American Rivers, Inc.

Financial Report
June 30, 2020
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<th></th>
</tr>
</thead>
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</tr>
</tbody>
</table>
Independent Auditor's Report

Board of Directors
American Rivers, Inc.

Report on the Financial Statements
We have audited the accompanying financial statements of American Rivers, Inc. (American Rivers) which comprise the statement of financial position as of June 30, 2020, 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.

Auditor's 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 and the standards applicable to financial audit contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 auditor's 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 American Rivers’ 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 American Rivers’ 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 American Rivers, Inc. as of June 30, 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
The financial statements of American Rivers as of and for the year ended June 30, 2019, were audited by other auditors whose report dated January 20, 2020, expressed an unmodified opinion on those financial statements.

Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, we have also issued our report dated January 20, 2021 on our consideration of American Rivers’ internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of American Rivers’ internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering American Rivers’ internal control over financial reporting and compliance.

RSM US LLP
Washington, D.C.
January 20, 2021
American Rivers, Inc.

Statements of Financial Position
June 30, 2020 and 2019

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 9,059,704</td>
<td>$ 4,236,904</td>
</tr>
<tr>
<td>Investments</td>
<td>3,189,967</td>
<td>3,218,676</td>
</tr>
<tr>
<td>Accounts receivable, net:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Billed</td>
<td>584,782</td>
<td>557,682</td>
</tr>
<tr>
<td>Unbilled</td>
<td>1,136,896</td>
<td>2,538,001</td>
</tr>
<tr>
<td>Grants and promises to give, net</td>
<td>3,181,934</td>
<td>6,312,189</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>256,853</td>
<td>254,344</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>82,221</td>
<td>87,551</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 17,492,357</td>
<td>$ 17,205,347</td>
</tr>
</tbody>
</table>

| **Liabilities and Net Assets** |            |            |
| Liabilities:                |            |            |
| Accounts payable and accrued expenses | $ 1,070,289 | $ 2,468,464 |
| Accrued salaries and related benefits | 635,306    | 516,024    |
| Refundable advances         | 1,914,325  | 614,720    |
| Charitable gift annuities   | 164,739    | 170,539    |
| Deferred rent               | 443,742    | 462,863    |
| Deposits payable            | 3,563      | 10,425     |
| **Total liabilities**       | 4,231,964  | 4,243,035  |

Commitments and contingencies (Note 9)

| **Net assets:**               |            |            |
| Without donor restrictions:   |            |            |
| Undesignated                  | 349,294    | 103,945    |
| Board-designated – reserve fund | 905,906   | 892,872    |
| **Total net assets without donor restrictions** | 1,255,200 | 996,817 |

| With donor restrictions       | 12,005,193 | 11,965,495 |
| **Total net assets**          | 13,260,393 | 12,962,312 |

| **Total liabilities and net assets** | $ 17,492,357 | $ 17,205,347 |

See notes to the financial statements.
American Rivers, Inc.

