

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

Year Ended June 30, 2020



KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2020

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Friends of the Columbia Gorge, Inc. and Subsidiary (a non-profit organization), which comprise the consolidated statement of financial position as of June 30, 2020, 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. and Subsidiary as of June 30, 2020, and the changes in its net assets and its cash flows for the years 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.
and Subsidiary

Other Matters

Report on Summarized Comparative Information

We have previously audited the Friends of the Columbia Gorge, Inc. and Subsidiary's 2019 consolidated financial statements, and we expressed an unmodified opinion on those financial statements in our report dated October 14, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, 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 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 16, 2020

FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2020

(With Comparative Totals as of June 30, 2019)

ASSETS

	2020	2019
Cash and cash equivalents	\$ 1,925,831	\$ 940,278
Investment interest receivable	48,288	43,170
Investments	11,052,229	10,500,933
Grants and bequests receivable	82,539	92,797
Prepaid expenses	66,413	62,859
Property and equipment, net of accumulated depreciation of \$197,288 and \$217,028, respectively	134,148	300,768
Land and easements	7,241,743	9,369,862
Total assets	\$ 20,551,191	\$ 21,310,667

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 36,853	\$ 46,486
Accrued vacation and benefits	54,755	38,385
Accrued interest	-	25,384
Note payable	-	720,000
Refundable advance (Note D)	297,200	-
Total liabilities	388,808	830,255

Net assets

Without donor restrictions		
Available for operations	691,556	950,580
Net investment in property and equipment	134,148	300,768
Net investment in land and easements	7,241,743	8,649,862
Board designated - land stewardship and acquisition	2,108,110	169,532
Board designated - legal defense fund	70,000	70,000
Board designated - endowment	2,531,443	2,458,567
	12,777,000	12,599,309
With donor restrictions	7,385,383	7,881,103
Total net assets	20,162,383	20,480,412
Total liabilities and net assets	\$ 20,551,191	\$ 21,310,667

See notes to consolidated financial statements.

FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

(With Comparative Totals for the Year Ended June 30, 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2020</u>	<u>2019</u>
Public support and other revenue				
Foundations	\$ 34,202	\$ 356,002	\$ 390,204	\$ 275,986
Contributions	-	287,577	287,577	1,234,263
Bequests	179,577	-	179,577	262,901
Memberships	1,182,264	113,848	1,296,112	1,252,360
Mitigation and legal cost recovery	-	-	-	1,518
Interest income	170,862	84,416	255,278	304,754
Other	266,760	-	266,760	76,191
	<u>1,833,665</u>	<u>841,843</u>	<u>2,675,508</u>	<u>3,407,973</u>
Net assets released from restrictions				
Satisfaction of purpose	<u>1,399,331</u>	<u>(1,399,331)</u>	<u>-</u>	<u>-</u>
Total public support and other revenue	<u>3,232,996</u>	<u>(557,488)</u>	<u>2,675,508</u>	<u>3,407,973</u>
Expenses				
Program services				
Conservation	365,990	-	365,990	332,754
Gorge Towns to Trails	183,787	-	183,787	138,034
Land Trust	1,190,383	-	1,190,383	1,358,392
Legal	215,417	-	215,417	248,003
Lobbying	23,274	-	23,274	35,452
Public engagement	394,449	-	394,449	289,897
Member service	82,329	-	82,329	-
Public land stewardship	92,463	-	92,463	388,546
Total program services	<u>2,548,092</u>	<u>-</u>	<u>2,548,092</u>	<u>2,791,078</u>
Supporting services				
Management and general	263,044	-	263,044	295,472
Fund-raising	379,952	-	379,952	398,653
Total expenses	<u>3,191,088</u>	<u>-</u>	<u>3,191,088</u>	<u>3,485,203</u>
Increase (decrease) in net assets before change in investments	41,908	(557,488)	(515,580)	(77,230)
Net realized and unrealized appreciation (depreciation) of investments	<u>135,783</u>	<u>61,768</u>	<u>197,551</u>	<u>213,081</u>
Change in net assets	<u>177,691</u>	<u>(495,720)</u>	<u>(318,029)</u>	<u>135,851</u>
Net assets, beginning of year	<u>12,599,309</u>	<u>7,881,103</u>	<u>20,480,412</u>	<u>20,344,561</u>
Net assets, end of year	<u>\$ 12,777,000</u>	<u>\$ 7,385,383</u>	<u>\$ 20,162,383</u>	<u>\$ 20,480,412</u>

See notes to consolidated financial statements.

FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

(With Comparative Totals for the Year Ended June 30, 2019)

	PROGRAM SERVICES									SUPPORTING SERVICES		Total	
	Conser- vation	Gorge Towns to Trails	Land Trust	Legal	Lobbying	Public Engagement	Member Services	Public Land Stewardship	Program Total	Manage- ment and General	Fund- Raising	2020	2019
Salaries	\$ 216,208	91,252	182,754	104,448	11,956	195,072	53,571	41,976	\$ 897,237	\$ 102,372	\$ 189,847	\$ 1,189,456	\$ 1,157,664
Payroll taxes	16,465	7,250	13,908	7,953	910	14,796	4,079	3,283	68,644	7,218	14,454	90,316	105,483
Benefits	49,763	21,008	42,103	24,044	2,752	45,091	12,333	9,667	206,761	23,569	43,705	274,035	256,492
Rent	17,323	9,433	16,803	7,935	908	15,270	4,070	5,281	77,023	7,778	14,423	99,224	99,236
Printing	3,711	6,223	3,671	1,790	205	3,695	1,041	706	21,042	1,705	22,299	45,046	62,080
Publication costs	7,693	3,247	6,505	3,716	425	7,003	1,906	1,479	31,974	3,642	6,755	42,371	46,053
Prospect costs	-	-	-	-	-	-	-	-	-	-	3,675	3,675	3,587
Postage	1,401	571	1,167	703	74	1,219	331	258	5,724	649	8,836	15,209	20,160
Office supplies	357	194	954	179	20	763	89	99	2,655	523	640	3,818	4,965
Telephone	3,424	1,195	2,248	842	87	2,823	388	693	11,700	813	1,895	14,408	14,769
Database and website	19,366	9,281	10,099	4,637	509	43,979	2,283	11,595	101,749	4,768	15,812	122,329	82,380
Training	632	260	1,145	345	10	228	45	75	2,740	118	312	3,170	10,641
Equipment maintenance	267	339	2,713	71	1	318	5	1,399	5,113	10	18	5,141	5,960
Dues and subscriptions	1,759	588	6,814	2,487	3	4,728	14	11	16,404	420	2,089	18,913	34,303
Insurance	1,534	1,923	4,633	741	85	1,383	380	298	10,977	4,093	1,923	16,993	16,647
Event costs	1,882	421	1,333	346	17	9,631	373	184	14,187	1,993	23,707	39,887	64,871
Professional and contract services	9,539	6,254	6,758	52,271	5,088	37,500	395	5,943	123,748	81,104	21,477	226,329	307,741
Travel	6,670	4,146	9,746	1,073	14	6,001	86	7,492	35,228	1,133	3,729	40,090	67,269
Merchandise expense	-	-	-	-	-	146	-	-	146	1,233	1,385	2,764	8,123
Land acquisition expense	-	6,000	122,112	-	-	-	-	-	128,112	-	-	128,112	959,035
Loss on land disposition	-	-	649,520	-	-	-	-	-	649,520	-	-	649,520	-
Land maintenance	-	13,740	89,768	-	-	136	-	1,256	104,900	-	-	104,900	91,963
Miscellaneous expense	1,195	462	1,755	531	61	2,241	271	244	6,760	18,836	1,067	26,663	29,594
Depreciation	6,801	-	13,874	1,305	149	2,426	669	524	25,748	1,067	1,904	28,719	36,187
	\$ 365,990	\$ 183,787	\$ 1,190,383	\$ 215,417	\$ 23,274	\$ 394,449	\$ 82,329	\$ 92,463	\$ 2,548,092	\$ 263,044	\$ 379,952	\$ 3,191,088	\$ 3,485,203

See notes to consolidated financial statements.

FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2020

(With Comparative Totals for the Year Ended June 30, 2019)

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (318,029)	\$ 135,851
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	28,719	36,187
Net realized and unrealized (appreciation) depreciation of investments	(197,551)	(213,081)
Loss (gain) on land disposition	649,520	-
Changes in assets and liabilities:		
Investment interest receivable	(5,118)	5,811
Grants and bequests receivable	10,258	378,508
Prepaid expenses	(3,554)	16,695
Accounts payable	(9,634)	19,921
Accrued vacation and benefits	16,370	13,509
Other liability	(25,384)	(1,359)
Refundable advance	297,200	-
Net cash provided by (used in) operating activities	442,797	392,042
Cash flows from investing activities:		
Proceeds from sale of investments	4,830,674	3,344,180
Purchase of investments	(5,184,419)	(3,734,978)
Sale of land in trust	1,930,001	943,137
Purchase of land in trust	(313,500)	(703,640)
Net cash provided by (used in) investing activities	1,262,756	(151,301)
Cash flows from financing activities:		
Payments on long term debt	(720,000)	(460,000)
Net cash provided by (used in) financing activities	(720,000)	(460,000)
Net change in cash and cash equivalents	985,553	(219,259)
Cash and cash equivalents, beginning of year	940,278	1,159,537
Cash and cash equivalents, end of year	\$ 1,925,831	\$ 940,278

See notes to consolidated financial statements.

FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

NOTE A – DESCRIPTION OF ORGANIZATION

Friends of the Columbia Gorge, Inc. and Subsidiary (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 resources 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 – Friends works to protect the scenic and natural resources of the Gorge by protecting the air quality, limiting sprawl, and protecting forest and farmlands. An essential element to Friends success has been the ability to effectively build a diverse network of community partners and mobilize thousands of dedicated Friends activists and allies across the region.

Gorge Towns to Trails – Friends works to provide public hiking trails and strengthen Gorge community connections through the creation of a new 200-mile loop trail network that enhances Gorge recreation and local economic opportunities.

Land Trust – Friends of the Columbia Gorge Land Trust works to preserve scenic Gorge landscapes, safeguard sensitive habitats, steward vital Gorge lands, and strengthen Gorge community connections.

Legal – When Gorge resources are threatened by unlawful decisions and violations, Friends exercises its right to implement sophisticated legal strategies and cutting-edge public education tools to protect Gorge resources and keep watch on reckless land development.

Lobbying – Friends conducts lobby activities to support laws that protect the Gorge's scenic, natural, cultural, and recreational resources.

Public Engagement – A large cross section of public support is critical to preserve the Columbia Gorge for future generations. To meet this challenge, Friends seeks to strengthen community support for key conservation initiatives, expose local youth to the Gorge's wonders, and illustrate the Gorge's significance as an icon of the Pacific NW and national treasure.

Public Land Stewardship – A 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. Friends has helped steward Gorge lands and have organized hundreds of work parties across the Gorge to remove invasive species and replant native vegetation in concert with state and federal land managers.

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, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Pronouncements

During the fiscal year ended June 30, 2020, two new accounting pronouncements became effective for the Organization: *Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606)* (“ASU 2014-09”) and *Accounting Standards Update No. 2018-08, Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (“ASU 2018-08”).

Management of the Organization has analyzed the provisions of ASU 2014-09, and has concluded that no changes are necessary to conform with the new standard, therefore the implementation of ASU 2014-09 had no impact on beginning net assets or revenues.

ASU 2018-08 clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

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.

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

June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (Including Memberships)

Contributions and memberships 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.

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 based on estimates of time and effort.

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

June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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

June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2019, 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, 2020:

	Level 1	Level 2	Level 3	Total
Bond and bond fund	\$ -	\$ 6,857,994	\$ -	\$ 6,857,994
Equities	2,761,460	-	-	2,761,460
Equity funds	1,404,189	-	-	1,404,189
Oregon Community Foundation	-	-	28,586	28,586
	\$ 4,165,649	\$ 6,857,994	\$ 28,586	\$ 11,052,229

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

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

June 30, 2020

NOTE C – INVESTMENTS (CONTINUED)

Changes in assets measured at Level 3 were as follows:

Balance, June 30, 2019	\$ 30,166
Gains included in the statement of activities	<u>(1,580)</u>
Balance, June 30, 2020	<u>\$ 28,586</u>

NOTE D - REFUNDABLE ADVANCE (PAYCHECK PROTECTION PROGRAM LOAN)

In response to the global economic impact caused by the coronavirus pandemic, the US Small Business Administration (SBA) created the Paycheck Protection Program (PPP) “forgivable loan” to assist nonprofit organizations and for-profit enterprises with eligible payroll and certain specified operating costs. The loans are funded by the SBA through participating banks and are subject to specific conditions, which if met, will result in forgiveness of all or part of the loan. The Organization qualified for and received a PPP loan for \$297,200 in April of 2020. The terms of the PPP loan include interest at 1% and maturity in April of 2022.

The Organization has concluded that although the legal form of the PPP is a loan, it believes the criteria has been met and the SBA will approve its forgiveness application. Accordingly, the PPP loan represents, in substance, a conditional grant and has therefore been recorded as a refundable advance under the accounting guidance of ASC 958-605.

