

**FRIENDS OF THE COLUMBIA GORGE, INC.  
& SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**Year Ended June 30, 2011**



**Friends of the  
Columbia Gorge**

**FRIENDS OF THE COLUMBIA GORGE, INC.  
& SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**Year Ended June 30, 2011**

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**KERN & THOMPSON, LLC**

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Friends of the Columbia Gorge, Inc. & Subsidiary  
Portland, Oregon

We have audited the accompanying consolidated statement of financial position of Friends of the Columbia Gorge, Inc. & Subsidiary (not-for-profit organizations) as of June 30, 2011, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the consolidated financial statements of Friends of the Columbia Gorge, Inc. & Subsidiary as of June 30, 2010 and, in our report dated November 24, 2010, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Friends of the Columbia Gorge, Inc. & Subsidiary as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Kern & Thompson, LLC*

Portland, Oregon  
November 10, 2011

**FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**June 30, 2011**

(With Comparative Totals as of June 30, 2010)

**ASSETS**

	<b>2011</b>	<b>2010</b>
Cash and cash equivalents	\$ 372,168	\$ 932,926
Investment interest receivable	34,907	39,938
Accounts receivable	249	2,060
Grants and pledges receivable	2,500	-
Investments	5,954,911	5,746,637
Prepaid expenses	13,665	18,890
Equipment and furniture, net of accumulated depreciation of \$39,361 and \$38,423, respectively	2,366	1,349
Land trust	5,508,196	4,503,196
<b>Total assets</b>	<b>\$ 11,888,962</b>	<b>\$ 11,244,996</b>

**LIABILITIES AND NET ASSETS**

Accounts payable	\$ 161,587	\$ 24,040
Accrued vacation and benefits	15,441	11,122
<b>Total liabilities</b>	<b>177,028</b>	<b>35,162</b>
<b>Net assets</b>		
Unrestricted		
Available for operations	1,045,087	1,824,868
Net investment in land and easements	5,508,196	4,503,196
Board designated - projects	641,512	653,334
Board designated - endowment	1,926,582	1,837,965
	9,121,377	8,819,363
Temporarily restricted, as restated	2,365,315	2,170,229
Permanently restricted	225,242	220,242
<b>Total net assets</b>	<b>11,711,934</b>	<b>11,209,834</b>
<b>Total liabilities and net assets</b>	<b>\$ 11,888,962</b>	<b>\$ 11,244,996</b>

See notes to consolidated financial statements.

**FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2011**

(With Comparative Totals for the Year Ended June 30, 2010)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2011</u>	<u>2010</u>
<b>Public support and other revenue</b>					
Foundations	\$ 119,053	\$ 16,500	\$ -	\$ 135,553	\$ 163,500
Contributions	102,427	401,250	5,000	508,677	97,360
Bequests	37,520	-	-	37,520	-
Memberships	591,080	-	-	591,080	347,382
Loss from sale of land	-	-	-	-	(77,710)
Interest income	127,740	47,704	-	175,444	172,454
Other	52,220	-	-	52,220	33,466
	<u>1,030,040</u>	<u>465,454</u>	<u>5,000</u>	<u>1,500,494</u>	<u>736,452</u>
Net assets released from restrictions					
Satisfaction of purpose	634,939	(634,939)	-	-	-
<b>Total public support and other revenue</b>	<b><u>1,664,979</u></b>	<b><u>(169,485)</u></b>	<b><u>5,000</u></b>	<b><u>1,500,494</u></b>	<b><u>736,452</u></b>
<b>Expenses</b>					
Program services					
Land trust	296,789	-	-	296,789	181,491
Outreach and outdoor program	222,238	-	-	222,238	163,170
Legal	205,548	-	-	205,548	125,000
Conservation	136,146	-	-	136,146	140,953
Lobbying	79,256	-	-	79,256	29,445
Casino	116,855	-	-	116,855	75,904
Parks and trails	24,490	-	-	24,490	-
Total program services	<u>1,081,322</u>	<u>-</u>	<u>-</u>	<u>1,081,322</u>	<u>715,963</u>
Supporting services					
Management and general	119,896	-	-	119,896	112,642
Fund-raising	161,458	-	-	161,458	197,181
<b>Total expenses</b>	<b><u>1,362,676</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,362,676</u></b>	<b><u>1,025,786</u></b>
Increase (decrease) in net assets before change in investments	302,303	(169,485)	5,000	137,818	(289,334)
Net realized and unrealized appreciation (depreciation) of investments	(289)	364,571	-	364,282	33,527
<b>Change in net assets</b>	<b><u>302,014</u></b>	<b><u>195,086</u></b>	<b><u>5,000</u></b>	<b><u>502,100</u></b>	<b><u>(255,807)</u></b>
Net assets, beginning of year, as restated	<u>8,819,363</u>	<u>2,170,229</u>	<u>220,242</u>	<u>11,209,834</u>	<u>11,465,641</u>
<b>Net assets, end of year</b>	<b><u>\$ 9,121,377</u></b>	<b><u>\$ 2,365,315</u></b>	<b><u>\$ 225,242</u></b>	<b><u>\$ 11,711,934</u></b>	<b><u>\$ 11,209,834</u></b>