Statements of Activities
Years Ended June 30, 2020 and 2019

<table>
<thead>
<tr>
<th>Revenue, gains and other support:</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>State and local grants</td>
<td>$1,266,400</td>
<td>$ 7,360,508</td>
</tr>
<tr>
<td>Foundation grants</td>
<td>471,983</td>
<td>551,464</td>
</tr>
<tr>
<td>Federal grants</td>
<td>1,670,305</td>
<td>2,966,662</td>
</tr>
<tr>
<td>Contributions</td>
<td>2,441,992</td>
<td>2,179,300</td>
</tr>
<tr>
<td>Membership</td>
<td>1,256,047</td>
<td>1,013,370</td>
</tr>
<tr>
<td>Other</td>
<td>193,403</td>
<td>226,811</td>
</tr>
<tr>
<td>Program service contracts</td>
<td>475,290</td>
<td>489,869</td>
</tr>
<tr>
<td>Corporate donations</td>
<td>541,439</td>
<td>175,755</td>
</tr>
<tr>
<td>Investment income, net</td>
<td>226,811</td>
<td>642,811</td>
</tr>
<tr>
<td>Total revenue, gains and other support</td>
<td>8,346,720</td>
<td>15,129,835</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net assets released from restrictions</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue, gains and other support</td>
<td>8,282,003</td>
<td>8,607,984</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expense:</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>River Restoration</td>
<td>5,166,829</td>
<td>13,066,974</td>
</tr>
<tr>
<td>Federal River Management</td>
<td>3,900,935</td>
<td>3,715,382</td>
</tr>
<tr>
<td>Clean Water Supply</td>
<td>1,554,553</td>
<td>1,923,977</td>
</tr>
<tr>
<td>River Protection</td>
<td>1,240,577</td>
<td>738,725</td>
</tr>
<tr>
<td>Total program expenses</td>
<td>11,862,894</td>
<td>19,445,058</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Supporting services:</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fundraising</td>
<td>2,767,782</td>
<td>2,703,911</td>
</tr>
<tr>
<td>Management and general</td>
<td>1,726,527</td>
<td>1,895,423</td>
</tr>
<tr>
<td>Total supporting expenses</td>
<td>4,494,309</td>
<td>4,599,334</td>
</tr>
</tbody>
</table>

| Total expense | 16,357,203 | 24,044,392 |

<table>
<thead>
<tr>
<th>Change in net assets before other items</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in value of charitable gift annuities</td>
<td>(13,137)</td>
<td>(34,323)</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>258,383</td>
<td>(340,896)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net assets:</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning</td>
<td>996,817</td>
<td>12,789,691</td>
</tr>
<tr>
<td>Ending</td>
<td>$1,255,200</td>
<td>$12,962,312</td>
</tr>
</tbody>
</table>

See notes to the financial statements.
American Rivers, Inc.

Statement of Functional Expenses
Year Ended June 30, 2020

<table>
<thead>
<tr>
<th>Program Services</th>
<th>Supporting Services</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>River Restoration</td>
<td>Federal River Management</td>
<td>Clean Water Supply</td>
</tr>
<tr>
<td>Salaries $</td>
<td>$ 981,443</td>
<td>$ 1,126,104</td>
</tr>
<tr>
<td>Professional services</td>
<td>2,980,868</td>
<td>1,089,736</td>
</tr>
<tr>
<td>Other employee benefits</td>
<td>342,966</td>
<td>396,679</td>
</tr>
<tr>
<td>Grants</td>
<td>454,701</td>
<td>723,940</td>
</tr>
<tr>
<td>Rent and occupancy</td>
<td>128,377</td>
<td>109,249</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>85,976</td>
<td>99,441</td>
</tr>
<tr>
<td>Travel</td>
<td>72,566</td>
<td>114,511</td>
</tr>
<tr>
<td>Printing and publications</td>
<td>32,255</td>
<td>31,270</td>
</tr>
<tr>
<td>Postage and mailing</td>
<td>1,807</td>
<td>3,232</td>
</tr>
<tr>
<td>Retirement plan</td>
<td>29,212</td>
<td>33,786</td>
</tr>
<tr>
<td>Supplies</td>
<td>21,179</td>
<td>26,750</td>
</tr>
<tr>
<td>Conferences and meetings</td>
<td>15,740</td>
<td>26,233</td>
</tr>
<tr>
<td>Legal fees</td>
<td>-</td>
<td>93,391</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>10,633</td>
<td>13,820</td>
</tr>
<tr>
<td>Other</td>
<td>940</td>
<td>5,560</td>
</tr>
<tr>
<td>Accounting fees</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equipment rental and maintenance</td>
<td>4,570</td>
<td>4,173</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>3,596</td>
<td>3,060</td>
</tr>
<tr>
<td>Professional fundraising fees</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Donated services and materials</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$ 5,166,829</td>
<td>$ 3,900,935</td>
</tr>
</tbody>
</table>

