

COLUMBIA RIVERKEEPER

FINANCIAL STATEMENTS

Year Ended December 31, 2020



KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

COLUMBIA RIVERKEEPER
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Year Ended December 31, 2020

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Executive Director's Message

Columbia Riverkeeper (Riverkeeper) achieved major victories for clean water in 2020. Riverkeeper reduced toxic pollution discharges, defeated dangerous fossil fuel terminals, protected key fish and wildlife habitat, and engaged people in hands-on stewardship activities.

How we work

All along the Columbia River, we work with people in dozens of communities—rural and urban—with the same goals: protecting the health of their families and the places they love. We enforce environmental laws to stop illegal pollution, protect salmon habitat, and challenge harmful fossil fuel terminals. Legal work makes a difference. But lawsuits alone do not create the change we need. Change comes when people organize and stand together for something they believe in. Power shifts when conversations around kitchen tables grow into successful campaigns.

Legal and policy

When fossil fuel giants and other polluters roll in, our towns are at a huge disadvantage. The corporations have slick lobbyists, a squadron of attorneys, and consultants who give all the right answers. They do the rounds with local politicians. First they get everything lined up, then they announce the project to the public. Riverkeeper fights back. We are experts on environmental laws and public participation. Our staff features five environmental attorneys and we work closely with dozens of public-interest lawyers. Our staff attorneys went to law school to learn the skills and tools to protect our environment and combat corporate greed. Here's what we do: file public records requests to disclose secrets to the public; ensure a fair and public process; support communities through public hearings; and go to court when necessary to stop dangerous fossil fuel terminals, refineries, and pipelines.

Community organizing

If legal work is our compass to navigate harmful proposals, community organizing is our engine. Our work is powered by the brilliant and passionate local people who stand together to protect their communities. Together, we craft strategies, rely on local knowledge, earn media coverage, and turn out smart public testimony. We show our elected officials and government agencies that the right decision is clean water. Riverkeeper's team of professional community organizers are equal parts inspirational leaders, strategists, road warriors, and policy wonks. Our greatest strength is partnering with Columbia River communities to promote positive change.

Coalition building

We are stronger together. Riverkeeper builds coalitions of organizations and people with shared values. We help bring together frontline, labor, faith, business, environmental justice, climate, and conservation communities to protect clean air and water. Our best work features diverse perspectives. Riverkeeper also regularly coordinates with tribal nations and is a proud member of several coalitions, including Power Past Coal, Stand Up to Oil, Power Past Fracked Gas, Oregon Clean Energy Opportunity Campaign, and Stand Up to Factory Farms.

Columbia Riverkeeper Program Descriptions

Stopping Pollution

Columbia Riverkeeper (Riverkeeper) protects clean water by stopping toxic pollution.

Toxic pollution in the Columbia River basin harms aquatic life and the people that depend on healthy fish and wildlife. Industrial discharges, stormwater pollution, municipal sewage, and illicit dumping are problems that we can address right now. Simply put, the Columbia contains too much toxic pollution. And our state and federal regulators are not solving the problem. Numerous studies show that fish, osprey, otters, and other species face unsafe levels of toxic pollution, including mercury and other heavy metals, flame retardants, and polychlorinated biphenyls (PCBs). So do humans. Native Americans face a 1 in 50 cancer risk from regularly consuming fish.

Many immigrant and low-income fishers likely fare worse. Low-income urban residents are currently catching and feeding fish to their families that contain unsafe levels of pollution. For example, Riverkeeper tested a sucker caught by a Russian immigrant in Vancouver Lake—the fish contained cancer-causing PCBs 250% over safe levels.

In 2020, Riverkeeper reduced toxic pollution in the Columbia and its tributaries by identifying and stopping illegal pollution and advocating to state and federal agencies for better toxic reduction policies.

Riverkeeper researched pollution violations and enforced the Clean Water Act. We prevented thousands of pounds of illegal pollution from entering the Columbia River by bringing Clean Water Act enforcement actions. These actions forced illegal polluters to solve the problem by running a cleaner operation or installing better pollution-control technology. We also deterred future pollution by demonstrating that we will take action when state and federal regulators do not. In addition, the enforcement actions generated penalties paid by polluters to local nonprofit organizations as mitigation.

