

# **RIVER NETWORK**

Financial Statements and Independent Auditor's Report  
September 30, 2023 and 2022

## RIVER NETWORK

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To the Board of Directors of  
River Network  
Boulder, Colorado

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of River Network (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of River Network as of September 30, 2023 and 2022, 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.

### 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 River Network 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.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 River Network's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Artesian CPA, LLC

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## **Auditor's 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.
- 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 River Network'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 River Network'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.

*Artesian CPA, LLC*

**Artesian CPA, LLC**  
Denver, Colorado  
December 19, 2023

### **Artesian CPA, LLC**

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**RIVER NETWORK**  
**STATEMENTS OF FINANCIAL POSITION**  
**As of September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current Assets:		
Cash and equivalents-unrestricted	\$ 724,791	\$ 991,794
Cash and equivalents-restricted	1,626,046	1,380,038
Accounts receivable	196,571	217,340
Grants and contributions receivable	496,474	600,000
Total Current Assets	<u>3,043,882</u>	<u>3,189,172</u>
Property and Equipment:		
Property and equipment, net	<u>18,213</u>	<u>32,653</u>
Total Property and Equipment	<u>18,213</u>	<u>32,653</u>
Other Assets:		
Endowment Fund	<u>500,115</u>	<u>500,000</u>
Total Other Assets	<u>500,115</u>	<u>500,000</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,562,210</u></u>	<u><u>\$ 3,721,825</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 50,641	\$ 94,437
Grants payable	-	34,438
Accrued payroll	26,775	39,126
Accrued vacation	54,701	55,360
Total Liabilities	<u>132,117</u>	<u>223,361</u>
Net Assets:		
Without donor restrictions	805,400	1,018,425
With donor restrictions	<u>2,624,693</u>	<u>2,480,039</u>
Total Net Assets	<u>3,430,093</u>	<u>3,498,464</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 3,562,210</u></u>	<u><u>\$ 3,721,825</u></u>

See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.

**RIVER NETWORK**  
**STATEMENTS OF ACTIVITIES**  
**For the years ended September 30, 2023 and 2022**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating Activities:				
Revenues and Support:				
Foundation grants and contributions	\$ 110,875	\$ 1,520,668	\$ 1,631,543	\$ 1,714,123
Government grants and contributions	602,204	-	602,204	571,984
Individual and small business contributions	244,638	337,500	582,138	934,136
Annual River Rally registration fees and sales, net of scholarships of \$0 and \$53,980 as of September 30, 2023 and 2022, respectively	1,200	-	1,200	142,006
Corporate grants and contributions	55,372	146,200	201,572	1,008,849
Fees for services	100,820	-	100,820	63,281
Membership dues	38,112	-	38,112	33,100
Other income	986	-	986	332
Net assets released from restrictions	1,859,714	(1,859,714)	-	-
Total Revenues and Support	3,013,921	144,654	3,158,575	4,467,811
Expenses:				
Program services	2,465,159	-	2,465,159	3,040,269
Supporting services:				
Management and general	478,712	-	478,712	379,517
Fundraising	334,884	-	334,884	263,789
Total Expenses	3,278,755	-	3,278,755	3,683,575
Change in net assets from operating activities	(264,834)	144,654	(120,180)	784,236
Non-Operating Activities:				
Interest income	51,809	-	51,809	530
Change in net assets	(213,025)	144,654	(68,371)	784,766
Net assets at beginning of year	1,018,425	2,480,039	3,498,464	2,713,698
Net assets at end of year	\$ 805,400	\$ 2,624,693	\$ 3,430,093	\$ 3,498,464

See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.