See notes to the financial statements.
## Statement of Functional Expenses

Year Ended June 30, 2019

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Supporting Services</th>
<th>Total Program Services</th>
<th>Total Supporting Services</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>River Restoration</td>
<td>Federal River Management</td>
<td>Clean Water Supply</td>
<td>River Protection</td>
<td>Total Program Services</td>
</tr>
<tr>
<td>Professional services</td>
<td>$10,756,976</td>
<td>$890,742</td>
<td>$228,126</td>
<td>$73,349</td>
<td>$11,949,193</td>
</tr>
<tr>
<td>Salaries</td>
<td>1,124,623</td>
<td>1,004,787</td>
<td>660,613</td>
<td>379,550</td>
<td>3,169,573</td>
</tr>
<tr>
<td>Other employee benefits</td>
<td>381,767</td>
<td>341,087</td>
<td>224,253</td>
<td>128,835</td>
<td>1,075,942</td>
</tr>
<tr>
<td>Grants</td>
<td>218,031</td>
<td>991,436</td>
<td>513,930</td>
<td>4,038</td>
<td>1,727,435</td>
</tr>
<tr>
<td>Rent and occupancy</td>
<td>145,515</td>
<td>83,140</td>
<td>70,173</td>
<td>22,471</td>
<td>321,299</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>98,460</td>
<td>87,969</td>
<td>57,836</td>
<td>33,227</td>
<td>277,492</td>
</tr>
<tr>
<td>Printing and publications</td>
<td>40,443</td>
<td>13,072</td>
<td>13,183</td>
<td>12,566</td>
<td>79,264</td>
</tr>
<tr>
<td>Postage and mailing</td>
<td>6,044</td>
<td>3,009</td>
<td>1,066</td>
<td>1,126</td>
<td>11,245</td>
</tr>
<tr>
<td>Conferences and meetings</td>
<td>48,100</td>
<td>45,092</td>
<td>26,087</td>
<td>14,357</td>
<td>133,636</td>
</tr>
<tr>
<td>Retirement plan</td>
<td>34,783</td>
<td>31,077</td>
<td>20,432</td>
<td>11,738</td>
<td>98,030</td>
</tr>
<tr>
<td>Supplies</td>
<td>23,548</td>
<td>10,141</td>
<td>5,286</td>
<td>7,431</td>
<td>46,406</td>
</tr>
<tr>
<td>Legal fees</td>
<td>6,184</td>
<td>65,081</td>
<td>3,410</td>
<td>350</td>
<td>75,025</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>16,463</td>
<td>10,871</td>
<td>7,562</td>
<td>2,581</td>
<td>37,477</td>
</tr>
<tr>
<td>Other</td>
<td>11,746</td>
<td>2,893</td>
<td>2,455</td>
<td>1,773</td>
<td>18,867</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>16,794</td>
<td>5,882</td>
<td>3,830</td>
<td>3,208</td>
<td>29,714</td>
</tr>
<tr>
<td>Accounting fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equipment rental and maintenance</td>
<td>5,551</td>
<td>3,576</td>
<td>3,179</td>
<td>719</td>
<td>13,025</td>
</tr>
<tr>
<td>Professional fundraising fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Donated services and materials</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>$13,066,974</strong></td>
<td><strong>$3,715,382</strong></td>
<td><strong>$1,923,977</strong></td>
<td><strong>$738,725</strong></td>
<td><strong>$19,445,058</strong></td>
</tr>
</tbody>
</table>

See notes to the financial statements.
American Rivers, Inc.

