
TUOLUMNE RIVER PRESERVATION TRUST

FINANCIAL STATEMENTS

December 31, 2018

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2017)

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, 2018, 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, 2018, 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, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 9, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Handwritten signature in black ink that reads "Crosby & Lanada CPAs LLP". The signature is written in a cursive, flowing style.

Oakland, California

July 27, 2019

TUOLUMNE RIVER PRESERVATION TRUST

Statement of Financial Position

December 31, 2018

(With Comparative Totals as of December 31, 2017)

| | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 475,199 | \$ 569,631 |
| Grants and accounts receivable | 649,122 | 239,288 |
| Pass-through receivable | 1,756,273 | 793,967 |
| Prepaid expenses | 7,456 | 7,848 |
| Total current assets | <u>2,888,050</u> | <u>1,610,734</u> |
| Cash and cash equivalents - endowment (Note 11) | 5,000 | - |
| Property and equipment, net (Note 3) | 4,792 | 11,851 |
| Deposit | 1,706 | 3,325 |
| Total Assets | <u>\$ 2,899,548</u> | <u>\$ 1,625,910</u> |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses | \$ 460,785 | \$ 109,482 |
| Pass-through payable (Note 12) | 1,749,028 | 793,914 |
| Accrued vacation | 21,426 | 20,324 |
| Total Liabilities | <u>2,231,239</u> | <u>923,720</u> |
| Commitments and Contingencies (Notes 4 and 5) | | |
| Net Assets | | |
| Without donor restrictions (Note 6) | 423,810 | 440,933 |
| With donor restrictions (Note 7) | 244,499 | 261,257 |
| Total Net Assets | <u>668,309</u> | <u>702,190</u> |
| Total Liabilities and Net Assets | <u>\$ 2,899,548</u> | <u>\$ 1,625,910</u> |

See Notes to the Financial Statements

TUOLUMNE RIVER PRESERVATION TRUST

**Statement of Activities
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

| | Without Donor Restrictions | With Donor Restrictions | Total | |
|---|-------------------------------|----------------------------|-------------------|-------------------|
| | | | 2018 | 2017 |
| Support and Revenue | | | | |
| Foundation grants | \$ 6,842 | \$ 357,437 | \$ 364,279 | \$ 484,627 |
| Government grants | 871,839 | | 871,839 | 350,873 |
| Donations | 155,189 | 2,547 | 157,736 | 133,251 |
| Special event, net (Note 8) | 87,167 | | 87,167 | 102,661 |
| Interest | 389 | | 389 | 101 |
| Support provided by expiring time and purpose restrictions | 376,742 | (376,742) | - | - |
| Total Support and Revenue | <u>1,498,168</u> | <u>(16,758)</u> | <u>1,481,410</u> | <u>1,071,513</u> |
| Expenses | | | | |
| Program | | | | |
| Bay Area | 346,690 | | 346,690 | 178,795 |
| Central Valley | 175,488 | | 175,488 | 277,488 |
| Sierra Nevada | 641,527 | | 641,527 | 249,409 |
| Fiscal Projects | - | | - | 11,598 |
| Total Program | <u>1,163,705</u> | | <u>1,163,705</u> | <u>717,290</u> |
| Management and general | 180,655 | | 180,655 | 163,232 |
| Fundraising | 170,931 | | 170,931 | 131,578 |
| Total Expenses | <u>1,515,291</u> | <u>-</u> | <u>1,515,291</u> | <u>1,012,100</u> |
| Change in Net Assets | (17,123) | (16,758) | (33,881) | 59,413 |
| Net Assets, beginning of year | <u>440,933</u> | <u>261,257</u> | <u>702,190</u> | <u>642,777</u> |
| Net Assets, end of year | <u>\$ 423,810</u> | <u>\$ 244,499</u> | <u>\$ 668,309</u> | <u>\$ 702,190</u> |

See Notes to the Financial Statements

TUOLUMNE RIVER PRESERVATION TRUST

Statement of Cash Flows
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

| | 2018 | 2017 |
|--|-------------|------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ (33,881) | \$ 59,413 |
| Adjustments to reconcile change in net assets to cash provided (used) by operating activities: | | |
| Depreciation | 2,885 | 4,330 |
| Loss on disposition | 4,174 | - |
| Donations restricted for endowment | (5,000) | - |
| Changes in assets and liabilities: | | |
| Grants and accounts receivable | (1,372,140) | (845,017) |
| Prepaid expenses | 392 | 5,054 |
| Accounts payable and accrued expenses | 1,306,417 | 836,340 |
| Accrued vacation | 1,102 | 8,931 |
| Deposit | 1,619 | - |
| Net cash provided (used) by operating activities | (94,432) | 69,051 |
| Cash flows from financing activities | | |
| Donations restricted for endowment | 5,000 | - |
| Net cash provided (used) by financing activities | 5,000 | - |
| Net change in cash and cash equivalents | (89,432) | 69,051 |
| Cash and cash equivalents, beginning of year | 569,631 | 500,580 |
| Cash and cash equivalents, end of year | \$ 480,199 | \$ 569,631 |
| Composition of cash and cash equivalents | | |
| Held for operating purposes | \$ 475,199 | \$ 569,631 |
| Held for quasi-endowment | 5,000 | - |
| Cash and cash equivalents | \$ 480,199 | \$ 569,631 |