**RIVER NETWORK**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the years ended September 30, 2023 and 2022**

	2023				2022
	Program Services	Supporting Services		Total Expenses	Total Expenses
	Program Services	Management and General	Fundraising	Total Expenses	Total Expenses
Salaries and wages	\$ 1,267,168	\$ 151,793	\$ 261,657	\$ 1,680,618	\$ 1,577,768
Grants	496,240	-	-	496,240	586,882
Other professional fees	327,612	115,341	7,787	450,740	513,634
Payroll taxes	94,962	13,622	19,137	127,721	111,123
Accounting fees	11,631	105,141	1,141	117,913	120,324
Travel	82,913	18,827	8,621	110,361	106,842
Pension plan contributions	48,957	7,243	9,547	65,747	59,618
Computer and software services	19,616	21,749	2,928	44,293	45,071
Occupancy	19,460	9,623	6,845	35,928	33,275
Program materials	29,214	2,297	1,725	33,236	87,072
Meetings and events	23,783	4,474	700	28,957	309,220
Depreciation	-	14,440	-	14,440	14,440
Telephone	11,545	1,443	1,443	14,431	13,488
Employee benefits	4,652	5,761	3,592	14,005	31,049
Staff training	9,271	1,675	105	11,051	4,366
Insurance	7,733	967	967	9,667	5,199
Dues and subscriptions	4,147	1,398	1,738	7,283	12,259
Taxes and licenses	516	166	4,795	5,477	4,513
Office expenses	2,862	801	1,290	4,953	6,639
Bank charges	2,280	1,111	866	4,257	9,366
Bad debt	-	700	-	700	4,146
Advertising and promotion	597	-	-	597	22,444
Equipment	-	140	-	140	4,837
	<u>\$ 2,465,159</u>	<u>\$ 478,712</u>	<u>\$ 334,884</u>	<u>\$3,278,755</u>	<u>\$ 3,683,575</u>

See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.

**RIVER NETWORK**  
**STATEMENTS OF CASH FLOWS**  
For the years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (68,371)	\$ 784,766
Adjustments to reconcile changes in net assets to net cash provided by/(used in) operating activities:		
Depreciation	14,440	14,440
Bad debt expense	-	4,146
Change in operating assets and liabilities:		
Change in grants and contributions receivable	103,526	(317,250)
Change in accounts receivable	20,769	(21,409)
Change in prepaid expense	-	23,259
Change in security deposit	-	2,367
Change in accounts payable	(43,796)	6,511
Change in grants payable	(34,438)	(26,944)
Change in accrued payroll	(12,351)	9,231
Change in accrued vacation	(659)	(8,831)
Net cash provided by/(used in) operating activities	<u>(20,880)</u>	<u>470,286</u>
Net increase/(decrease) in cash and cash equivalents	(20,880)	470,286
Cash and cash equivalents at beginning of year	2,871,832	2,401,546
Cash and cash equivalents at end of year	<u>\$ 2,850,952</u>	<u>\$ 2,871,832</u>
Cash reported on Statement of Financial Position:		
Cash and equivalents-unrestricted	\$ 724,791	\$ 991,794
Cash and equivalents-restricted	1,626,046	1,380,038
River Network Endowment Fund	<u>500,115</u>	<u>500,000</u>
Total Cash and Cash Equivalents	<u>\$ 2,850,952</u>	<u>\$ 2,871,832</u>

See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.



# RIVER NETWORK

## NOTES TO FINANCIAL STATEMENTS

As of September 30, 2023 and 2022 and for the years then ended

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### NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Activities

River Network (the “Organization”) is an Oregon not-for-profit organization founded in March 1988. The Organization envisions a future of clean and ample water for people and nature, where local caretakers are well-equipped, effective and courageous champions for our rivers. The Organization’s mission is to empower and unite people and communities to protect and restore rivers and other waters that sustain all life.

The Organization maintains an office in Boulder, Colorado, with staff in field locations including North Carolina, Maryland, Michigan, Pennsylvania, Utah, Tennessee and Delaware. River Network has invested in the systems necessary to support such a decentralized team, including online workspaces, virtual conferencing and tight alignment between its strategic plan, annual work plan, and personal objectives for each staff person.

Over the past 33 years, the Organization has accomplished its mission by investing in local efforts and helping advance impact at more significant scales (system, state, regional, national). The Organization has worked with groups and individuals in every state and region of the U.S. and beyond. It provides one-on-one mentoring and consulting, virtual training, and conferences to strengthen local efforts; convenes groups for greater impact; and increases the transfer of practical water management solutions. Over 2,500 community groups, nonprofit organizations, governmental entities and tribes are part of its community.

Fiscal Year 2023’s efforts were focused on three key issues identified within its current strategic plan (2023-2026) in addition to leadership development and data to action:

Healthy, Resilient Rivers: Healthy rivers sustain people and natural systems and are vital assets for the communities through which they flow. Yet many are threatened by pollution, habitat destruction, depletion, and climate change, especially in low-income and communities of color. Successfully tackling these threats requires an integrated, equitable approach at multiple scales. This includes addressing river corridors, floodplains, and upstream and downstream connections. River Network advances these approaches by strengthening local organizations’ abilities to develop diverse coalitions, lead advocacy efforts, promote best practices, and leverage funding to achieve resilient and accessible rivers.