Statements of Cash Flows
Years Ended June 30, 2020 and 2019

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$298,081</td>
<td>$(1,165,092)</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>17,061</td>
<td>40,685</td>
</tr>
<tr>
<td>Realized and unrealized gain on investments</td>
<td>(27,802)</td>
<td>(84,644)</td>
</tr>
<tr>
<td>Change in value of charitable gift annuities</td>
<td>13,137</td>
<td>34,323</td>
</tr>
<tr>
<td>Deferred rent</td>
<td>(19,121)</td>
<td>(8,390)</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable – billed</td>
<td>(27,100)</td>
<td>813,059</td>
</tr>
<tr>
<td>Accounts receivable – unbilled</td>
<td>1,401,105</td>
<td>(271,818)</td>
</tr>
<tr>
<td>Grants and pledges receivable</td>
<td>3,130,255</td>
<td>(685,879)</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>(2,509)</td>
<td>(4,622)</td>
</tr>
<tr>
<td>Increase (decrease) in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(1,398,175)</td>
<td>(1,456,631)</td>
</tr>
<tr>
<td>Accrued salaries and related benefits</td>
<td>119,282</td>
<td>(29,083)</td>
</tr>
<tr>
<td>Refundable advances</td>
<td>1,299,605</td>
<td>74,896</td>
</tr>
<tr>
<td>Charitable gift annuities</td>
<td>(18,937)</td>
<td>(18,281)</td>
</tr>
<tr>
<td>Deposits payable</td>
<td>(6,862)</td>
<td>7,362</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td>$4,778,020</td>
<td>$(2,754,115)</td>
</tr>
</tbody>
</table>

Cash flows from investing activities:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from sales of investments</td>
<td>125,879</td>
<td>259,843</td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>(69,368)</td>
<td>(173,010)</td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>(11,731)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash provided by investing activities</strong></td>
<td>44,780</td>
<td>86,833</td>
</tr>
</tbody>
</table>

**Net increase (decrease) in cash and cash equivalents** | $4,822,800 | $(2,667,282) |

Cash and cash equivalents:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning</td>
<td>4,236,904</td>
<td>6,904,186</td>
</tr>
<tr>
<td>Ending</td>
<td>$9,059,704</td>
<td>$4,236,904</td>
</tr>
</tbody>
</table>

See notes to the financial statements.
American Rivers, Inc.

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: American Rivers, Inc. (American Rivers) protects wild rivers, restores damaged rivers, and conserves clean water for people and nature. With headquarters in Washington, D.C., and 300,000 supporters, members and volunteers across the country, American Rivers is the most trusted and influential river conservation organization in the United States, delivering solutions for a better future.

In 2020 alone, American Rivers worked in 31 states to ensure clean drinking water supplies, revitalize fish and wildlife habitat, improve recreation opportunities, and, leave a legacy of healthy rivers for future generations. In addition to protecting more than 880 miles of rivers from damming and development, American Rivers removed nine dams, restored more than 450 miles of rivers through dam removal, and galvanized volunteers to remove more than 631,000 pound of trash from their hometown rivers.

A summary of American Rivers’ significant accounting policies follows:

Basis of accounting: American Rivers prepares its financial records on the accrual basis of accounting. Revenue, other than contributions, is recognized when earned and expense when the obligation is incurred.

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Non-Profit Entities topic of ASC, Financial Statements of Not-for-Profit Organizations, American Rivers is required to report information regarding its financial position and activities according to two classes of net assets: Net assets without donor restrictions and net assets with donor restrictions.

Without donor restrictions: Net assets without donor restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation. Board-designated net assets without donor restrictions consist of net assets designated by the Board of Directors for an operating reserve.

With donor restrictions: Net assets with donor restrictions include those net assets whose use is subject to donor restrictions. Donor restrictions may be for a specified time or purpose limitation or the donor may specify that the corpus of their original and certain subsequent gifts be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and cash equivalents: American Rivers considers all unrestricted highly liquid investments with an initial maturity of 90 days or less to be cash equivalents. Cash and cash equivalents held by the investment custodian to facilitate investment transactions or for investment are reported as investments in the statements of financial position.

Investments: Investments in marketable debt and equity securities are carried at fair value. Unrealized and realized gains and losses are reported in the statements as part of investment income.

Financial risk: American Rivers maintains demand deposits with commercial banks and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to American Rivers.
Note 1. Nature of Activities and Significant Accounting Policies (Continued)

American Rivers invests funds in a professionally managed portfolio that contains various types of marketable securities. Such investments are exposed to market and credit risks. As such, American Rivers' investments may be subject to significant fluctuations in fair value. As a result, the investment balances reported in the accompanying financial statements may not be reflective of the portfolio’s value during subsequent periods.

