

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

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

**Year Ended June 30, 2022**



**KERN ▲ THOMPSON**  
CERTIFIED PUBLIC ACCOUNTANTS

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

**CONSOLIDATED FINANCIAL STATEMENTS**

**Year Ended June 30, 2022**

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**INDEPENDENT AUDITORS' REPORT**

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

**Opinion**

We have audited the accompanying consolidated financial statements of Friends of the Columbia Gorge, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2022, 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.

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, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Friends of the Columbia Gorge, Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends of the Columbia Gorge, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Friends of the Columbia Gorge, Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends of the Columbia Gorge, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Report on Summarized Comparative Information***

We have previously audited Friends of the Columbia Gorge, Inc. and Subsidiary's 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 21, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, 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 financial statements as a whole. The supplementary 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 18, 2022

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

**June 30, 2022**

(With Comparative Totals as of June 30, 2021)

**ASSETS**

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 1,339,994	\$ 1,342,507
Investment interest receivable	40,449	34,051
Investments	8,855,129	10,742,711
Grants and bequests receivable	61,817	76,363
Prepaid expenses	101,032	63,369
Right to Use Asset (Note I)	230,014	-
Property and equipment, net of accumulated depreciation of \$344,820 and \$257,279, respectively	1,135,916	914,158
Land and easements	9,809,744	9,527,744
<b>Total assets</b>	<b>\$ 21,574,095</b>	<b>\$ 22,700,903</b>

**LIABILITIES AND NET ASSETS**

Accounts payable and accrued expenses	\$ 65,386	\$ 72,808
Accrued vacation and benefits	63,617	61,815
Refundable advance (Note D)	5,262	15,000
Operating lease liability (Note I)	230,603	-
<b>Total liabilities</b>	<b>364,868</b>	<b>149,623</b>

**Net assets**

Without donor restrictions		
Available for operations	1,143,817	1,477,275
Net investment in property and equipment	1,135,916	914,158
Net investment in land and easements	9,809,744	9,527,744
Board designated - land stewardship and acquisition	417,072	417,072
Board designated - legal defense fund	70,000	70,000
Board designated - endowment	3,469,935	3,879,449
	16,046,484	16,285,698
With donor restrictions	5,162,743	6,265,582
<b>Total net assets</b>	<b>21,209,227</b>	<b>22,551,280</b>

<b>Total liabilities and net assets</b>	<b>\$ 21,574,095</b>	<b>\$ 22,700,903</b>
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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, 2022**

(With Comparative Totals for the Year Ended June 30, 2021)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	
			<b>2022</b>	<b>2021</b>
<b>Public support and other revenue</b>				
Foundations	\$ 120,083	\$ 56,250	\$ 176,333	\$ 174,485
Contributions	95,157	37,698	132,855	606,736
Bequests	787,077	-	787,077	321,299
Memberships	1,679,179	67,603	1,746,782	1,750,524
Mitigation and legal cost recovery	53,349	-	53,349	20,131
Interest and dividend income	242,322	159,285	401,607	203,733
Other	130,705	-	130,705	333,386
	3,107,872	320,836	3,428,708	3,410,294
Net assets released from restrictions				
Satisfaction of purpose	741,387	(741,387)	-	-
<b>Total public support and     other revenue</b>	<b>3,849,259</b>	<b>(420,551)</b>	<b>3,428,708</b>	<b>3,410,294</b>
<b>Expenses</b>				
Program services				
Conservation	450,103	-	450,103	363,317
Gorge Towns to Trails	140,830	-	140,830	167,052
Land Trust	892,113	-	892,113	761,392
Accessibility Project	191,377	-	191,377	-
Legal	254,645	-	254,645	278,392
Lobbying	13,308	-	13,308	14,206
Public engagement	441,050	-	441,050	384,720
Member service	120,146	-	120,146	85,572
Public land stewardship	-	-	-	93,727
Total program services	2,503,572	-	2,503,572	2,148,378
Supporting services				
Management and general	280,766	-	280,766	271,594
Fund-raising	400,019	-	400,019	395,928
<b>Total expenses</b>	<b>3,184,357</b>	<b>-</b>	<b>3,184,357</b>	<b>2,815,900</b>
Increase (decrease) in net assets before change in investments	664,902	(420,551)	244,351	594,394
Net realized and unrealized appreciation (depreciation) of investments	(904,116)	(682,288)	(1,586,404)	1,794,503
<b>Change in net assets</b>	<b>(239,214)</b>	<b>(1,102,839)</b>	<b>(1,342,053)</b>	<b>2,388,897</b>
Net assets, beginning of year	16,285,698	6,265,582	22,551,280	20,162,383
<b>Net assets, end of year</b>	<b>\$ 16,046,484</b>	<b>\$ 5,162,743</b>	<b>\$ 21,209,227</b>	<b>\$ 22,551,280</b>