The Hanford Nuclear Site on the Columbia River is the most contaminated place in the western hemisphere. Riverkeeper utilizes public pressure, grassroots organizing, and technical assessment of cleanup plans to advocate for the thorough cleanup of the site. Riverkeeper opposed the federal government's plans to re-label high-level nuclear waste as "low-level" in order to leave it in place, instead of more protective cleanup. We also partnered with the Yakama Nation to push for better and faster cleanup of nuclear waste.

Saving Salmon

Riverkeeper works to protect salmon by reducing pollution and protecting and restoring habitat.

We identify and protect key salmon habitat in the Columbia basin from industrial development and other threats, including fossil fuel infrastructure (see below), new shipping terminals, and chemical plants. Riverkeeper also works to protect ground and surface water from new factory farms in eastern Oregon. For example, thousands of Riverkeeper members and our coalition partners called on Oregon Governor Kate Brown, lawmakers, and state agencies to protect the Columbia River and rural communities from factory farm pollution. Oregon's laws contain loopholes that ignore air and water pollution from mega dairies, making the state attractive for factory farm expansion.

In addition, Riverkeeper made strong progress in 2020 to address the hot water crises on the Columbia River. Here is the difficult situation we face: Hot water, caused by dams and exacerbated by climate change, is killing Columbia and Snake river salmon. The rivers are simply too hot. Puget Sound orcas feed on salmon at the mouth of the Columbia during critical months before childbirth. The lack of salmon causes starving orcas and the tragic loss of orca calves. The federal agencies in charge of the Columbia are not solving the problem.

Riverkeeper achieved important victories to protect salmon. First, Riverkeeper and allies prevailed at the Ninth Circuit Court of Appeal over the U.S. Environmental Protection Agency (EPA) to force the agency to write a comprehensive plan, called a Total Maximum Daily Load, to address the impacts of dams on water temperature and salmon survival. EPA completed the plan, which identifies the large dams on the Columbia and Snake rivers as the major source of heat pollution. Second, the states of Washington and Oregon, for the first time ever, required federal dam operators to meet the safe temperature limit for salmon, 68 degrees Fahrenheit. Riverkeeper also advocated for a free-flowing lower Snake River. Snake River dam removal is the best way to restore cool water in the Columbia River and prevent the extinction of critically endangered salmon populations.

Fighting Fossil Fuels

Riverkeeper has worked with tribal nations, local businesses, strong coalitions, and our amazing members to defeat nearly every new fossil fuel infrastructure project on the Columbia River! This includes the world's largest fracked gas to methanol refinery, the nation's largest oil-by-rail shipping terminal, and the nation's largest coal export terminal. Western North America has huge, fracked gas, oil, and coal reserves, and the Columbia River is a convenient route to ship these fossil fuels to Asia. We stand in the way. Preventing new fossil fuel infrastructure is a critical task to protect our climate. If fossil fuel corporations build new infrastructure—shipping terminals, pipelines, refineries—they will lock us into decades of fossil fuel use at a time when we must rapidly move toward clean energy and fewer petrochemicals.

In 2020 and 2021, Riverkeeper and allies prevailed over the world's largest fracked-gas-to-methanol refinery in Kalama, WA. The company proposed to ship the methanol overseas to make plastic or burn as a fuel. We partnered with local residents and climate activists to push the State of Washington to complete a new analysis of greenhouse gas emissions from the massive petrochemical refinery. We produced strong earned and social media to communicate broadly the impacts of this project.

In addition, Riverkeeper built power in local communities by recruiting, inspiring, and training local activists. We helped organize and train over 150 volunteer action takers in 10 communities, including: Kalama, Longview, and Vancouver, WA, and Warrenton, Astoria, Clatskanie, Rainier, St. Helens, Scappoose, and Portland, OR.

We also partnered with Columbia County residents to oppose plans to rezone 800 acres of land adjacent to prime salmon habitat at Port Westward, OR from agricultural to industrial. The rezone would pave the way for more industrial use. Riverkeeper supported community organizing and provided legal support work to protect salmon and farmland. We also advocated against the expansion of an oil-by-rail terminal at Port Westward.

In Portland, Riverkeeper and allies helped prevent the expansion of Zenith Energy's oil-by-rail shipping terminal. We pushed the City of Portland to deny new pipes that would allow Zenith Energy to greatly expand tar sand crude shipments out of Portland.