Accounts receivable: American Rivers' accounts receivable consist primarily of progress billings to several state agencies. In addition, there are billings to various corporate sponsors and to other organizations for reimbursable expenditures. These receivables are valued at management’s estimate of the amount that will ultimately be collected. The allowance for doubtful accounts is based on specific identification of uncollectible accounts and American Rivers’ historical collection experience. At June 30, 2020 and 2019, management considers all accounts receivable to be fully collectible. Unbilled amounts represent costs incurred and estimated fees on contracts for which billings have not yet been presented. Typically, invoices are prepared either monthly or quarterly based on the prior month’s or quarter’s activities. When billed, these amounts are included in the statements of financial position as accounts receivable – billed.

Grants receivable and promises to give: Grants and promises to give reflect commitments made to American Rivers by various donors. Grants for which payments are to be received in future years have been discounted to their present value at 1%. Grants and pledges receivables are valued at management’s estimate of the amount that will ultimately be collected. The allowance for doubtful grants and pledges receivable is based on specific identification of uncollectible accounts and American Rivers’ historical collection experience. At June 30, 2020 and 2019, management elected not to record an allowance for doubtful grants and pledges receivable as all outstanding amounts were deemed to be collectible.

Property and equipment: American Rivers capitalizes all property and equipment with a cost of $2,500 or more. Property and equipment are recorded at cost and depreciated on the straight-line basis over estimated lives of 3 to 10 years. Amortization of leasehold improvements is provided using the straight-line method of the lesser of the useful lives of the related assets or the term of the lease.

Refundable advances: Refundable advances represent funds received from governments and fee for service contracts in advance of incurring qualifying expenditures.

Deferred rent: American Rivers recognizes the minimum rents required under a lease as rent expense on a straight-line basis over the term of the lease. Differences between amounts recorded as expense and amounts actually paid, are reported as deferred in the statements of financial position along with the unamortized landlord provided tenant improvement allowance (see Note 9).

Revenue recognition: FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (an exchange transaction) or nonreciprocal (a contribution). ASU 2018-08 also provided guidance for distinguishing between conditional and unconditional contributions. American Rivers adopted the contributions received portion of the new standard effective for the year ended June 30, 2020, using the modified prospective method. American Rivers will adopt the contributions made portion of the new standard when it is required during the year ending June 30, 2021. Based on management’s review of its contributions, the timing of the amount of contributions recognized previously is consistent with how contributions are recognized under this new standard. Therefore, the adoption of this standard had no impact on American Rivers’ financial statements but the standard does require additional disclosures.
Note 1. Nature of Activities and Significant Accounting Policies (Continued)

American Rivers is the subrecipient of cost-reimbursable grants with U.S. government agencies which typically qualify as conditional awards. Revenue from these conditional awards is recognized as costs are incurred on the basis of direct costs plus allocable indirect expenses. Direct and indirect expenses incurred, but not yet reimbursed, under these grants are reported as accounts receivable in the accompanying statements of financial position. Payments received, but not yet expended, for the purpose of the grants are reflected as deferred revenue in the accompanying statements of financial position.

Grants other than government grants and contributions, including sponsorships, are recorded as revenue when received or promised. Gifts of cash and other assets are reported as support with donor restrictions if they are received or promised with donor stipulations that limit the use of the donated assets to one of American Rivers’ programs or to a future year. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), the restricted net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction. Net assets received with donor restrictions met in the same year, are also recorded as support with donor restrictions and reclassified when the restrictions are met.

American Rivers has determined that funding received under government grants to be conditional contributions. As American Rivers incurs expenses that are allowed and recoverable in accordance with the grant agreements, the conditions are considered to have been met. Thus, contributions related to federal projects are recognized as costs qualified under the grants are incurred. Government funds received in advance of costs incurred, while rare, are recorded as refundable advances until expended for the purpose of the grant. Federal costs incurred in excess of funds received are recorded as grants receivable.