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, 2020 were as follows:

	Designated Without Donor Restrictions	<u>With Donor Restrictions</u>		Total Net Endowment Assets
		<u>Accumulated Gains</u>	<u>Corpus</u>	
Endowment net assets, beginning of year	\$ 2,426,785	\$ 231,538	\$ 3,393,742	\$ 6,052,065
Contributions	132,000	-	63,250	195,250
Appropriations	27,806	(27,806)	-	-
Dividends	61,768	84,416	-	146,184
Investment gains (losses)	45,197	61,768	-	106,965
Expenditures	<u>(162,113)</u>	<u>-</u>	<u>-</u>	<u>(162,113)</u>
Endowment net assets, end of year	<u>\$ 2,531,443</u>	<u>\$ 349,916</u>	<u>\$ 3,456,992</u>	<u>\$ 6,338,351</u>

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

June 30, 2020

NOTE F – DESIGNATED NET ASSETS

The Board designated \$70,000 for a legal defense fund program and \$2,108,110 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, 2020, the Organization had restricted net assets as follows:

Subject to purpose restrictions:	
Clausen Explore the Gorge	\$ 3,995
Oil Program	9,888
Ace grant DEI work	8,625
Ace grant Salesforce upgrades	8,625
40th Anniversary	25,000
Plan Review	3,333
Logging	20,000
Hiking	3,500
Winthrop/Wahoo - 7th Grade	10,485
GT2T program	8,000
Cape Horn Fund/Collins Purchase	2,194,259
Land Acquisition Fund	709,097
GT2T Mt Ulka	83,144
TPL Stewardship Fund	107,248
NR Stewardship Fund	150,242
Stewardship Fund	67,671
Public Land Stewardship	41,100
YARG Ace 3 Grant	5,228
USFW Turtle grant	33,556
Ace grant Staffing	19,590
PtW GT2T	65,889
	<u>3,578,475</u>
Subject to time restrictions (endowment earnings)	<u>349,916</u>
Not subject to appropriation or expenditure:	
Nancy Russell Endowment	187,242
Vic Clausen Endowment	63,750
Oregon Community Foundation	25,000
Wilson Endowment	14,000
Conservation Director Endowment	3,000,000
Holman Endowment	100,000
Winthrop Fund	62,000
Abramovitz Endowment	5,000
	<u>3,456,992</u>
Total net assets with donor restrictions	<u>\$ 7,385,383</u>

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

June 30, 2020

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, 2020:

Financial assets at year-end	
Cash and cash equivalents	\$ 1,925,831
Grants and bequests receivable	82,539
Investment interest receivable	48,288
Investments	11,052,229
Total financial assets	<u>13,108,887</u>
Less those unavailable for general expenditure within one year, due to:	
Contractual or donor-imposed restrictions:	
Subject to purpose restrictions	3,578,475
Subject to time restrictions	349,916
Not subject to appropriation	3,456,992
	<u>7,385,383</u>
Board designations:	
Board-designated endowment fund	<u>2,531,443</u>
Total unavailable financial assets	<u>9,916,826</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,192,061</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. Unappropriated earnings of \$349,916 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, 2020

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, 2020 amounted to \$90,152.

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

Year Ending June 30,	
2021	\$ 92,664
2022	<u>30,888</u>
	<u>\$ 123,552</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, 2020 was \$33,137.

NOTE L – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 16, 2020, which is the date the financial statements were available to be issued.

Beginning in March 2020, an outbreak of a coronavirus necessitated that many employees work from home and provided for social distancing measure. The effects of these events may continue for some time, including disruptions to or restrictions on employees' ability to work and on the ability of funders and members to fully participate in programs and continue their current level of financial support to the Organization. At the present time, the ultimate future effects of these issues are unknown.

SUPPLEMENTAL INFORMATION

FRIENDS OF THE COLUMBIA GORGE, INC. & SUBSIDIARY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2020

ASSETS

	Friends	Land Trust	Consolidated
Cash and cash equivalents	\$ 1,130,154	\$ 795,677	\$ 1,925,831
Investment interest receivable	17,599	30,689	48,288
Investments	5,870,165	5,182,064	11,052,229
Grants and bequests receivable	19,766	62,773	82,539
Prepaid expenses	46,310	20,103	66,413
Inter-organization receivable	-	-	-
Property and equipment, net of accumulated depreciation of \$135,366 Friends and \$61,922 Land Trust	11,955	122,193	134,148
Land and easements	-	7,241,743	7,241,743
Total assets	<u>\$ 7,095,949</u>	<u>\$ 13,455,242</u>	<u>\$ 20,551,191</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 14,306	\$ 22,547	\$ 36,853
Accrued vacation and benefits	54,755	-	54,755
Accrued interest	-	-	-
Refundable advance	297,200	-	297,200
Inter-organization payable	-	-	-
Total liabilities	<u>366,261</u>	<u>22,547</u>	<u>388,808</u>

