



Friends of the
Columbia Gorge

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

Year Ended June 30, 2019

KERN  THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2019

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Friends of the Columbia Gorge, Inc. (a non-profit organization), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related consolidated notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Friends of the Columbia Gorge, Inc. as of June 30, 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.

To the Board of Directors
Friends of the Columbia Gorge, Inc.

Other Matters

Report on Summarized Comparative Information

We have previously audited Friends of the Columbia Gorge, Inc.'s 2018 consolidated financial statements, and we expressed an unmodified opinion on those financial statements in our report dated September 20, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KERN & THOMPSON, LLC

Portland, Oregon
October 14, 2019

FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2019

(With Comparative Totals as of June 30, 2018)

ASSETS

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 940,278	\$ 1,159,537
Investment interest receivable	43,170	48,981
Investments	10,500,933	9,897,054
Grants and bequests receivable	92,797	471,305
Prepaid expenses	62,859	79,553
Property and equipment, net of accumulated depreciation of \$217,028 and \$180,840, respectively	300,768	336,956
Land and easements	<u>9,369,862</u>	<u>9,609,359</u>
Total assets	<u>\$ 21,310,667</u>	<u>\$ 21,602,745</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 46,486	\$ 26,565
Accrued vacation and benefits	38,385	24,876
Accrued interest	25,384	26,743
Note payable	<u>720,000</u>	<u>1,180,000</u>
Total liabilities	<u>830,255</u>	<u>1,258,184</u>

Net assets

Without donor restrictions		
Available for operations	950,580	425,033
Net investment in property and equipment	300,768	336,956
Net investment in land and easements	8,649,862	8,429,359
Board designated - projects	169,532	317,356
Board designated - legal defense fund	70,000	70,000
Board designated - endowment	<u>2,458,567</u>	<u>2,192,109</u>
	12,599,309	11,770,813
With donor restrictions	<u>7,881,103</u>	<u>8,573,748</u>
Total net assets	<u>20,480,412</u>	<u>20,344,561</u>

Total liabilities and net assets	<u>\$ 21,310,667</u>	<u>\$ 21,602,745</u>
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See notes to consolidated financial statements.

FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2019	2018
Public support and other revenue				
Foundations	\$ 96,250	\$ 179,736	\$ 275,986	\$ 332,384
Contributions	912,621	321,642	1,234,263	2,734,104
Bequests	262,901	-	262,901	106,882
Memberships	1,252,360	-	1,252,360	832,835
Mitigation and legal cost recovery	1,518	-	1,518	153,283
Interest income	196,883	107,871	304,754	300,927
Other	76,191	-	76,191	81,819
	2,798,724	609,249	3,407,973	4,542,234
Net assets released from restrictions				
Satisfaction of purpose	1,301,894	(1,301,894)	-	-
Total public support and other revenue	4,100,618	(692,645)	3,407,973	4,542,234
Expenses				
Program services				
Conservation	332,754	-	332,754	318,121
Gorge Towns to Trails	138,034	-	138,034	119,184
Land Trust	1,358,392	-	1,358,392	439,337
Legal	248,003	-	248,003	239,264
Lobbying	35,452	-	35,452	21,489
Public engagement	289,897	-	289,897	305,552
Gorge resilience	388,546	-	388,546	256,298
Total program services	2,791,078	-	2,791,078	1,699,245
Supporting services				
Management and general	295,472	-	295,472	273,023
Fund-raising	398,653	-	398,653	525,839
Total expenses	3,485,203	-	3,485,203	2,498,107
Increase (decrease) in net assets before change in investments	615,415	(692,645)	(77,230)	2,044,127
Net realized and unrealized appreciation (depreciation) of investments	213,081	-	213,081	(18,650)
Change in net assets	828,496	(692,645)	135,851	2,025,477
Net assets, beginning of year	11,770,813	8,573,748	20,344,561	18,319,084
Net assets, end of year	\$ 12,599,309	\$ 7,881,103	\$ 20,480,412	\$ 20,344,561

See notes to consolidated financial statements.

FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

	PROGRAM SERVICES								SUPPORTING SERVICES		Total	
	Conser- vation	Gorge Towns to Trails	Land Trust	Legal	Lobbying	Public Engagement	Gorge Resilience	Program Total	Manage- ment and General	Fund- Raising	2019	2018
Salaries	\$ 185,694	69,492	152,592	101,776	11,527	101,012	231,893	\$ 853,986	\$ 100,603	\$ 203,075	\$ 1,157,664	\$ 1,133,900
Payroll taxes	15,864	5,948	13,040	8,694	985	12,776	19,820	77,127	10,980	17,376	105,483	90,754
Benefits	42,065	15,822	34,531	23,015	2,607	17,802	52,003	187,845	22,714	45,933	256,492	207,591
Rent	16,110	10,379	14,794	8,057	913	6,279	18,645	75,177	7,944	16,115	99,236	93,372
Printing	4,750	2,044	4,026	2,678	303	8,443	6,352	28,596	2,691	30,793	62,080	61,224
Publication costs	6,845	2,543	5,610	3,743	424	6,881	8,512	34,558	3,717	7,778	46,053	58,562
Prospect costs	-	-	-	-	-	-	-	-	-	3,587	3,587	7,328
Postage	1,315	487	1,172	720	82	1,408	1,610	6,794	1,019	12,347	20,160	31,184
Office supplies	368	145	1,518	206	23	937	459	3,656	333	976	4,965	7,072
Telephone	3,160	1,014	2,126	778	88	2,599	2,089	11,854	769	2,146	14,769	15,008
Database and website	15,868	7,013	8,032	3,125	336	10,301	19,621	64,296	3,867	14,217	82,380	78,302
Training	387	664	2,064	142	16	2,379	1,042	6,694	2,385	1,562	10,641	6,876
Equipment maintenance	307	53	1,657	5	1	586	2,869	5,478	5	477	5,960	7,770
Dues and subscriptions	1,802	1,989	21,076	2,640	11	4,873	201	32,592	94	1,617	34,303	12,027
Insurance	1,340	502	3,838	735	83	573	1,675	8,746	4,236	3,665	16,647	16,680
Event costs	3,559	685	1,937	425	54	31,402	3,240	41,302	5,518	18,051	64,871	79,475
Professional and contract services	16,957	11,211	9,842	86,862	17,175	50,183	4,354	196,584	106,243	4,914	307,741	235,702
Travel	7,736	6,134	11,835	2,209	575	23,667	7,321	59,477	1,245	6,547	67,269	51,126
Merchandise expense	-	-	-	-	-	3,450	1,373	4,823	-	3,300	8,123	14,149
Land acquisition expense	-	146	958,889	-	-	-	-	959,035	-	-	959,035	83,878
Land maintenance	-	1,405	90,085	-	-	68	405	91,963	-	-	91,963	84,474
Miscellaneous expense	1,207	358	2,126	527	60	2,978	1,259	8,515	19,739	1,340	29,594	85,048
Depreciation	7,420	-	17,602	1,666	189	1,300	3,803	31,980	1,370	2,837	36,187	36,605
	\$ 332,754	\$ 138,034	\$ 1,358,392	\$ 248,003	\$ 35,452	\$ 289,897	\$ 388,546	\$ 2,791,078	\$ 295,472	\$ 398,653	\$ 3,485,203	\$ 2,498,107

See notes to consolidated financial statements.

FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 135,851	\$ 2,025,477
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	36,187	36,605
Net realized and unrealized (appreciation) depreciation of investments	(213,081)	18,650
Changes in assets and liabilities:		
Investment interest receivable	5,811	(5,621)
Grants and bequests receivable	378,508	963,012
Prepaid expenses	16,695	(12,855)
Accounts payable	19,921	(11,631)
Accrued vacation and benefits	13,509	(14,437)
Other liability	(1,359)	14,609
Net cash provided by (used in) operating activities	392,042	3,013,809
Cash flows from investing activities:		
Proceeds from sale of investments	3,344,180	2,168,781
Purchase of investments	(3,734,978)	(4,590,303)
Sale of land in trust	943,137	-
Purchase of land in trust	(703,640)	(425,000)
Net cash provided by (used in) investing activities	(151,301)	(2,846,522)
Cash flows from financing activities:		
Payments on long term debt	(460,000)	(460,000)
Net cash provided by (used in) financing activities	(460,000)	(460,000)
Net change in cash and cash equivalents	(219,259)	(292,713)
Cash and cash equivalents, beginning of year	1,159,537	1,452,250
Cash and cash equivalents, end of year	\$ 940,278	\$ 1,159,537

See notes to consolidated financial statements.

FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

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.
- **Public Engagement** – 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.
- **Gorge Resilience** – A new program launched after the Eagle Creek Fire to assist community partners, educate the public, and advocate for the policies and programs needed to rebuild trails and aid the forest’s natural regeneration.

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. 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, 2019

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.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets either subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (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.

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 recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Otherwise, when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment over \$5,000 are capitalized, recorded at cost and depreciated using the straight-line method over estimated useful lives of 3-25 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 Statement 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, 2019

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.

Endowment Net Assets

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) was enacted by the state of Oregon. UPMIFA eliminates the historic dollar value threshold, an amount below which an organization could not spend from an endowment fund and establishes a set of prudent management and investment standards for boards to follow when managing endowment funds. Under UPMIFA, the Foundation may spend so much of an endowment fund as it considers prudent, regardless of whether the fund is below its historic dollar value. A donor's intent to maintain an endowment in perpetuity must still be considered and the fund managed accordingly. However, the Foundation retains variance power over its endowment assets.

Additionally, the Board of Directors has designated a portion of its net assets without restrictions 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.

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, fixed income funds, and cash.

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

June 30, 2019

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.

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, 2018, 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, 2019:

	Level 1	Level 2	Level 3	Total
Bond and bond fund	\$ -	\$ 6,812,986	\$ -	\$ 6,812,986
Equities	2,679,624	-	-	2,679,624
Equity funds	978,157	-	-	978,157
Oregon Community Foundation	-	-	30,166	30,166
	<u>\$ 3,657,781</u>	<u>\$ 6,812,986</u>	<u>\$ 30,166</u>	<u>\$ 10,500,933</u>

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

Changes in assets measured at Level 3 were as follows:

Balance, June 30, 2018	\$ 28,922
Gains included in the statement of activities	2,144
Balance, June 30, 2019	\$ 31,066

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

June 30, 2019

NOTE D – NOTES PAYABLE

As of June 30, 2019, notes payable consisted of:

Note payable for the purchase of land for \$1,440,000; secured by real property; annual interest and principle payments of \$390,166, rate is 4% per year; matures May of 2021.	\$ <u>720,000</u>
	\$ <u><u>720,000</u></u>

The current maturities of notes payable are as follows:

Year Ended June 30,	
<u>2020</u>	\$ 360,000
2021	<u>360,000</u>
	\$ <u><u>720,000</u></u>

NOTE E – ENDOWMENT NET ASSETS

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

Changes in endowment net assets for the year ended June 30, 2019 were as follows:

	<u>Designated Without Donor Restrictions</u>	<u>With Donor Restrictions Accumulated Gains</u>	<u>Corpus</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ 2,192,109	\$ 246,935	\$ 3,392,492	\$ 5,831,536
Contributions	-	-	1,250	1,250
Appropriations	155,050	(155,050)	-	-
Dividends	222,252	107,871	-	330,123
Investment gains (losses)	-	-	-	-
Expenditures	<u>(110,844)</u>	<u>-</u>	<u>-</u>	<u>(110,844)</u>
Endowment net assets, end of year	<u>\$ 2,458,567</u>	<u>\$ 199,756</u>	<u>\$ 3,393,742</u>	<u>\$ 6,052,065</u>

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

June 30, 2019

NOTE F – DESIGNATED NET ASSETS

The Board designated \$70,000 for a legal defense fund program and \$169,532 for land stewardship and acquisition. These Board-designated funds are not classified as endowment funds.