Revenue from all other sources is recognized when earned.

The revenue streams noted above do not include significant financing components as the performance obligations are typically satisfied within a year of receipt of payment. Economic factors driven by consumer confidence, employment, inflation, and other world events impact the timing and level of cash received and revenue recognized by American Rivers. Periods of economic downturn resulting from any of the above factors may result in declines in future cash flows and recognized revenue of American Rivers, or can have a positive impact on cash flows in favorable economic conditions.

Payments on contracts with customers are typically due upon receipt of invoice by the customer. American Rivers did not have any impairment or credit losses on any receivables or contract assets arising from contracts with customers. There are also no incremental costs of obtaining a contract and no significant financing components. Finally, there are no significant changes in the judgements affecting the determination of the amount and timing of revenue from contracts with customers. The level of revenue generated through contracts with customers can fluctuate due to certain economic factors, specifically in the lending and financing industry.

Donated services: In accordance with generally accepted accounting principles, American Rivers recognizes the value of donated services when those services either create or enhance a non-financial asset or require a specialized skill. Donated services consist of professional and other services recognized as support with offsetting expenses in the accompanying statements of activities. Donated services for the years ended June 30, 2020 and 2019 totaled $8,195 and $11,539, respectively.
American Rivers, Inc.

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Functional allocation of expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Expenses that can be identified with a specific program or support service (management and fundraising) are charged directly to that program or support service. Costs that are common to multiple functions are allocated to those functions using a reasonable allocation method as described as follows. Salaries are allocated based on electronic timecards which are completed by all employees. Benefits include paid leave, health insurance, and payroll taxes and are allocated on a budgeted rate based on salaries. Occupancy costs are costs associated with offices that share expenses among multiple programs and include items such as rent, utilities, supplies, equipment leases and maintenance. Occupancy is allocated by location at a budgeted rate and is based on salaries. IT Services include the contract costs of outside IT support services. IT services are allocated based on timecard hours charged at a budgeted hourly rate. Overhead consists of the general and administrative expenses associated with the management of the entire organization. Overhead is allocated based on modified total direct costs which exclude donated services and contract and grant amounts in excess of $25,000. Allocation rates are evaluated and adjusted on an annual basis as part of the budgeting process.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income taxes: American Rivers is exempt from payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code (IRC). American Rivers had no unrelated business income tax liability for the years ended June 30, 2020 and 2019, respectively.

Upcoming accounting pronouncements: In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. Early adoption is permitted. The new standard is effective for American Rivers’ year ending June 30, 2021. American Rivers has not yet selected a transition method and is currently evaluating the effect that the ASU will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities 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 statement of activities. The new standard is effective for American Rivers’s year ending June 30, 2023. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. American Rivers anticipates adopting the new standard during the year ending June 30, 2023, and is currently evaluating the impact of the adoption of the new standard on the financial statements.

Subsequent events: Subsequent events have been evaluated through January 20, 2021, which is the date the audited financial statements were available to be issued.
American Rivers, Inc.

Notes to Financial Statements

Note 2. Fair Value Measurements and Investments

In accordance with U.S. GAAP, American Rivers uses the following prioritized input levels to measure fair value of its investments. The input levels used in valuing investments are not necessarily an indication of risk.

**Level 1:** Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes.

**Level 2:** Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace, such as yield curves or other market data.

**Level 3:** Unobservable inputs which reflect the fund manager's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk, such as bid/ask spreads and liquidity discounts.

Investments valued using Level 1 inputs include mutual funds and exchange-traded funds, the values of which were based on quoted prices for identical assets in active markets. Management believes the estimated fair values on these investments to be a reasonable approximation of their exit price.

Investments recorded at cost include cash and cash equivalents. Investments at cost are not required to be classified in one of the levels prescribed by the fair value hierarchy.