See notes to consolidated financial statements.

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

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2022**

(With Comparative Totals for the Year Ended June 30, 2021)

	PROGRAM SERVICES										SUPPORTING SERVICES		Total	
	Conser- vation	Gorge Towns to Trails	Land Trust	Legal	Lobbying	Public Engagement	Member Services	Accessibility Project	Program Total	Manage- ment and General	Fund- Raising	2022	2021	
	Salaries	\$ 283,865	\$ 75,406	\$ 272,911	\$ 109,455	\$ 8,684	\$ 245,801	\$ 56,973	\$ 68,658	\$ 1,121,753	\$ 109,920	\$ 217,980	\$ 1,449,653	\$ 1,251,531
Payroll taxes	26,801	5,542	20,045	8,078	654	18,067	4,179	5,043	88,409	8,081	15,925	112,415	91,754	
Benefits	47,253	16,176	58,605	23,404	1,827	52,750	12,251	14,741	227,007	23,575	46,522	297,104	278,330	
Rent	13,733	1,167	7,498	6,167	498	13,461	3,155	276	45,955	6,394	12,127	64,476	102,170	
Printing	4,432	117	1,781	343	29	2,155	1,690	481	11,028	626	16,124	27,778	61,903	
Publication costs	9,773	3,309	11,889	4,800	377	10,710	2,469	3,000	46,327	4,829	9,533	60,689	41,238	
Prospect costs	-	-	-	-	-	-	-	-	-	-	989	989	-	
Postage	1,190	432	1,428	573	45	1,573	2,451	429	8,121	701	7,443	16,265	17,783	
Office supplies	498	127	1,631	275	14	757	885	344	4,531	367	2,031	6,929	2,700	
Telephone	2,736	882	3,076	1,407	53	2,494	648	817	12,113	856	2,096	15,065	15,060	
Database and website	25,673	2,408	14,257	6,295	232	30,398	13,739	2,454	95,456	5,413	27,523	128,392	93,344	
Training	3,160	65	3,112	132	4	1,557	345	2,106	10,481	1,503	517	12,501	4,907	
Equipment maintenance	13	5	5,849	7	-	296	94	28	6,292	7	15	6,314	2,437	
Dues and subscriptions	858	25	8,829	2,485	468	4,367	18	18	17,068	541	1,924	19,533	19,098	
Insurance	1,501	702	3,496	721	59	1,582	372	979	9,412	4,606	1,826	15,844	15,170	
Event costs	4,530	408	753	104	6	4,783	2,158	444	13,186	645	2,399	16,230	3,207	
Professional and contract services	11,553	2,217	30,217	86,576	73	19,737	15,231	83,852	249,456	92,763	25,980	368,199	279,760	
Travel	4,122	1,774	13,002	489	6	13,248	1,867	2,957	37,465	1,881	2,506	41,852	19,302	
Merchandise expense	67	21	74	31	3	9,674	15	19	9,904	730	60	10,694	18,249	
Land acquisition expense	-	23,226	45,048	-	-	-	-	1,870	70,144	-	-	70,144	74,939	
Grant	-	-	-	-	-	-	-	-	-	-	-	-	249,000	
Land maintenance	-	5,688	293,916	-	-	-	-	212	299,816	-	-	299,816	81,021	
Miscellaneous expense	7,629	1,133	8,550	3,194	268	7,391	1,548	2,649	32,362	17,240	6,333	55,935	33,008	
Depreciation	716	-	86,146	109	8	249	58	-	87,286	88	166	87,540	59,989	
	<b>\$ 450,103</b>	<b>\$ 140,830</b>	<b>\$ 892,113</b>	<b>\$ 254,645</b>	<b>\$ 13,308</b>	<b>\$ 441,050</b>	<b>\$ 120,146</b>	<b>\$ 191,377</b>	<b>\$ 2,503,572</b>	<b>\$ 280,766</b>	<b>\$ 400,019</b>	<b>\$ 3,184,357</b>	<b>\$ 2,815,900</b>	