NOTE G – RESTRICTIONS ON NET ASSETS

As of June 30, 2019, the Organization had restricted net assets as follows:

Subject to purpose restrictions:	
Coal	\$ 6,591
Oil Program	9,533
Plan review	11,167
Hiking	8,406
Volunteer stewardship	63,770
REI	15,000
Wahoo	59,895
Gorge Town to Trail	40,167
Land acquisition payments	795,057
Cape Horn acquisition fund	2,194,259
Land acquisition fund	471,759
Mt. Ulka	104,287
Stewardship fund	157,995
PTW stewardship	158,176
Yarg	25,655
Preserve the Wonder	165,888
	<u>4,287,605</u>
Subject to time restrictions: (Endowment earnings)	<u>199,756</u>
Not subject to appropriation or expenditure:	
Nancy Russell Endowment	187,242
Vic Clausen Endowment	62,500
Oregon Community Foundation	25,000
Wilson Endowment	14,000
Conservation Director Endowment	3,000,000
Holman Endowment	100,000
Abramovitz Endowment	5,000
	<u>3,393,742</u>
Total net assets with donor restrictions	<u>\$ 7,881,103</u>

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

June 30, 2019

NOTE H – LIQUIDITY

The following chart represents the Organization's financial assets available to meet cash needs for general expenditures within one year of June 30, 2019:

Financial assets at year-end		
Cash and cash equivalents	\$	940,278
Grants and bequests receivable		92,797
Investment interest receivable		43,170
Investments		<u>10,500,933</u>
Total financial assets		<u>11,577,178</u>
Less those unavailable for general expenditure within one year, due to:		
Contractual or donor-imposed restrictions:		
Subject to purpose restrictions		(4,287,605)
Subject to time restrictions		(199,756)
Not subject to appropriation		<u>(3,393,742)</u>
		(7,881,103)
Board designations:		
Board-designated endowment fund		<u>(2,458,567)</u>
Total unavailable financial assets		<u>(10,339,670)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>1,237,508</u>

The Organization's endowment funds consist of donor-restricted endowments and a board-designated endowment. The Organization's spending policy is to appropriate investment earnings from the previous year into the next year. Un-appropriated earnings of \$199,756 from the endowment funds will be available over the next 12 months.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of current requirements in short-term investments. Although the Organization does not intend to spend from its board-designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary to manage unanticipated liquidity needs.

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

June 30, 2019

NOTE I – LEASES

The Organization has entered into an operating lease for office space that expires in October of 2021. Office rent expense for the year ended June 30, 2019 amounted to \$84,000.

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

Year Ending June 30,	
2020	\$ 89,965
2021	92,664
2022	<u>30,888</u>
	<u>\$ 213,517</u>

NOTE J – OPTION COMMITMENT

In January 2009, the Nancy Russell Trust (the Trust) assigned an option to purchase certain land from the Collins Trust 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 Collins 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 K – 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, 2019 was \$22,000.

NOTE L – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 14, 2019, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2019

ASSETS

	Friends	Land Trust	Eliminations	Consolidated
Cash and cash equivalents	\$ 827,963	\$ 112,315	\$ -	\$ 940,278
Investment interest receivable	14,743	28,427	-	43,170
Investments	5,696,456	4,804,477	-	10,500,933
Grants and bequests receivable	17,630	75,167	-	92,797
Prepaid expenses	47,583	15,276	-	62,859
Inter-organization receivable	-	-	-	-
Property and equipment, net of accumulated depreciation of \$120,521 Friends and \$96,507 Land Trust	26,799	273,969	-	300,768
Land and easements	-	9,369,862	-	9,369,862
Total assets	\$ 6,631,174	\$ 14,679,493	\$ -	\$ 21,310,667

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 22,288	\$ 24,198	\$ -	\$ 46,486
Accrued vacation and benefits	38,385	-	-	38,385
Accrued interest	-	25,384	-	25,384
Note payable	-	720,000	-	720,000
Inter-organization payable	-	-	-	-
Total liabilities	60,673	769,582	-	830,255
Net assets				
Without donor restrictions				
Available for operations	322,275	628,305	-	950,580
Net investment in equipment and furniture	26,799	273,969	-	300,768
Net investment in land and easements	-	8,649,862	-	8,649,862
Board designated - projects	-	169,532	-	169,532
Board designated - legal defense fund	-	70,000	-	70,000
Board designated - endowment	2,458,567	-	-	2,458,567
	2,807,641	9,791,668	-	12,599,309
With donor restrictions	3,762,860	4,118,243	-	7,881,103
Total net assets	6,570,501	13,909,911	-	20,480,412
Total liabilities and net assets	\$ 6,631,174	\$ 14,679,493	\$ -	\$ 21,310,667

See notes to consolidated financial statements and independent auditors' report.

FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

	<u>Friends</u>	<u>Land Trust</u>	<u>Eliminations</u>	<u>Consolidated</u>
Public support and other revenue				
Foundations	\$ 243,986	\$ 32,000	\$ -	\$ 275,986
Contributions	243,068	991,195	-	1,234,263
Bequests	153,456	109,445	-	262,901
Memberships	971,274	281,086	-	1,252,360
Mitigation and legal cost recovery	1,518	-	-	1,518
Interest income	171,575	133,179	-	304,754
Gain (loss) on land sale	-	-	-	-
Other	43,769	32,422	-	76,191
Inter-organization charges	-	-	-	-
Total public support and other revenue	<u>1,828,646</u>	<u>1,579,327</u>	<u>-</u>	<u>3,407,973</u>
Expenses				
Program services				
Conservation	332,754	-	-	332,754
Gorge Towns to Trails	-	138,034	-	138,034
Land Trust	-	1,358,392	-	1,358,392
Legal	248,003	-	-	248,003
Lobbying	35,452	-	-	35,452
Public engagement	289,897	-	-	289,897
Gorge resilience	388,546	-	-	388,546
Total program services	<u>1,294,652</u>	<u>1,496,426</u>	<u>-</u>	<u>2,791,078</u>
Supporting services				
Management and general	259,000	36,472	-	295,472
Fundraising	351,505	47,148	-	398,653
Total expenses	<u>1,905,157</u>	<u>1,580,046</u>	<u>-</u>	<u>3,485,203</u>
Increase (decrease) in net assets before change in investments	(76,511)	(719)	-	(77,230)
Net realized and unrealized appreciation (depreciation) of investments	<u>165,346</u>	<u>47,735</u>	<u>-</u>	<u>213,081</u>
Change in net assets	88,835	47,016	-	135,851
Net assets, beginning of year	<u>6,481,666</u>	<u>13,862,895</u>	<u>-</u>	<u>20,344,561</u>
Net assets, end of year	<u>\$ 6,570,501</u>	<u>\$ 13,909,911</u>	<u>\$ -</u>	<u>\$ 20,480,412</u>

See notes to consolidated financial statements and independent auditors' report.

FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY

CONSOLIDATING STATEMENT OF CASH FLOWS

Year Ended June 30, 2019

	Friends	Land Trust	Eliminations	Consolidated
Cash flows from operating activities:				
Change in net assets	\$ 88,835	\$ 47,016	\$ -	\$ 135,851
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation	18,586	17,601	-	36,187
Net realized and unrealized (appreciation) depreciation of investments	(166,099)	(46,982)	-	(213,081)
Loss (gain) on land sale	-	-	-	-
Changes in assets and liabilities:				
Investment interest receivable	2,567	3,244	-	5,811
Grants and bequests receivable	37,405	341,103	-	378,508
Other asset	-	-	-	-
Prepaid expenses	11,670	5,025	-	16,695
Accounts payable	(41)	19,962	-	19,921
Accrued vacation and benefits	13,509	-	-	13,509
Other liabilities	-	(1,359)	-	(1,359)
Net cash provided by (used in) operating activities	6,432	385,610	-	392,042
Cash flows from investing activities:				
Proceeds from sale of investments	2,366,953	977,227	-	3,344,180
Purchase of investments	(2,124,857)	(1,610,121)	-	(3,734,978)
Sale of land in trust	-	943,137	-	943,137
Purchase of land in trust	-	(703,640)	-	(703,640)
Net cash provided by (used in) investing activities	242,096	(393,397)	-	(151,301)
Cash flows from financing activities:				
Payments on long term debt	-	(460,000)	-	(460,000)
Net cash provided by (used in) financing activities	-	(460,000)	-	(460,000)
Net change in cash and cash equivalents	248,528	(467,787)	-	(219,259)
Cash and cash equivalents, beginning of year	579,435	580,102	-	1,159,537
Cash and cash equivalents, end of year	\$ 827,963	\$ 112,315	\$ -	\$ 940,278

See notes to consolidated financial statements and independent auditors' report.