See Notes to the Financial Statements

TUOLUMNE RIVER PRESERVATION TRUST

**Statement of Functional Expenses
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

| | Program | Management and General | Fundraising | Total | |
|---|---------------------|---------------------------|-------------------|---------------------|---------------------|
| | | | | 2018 | 2017 |
| Salaries | \$ 448,035 | \$ 68,596 | \$ 102,411 | \$ 619,042 | \$ 526,012 |
| Retirement contributions | 9,082 | 2,081 | 3,041 | 14,204 | 12,695 |
| Other employee benefits | 29,228 | 14,527 | 8,350 | 52,105 | 43,858 |
| Payroll taxes | 36,726 | 5,622 | 8,395 | 50,743 | 44,354 |
| Total Personnel | <u>523,071</u> | <u>90,826</u> | <u>122,197</u> | <u>736,094</u> | <u>626,919</u> |
| Professional services | 558,972 | 35,700 | 2,800 | 597,472 | 199,821 |
| Outreach and marketing | 5,000 | 34 | 10,701 | 15,735 | 8,489 |
| Office supplies and expense | 22,292 | 28,980 | 22,783 | 74,055 | 67,871 |
| Occupancy | 26,625 | 9,761 | 401 | 36,787 | 41,993 |
| Travel | 17,981 | 6,273 | 3,225 | 27,479 | 29,537 |
| Events and meetings | - | 1,484 | 7,070 | 8,554 | 11,200 |
| Depreciation | 2,088 | 797 | - | 2,885 | 4,330 |
| Insurance | 7,676 | 1,175 | 1,754 | 10,605 | 13,664 |
| Other | - | 5,625 | - | 5,625 | 8,276 |
| Expenses by function | <u>\$ 1,163,705</u> | <u>\$ 180,655</u> | <u>\$ 170,931</u> | <u>\$ 1,515,291</u> | <u>\$ 1,012,100</u> |
| Expenses reported on a net basis on statement of activities | | | | | |
| Event expenses | - | - | 20,814 | 20,814 | 25,560 |
| Total Expenses | <u>\$ 1,163,705</u> | <u>\$ 180,655</u> | <u>\$ 191,745</u> | <u>\$ 1,536,105</u> | <u>\$ 1,037,660</u> |

TUOLUMNE RIVER PRESERVATION TRUST

Notes to the Financial Statements For the Year Ended December 31, 2018 (With Comparative Totals for the Year Ended December 31, 2017)

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).

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 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

TUOLUMNE RIVER PRESERVATION TRUST

Notes to the Financial Statements For the Year Ended December 31, 2018 (With Comparative Totals for the Year Ended December 31, 2017)

financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor imposed 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 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.

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, 2018. 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.

Contributions Receivable

Contributions receivable including pledges and grants receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions 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 contributions receivable to be fully collectible at December 31, 2018. 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.

TUOLUMNE RIVER PRESERVATION TRUST

Notes to the Financial Statements For the Year Ended December 31, 2018 (With Comparative Totals for the Year Ended December 31, 2017)

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 Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of December 31, 2018 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.

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.

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 inputs are 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 are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on December 31, 2018.

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.

Property and Equipment

All acquisitions of property and equipment in excess of \$500, and group purchases over \$900, as well as all expenditures for repairs and maintenance, renewals, and betterments

TUOLUMNE RIVER PRESERVATION TRUST

Notes to the Financial Statements For the Year Ended December 31, 2018 (With Comparative Totals for the Year Ended December 31, 2017)

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.

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.

Changes in Accounting Principles

The Organization implemented Accounting Standards Update 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.

TUOLUMNE RIVER PRESERVATION TRUST

**Notes to the Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

The unrestricted net asset class has been renamed net assets without donor restrictions.

The financial statements include a classified statement of position and a disclosure about liquidity and availability of resources.