See notes to consolidated financial statements.

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**Year Ended June 30, 2022**

(With Comparative Totals for the Year Ended June 30, 2021)

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (1,342,053)	\$ 2,388,897
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	87,542	59,990
Net realized and unrealized appreciation (depreciation) of investments	1,593,467	(1,789,757)
Loss (gain) on land disposition	(77,000)	249,000
Changes in assets and liabilities:		
Investment interest receivable	(6,398)	14,237
Grants and bequests receivable	14,546	6,176
Prepaid expenses	(37,663)	3,044
Right to Use Asset	(230,014)	-
Accounts payable	(7,422)	35,955
Accrued vacation and benefits	1,802	7,060
Operating lease liability	230,603	-
Refundable advance - PPP loan	-	(297,200)
Refundable advance - other	(9,738)	15,000
<b>Net cash provided by (used in) operating activities</b>	<b>217,672</b>	<b>692,402</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	7,559,415	6,383,542
Purchase of investments	(7,265,300)	(4,284,268)
Sale of land in trust	175,000	-
Purchase of land in trust	(380,000)	(2,535,000)
Purchase of buildings and improvements	(309,300)	(840,000)
<b>Net cash provided by (used in) investing activities</b>	<b>(220,185)</b>	<b>(1,275,726)</b>
<b>Net change in cash and cash equivalents</b>	<b>(2,513)</b>	<b>(583,324)</b>
Cash and cash equivalents, beginning of year	1,342,507	1,925,831
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,339,994</b>	<b>\$ 1,342,507</b>

See notes to consolidated financial statements.



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

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022

#### 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.

**Gorge Accessibility Project** - This project is grounded in a commitment to include those who are affected by the "barriers" of accessibility in the Gorge. Those barriers can vary greatly including physical, cultural, or even economic. Friends is working on a long-term vision for two properties, Cape Horn and Catherine Creek. In the future these land trust preserves may provide accessible hiking trails, picnicking and gathering spaces, educational features, ecological restoration, and viewpoints of the Gorge.

Funds are provided from memberships, contributions and grants.

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

**June 30, 2022**

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

**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.

**Adoption of New Accounting Pronouncements**

In February 2016, the Financial Accounting Standards Board (“FASB”) issued *Accounting Standards Update No. 2016-02, Leases Topic 842 (“ASC 842”)*. The new standard establishes a right-of-use (“ROU”) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. On October 18, 2019, the FASB affirmed its proposal to defer the effective date of the new lease standard by one year to annual reporting periods beginning after December 15, 2021.

The Organization elected to adopt ASC 842, effective July 1, 2021 and elected the optional transitional method to apply the transition provisions from the date of adoption, which requires the Organization to report the cumulative effect of the adoption of the standard on the date of adoption with no changes to the prior period balances. Pursuant to the practical expedients, the Organization elected not to reassess: (i) whether expired or existing contracts are or contain leases, (ii) the lease classification for any expired or existing leases, or (iii) initial direct cost for any existing leases.