See notes to consolidated financial statements.



**FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2011  
(With Comparative Totals for the Year Ended June 30, 2010)

	PROGRAM SERVICES								SUPPORTING SERVICES		Total	
	Land Trust	Outreach & Outdoor Program	Legal	Conservation	Lobbying	Casino	Parks and Trails	Program Total	Management and General	Fund-Raising	2011	2010
Salaries	\$ 51,768	\$ 94,527	\$ 60,609	\$ 69,884	\$ 10,718	\$ 46,774	\$ 15,257	\$ 349,537	\$ 47,595	\$ 81,814	\$ 478,946	\$ 470,821
Payroll taxes	4,959	9,148	5,792	6,865	1,026	4,500	1,493	33,783	4,590	7,804	46,177	46,284
Benefits	7,961	17,067	9,437	20,515	1,947	8,284	2,431	67,642	8,194	12,844	88,680	78,004
Rent	3,898	8,527	4,694	11,313	1,052	6,524	1,344	37,352	4,307	6,194	47,853	46,318
Printing	906	2,009	1,073	2,327	196	904	280	7,695	985	1,319	9,999	12,569
Publication costs	5,857	32,577	-	-	-	-	-	38,434	-	4,989	43,423	40,129
Prospect costs	-	6,010	-	50	-	-	-	6,060	-	21,338	27,398	19,945
Postage	735	1,987	959	1,766	158	733	213	6,551	760	1,167	8,478	7,692
Office supplies	1,511	1,320	1,243	1,249	105	740	175	6,343	543	693	7,579	7,830
Telephone	574	1,931	651	2,665	205	2,818	334	9,178	605	870	10,653	10,564
Database and website	40	383	106	5,538	11	80	33	6,191	137	1,148	7,476	12,511
Training	-	810	747	201	-	-	99	1,857	120	262	2,239	1,605
Equipment maintenance	1,032	1,831	1,007	2,394	172	836	272	7,544	1,091	1,226	9,861	9,067
Dues and subscriptions	358	262	1,631	1,213	19	88	1,227	4,798	493	333	5,624	5,041
Insurance	3,422	585	243	932	63	183	76	5,504	4,139	993	10,636	10,194
Board and staff meetings	119	184	38	76	7	32	10	466	197	47	710	1,214
Event costs	158	34,199	-	325	-	-	35	34,717	34	7,340	42,091	40,020
Professional and contract services	978	-	113,284	70	62,909	43,808	295	221,344	38,315	-	259,659	103,584
Travel	2,932	6,883	3,828	8,548	656	461	879	24,187	717	807	25,711	20,132
Merchandise expense	-	1,219	-	-	-	-	-	1,219	-	10,161	11,380	4,580
Land acquisition expense	25,021	-	-	-	-	-	-	25,021	-	-	25,021	30,354
Land maintenance	43,940	-	-	-	-	-	-	43,940	-	-	43,940	37,132
Cape Horn Overlook expenses	140,542	-	-	-	-	-	-	140,542	-	-	140,542	-
Miscellaneous expense	-	566	89	30	-	2	-	687	6,974	-	7,661	10,186
Depreciation	78	213	117	185	12	88	37	730	100	109	939	10
	<u>\$ 296,789</u>	<u>\$ 222,238</u>	<u>\$ 205,548</u>	<u>\$ 136,146</u>	<u>\$ 79,256</u>	<u>\$ 116,855</u>	<u>\$ 24,490</u>	<u>\$ 1,081,322</u>	<u>\$ 119,896</u>	<u>\$ 161,458</u>	<u>\$ 1,362,676</u>	<u>\$ 1,025,786</u>