The changes have the following effect on net assets at December 31, 2017:

| Net Asset Class: | As Originally Presented | After Adoption of ASU 2016-14 |
|---------------------------------------|-------------------------------|-------------------------------------|
| Unrestricted net assets | \$ 440,933 | \$ - |
| Temporarily restricted net assets | 261,257 | - |
| Net assets without donor restrictions | - | 440,933 |
| Net assets with donor restrictions | <u>-</u> | <u>261,257</u> |
| Total | <u>\$ 702,190</u> | <u>\$ 702,190</u> |

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, 2017, 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.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of July 27, 2019 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: PROPERTY AND EQUIPMENT

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

| | <u>2018</u> | <u>2017</u> |
|-------------------------------|-----------------|------------------|
| Furniture and equipment | \$ - | \$ 5,987 |
| Boat | 6,000 | 6,000 |
| Website | 5,475 | 5,475 |
| Less accumulated depreciation | <u>(6,683)</u> | <u>(5,611)</u> |
| Total | <u>\$ 4,792</u> | <u>\$ 11,851</u> |

NOTE 4: COMMITMENTS

Operating Leases

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

TUOLUMNE RIVER PRESERVATION TRUST

**Notes to the Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

| | |
|-------|------------------|
| 2019 | \$ 20,600 |
| 2020 | 17,968 |
| 2021 | <u>6,048</u> |
| Total | <u>\$ 44,616</u> |

Rent for the years ended December 31, 2018 and 2017 was \$36,022 and \$39,740, respectively

NOTE 5: 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, 2018 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 6: NET ASSETS WITHOUT DONOR RESTRICTIONS

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

| | <u>2018</u> | <u>2017</u> |
|----------------------------|-------------------|-------------------|
| Undesignated | \$ 293,810 | \$ 315,933 |
| Board designated endowment | 5,000 | - |
| Board designated reserve | <u>125,000</u> | <u>125,000</u> |
| Total | <u>\$ 423,810</u> | <u>\$ 440,933</u> |

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

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

| | <u>2018</u> | <u>2017</u> |
|--------------------|-------------------|-------------------|
| Purpose restricted | \$ 235,746 | \$ 249,252 |
| Fiscal projects | <u>8,753</u> | <u>12,005</u> |
| Total | <u>\$ 244,499</u> | <u>\$ 261,257</u> |

TUOLUMNE RIVER PRESERVATION TRUST

**Notes to the Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

NOTE 8: 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>2018</u> | <u>2017</u> |
|------------------------------------|------------------|-------------------|
| Admissions | \$ 8,275 | \$ 12,602 |
| Donations and sponsorships | 50,518 | 64,483 |
| Auction proceeds | 49,188 | 51,136 |
| Less: cost of direct donor benefit | <u>(20,814)</u> | <u>(25,560)</u> |
| Total | <u>\$ 87,167</u> | <u>\$ 102,661</u> |

NOTE 9: CONCENTRATION

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 98% of receivables outstanding as of December 31, 2018 were from government funders.

NOTE 10: 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 \$14,204 and \$12,695 for the years ended December 31, 2018 and 2017, respectively.

NOTE 11: ENDOWMENT

The Organization's endowment (the Fund) was established by the board in 2018 for the purpose of supporting the mission of the Organization. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the Fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors

TUOLUMNE RIVER PRESERVATION TRUST

**Notes to the Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies

The Organization has intends to invest endowment assets to provide a predictable stream of funding to program activities while also maintaining the purchasing power of those endowment assets over the long-term. The assets of the endowment are currently held in the Organization's cash accounts.

Spending Policy

The Organization's has a total-return-based policy of appropriating funds for distribution from the net accumulated investment gains on endowment assets. Activity related the endowment was as follows during the year ended December 31, 2018:

| | Investment <u>activity</u> | Board <u>designated</u> | <u>Total</u> |
|----------------------------|-------------------------------|----------------------------|-----------------|
| Beginning balance | \$ - | \$ - | \$ - |
| Additions | - | 5,000 | 5,000 |
| Net investment gain (loss) | - | - | - |
| Appropriation for use | <u>-</u> | <u>-</u> | <u>-</u> |
| Ending balance | <u>\$ -</u> | <u>\$ 5,000</u> | <u>\$ 5,000</u> |

NOTE 12: 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 \$1,809,171 and \$862,593 was accounted for on a pass-through basis reflecting the activity of the partners for the years ended December 31, 2018 and 2017, respectively. Funds payable to partners are contingent on payment by the funder. As of December 31, 2018 and 2017, \$1,749,028 and \$793,914 remained payable to collaborative partners, respectively.

NOTE 13: 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, 2018 are:

| | |
|---|----------------|
| Financial assets: | |
| Cash and cash equivalents | \$ 480,199 |
| Grants and accounts receivable | <u>649,122</u> |
| Total financial assets | \$ 1,129,321 |
| Less financial assets not available for general expenditures within one year: | |
| Board designated reserve | (125,000) |
| Board designated quasi-endowment | (5,000) |

TUOLUMNE RIVER PRESERVATION TRUST

**Notes to the Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

| | |
|---|-------------------|
| Purpose restricted net assets | <u>(244,499)</u> |
| Amount available for general expenditures within one year | <u>\$ 754,822</u> |

The above reflects the board designated reserve and 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 and money market accounts.