Riverkeeper also pressured the City of Longview to reject a huge anhydrous ammonia plant by using demographic data to highlight environmental justice impacts of a new pollution threat adjacent to the city's lowest-income neighborhoods. Riverkeeper worked with local residents for three years to raise concerns about the health and climate dangers of anhydrous ammonia. We celebrated victory in 2020 when the company pulled out of the controversial project.

Riverkeeper also participated in the Power Past Fracked Gas coalition by serving as co-director and the Coalition fiscal sponsor.

Engaging River Communities

Riverkeeper works to engage river communities to make a difference for clean water. We monitor water quality, clean up riparian areas and beaches, conduct outreach to diverse communities, restore habitat, and educate students.

Several components of our Engaging River Communities were suspended in 2020 due to Covid-19, including our water quality monitoring at popular swim beaches and our Nichol Natural Area education and restoration program.

In 2020, Riverkeeper increased our outreach and engagement efforts to Latino communities. This includes doing culturally specific outreach and engagement, producing twenty bilingual radio shows and podcasts, called *Conoce Tu Columbia* (Know Your Columbia), on environmental and social justice issues, and providing additional materials in Spanish. Our Senior Organizer also helped create a new Latino-led organization in the Columbia River Gorge, called Comunidades, dedicated to social and environmental justice. In 2020, Comunidades engaged in community response to Covid-19, including providing free masks and resources to Latino communities.

COLUMBIA RIVERKEEPER



Brett VandenHeuvel
Executive Director

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Columbia Riverkeeper
Hood River, Oregon

We have audited the accompanying financial statements of Columbia Riverkeeper (a non-profit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Columbia Riverkeeper as of December 31, 2020, 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.

Other Matters

Report on Summarized Comparative Information

We have previously audited Columbia Riverkeeper's 2019 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated November 10, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Portland, Oregon
September 8, 2021

COLUMBIA RIVERKEEPER
STATEMENT OF FINANCIAL POSITION

December 31, 2020
(With Comparative Totals as of December 31, 2019)

ASSETS

	2020	2019
Cash and cash equivalents	\$ 2,271,006	\$ 1,344,452
Investments	1,128,232	352,545
Grants and contributions receivable	731,818	788,329
Prepaid expenses and other assets	26,883	20,033
Beneficial interest in assets held by others	39,428	35,141
Property and equipment - net	13,753	14,728
Total assets	\$ 4,211,120	\$ 2,555,228

LIABILITIES AND NET ASSETS

Accounts payable	\$ 36,137	\$ 14,583
Accrued compensation	105,978	11,766
Refundable advance - PPP loan	219,369	-
Total liabilities	361,484	26,349
Net assets		
Without donor restrictions	2,179,800	1,324,555
With donor restrictions	1,669,836	1,204,324
Total net assets	3,849,636	2,528,879
Total liabilities and net assets	\$ 4,211,120	\$ 2,555,228

See notes to financial statements.

COLUMBIA RIVERKEEPER

STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

(With Comparative Totals as of December 31, 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2020</u>	<u>2019</u>
Revenues, gains and other support				
Grants, contributions and memberships	\$ 1,061,779	\$ 1,772,831	\$ 2,834,610	\$ 2,219,938
In-kind contributions	233,752	-	233,752	301,035
Legal settlement and mitigation reimbursements	171,867	-	171,867	18,089
Investment income	8,769	5,713	14,482	15,018
Other	1,960	-	1,960	2,151
	<u>1,478,127</u>	<u>1,778,544</u>	<u>3,256,671</u>	<u>2,556,231</u>
Net assets released from restrictions	<u>1,313,032</u>	<u>(1,313,032)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>2,791,159</u>	<u>465,512</u>	<u>3,256,671</u>	<u>2,556,231</u>
Expenses				
Program services				
Saving Salmon	245,362	-	245,362	190,096
Stopping Pollution	202,739	-	202,739	308,567
Engaging River Communities	351,278	-	351,278	389,732
Fighting Fossil Fuels	862,485	-	862,485	768,642
Total program services	<u>1,661,864</u>	<u>-</u>	<u>1,661,864</u>	<u>1,657,037</u>
Supporting services				
Management and general	52,306	-	52,306	45,815
Fundraising	221,744	-	221,744	251,771
Total expenses	<u>1,935,914</u>	<u>-</u>	<u>1,935,914</u>	<u>1,954,623</u>
Change in net assets	855,245	465,512	1,320,757	601,608
Net assets, beginning of year	<u>1,324,555</u>	<u>1,204,324</u>	<u>2,528,879</u>	<u>1,927,271</u>
Net assets, end of year	<u>\$ 2,179,800</u>	<u>\$ 1,669,836</u>	<u>\$ 3,849,636</u>	<u>\$ 2,528,879</u>

See notes to financial statements.

