

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

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2013



**Friends of the
Columbia Gorge**

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& SUBSIDIARY**

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KERN & THOMPSON, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Friends of the Columbia Gorge, Inc. & Subsidiary (a non-profit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Organization's 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of the Columbia Gorge, Inc. & Subsidiary as of June 30, 2013, 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 Friends of the Columbia Gorge, Inc. & Subsidiary's 2012 financial statements, and our report dated September 18, 2012, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

KERN & THOMPSON, LLC

Portland, Oregon
August 26, 2013

FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2013
(With Comparative Totals as of June 30, 2012)

ASSETS

	2013	2012
Cash and cash equivalents	\$ 237,742	\$ 256,210
Investment interest receivable	28,725	28,339
Investments	5,382,433	5,504,355
Grants receivable	20,000	-
Prepaid expenses	24,058	17,261
Equipment and furniture, net of accumulated depreciation of \$53,303 and \$40,463, respectively	36,306	22,505
Land trust	5,508,196	5,508,196
Total assets	\$ 11,237,460	\$ 11,336,866

LIABILITIES AND NET ASSETS

Accounts payable	\$ 39,734	\$ 33,406
Accrued vacation and benefits	26,840	17,278
Total liabilities	66,574	50,684
Net assets		
Unrestricted		
Available for operations	408,997	680,203
Net investment in land and easements	5,508,196	5,508,196
Board designated - projects	803,478	803,478
Board designated - endowment	2,053,138	1,829,101
	8,773,809	8,820,978
Temporarily restricted	2,160,835	2,228,962
Permanently restricted	236,242	236,242
Total net assets	11,170,886	11,286,182
Total liabilities and net assets	\$ 11,237,460	\$ 11,336,866

See notes to consolidated financial statements.

FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

(With Comparative Totals for the Year Ended June 30, 2012)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2013	2012
Public support and other revenue					
Foundations	\$ 97,989	\$ 135,522	\$ -	\$ 233,511	\$ 172,130
Contributions	79,814	129,186	-	209,000	94,277
Bequests	194,136	-	-	194,136	8,000
Memberships	463,221	-	-	463,221	484,023
Recovery of legal costs	-	-	-	-	97,621
Interest income	172,276	4,247	-	176,523	130,087
Other	58,488	-	-	58,488	53,720
	<u>1,065,924</u>	<u>268,955</u>	<u>-</u>	<u>1,334,879</u>	<u>1,039,858</u>
Net assets released from restrictions					
Satisfaction of purpose	346,415	(346,415)	-	-	-
Total public support and other revenue	<u>1,412,339</u>	<u>(77,460)</u>	<u>-</u>	<u>1,334,879</u>	<u>1,039,858</u>
Expenses					
Program services					
Conservation	284,417	-	-	284,417	253,969
Gorge Towns to Trails	149,053	-	-	149,053	160,927
Land Trust	242,727	-	-	242,727	162,162
Legal	178,549	-	-	178,549	121,759
Lobbying	64,266	-	-	64,266	54,267
Outreach and Outdoor Program	280,341	-	-	280,341	293,451
Total program services	<u>1,199,353</u>	<u>-</u>	<u>-</u>	<u>1,199,353</u>	<u>1,046,535</u>
Supporting services					
Management and general	134,047	-	-	134,047	114,429
Fund-raising	203,360	-	-	203,360	148,691
Total expenses	<u>1,536,760</u>	<u>-</u>	<u>-</u>	<u>1,536,760</u>	<u>1,309,655</u>
Increase (decrease) in net assets before change in investments	(124,421)	(77,460)	-	(201,881)	(269,797)
Net realized and unrealized appreciation (depreciation) of investments	<u>77,252</u>	<u>9,333</u>	<u>-</u>	<u>86,585</u>	<u>(155,955)</u>
Change in net assets	<u>(47,169)</u>	<u>(68,127)</u>	<u>-</u>	<u>(115,296)</u>	<u>(425,752)</u>
Net assets, beginning of year	<u>8,820,978</u>	<u>2,228,962</u>	<u>236,242</u>	<u>11,286,182</u>	<u>11,711,934</u>
Net assets, end of year	<u>\$ 8,773,809</u>	<u>\$ 2,160,835</u>	<u>\$ 236,242</u>	<u>\$ 11,170,886</u>	<u>\$ 11,286,182</u>

See notes to consolidated financial statements.