Safe, Affordable Drinking Water: Drinking water is fundamental to our health and well-being. However, across the country, access to clean, safe, and affordable drinking water – two thirds of which comes from streams and rivers – is not guaranteed. By equipping groups nationwide with the knowledge and capacity needed to advocate for equitable access to clean drinking water and influence decision makers at the federal, state, and local levels, we can advance the human right to water and ensure sustainable drinking water access for all.

Climate Resilient Communities: Communities across the US face increasing risks of flooding, drought, and other weather-related natural disasters whose impacts disproportionately affect low-income and communities of color. Local, grassroots, community groups are key to contributing their expertise, leveraging power and influence, and serving as effective local and

# RIVER NETWORK

## NOTES TO FINANCIAL STATEMENTS

As of September 30, 2023 and 2022 and for the years then ended

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regional agents for change, ultimately building more equitable, thriving, and climate-resilient communities with and by the people who are most impacted.

The priorities noted above and their integration and intersection with equity, diversity, and inclusion, provide a focus for River Network's production and delivery of tools, training, mentoring, and financial assistance to help leaders, organizations, and coalitions expand their impact as well as sharpen what River Network shares via their website, monthly e-newsletter River Voices, the River Rally conference (River Rally was not held in 2023, and is planned for May of 2024 in Grand Rapids, MI) webinars, workshops, and peer exchanges, and one-on-one mentoring, consulting and engagement.

### Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

### Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

### Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less, except those designated for long-term purposes, to be cash equivalents. The Organization's cash and cash equivalents in bank deposit accounts, at times, may exceed federally insured limits. As of September 30, 2023, and 2022, the Organization's cash balances exceeded FDIC insured limits by \$1,230,201 and \$2,004,799, respectively.

See accompanying Independent Auditor's Report

**RIVER NETWORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**As of September 30, 2023 and 2022 and for the years then ended**

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Accounts and Grants and Contributions Receivable

Accounts and grants and contributions receivable, represent amounts due from customers and donors, are stated at amounts estimated by management to be the net realizable value. The Organization periodically evaluates the collectability of accounts and grants and contributions receivable and establishes a reserve for uncollectible accounts based on an evaluation of the specific unpaid account balances. Accounts receivable totaled \$196,571 and \$217,340 and no allowances against such as of September 30, 2023, and 2022, respectively. Grants and contributions receivable totaled \$496,474 and \$600,000 and no allowances against such as of September 30, 2023, and 2022, respectively. Bad debt expense totaled \$700 and \$4,146 for the years ended September 30, 2023, and 2022, respectively.

Property and Equipment

Acquisitions of assets in excess of \$5,000 are capitalized at cost. Property and equipment are depreciated using the straight-line method over the assets estimated useful lives which range from 5-7 years. The Company assesses its property and equipment for indications of impairment annually and adjusts the carrying balances if impairments are determined. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation.

Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restrictions upon acquisition of the assets and the assets are placed in service.

Accrued Compensated Absences

The Organization provides vacation leave to its full-time employees. These are earned based on years of service. Employees can only accrue a maximum number of hours based on their years of service. The maximum amount is 200 hours. If an employee reaches their maximum, they cannot accrue more time until paid time off is used. Upon separation from service, employees are paid for unused vacation leave. Accrued compensated absences as of September 30, 2023, and 2022 were \$54,701 and \$55,360, respectively.

Grant and Contract Revenue

For all grants and contracts which are considered to be exchange transactions, revenue is recognized as allowable reimbursable expenses are incurred. Cash received in excess of allowable expenses is recorded as deferred revenue, and allowable expenses incurred in excess of cash received are recorded as receivables.

Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted

**RIVER NETWORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**As of September 30, 2023 and 2022 and for the years then ended**

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contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

Contributed Services and Other In-Kind Contributions

Contributed services are recorded if they (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. A number of volunteers have contributed significant amounts of their time in the Organization's program services but are not recognized as contributions in the financial statements because they do not meet the aforementioned criteria. For the year ended September 30, 2023, and 2022 there were no in-kind contributions.

Measure of Operation

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, contributions, leasing and other activities considered to be of a more unusual or nonrecurring nature.