See notes to consolidated financial statements.

**FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**Year Ended June 30, 2011**

(With Comparative Totals for the Year Ended June 30, 2010)

	<b>2011</b>	<b>2010</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 502,100	\$ (255,807)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	939	10
Net realized and unrealized (appreciation) depreciation of investments	(364,282)	(33,527)
Loss from sale of land	-	77,710
Grants restricted for land purchase	(400,000)	-
Changes in assets and liabilities:		
Investment interest receivable	5,031	(13,244)
Accounts receivable	1,811	(2,060)
Grants and pledges receivable	(2,500)	793,991
Prepaid expenses	5,225	(6,669)
Accounts payable	137,547	2,713
Accrued vacation and benefits	4,319	(4,436)
	<b>(109,810)</b>	<b>558,681</b>
<b>Net cash provided by (used in) operating activities</b>		
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	2,714,955	1,485,847
Purchase of investments	(2,558,947)	(3,186,196)
Proceeds from land trust sales	-	185,000
Additions to land trust	(1,005,000)	(175,488)
Purchase of equipment	(1,956)	(1,349)
	<b>(850,948)</b>	<b>(1,692,186)</b>
<b>Net cash provided by (used in) investing activities</b>		
<b>Cash flows from financing activities:</b>		
Grants restricted for land purchase	<b>400,000</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>	<b>(560,758)</b>	<b>(1,133,505)</b>
Cash and cash equivalents, beginning of year	932,926	2,066,431
<b>Cash and cash equivalents, end of year</b>	<b>\$ 372,168</b>	<b>\$ 932,926</b>

See notes to consolidated financial statements.

## FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2011

#### NOTE A – DESCRIPTION OF ORGANIZATION

Friends of the Columbia Gorge, Inc. (Friends) was incorporated in Oregon in 1981 as a private not-for-profit entity. Its purpose is to protect the scenic, natural, cultural, historic and recreational values of the Columbia River Gorge (Gorge), encourage compatible economic development within the urban areas along the Gorge and educate the public to obtain effective implementation of the National Scenic Area Act. In February of 2007, Friends funded a wholly-owned subsidiary, The Friends of the Columbia Gorge Land Trust (collectively, the Organization). Programs of Friends are as follows:

- **Land Trust** – The Organization works to ensure long-term protection of lands in the Gorge.
- **Outreach and Outdoor Program** – The Organization works to inform and engage its members and the general public through education at events and seminars, stewardship projects on key lands, and public hikes throughout the Gorge.
- **Legal** – When Gorge resources are threatened by unlawful decisions and violations, the Organization exercises its right to file legal challenges. Similarly, when Gorge decision makers protect Gorge resources by upholding the law, the Organization helps defend the decisions against challenges by development interests.
- **Conservation** – The Organization works to protect the scenic and natural values of the Gorge by protecting the air quality of the Gorge, limiting sprawl and protecting forest and farmlands.
- **Lobbying** – The Organization conducts lobby activities to support laws that protect the Gorge's scenic and natural beauty.
- **Casino** – The Organization opposes the creation of a 600,000 square foot casino facility in the heart of the Gorge.
- **Parks and Trails** – The Organization provides support to create and maintain the Gorge's parks and trails.