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

Year Ended June 30, 2013
 (With Comparative Totals for the Year Ended June 30, 2012)

	Conservation	Gorge Towns to Trails	PROGRAM				SERVICES		SUPPORTING SERVICES			Total
			Land Trust	Legal	Lobbying	Outreach and Outdoor	Program Total	Management and General	Fund-Raising	2013	2012	
Salaries	\$ 148,299	\$ 63,313	\$ 64,501	\$ 5,693	\$ 127,726	\$ 469,190	\$ 50,373	\$ 114,112	\$ 633,675	\$ 571,284		
Payroll taxes	13,947	5,947	6,065	535	12,015	43,806	4,478	10,393	58,677	53,720		
Benefits	24,817	10,551	10,796	955	20,659	77,226	8,074	18,600	103,900	94,133		
Rent	14,464	5,564	5,164	449	9,927	42,355	3,697	8,948	55,000	34,988		
Printing	5,191	2,008	2,116	184	20,102	32,280	1,840	11,595	45,715	29,756		
Publication costs	-	-	-	-	34,131	40,819	-	5,151	45,970	41,585		
Prospect costs	-	-	-	-	3,350	4,951	-	7,185	12,136	17,229		
Postage	1,670	655	624	54	2,925	6,599	984	2,195	9,778	7,666		
Office supplies	820	254	163	13	794	2,397	963	540	3,900	6,979		
Telephone	4,157	2,080	652	57	2,094	9,952	1,031	1,732	12,715	10,556		
Database and website	13,150	2,453	2,149	146	5,655	26,368	2,453	6,256	35,077	14,075		
Training	-	200	493	-	390	3,290	20	820	4,130	1,583		
Equipment maintenance	1,622	1,279	240	-	1,802	5,129	1,476	1,048	7,653	5,659		
Dues and subscriptions	1,276	805	1,532	41	289	4,991	991	919	6,901	4,602		
Insurance	1,002	481	470	-	799	7,910	2,499	721	11,130	12,198		
Event costs	1,766	505	348	56,000	17,302	76,566	2,555	6,386	85,507	72,406		
Professional and contract services	39,654	46,502	80,233	-	6,470	174,480	13,125	400	188,005	188,203		
Travel	9,724	4,978	1,565	-	8,260	28,279	1,462	3,948	33,689	27,809		
Merchandise expense	-	-	-	-	1,690	1,690	-	-	1,690	4,236		
Land acquisition expense	-	-	-	-	-	61,642	-	-	61,642	22,200		
Land maintenance	-	-	-	-	-	66,363	-	-	66,363	50,730		
Cape Horn Overlook expenses	-	-	-	-	-	-	-	-	-	25,193		
Miscellaneous expense	3	255	5	-	1,383	3,640	37,007	20	40,667	11,763		
Depreciation	2,855	1,223	1,433	139	2,578	9,430	1,019	2,391	12,840	1,102		
Total	\$ 284,417	\$ 149,053	\$ 178,549	\$ 64,266	\$ 280,341	\$ 1,199,353	\$ 134,047	\$ 203,360	\$ 1,536,760	\$ 1,309,655		

See notes to consolidated financial statements.

FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2013

(With Comparative Totals for the Year Ended June 30, 2012)

	2013	2012
Cash flows from operating activities:		
Change in net assets	\$ (115,296)	\$ (425,752)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	12,840	1,102
Net realized and unrealized (appreciation) depreciation of investments	(86,585)	155,955
Grants restricted for land purchase	-	-
Changes in assets and liabilities:		
Investment interest receivable	(386)	6,568
Grants receivable	(20,000)	-
Prepaid expenses	(6,797)	(847)
Accounts payable	6,328	(128,181)
Accrued vacation and benefits	9,562	1,837
	(200,334)	(389,318)
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Proceeds from sale of investments	1,879,217	2,382,298
Purchase of investments	(1,670,710)	(2,087,698)
Purchase of equipment	(26,641)	(21,240)
	181,866	273,360
Net cash provided by (used in) investing activities		
Net change in cash and cash equivalents	(18,468)	(115,958)
Cash and cash equivalents, beginning of year	256,210	372,168
Cash and cash equivalents, end of year	\$ 237,742	\$ 256,210

See notes to consolidated financial statements.

FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2013

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). The Organization conducts the following programs:

- **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.
- **Gorge Towns to Trails** – The Organization works to protect scenic and natural values, enhance recreation value and encourage compatible economic development by developing a comprehensive trail system around the Columbia Gorge, linking communities with new and existing trails and parks.
- **Land Trust** – The Organization works to ensure long-term protection of lands in 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.
- **Lobbying** – The Organization conducts lobby activities to support laws that protect the Gorge's scenic and natural beauty.
- **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.