Leases

On October 1, 2022, the Organization adopted ASC 842, *Leases*, as amended, which supersedes the lease accounting guidance under Topic 840, and generally requires lessees to recognize operating and finance lease liabilities and corresponding right-of-use (ROU) assets on the balance sheet and to provide enhanced disclosures surrounding the amount, timing and uncertainty of cash flows arising from lease arrangements. The Organization adopted the new guidance using a modified retrospective method. Under this method, the Organization elected to apply the new accounting standard only to the most recent period presented, recognizing the cumulative effect of the accounting change, if any, as an adjustment to the beginning balance of net assets. Accordingly, prior periods have not been restated to reflect the new accounting standard. The cumulative effect of applying the provisions of ASC 842 had no material impact on net assets.

The Organization elected transitional practical expedients for existing leases which eliminated the requirements to reassess existing lease classification, initial direct costs, and whether contracts contain leases. Also, the Organization elected to present the payments associated with short-term leases as an expense in statements of operations. Short-term leases are leases with a lease term of 12 months or less. The adoption of ASC 842 had no impact on the Organization's balance sheet as of September 30, 2023.

Functional Allocation of Expenses

The financial statements report certain expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The shared expenses allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort. Other shared expenses are allocated on a percentage of staff FTEs (full-time equivalents) across the functional areas. All other expenses are allocated based on the specific identification method.

**RIVER NETWORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**As of September 30, 2023 and 2022 and for the years then ended**

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Reclassification

Certain comparative figures have been reclassified to conform to the current year presentation.

Income Tax

No provision has been made for income taxes, since the Organization is exempt from Federal income tax pursuant to Internal Revenue Code Section 501(c)(3). There was no unrelated business taxable income during the year. The Organization has not recognized any cumulative adjustment relating to the adoption of FASB ASC Income Tax Topic, nor are there any unrecognized tax benefits to be disclosed as of September 30, 2023. Uncertainty in income taxes for a not-for-profit organization would include the status of its exemption from taxes, status of filings in local jurisdictions, and unrelated business income, if any. The Organization's information return filings for the years 2021 to 2023 remain subject to examination by the Internal Revenue Service.

**NOTE 2: FAIR VALUE MEASUREMENTS**

Financial Accounting Standards Board ("FASB") guidance specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active).

Level 3 – Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when their fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable.

The carrying amount reported in the statements of financial position approximate their fair value.

## RIVER NETWORK

### NOTES TO FINANCIAL STATEMENTS

As of September 30, 2023 and 2022 and for the years then ended

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#### NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2023, and 2022 are summarized as follows:

	<u>2023</u>	<u>2022</u>
Land	\$ 5,900	\$ 5,900
Website	35,351	35,351
Software	97,790	97,790
	<u>139,041</u>	<u>139,041</u>
Accumulated depreciation	(120,828)	(106,388)
Net Property and Equipment	<u>\$ 18,213</u>	<u>\$ 32,653</u>

Depreciation expense for both the years ended September 30, 2023, and 2022 totaled \$14,440 and \$14,440, respectively.

#### NOTE 4: DONOR RESTRICTED NET ASSETS

The following schedule summarizes the balance related to donor restricted net assets:

	<u>2023</u>	<u>2022</u>
Endowment Fund	\$ 500,115	\$ 500,000
River Programs	2,124,578	1,980,039
	<u>\$2,624,693</u>	<u>\$ 2,480,039</u>

#### NOTE 5: LEASE AGREEMENTS

On December 6, 2020, the Organization entered into a 3-month lease with an opportunity for renewal with an unrelated party for office space in Boulder, Colorado, with monthly rent payments of \$1,600. This lease was modified in May of 2023, as the Organization downsized from an office space to two dedicated desks in a shared co-working space. The lease is month to month at a cost of \$632 monthly.

Total lease expense for the years ended September 30, 2023, and 2022 was \$35,928 and \$33,275, respectively.

#### NOTE 6: EMPLOYEE RETIREMENT PLAN

The Organization has a salary reduction contribution plan pursuant to Section 403(b) of the Internal Revenue Code covering substantially all employees. Under the plan, employees contribute a specified percentage of salary, or a fixed dollar amount, to the plan. The Organization may agree to make a discretionary and “nonelective” contribution to their employees’ 403(b) plans. The Organization contributed \$65,747 and \$59,618 to the retirement plan for the years ended September 30, 2023 and 2022, respectively. All contributions are immediately vested to the employee.

## **RIVER NETWORK**

### **NOTES TO FINANCIAL STATEMENTS**

**As of September 30, 2023 and 2022 and for the years then ended**

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#### **NOTE 7: COMMITMENTS AND CONTINGENCIES**

The Organization has received grants from various sources for specific purposes that are subject to review and audit by grantor agencies. Such audits may result in grantor agencies requiring a reimbursement from the Organization for expenditures disallowed by the grant terms.