Funds are provided from memberships, contributions and grants.

#### **Basis of Consolidation**

The consolidated financial statements include those of Friends and Friends of the Columbia Gorge Land Trust (the Land Trust). Both organizations are under common control since board members of Friends comprise a majority of the Board of Trustees of the Land Trust. There is also an element of economic interest since the Land Trust holds significant resources that must be used only for purposes of Friends of the Columbia Gorge, Inc. In accordance with generally accepted accounting principles, consolidation is required. All material inter-organizational transactions have been eliminated.



**FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2011**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Organization prepares its financial statements on the accrual basis of accounting, which recognizes revenue when earned and expenses when incurred. Transactions are classified according to the existence or absence of donor-imposed restrictions.

**Basis of Presentation**

The accompanying financial statements have been prepared to focus on the Organization as a whole and to present its financial position and activities according to three classes of net assets – unrestricted, temporarily restricted, and permanently restricted, as follows:

- **Unrestricted Net Assets** - Represent net assets that are not subject to donor-imposed stipulations.
- **Temporarily Restricted Net Assets** - Represent net assets subject to donor-imposed stipulations that may or will not be met by action of the Organization and/or the passage of time.
- **Permanently Restricted Net Assets** - Represent net assets subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Expenses are reported as a decrease in unrestricted net assets.

**Cash and Cash Equivalents**

The Organization classifies as cash and cash equivalents all checking, savings, and money market accounts and all highly liquid investments maturing within 90 days of purchase.

**Contributions**

Contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

**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.

**FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2011**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equipment and Furniture**

Equipment and furniture over \$1,000 are capitalized, recorded at cost and depreciated using the straight-line method over estimated useful lives of 3-10 years. Donations of equipment and furniture are recorded as revenues at their estimated fair market values on the date of receipt. Maintenance and repairs are expensed. Betterments and renewals are capitalized as incurred. Depreciation expense amounted to \$939 in 2011.

**Concentration of Credit Risk**

Financial instruments that potentially subject the Organization to credit risk include cash and investments in marketable securities. Cash deposited with financial institutions regularly exceeds the related federal deposit insurance limits. To mitigate this risk, management has placed excess cash in U.S. Treasury-backed money market accounts. Management periodically evaluates the relative credit standings of these financial institutions. Management also periodically evaluates the quality of the investments in marketable securities with other institutions, which are partially covered by federal insurance. Future changes in market prices may make such investments less valuable. Whether or not the effect of market fluctuations will result in permanent or temporary losses cannot be reasonably estimated.

**Functional Allocation of Expenses**

The cost of providing the various programs and other activities has been summarized in the Statements of Activities. Certain costs, including salaries, rent, printing and depreciation, have been allocated among the programs and supporting services benefited.

**Investments and Fair Value Measurements**

Investments are the only assets measured at fair value on a recurring basis. Valuation techniques used to measure fair value are prioritized into the following hierarchy:

**Level 1** – Quoted prices in active markets for identical assets.

**Level 2** – Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data by correlation such as appraisals or other means such as calculations based on contractual rates and published tables.

**Level 3** – Unobservable inputs that reflect management's assumptions and best estimates based on available data.

Investments in bonds, equities, and mutual funds are carried at fair value based on quoted prices in active markets (all Level 1 measurements) in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. No assets were valued under Level 2 or Level 3.



**FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2011**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Land Trust Assets**

Assets held in the Land Trust consist of real property located in the Gorge acquired or donated to the Organization. Acquisitions of real property are carried at cost; donations are carried at fair value at the date of donation based on highest and best use, or discounted fair value if the highest and best use of the property conflicts with the Organization's mission.

**Classification of Contributions and Net Assets**

The Organization follows the guidance of generally accepted accounting principles for the classification of donor-restricted endowment funds that are subject to Oregon's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Board of Directors has determined that Friends' permanently restricted assets are endowment funds.

Additionally, the Board of Directors has designated a portion of its unrestricted net assets for operations and special projects. 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 stipulations.

The Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the date of the gift 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 the original value of gifts donated to the permanent endowment. In accordance with UPMIFA, the Organization considers the following factors 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 total return from income and appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

**Investment and Spending Policies**

The goal of the Organization's investment program is to achieve a total rate of return that will allow it to respond to today's needs and the long-term growth necessary to respond to future needs. The investment objective is to retain (at a minimum) and when possible, increase the purchasing power of the funds, while at the same time producing a reasonable return for distribution to meet current needs. To meet this investment objective, the Organization follows a total-return strategy in which investment decisions are made with the intent of maximizing the long-term total return of the portfolio, combining market-value changes (realized and unrealized) and current yield (interest and dividends). Assets are invested in a mixture of equity funds and cash.

**FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2011

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

Friends and the Land Trust each have been approved as tax-exempt organizations under the Internal Revenue Code 501(c)(3) and applicable state laws. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization does not believe it has unrelated trade or business income in excess of \$1,000.

Friends and the Land Trust federal exempt organization information returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

**Prior Year Summarized Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or natural expense classification by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

Additionally, certain reclassifications have been made to the prior-year summarized comparative information in order to conform to the current year presentation.

**NOTE C – INVESTMENTS**

Investments are measured at market value in the statement of financial position based on quoted market price (all Level 1 measurements). Net realized and unrealized gains and losses are included in the statement of activities. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized. Investments consist of the following at June 30, 2011:

Corporate bonds and bond funds	\$ 1,958,636
Government bonds	2,244,770
Stocks and equity mutual funds	<u>1,751,505</u>
	<u>\$ 5,954,911</u>

**NOTE D – DESIGNATED NET ASSETS**

The Board designated \$622,186 for Collins land purchases, \$13,535 for the Matthew Winthrop Memorial Fund, and \$5,791 for closing the PGE Boardman plant, as of June 30, 2011. These Board-designated funds are not classified as endowment funds.



**FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2011**

**NOTE E – ENDOWMENT NET ASSETS**

The Board of Directors also designated a portion of its unrestricted net assets as a quasi-endowment. The balance of \$1,926,582 as of June 30, 2011 is designated for operations and special projects.

Endowment net asset composition by type of fund as of June 30, 2011 was as follows:

	Board Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-designated funds	\$ -	\$ 328,928	\$ 225,242	\$ 554,170
Board designated - endowment	<u>1,926,582</u>	<u>-</u>	<u>-</u>	<u>1,926,582</u>
Total endowment net assets	<u>\$ 1,926,582</u>	<u>\$ 328,928</u>	<u>\$ 225,242</u>	<u>\$ 2,480,752</u>

Changes in endowment net assets for the year ended June 30, 2011 were as follows:

	Board Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Net Assets
Endowment net assets, beginning of year	\$ 1,837,965	\$ -	\$ 220,242	\$ 2,058,207
Contributions	-	-	5,000	5,000
Appropriations	-	(77,500)	-	(77,500)
Investment gains (losses)	91,777	420,102	-	511,879
Expenditures	<u>(3,160)</u>	<u>(13,674)</u>	<u>-</u>	<u>(16,834)</u>
Endowment net assets, end of year	<u>\$ 1,926,582</u>	<u>\$ 328,928</u>	<u>\$ 225,242</u>	<u>\$ 2,480,752</u>

**FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2011**

**NOTE F – RESTRICTED NET ASSETS**

As of June 30, 2011, the Organization had restricted net assets as follows:

Temporarily restricted:		
Cape Horn acquisition fund	\$	1,435,250
Emergency acquisition fund		374,512
Stewardship fund		200,000
Winthrop Memorial fund		16,250
Oregon Parks Foundation		2,500
Clausen Youth fund		3,170
National Forest Foundation		4,705
Unappropriated Endowment earnings		<u>328,928</u>
	<b>\$</b>	<b><u>2,365,315</u></b>
Permanently restricted:		
Nancy Russell Endowment	\$	165,242
Land Trust Endowment		5,000
Vic Clausen Youth Fund		<u>55,000</u>
	<b>\$</b>	<b><u>225,242</u></b>

**NOTE G – JOINT COSTS**

The Organization incurred joint costs of \$61,646 for informational materials and activities that included fund-raising appeals during the year ended June 30, 2011. These costs were allocated as follows:

	Newsletter Costs	Prospect Costs	Total
Program services	\$ 39,085	\$ 7,149	\$ 46,234
Fund-raising	<u>4,338</u>	<u>11,074</u>	<u>15,412</u>
	<b><u>\$ 43,423</u></b>	<b><u>\$ 18,223</u></b>	<b><u>\$ 61,646</u></b>

**NOTE H – LEASES**

In July 2011, the Organization renewed an operating lease for office space that expires in October, 2016. Office rent expense for the year ended June 30, 2011 amounted to \$47,853. The Organization also has an operating lease for a copier with minimum monthly payments of \$402 expiring in January 2012.

**FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2011**

**NOTE H – LEASES (CONTINUED)**

Future minimum lease payments, subject to Consumer Price Index adjustments on the office space, are as follows:

<u>Year Ending June 30,</u>	<u>Office Space</u>	<u>Copier</u>	<u>Total</u>
2012	\$ 45,547	\$ 2,814	\$ 48,361
2013	46,458	-	46,458
2014	47,852	-	47,852
2015	49,287	-	49,287
2016	50,766	-	50,766
	<u>\$ 239,910</u>	<u>\$ 2,814</u>	<u>\$ 242,724</u>

**NOTE I – OPTION COMMITMENT**

In January 2009, the Nancy Russell Trust (the Trust) assigned an option to purchase certain land located in Skamania County, Washington for \$2,000,000 to the Land Trust. Under the terms of the assignment agreement, the Land Trust is required to pay \$20,000 to the Trust prior to July 31 each year in order to renew the right to exercise the purchase option. Additionally, the assignment agreement requires the Land Trust to pay the property taxes on the optioned land. Under the terms of the option agreement, the annual renewal fee will not be applied to the purchase price and is not refundable in the event the option is never exercised. The option can be renewed until August 2030.

**NOTE J – RETIREMENT PLAN**

The Organization has a SIMPLE Individual Retirement Plan available for all permanent employees in which the Organization contributes up to a 3% match of employee contributions. The retirement expense for the year ended June 30, 2011 was \$13,173.

**FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2011**

**NOTE K – RESTATEMENT OF NET ASSETS**

The June 30, 2010 net assets balances have been restated to correct classifications of grant revenue from temporarily restricted to board-designated for projects. The effects of the restatement had no effect on total net assets nor the change in net assets for the year ended June 30, 2010.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$ 8,808,453	\$ 2,181,139	\$ 220,242	\$ 11,209,834
Reclassify Winthrop Memorial Fund	<u>10,910</u>	<u>(10,910)</u>	<u>-</u>	<u>-</u>
Net assets, beginning of year, as restated	<u>\$ 8,819,363</u>	<u>\$ 2,170,229</u>	<u>\$ 220,242</u>	<u>\$ 11,209,834</u>

**NOTE L – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 10, 2011, which is the date the financial statements were available to be issued.