COLUMBIA RIVERKEEPER

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020

(With Comparative Totals as of December 31, 2019)

	PROGRAM SERVICES					SUPPORTING SERVICES		Total	
	Saving Salmon	Stopping Pollution	Engaging River Communities	Fighting Fossil Fuels	Total	Management and General	Fund- raising	2020	2019
Personnel costs	\$ 139,368	\$ 116,900	\$ 237,565	\$ 369,314	\$ 863,147	\$ 31,842	\$ 166,177	\$ 1,061,166	\$ 1,068,253
Depreciation	531	467	1,160	1,464	3,622	168	597	4,387	3,359
Dues, licenses and memberships	5,487	5,945	6,954	9,627	28,013	1,262	4,017	33,292	25,136
Insurance	994	1,097	2,066	3,072	7,229	510	1,672	9,411	5,752
Marketing	328	410	1,731	299	2,768	-	107	2,875	14,561
Meetings and trainings	249	246	849	2,173	3,517	44	(16)	3,545	55,640
Occupancy	8,167	10,743	15,666	22,031	56,607	1,981	9,676	68,264	68,882
Supplies	3,756	4,309	16,754	34,684	59,503	288	4,598	64,389	78,271
Postage and printing	369	421	23,978	785	25,553	21	31,600	57,174	71,669
Professional services	85,594	61,505	43,506	411,853	602,458	15,227	1,879	619,564	534,745
Travel	519	696	1,049	7,183	9,447	963	1,437	11,847	28,355
	\$ 245,362	\$ 202,739	\$ 351,278	\$ 862,485	\$ 1,661,864	\$ 52,306	\$ 221,744	\$ 1,935,914	\$ 1,954,623

See notes to financial statements.

COLUMBIA RIVERKEEPER
STATEMENT OF CASH FLOWS
Year Ended December 31, 2020
(With Comparative Totals as of December 31, 2019)

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 1,320,757	\$ 601,608
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,387	3,359
Change in value of beneficial interest held by others	(5,713)	(6,263)
Changes in assets and liabilities:		
Grants and contributions receivable	56,511	20,520
Prepaid expenses and other assets	(6,850)	(3,026)
Accounts payable	21,555	(20,162)
Accrued compensation	94,211	366
Refundable advance - PPP loan	219,369	-
Net cash provided by (used in) operating activities	1,704,227	596,402
Cash flows from investing activities:		
Distribution proceeds from beneficial interest held by others	1,426	1,462
Purchase of investments	(775,687)	(352,545)
Purchase of property and equipment	(3,412)	(7,853)
Net cash provided by (used in) investing activities	(777,673)	(358,936)
Net change in cash and cash equivalents	926,554	237,466
Cash and cash equivalents, beginning of year	1,344,452	1,106,986
Cash and cash equivalents, end of year	\$ 2,271,006	\$ 1,344,452

See notes to financial statements.

COLUMBIA RIVERKEEPER

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A – DESCRIPTION OF ORGANIZATION

Columbia Riverkeeper (Riverkeeper, or the Organization) was incorporated in the state of Washington as a non-profit corporation in 1989. Its goal is to protect the water quality of the Columbia River and all life connected from the headwaters to the Pacific Ocean. Riverkeeper utilizes community organizing, public education, policy work, and the enforcement of environmental laws to promote a healthy Columbia River. Support is provided to Riverkeeper through contributions from individuals and businesses, foundation support, grants and other fees.

During the fiscal year, Riverkeeper supported the following:

Stopping Pollution – Riverkeeper protects clean water by stopping toxic pollution. Riverkeeper reviews pollution discharge permits, enforces environmental laws, and advocates to state and federal agencies for stronger laws to reduce toxic pollution in fish and drinking water. Riverkeeper pushes government agencies to take action for clean water.

