection Program Loan of \$114,967 for COVID-19 relief. Some or all of this loan may be forgiven based on the terms of the Paycheck Protection Program.

NOTE 16: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2019 are:

Cash and cash equivalents	\$ 1,175,734
Investments	37,873
Accounts and contributions receivable	441,168
Less board designated quasi-endowment	(37,873)
Less purpose and fiscal project restricted net assets	<u>(104,151)</u>
Total	<u>\$ 1,512,751</u>

The above reflects the board designated endowment funds as unavailable because it is the Organization's intention to invest those resources for the long-term support of the Organization. However, in the case of need, the Organization's board could appropriate funds from the board designated funds. As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in cash and cash equivalents, investments and money market accounts.