#### **NOTE 8: CONCENTRATIONS**

The Organization has several sources of revenue, of which, the following were over 10% of total revenues for the year ended September 30, 2023, representing a concentration risk:

Mott Foundation: During the year ended September 30, 2023, Mott Foundation revenue amounted to \$495,000 or 11% of total revenues.

Penn Foundation: During the year ended September 30, 2023, Penn Foundation revenue amounted to \$300,000 or 7% of total revenues. As of September 30, 2023, there were \$143,822 receivables from this donor, representing a concentration of credit risk of the receivables, where this receivable represents 21% of receivables.

Water Foundation: During the year ended September 30, 2023, Water Foundation revenue amounted to \$295,187 or 7% of total revenues.

CO Water Conservation Board: During the year ended September 30, 2023, CO Water Conservation Board revenue amounted to \$265,495 or 6% of total revenues.

Walton Family Foundation: As of September 30, 2023, there were \$150,000 receivables from this donor, representing a concentration of credit risk of the receivables, where this receivable represents 22% of receivables.

Suzi Berl: As of September 30, 2023, there were \$90,000 receivables from this donor, representing a concentration of credit risk of the receivables, where this receivable represents 13% of receivables.

#### **NOTE 9: ENDOWMENT**

##### General

The Organization's Endowment Fund was established by action of the Board of Directors (the "Board") to be maintained in perpetuity. The Endowment Fund consists of donations with donor-imposed permanent restrictions. The earnings on endowment funds may be established for either specific purposes or general operating use subject to any donor instructions. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**RIVER NETWORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**As of September 30, 2023 and 2022 and for the years then ended**

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Interpretation of Relevant Law

The Board interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the net assets with donor restrictions and (b) the original value of subsequent gifts to be held in perpetuity. The investment amount reflected in net assets with donor restrictions is adjusted for the annual appreciation or depreciation and distribution of the funds held by Schwab.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

The duration and preservation of the fund

- (1) The purposes of the Organization and the donor-restricted endowment fund
- (2) General economic conditions
- (3) The possible effect of inflation and deflation
- (4) The expected total return from income and the appreciation of investments
- (5) Other resources of the Organization
- (6) The investment policies of the Organization

Return Objective and Risk Parameters

The Organization follows the investment and spending policies adopted by the Board of Directors for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Investments include those assets of donor-restricted funds that the Foundation must hold in perpetuity.

Balance, October 1, 2022	\$ 500,000
Contributions	-
Distributions	-
Fees	-
Total gains and losses	115
Endowment net assets September 30, 2023	<u>\$ 500,115</u>

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives, the Organization relies on the adopted investment policy and strategy which strive to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The principal balance of the Endowment may not be used. The Endowment Funds shall be invested with the objective of preserving the long-term real purchasing power of the Fund's assets while realizing appropriate investment income. Investment income can be used by the Organization for

See accompanying Independent Auditor's Report



## RIVER NETWORK

### NOTES TO FINANCIAL STATEMENTS

As of September 30, 2023 and 2022 and for the years then ended

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operating needs. Endowment Fund assets may be invested more aggressively than other fund types to maximize investment income, but also within alignment with River Network's risk tolerance. River Network's current risk tolerance is low to moderate: The asset allocation of the Endowment Fund shall reflect a proper balance of such Fund's investment objective, tolerance standard and need for liquidity. The primary objectives for investing Endowment Fund are safety and yield.

#### NOTE 10: LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following where financial assets consist of the Organization's cash and receivables:

Financial Assets at Year End	\$ 3,543,997
Less: Funds unavailable for general expenditures due to contractual or donor - imposed restrictions (time or purpose)	
River Network Endowment Program	(502,170)
Restricted by donor with time or purpose restriction	<u>(2,122,523)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,421,474</u>

The Organization's liquidity management plan includes maintaining at least 180 days of budgeted general operating expenses in unrestricted cash. The Organization also has a bank line of credit in place to fund an additional ninety days of general expenditures.

#### NOTE 11: SUBSEQUENT EVENTS

##### Management's Evaluation

Management of the Organization has evaluated events and transactions that occurred after the balance sheet date through December 19, 2023, the date the financial statements were available to be issued and has determined that no subsequent events occurred that require recognition or disclosure in these financial statements.