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, 2013

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, 2013

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.

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 in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

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

June 30, 2013

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, 2013

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, 2012, from which the summarized information was derived.

NOTE C – INVESTMENTS

Investments are measured at fair value in the statement of financial position based on quoted market price. 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, 2013:

	Level 1	Level 2	Level 3	Total
Corporate bonds and bond funds	\$ -	\$ 1,663,763	\$ -	\$ 1,663,763
Government bonds	-	2,051,539	-	2,051,539
Stocks and equity mutual funds	1,667,131	-	-	1,667,131
	\$ 1,667,131	\$ 3,715,302	\$ -	\$ 5,382,433

All investments have been valued using a market approach. There were no changes in the valuation techniques during the year.

NOTE D – DESIGNATED NET ASSETS

The Board designated \$789,943 for Collins land purchases, and \$13,535 for the Matthew Winthrop Memorial Fund. 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, 2013

NOTE E – ENDOWMENT NET ASSETS

The Board of Directors also designated a portion of its unrestricted net assets as a quasi-endowment.

Endowment net asset composition by type of fund as of June 30, 2013 was as follows:

	Board Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-designated funds	\$ -	\$ 107,923	\$ 236,242	\$ 344,165
Board designated - endowment	<u>2,053,138</u>	<u>-</u>	<u>-</u>	<u>2,053,138</u>
Total endowment net assets	<u>\$ 2,053,138</u>	<u>\$ 107,923</u>	<u>\$ 236,242</u>	<u>\$ 2,397,303</u>

Changes in endowment net assets for the year ended June 30, 2013 were as follows:

	Board Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Net Assets
Endowment net assets, beginning of year	\$ 1,829,101	\$ 220,939	\$ 236,242	\$ 2,286,282
Contributions	-	-	-	-
Appropriations	-	(127,485)	-	(127,485)
Investment gains (losses)	263,108	14,469	-	277,577
Expenditures	<u>(39,071)</u>	<u>-</u>	<u>-</u>	<u>(39,071)</u>
Endowment net assets, end of year	<u>\$ 2,053,138</u>	<u>\$ 107,923</u>	<u>\$ 236,242</u>	<u>\$ 2,397,303</u>

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

June 30, 2013

NOTE F – RESTRICTED NET ASSETS

As of June 30, 2013, the Organization had restricted net assets as follows:

Temporarily restricted:	
Cape Horn acquisition fund	\$ 1,410,057
Emergency acquisition fund	374,512
Stewardship fund	197,792
Gorge Wahoo	22,213
Lyle Cherry Orchard	13,300
Mosier Plateau	8,910
Gorge Towns to Trails	6,128
Land Trust Capacity Building	20,000
Unappropriated Endowment earnings	107,923
	<u>\$ 2,160,835</u>
Permanently restricted:	
Nancy Russell Endowment	\$ 176,242
Land Trust Endowment	5,000
Vic Clausen Youth Fund	55,000
	<u>\$ 236,242</u>

NOTE G – JOINT COSTS

The Organization incurred joint costs of \$58,106 for informational materials and activities that included fund-raising appeals during the year ended June 30, 2013. These costs were allocated as follows:

	Publication Costs	Prospect Costs	Total
Program services	\$ 40,819	\$ 4,951	\$ 45,770
Fund-raising	5,151	7,185	12,336
	<u>\$ 45,970</u>	<u>\$ 12,136</u>	<u>\$ 58,106</u>

FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2013

NOTE H – LEASES

The Organization renewed an operating lease for office space that expires in October, 2016. Office rent expense for the year ended June 30, 2013 amounted to \$55,000. The Organization also has an operating lease for a copier with minimum monthly payments of \$497 expiring in December 2014.

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

Year Ending June 30,	Office Space	Copier	Total
2014	\$ 52,652	\$ 5,964	\$ 58,616
2015	54,279	2,982	57,261
2016	50,766	-	50,766
2017	17,088	-	17,088
	\$ 174,785	\$ 8,946	\$ 183,731

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, 2013 was \$16,194.

NOTE K – SUBSEQUENT EVENTS

Subsequent to year end, the Organization entered into a land purchase agreement for the sum of \$200,000 contingent upon lot line adjustments approval. Additionally, the Organization expects to receive bequests from various estates aggregating approximately \$1.7 million.

Subsequent events have been evaluated through August 26, 2013, which is the date the financial statements were available to be issued.