The Organization elected to apply the short-term lease measurement and recognition exemption to its leases, where applicable. Operating lease ROU assets and operating lease liabilities are recognized at the present value of the future lease payments over the base noncancelable lease term, at the lease commencement date for each lease. The Organization elected to use interest rates for similar debt as the interest rate for determining the present value of the future lease payments.

The Organization's lease agreements generally contain lease and non-lease components. Non-lease components, which primarily include payments for maintenance and utilities, are combined with lease payments and accounted for as a single lease component. The Organization includes the fixed non-lease components in the determination of the ROU asset and operating lease liability. The Organization records the amortization of the ROU asset and the accretion of lease liability as a component of expenses in the accompanying financial statements.

**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.

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

**June 30, 2022**

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

**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 (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. Conditional promises with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met. For year ended June 30, 2022, grants awarded, where conditions have not yet been met, total \$50,000.

**Revenue Recognition**

Revenue streams applicable to the Organization that qualify as exchange transactions with “customers” (primarily rental income) is recognized at a single point when all risks and rewards transfer. Amounts received from customers in advance, such as deposits for future services, are recorded as deferred revenue until the Organization’s performance obligations are satisfied.

**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, 2022**

**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 based on estimates of time and effort.

**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.

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

**June 30, 2022**

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

**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.

**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, 2021, from which the summarized information was derived.

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

**June 30, 2022**

**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, 2022:

	Level 1	Level 2	Level 3	Total
Bond and bond fund	\$ -	\$ 4,117,548	\$ -	\$ 4,117,548
Equities	4,071,639	-	-	4,071,639
Equity funds	621,421	-	-	621,421
Oregon Community Foundation	-	-	44,521	44,521
	<u>\$ 4,693,060</u>	<u>\$ 4,117,548</u>	<u>\$ 44,521</u>	<u>\$ 8,855,129</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, 2021	\$ 40,504
Gains included in the statement of activities	<u>4,017</u>
Balance, June 30, 2022	<u>\$ 44,521</u>

**NOTE D – REFUNDABLE ADVANCE**

The Organization has received event fee advances of \$5,262 that have not been recognized at June 30, 2022 because performance requirements have not yet been satisfied. No such advances were received in the prior year.

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

**June 30, 2022**

**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, 2022 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	\$ 3,879,449	\$ 1,434,980	\$ 3,476,992	\$ 8,791,421
Contributions	656,347	-	20,500	676,847
Appropriations	(213,151)	(386,870)	-	(600,021)
Dividends	190,024	159,285	-	349,309
Investment gains (losses)	(1,018,499)	(474,136)	-	(1,492,635)
Expenditures	<u>(24,235)</u>	<u>(41,815)</u>	<u>-</u>	<u>(66,050)</u>
Endowment net assets, end of year	<u>\$ 3,469,935</u>	<u>\$ 691,444</u>	<u>\$ 3,497,492</u>	<u>\$ 7,658,871</u>

**NOTE F – DESIGNATED NET ASSETS**

The Board designated \$70,000 for a legal defense fund program and \$410,316 for land stewardship and acquisition. 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, 2022**

**NOTE G – RESTRICTIONS ON NET ASSETS**

As of June 30, 2022, the Organization had restricted net assets as follows:

Subject to purpose restrictions:	
Clausen Explore the Gorge	\$ 21,206
Meyer DEI	41,543
Stewardship fund (for Nancy Russell donated properties)	133,088
TPL Stewardship	79,363
Plan Review	16,105
Logging	18,566
OCF	20,500
Winthrop/Wahoo - 7th Grade	1,701
Cape Horn Fund/Collins Purchase	194,259
Land Acquisition Fund	98,139
GT2T Mt Ulka	101,429
Accessibility project	209,519
Stewardship Fund	6,127
Accessibility Access	11,850
USFW Turtle grant	17,452
Ace grant Staffing	2,960
	<u>973,807</u>
Subject to time restrictions (endowment earnings)	<u>691,444</u>
Not subject to appropriation or expenditure:	
Nancy Russell Endowment	187,242
Vic Clausen Endowment	66,250
Oregon Community Foundation	25,000
Wilson Endowment	14,000
Conservation Director Endowment	3,000,000
Holman Endowment	100,000
Matthew Winthrop Endowment Fund	100,000
Abramovitz Endowment	5,000
	<u>3,497,492</u>
Total net assets with donor restrictions	<u>\$ 5,162,743</u>