Saving Salmon – Riverkeeper fights to protect salmon from toxic pollution, hot water, habitat loss, and dangerous fossil fuel proposals by reducing pollution and protecting and restoring habitat.

Fighting Fossil Fuels – Riverkeeper leads the effort to protect the Columbia River and river communities from an onslaught of coal, oil, and fracked gas shipping terminals and refineries that threaten aquatic ecosystems, public health, and our climate. To achieve this, Riverkeeper integrates community organizing, enforcement of environmental laws, and hands-on citizen action.

Engaging River Communities – Riverkeeper works to engage river communities to make a difference for clean water. We monitor water quality, clean up riparian areas and beaches, conduct outreach to diverse communities, restore habitat, and educate students.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

COLUMBIA RIVERKEEPER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Conditional promises to give are not recognized until the conditions on which they depend are substantially met. As of December 31, 2020, the Organization had \$137,939 of such promises to give, all subject to incurring allowable costs.

Membership payments received from the Organization's members are considered equivalent to unrestricted contributions and are recognized as revenue when received.

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.

Interpretation of Relevant Law Over Endowments

The Organization has interpreted Oregon's adoption of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the Organization to adopt investment and spending policies that preserve the fair value of the original endowed gift as of the date of the gift, absent explicit donor restrictions to the contrary. Although the Organization has a long-term fiduciary duty to the donor (and others) for a fund of perpetual duration, the preservation of an endowment's purchasing power is only one of several factors that are considered in managing and investing these funds. Furthermore, in accordance with UPMIFA, a portion of an endowment's historic dollar value may be appropriated for expenditure in support of the designated purposes of the endowment if this is consistent with a spending policy that otherwise satisfies the requisite standard of prudence under UPMIFA.

As a result of this interpretation, the Organization classifies as endowment principal (1) the original value of gifts donated to the endowment, (2) subsequent gifts to the endowment, and (3) accumulations made pursuant to the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In general, investment returns on the Organization's endowment are available for retention or appropriation based on the same prudent standards and policies established by the Board of Directors and, therefore, are classified as accumulated endowment return until the returns are appropriated for expenditure by the Board of Directors and, if the use of the investment return is restricted by the donor, until the restriction has also been satisfied. Any investment return classified as accumulated endowment return represents only those amounts required to be retained as a result of explicit donor stipulations.

COLUMBIA RIVERKEEPER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interpretation of Relevant Law Over Endowments (Continued)

In the absence of donor stipulations or law to the contrary, losses or appropriations of a donor-restricted endowment reduce accumulated endowment return to the extent that that donor-imposed restrictions on net appreciation of the fund have not been satisfied before the loss or appropriation occurs. Any remaining loss or appropriation reduces endowment principal.

Endowments with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowments may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In addition, the Organization's Board of Directors interprets UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law, and the Organization has a policy that permits spending from underwater endowment funds depending on the degree to which the funds are underwater. Endowment funds were not underwater at December 31, 2020.

Endowment Investment and Spending Policies

The goal of the Organization's investment program for funds held as endowment is to achieve a total rate of return that will allow the Organization to respond to today's needs and the long-term growth necessary to respond to future needs. The investment objective for endowed funds is to retain (at a minimum) when possible an increase in 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 endowment assets are invested in The Oregon Community Foundation (OCF) as an endowment partner.

For the OCF funds, the Organization has adopted a spending policy based on the policies of its endowment partner, OCF, to determine the annual amount available for distributions from funds held as permanent endowment. Each year OCF sets an annual payout rate for the coming year based on a 10-year projection of investment return. Currently, if the projected 10-year return is 9% or above, the payout for grants will be 5% of market value; if the projected 10-year return is below 9%, the payout for grants will be 4-1/2% of market value. Market value is determined using a 13-quarter trailing average of fund market value.

Cash and Cash Equivalents

For purposes of these financial statements, all short-term, highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents. Cash and cash equivalents held for long-term investment purposes are excluded from cash and cash equivalents and are included in investments.

Financial Instruments With Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalents. Interest bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Uninsured balances at December 31, 2020 totaled \$2,025,940.