Net assets

Without donor restrictions			
Available for operations	291,808	399,748	691,556
Net investment in equipment and furniture	11,955	122,193	134,148
Net investment in land and easements		7,241,743	7,241,743
Board designated - projects	-	2,108,110	2,108,110
Board designated - legal defense fund	-	70,000	70,000
Board designated - endowment	2,531,443	-	2,531,443
	<u>2,835,206</u>	<u>9,941,794</u>	<u>12,777,000</u>
With donor restrictions	3,894,482	3,490,901	7,385,383
Total net assets	<u>6,729,688</u>	<u>13,432,695</u>	<u>20,162,383</u>
Total liabilities and net assets	<u>\$ 7,095,949</u>	<u>\$ 13,455,242</u>	<u>\$ 20,551,191</u>

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, 2020

	Friends	Land Trust	Consolidated
Public support and other revenue			
Foundations	\$ 162,897	\$ 227,307	\$ 390,204
Contributions	126,871	160,706	287,577
Bequests	179,577	-	179,577
Memberships	1,123,958	172,154	1,296,112
Mitigation and legal cost recovery	-	-	-
Interest income	128,147	127,131	255,278
Gain (loss) on land sale	-	-	-
Other	22,474	244,286	266,760
Inter-organization charges	-	-	-
Total public support and other revenue	1,743,924	931,584	2,675,508
Expenses			
Program services			
Conservation	365,990	-	365,990
Gorge Towns to Trails	-	183,787	183,787
Land Trust	-	1,190,383	1,190,383
Legal	215,417	-	215,417
Lobbying	23,274	-	23,274
Public engagement	394,449	-	394,449
Member service	82,329	-	82,329
Public land stewardship	92,463	-	92,463
Total program services	1,173,922	1,374,170	2,548,092
Supporting services			
Management and general	219,118	43,926	263,044
Fundraising	322,498	57,454	379,952
Total expenses	1,715,538	1,475,550	3,191,088
Increase (decrease) in net assets before change in investments	28,386	(543,966)	(515,580)
Net realized and unrealized appreciation (depreciation) of investments	130,801	66,750	197,551
Change in net assets	159,187	(477,216)	(318,029)
Net assets, beginning of year	6,570,501	13,909,911	20,480,412
Net assets, end of year	\$ 6,729,688	\$ 13,432,695	\$ 20,162,383

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, 2020

	Friends	Land Trust	Consolidated
Cash flows from operating activities:			
Change in net assets	\$ 159,187	\$ (477,216)	\$ (318,029)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Depreciation	14,845	13,874	28,719
Net realized and unrealized (appreciation) depreciation of investments	(126,116)	(71,435)	(197,551)
Loss (gain) on land disposition	-	649,520	649,520
Changes in assets and liabilities:			
Investment interest receivable	(2,856)	(2,262)	(5,118)
Grants and bequests receivable	(2,136)	12,394	10,258
Other asset	-	-	-
Prepaid expenses	1,273	(4,827)	(3,554)
Accounts payable	(7,983)	(1,651)	(9,634)
Accrued vacation and benefits	16,370	-	16,370
Other liabilities	-	(25,384)	(25,384)
Refundable advance	297,200	-	297,200
Net cash provided by (used in) operating activities	349,784	93,013	442,797
Cash flows from investing activities:			
Proceeds from sale of investments	3,241,125	1,589,549	4,830,674
Purchase of investments	(3,288,718)	(1,895,701)	(5,184,419)
Sale of land in trust	-	1,930,001	1,930,001
Purchase of land in trust	-	(313,500)	(313,500)
Net cash provided by (used in) investing activities	(47,593)	1,310,349	1,262,756
Cash flows from financing activities:			
Payments on long term debt	-	(720,000)	(720,000)
Net cash provided by (used in) financing activities	-	(720,000)	(720,000)
Net change in cash and cash equivalents	302,191	683,362	985,553
Cash and cash equivalents, beginning of year	827,963	112,315	940,278
Cash and cash equivalents, end of year	\$ 1,130,154	\$ 795,677	\$ 1,925,831

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