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

**June 30, 2022**

**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, 2022:

Financial assets at year-end	
Cash and cash equivalents	\$ 1,339,994
Grants and bequests receivable	61,817
Investment interest receivable	40,449
Investments	<u>8,855,129</u>
Total financial assets	<u>10,297,389</u>
Less those unavailable for general expenditure within one year, due to:	
Contractual or donor-imposed restrictions:	
Subject to purpose restrictions	(973,807)
Subject to time restrictions	(691,444)
Not subject to appropriation	<u>(3,497,492)</u>
	<u>(5,162,743)</u>
Board designations:	
Board-designated endowment fund	<u>(3,469,935)</u>
Total unavailable financial assets	<u>(8,632,678)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>1,664,711</u></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 \$691,444 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, 2022**

**NOTE I – LEASES**

The Organization has a lease which, under ASU 2016-02, has been capitalized as right of use asset and lease liability as follows:

	Office
Original net present value	\$ <u>239,073</u>
Weighted average remaining lease term	50 Months
Weighted average discount	5%

As of August 16, 2021, the Organization executed a new lease for office space, with base payments beginning at \$5,222 per month. Future minimum lease payments are as follows:

Year Ended December 31,		
2023	\$	63,765
2024		65,678
2025		67,649
2026		<u>52,045</u>
Total lease payments		249,137
Less imputed interest		<u>(19,123)</u>
	\$	<u>230,014</u>

**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, 2022 was \$36,663.

**NOTE K – UNCERTAINTY**

Beginning in March of 2020, an outbreak of a coronavirus necessitated that most employees work from home. The organization worked to provide a safe environment for those needing to work in the office. These provisions included social distancing, mask wearing, and additional sanitation/cleaning guidelines. 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.

**NOTE L – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 18, 2022, 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, 2022

**ASSETS**

	Friends	Land Trust	Consolidated
Cash and cash equivalents	\$ 776,025	\$ 563,969	\$ 1,339,994
Investment interest receivable	32,341	8,108	40,449
Investments	7,006,452	1,848,677	8,855,129
Grants and bequests receivable	7,799	54,018	61,817
Prepaid expenses	65,923	35,109	101,032
Right to Use Asset (note I)	230,014	-	230,014
Property and equipment, net of accumulated depreciation of \$148,716 Friends and \$196,104 Land Trust	7,905	1,128,011	1,135,916
Land and easements	-	9,809,744	9,809,744
<b>Total assets</b>	<b>\$ 8,126,459</b>	<b>\$ 13,447,636</b>	<b>\$ 21,574,095</b>

**LIABILITIES AND NET ASSETS**

Accounts payable and accrued expenses	\$ 38,141	\$ 27,245	\$ 65,386
Accrued vacation and benefits	63,617	-	63,617
Refundable advance	5,262	-	5,262
Operating lease liability (note I)	230,603	-	230,603
<b>Total liabilities</b>	<b>337,623</b>	<b>27,245</b>	<b>364,868</b>
<b>Net assets</b>			
Without donor restrictions			
Available for operations	2,440	1,141,377	1,143,817
Net investment in buildings and improvements	7,905	1,128,011	1,135,916
Net investment in land and easements	-	9,809,744	9,809,744
Board designated - projects	-	417,072	417,072
Board designated - legal defense fund	-	70,000	70,000
Board designated - endowment	3,469,935	-	3,469,935
	<u>3,480,280</u>	<u>12,566,204</u>	<u>16,046,484</u>
With donor restrictions	4,308,556	854,187	5,162,743
<b>Total net assets</b>	<b>7,788,836</b>	<b>13,420,391</b>	<b>21,209,227</b>
<b>Total liabilities and net assets</b>	<b>\$ 8,126,459</b>	<b>\$ 13,447,636</b>	<b>\$ 21,574,095</b>