COLUMBIA RIVERKEEPER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables are uncollateralized and stated at the amount management expects to collect. Approximately 66% of the 2020 receivables balance is due from one funder. The Organization makes an annual determination of the adequacy of the allowance for uncollectible grants and contributions receivable. Management believes no allowance is required as of December 31, 2020.

Property and Equipment

Property and equipment is recorded at cost. Donated equipment is recorded at fair market value at the date received. Depreciation is computed on the straight-line method over the following estimated useful lives:

Furniture and equipment	5 years
Boat	10 years

Maintenance and repairs are expensed when incurred. Betterments and renewals in excess of \$500 are capitalized.

Investments

Investments are valued at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Net appreciation in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (decline) of those investments, is also shown in the statement of activities. Interest income is accrued as earned. See Note E for a discussion of fair value measurements.

Functional Allocation of Expenses

The costs of providing the programs and supporting services have been summarized in the statement of Activities. Directly identifiable expenses are charged to programs and supporting services when incurred. Certain costs, including office expense, occupancy, leases and utilities have been allocated among the programs and supporting services benefited based primarily on estimates of time and effort.

Income Taxes

The Organization has been approved as a tax exempt organization under the Internal Revenue Code Section 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 Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. 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 December 31, 2019, from which the summarized information was derived.

COLUMBIA RIVERKEEPER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

NOTE C – GRANTS RECEIVABLE

The Organization has been awarded a multi-year grant. Management has determined that the effect of an imputed interest rate not to be material to the financial statements, and thus has not discounted the grants to present value. Grants receivable consist of the following at December 31, 2020:

Grants receivable expected to be collected in:	
Less than one year	\$ 491,818
One to five years	<u>240,000</u>
	<u>\$ 731,818</u>

NOTE D – PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2020 is as follows:

Furniture and equipment	\$ 30,155
Boat	<u>15,693</u>
	45,848
Less accumulated depreciation	<u>(32,095)</u>
	<u>\$ 13,753</u>

Depreciation expense for the year ended December 31, 2020 amounted to \$4,387.

NOTE E – FAIR VALUE MEASUREMENTS

Valuation techniques used to measure fair value are prioritized into the following hierarchy:

Level 1 – Quoted prices in active markets for identical assets. Assets in this level typically include publicly traded equities and bonds, mutual fund investments, exchange traded funds, and cash equivalents.

Level 2 – Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data such as published interest rates and yield curves, over-the-counter derivatives, market modeling, or other valuation methodologies.

Level 3 – Unobservable inputs that reflect management’s assumptions and best estimates based on available data. Assets in this level include beneficial interest in assets held by others.

COLUMBIA RIVERKEEPER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

NOTE E – FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value of the beneficial interest in assets held by others is determined by the Organization’s endowment partner, OCF, and is based upon the Organization’s proportionate interest in OCF’s endowment partner fund liability after adjustments for contributions and distributions made during the year. OCF’s endowment partner fund liability is stated at fair value, which is generally equivalent to the present value of future payments expected to be made to the endowment partners.

Realized and unrealized gains and losses from investments are reported in the statement of activities as they occur. There have been no changes in valuation techniques and related inputs.

Fair values of assets measured on a recurring basis at December 31 were as follows:

	Level 1	Level 3	Fair Value Total
Cash and cash equivalents	\$ 392,805	\$ -	\$ 392,805
Exchange traded funds - short-term income	355,530	-	355,530
Equity investments	-	-	-
United States Treasury Bills	379,897	-	379,897
Beneficial interest in assets held by others	-	39,428	39,428
	\$ 1,128,232	\$ 39,428	\$ 1,167,660

For the year ended December 31, 2020, the change in investments classified as Level 3 is as follows:

Balance, December 31, 2019	\$	35,141
Contributions invested		-
Total gains, losses, and interest included on the Statement of Activities		5,713
Distribution received		(1,426)
Balance, December 31, 2020	\$	39,428

NOTE F – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

During 2018, \$32,697 was transferred to the Oregon Community Foundation (OCF). Variance power was not granted to OCF unless the Organization ceases to exist or loses its tax-exempt status, and distributions in the amount of a reasonable rate of return determined by OCF will be distributed to the Organization each year.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

NOTE G – RESTRICTED AND ENDOWMENT NET ASSETS

The Organization's net assets with donor restrictions are subject to the following purpose or time restrictions as of December 31, 2020:

Subject to purpose restrictions:	
Fossil fuel initiatives	\$ 737,587
Comunidades'	758,790
Stopping pollution	22,417
Saving salmon	2,798
Engaging communities	41,577
Clean water	14,059
Unappropriated endowment earnings	6,731
Other	3,180
	<u>1,587,139</u>
Subject to time restrictions:	<u>50,000</u>
Not subject to appropriation or expenditure:	
Endowment fund	32,697
	<u>32,697</u>
Total net assets with donor restrictions	<u>\$ 1,669,836</u>

The Organization's endowment includes donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment are classified and reported based on the existence or absence of donor imposed restrictions.

The following summarizes the Organization's endowment-related activities for the year ended December 31, 2020:

	With Donor Restrictions		
	Accumulated Endowment Return	Endowment Principal	Total Endowment
Endowment net assets at beginning of year	\$ 2,444	\$ 32,697	\$ 35,141
Net increase (decrease) in the beneficial interest in assets held by the Oregon Community Foundation	5,713	-	5,713
Appropriation by the Board for expenditures	<u>(1,426)</u>	<u>-</u>	<u>(1,426)</u>
Endowment net assets at end of year	<u>\$ 6,731</u>	<u>\$ 32,697</u>	<u>\$ 39,428</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

NOTE H – IN-KIND CONTRIBUTIONS

A number of unpaid volunteers provide significant contributions of their time to develop and implement the Organization’s programs. There were approximately 660 volunteered hours during the year ended December 31, 2020. Amounts recognized on the statement of activities are limited to the significant services received which create or enhance a nonfinancial asset or require specialized skills that the Organization would have purchased if not donated. During the year ended December 31, 2020, the Organization recognized \$233,752 of contributed services for pro bono legal work.

NOTE I – CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization considers this contingency remote since, by accepting the grants and their terms, it is of the opinion that the Organization has complied with the terms of all grants.

NOTE J – UNSECURED CREDIT BORROWINGS

The Organization has unsecured credit cards with available limits of \$24,000 with \$2,062 included in accounts payable at December 31, 2020, which was paid the subsequent month.

NOTE K – RETIREMENT PLAN

The Organization sponsors a 401(k) profit-sharing plan for the benefit of its eligible employees. At the discretion of the Board of Directors, the Organization may make contributions to the plan. The Organization made no contribution to this plan for the year ended December 31, 2020.

NOTE L – OPERATING LEASE COMMITMENTS

Minimum lease payments under non-cancellable leases for its Hood River and Portland offices are as follows:

Year Ended December 31,	
2021	\$ <u>27,082</u>
	\$ <u><u>27,082</u></u>

Total rent expense for the year ended December 31, 2020 was \$52,291.

COLUMBIA RIVERKEEPER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

NOTE M – LIQUIDITY

The following chart represents the Organization's financial assets available to meet cash needs for general expenditures within one year of December 31, 2020:

Financial assets at year-end*	
Cash and cash equivalents	\$ 2,271,006
Investments	1,128,232
Receivables expected to be collected within one year	491,818
Beneficial interest in assets held by others	39,428
Total financial assets	<u>3,930,484</u>

Less those unavailable for general expenditure within one year, due to:

Contractual or donor-imposed restrictions:	
Restricted by donor for endowment	(32,697)
Subject to satisfaction of donor restrictions	<u>(1,580,409)</u>
Total unavailable financial assets	<u>(1,613,106)</u>

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,317,378</u>
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* Total assets, less nonfinancial assets (e.g. property and equipment, prepaid expenses)

The Organization's endowment funds consist of donor-restricted endowments. As described in Note B, the Organization's spending policy is to appropriate all investment earnings based on OCF's determination of the amount and distribution policy of 4.5-5%.

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.

NOTE N – UNCERTAINTY

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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

NOTE O – REFUNDABLE ADVANCE (PAYCHECK PROTECTION PROGRAM)

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 \$219,369 on April 21, 2020. The terms of the PPP loan include interest at 1% and maturity on April 21, 2022.

The Organization has concluded that although the legal form of the PPP is a loan, it believes the criteria has been met during 2021, and the SBA forgave the loan in June 2021. 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 P – SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 8, 2021 which is the date the financial statements were available to be issued.