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, 2022**

	<b>Friends</b>	<b>Land Trust</b>	<b>Consolidated</b>
<b>Public support and other revenue</b>			
Foundations	\$ 89,688	\$ 86,645	\$ 176,333
Contributions	123,545	9,310	132,855
Bequests	787,077	-	787,077
Memberships	819,428	927,354	1,746,782
Mitigation and legal cost recovery	53,349	-	53,349
Interest and dividend income	357,047	44,560	401,607
Other	3,947	126,758	130,705
<b>Total public support and other revenue</b>	<b>2,234,081</b>	<b>1,194,627</b>	<b>3,428,708</b>
<b>Expenses</b>			
Program services			
Conservation	450,103	-	450,103
Gorge Towns to Trails	-	140,830	140,830
Land Trust	-	892,113	892,113
Legal	254,645	-	254,645
Lobbying	13,308	-	13,308
Public engagement	441,050	-	441,050
Member service	120,146	-	120,146
Public land stewardship	-	191,377	191,377
Accessibility project	-	-	-
Total program services	1,279,252	1,224,320	2,503,572
Supporting services			
Management and general	224,613	56,153	280,766
Fundraising	308,353	91,666	400,019
<b>Total expenses</b>	<b>1,812,218</b>	<b>1,372,139</b>	<b>3,184,357</b>
Increase (decrease) in net assets before change in investments	421,863	(177,512)	244,351
Net realized and unrealized appreciation (depreciation) of investments	(1,508,617)	(77,787)	(1,586,404)
<b>Change in net assets</b>	<b>(1,086,754)</b>	<b>(255,299)</b>	<b>(1,342,053)</b>
Net assets, beginning of year	8,875,590	13,675,690	22,551,280
<b>Net assets, end of year</b>	<b>\$ 7,788,836</b>	<b>\$ 13,420,391</b>	<b>\$ 21,209,227</b>

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, 2022**

	<b>Friends</b>	<b>Land Trust</b>	<b>Consolidated</b>
<b>Cash flows from operating activities:</b>			
Change in net assets	\$ (1,086,754)	\$ (255,299)	\$ (1,342,053)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Depreciation	1,395	86,147	87,542
Net realized and unrealized (appreciation) depreciation of investments	1,162,913	430,554	1,593,467
Loss (gain) on land disposition	-	(77,000)	(77,000)
Changes in assets and liabilities:			
Investment interest receivable	(10,787)	4,389	(6,398)
Grants and bequests receivable	22,951	(8,405)	14,546
Prepaid expenses	(20,995)	(16,668)	(37,663)
Right to use asset	(230,014)	-	(230,014)
Accounts payable	(24,947)	17,525	(7,422)
Accrued vacation and benefits	1,802	-	1,802
Operating lease liability	230,603	-	230,603
Refundable advance- other	(9,738)	-	(9,738)
<b>Net cash provided by (used in) operating activities</b>	<b>36,429</b>	<b>181,243</b>	<b>217,672</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of investments	6,586,462	972,953	7,559,415
Purchase of investments	(6,573,535)	(691,765)	(7,265,300)
Sale of land in trust	-	175,000	175,000
Purchase of Buildings and Improvements	(9,300)	(300,000)	(309,300)
Purchase of land in trust	-	(380,000)	(380,000)
<b>Net cash provided by (used in) investing activities</b>	<b>3,627</b>	<b>(223,812)</b>	<b>(220,185)</b>
<b>Net change in cash and cash equivalents</b>	<b>40,056</b>	<b>(42,569)</b>	<b>(2,513)</b>
Cash and cash equivalents, beginning of year	735,969	606,538	1,342,507
<b>Cash and cash equivalents, end of year</b>	<b>\$ 776,025</b>	<b>\$ 563,969</b>	<b>\$ 1,339,994</b>

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