The estimated fair value of investments measured on a recurring basis are as follows at June 30, 2020:

<table>
<thead>
<tr>
<th>Investments, at fair value</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mutual funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed income</td>
<td>194,775</td>
<td>-</td>
<td>-</td>
<td>194,775</td>
</tr>
<tr>
<td>Domestic equities</td>
<td>77,267</td>
<td>-</td>
<td>-</td>
<td>77,267</td>
</tr>
<tr>
<td>Exchange traded funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed income</td>
<td>426,134</td>
<td>-</td>
<td>-</td>
<td>426,134</td>
</tr>
<tr>
<td>Large cap equities</td>
<td>1,037,288</td>
<td>-</td>
<td>-</td>
<td>1,037,288</td>
</tr>
<tr>
<td>Small cap equities</td>
<td>6,351</td>
<td>-</td>
<td>-</td>
<td>6,351</td>
</tr>
<tr>
<td>International equities</td>
<td>266,124</td>
<td>-</td>
<td>-</td>
<td>266,124</td>
</tr>
<tr>
<td>Emerging markets</td>
<td>131,664</td>
<td>-</td>
<td>-</td>
<td>131,664</td>
</tr>
<tr>
<td>Real estate</td>
<td>52,615</td>
<td>-</td>
<td>-</td>
<td>52,615</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,192,218</strong></td>
<td>-</td>
<td>-</td>
<td><strong>2,192,218</strong></td>
</tr>
</tbody>
</table>

| Investments, at cost      |         |         |         |       |
| money market funds        | 997,749 | -       | -       | 997,749 |
| **Total**                 | **3,189,967** | - | - | **3,189,967** |
Note 2. Fair Value Measurements and Investments (Continued)

The estimated fair value of investments measured on a recurring basis are as follows at June 30, 2019:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments, at fair</td>
<td>1,007,851</td>
<td></td>
<td></td>
<td>$ 3,218,676</td>
</tr>
<tr>
<td>value</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed income</td>
<td>194,819</td>
<td>$</td>
<td>$</td>
<td>$ 194,819</td>
</tr>
<tr>
<td>Domestic equities</td>
<td>83,930</td>
<td></td>
<td></td>
<td>83,930</td>
</tr>
<tr>
<td>Exchange traded funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed income</td>
<td>422,363</td>
<td></td>
<td></td>
<td>422,363</td>
</tr>
<tr>
<td>Large cap equities</td>
<td>1,006,373</td>
<td></td>
<td></td>
<td>1,006,373</td>
</tr>
<tr>
<td>Small cap equities</td>
<td>7,464</td>
<td></td>
<td></td>
<td>7,464</td>
</tr>
<tr>
<td>International equities</td>
<td>292,433</td>
<td></td>
<td></td>
<td>292,433</td>
</tr>
<tr>
<td>Emerging markets</td>
<td>143,836</td>
<td></td>
<td></td>
<td>143,836</td>
</tr>
<tr>
<td>Real estate</td>
<td>59,607</td>
<td></td>
<td></td>
<td>59,607</td>
</tr>
<tr>
<td></td>
<td>$ 2,210,825</td>
<td>$</td>
<td>$</td>
<td>2,210,825</td>
</tr>
<tr>
<td>Investments, at cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>money market funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note 3. Grants and Promises to Give

Grants and pledges receivable consisted of the following at June 30, 2020 and 2019:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivable in less than one year</td>
<td>$ 2,738,429</td>
<td>$ 5,426,792</td>
</tr>
<tr>
<td>Receivable in one to five years</td>
<td>448,679</td>
<td>909,691</td>
</tr>
<tr>
<td>Less discount to net present value</td>
<td>(5,174)</td>
<td>(24,294)</td>
</tr>
<tr>
<td></td>
<td>$ 3,181,934</td>
<td>$ 6,312,189</td>
</tr>
</tbody>
</table>

Note 4. Property and Equipment

Property and equipment consisted of the following at June 30, 2020 and 2019:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>$ 389,289</td>
<td>$ 377,559</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>40,869</td>
<td>40,869</td>
</tr>
<tr>
<td>Less accumulated depreciation and amortization</td>
<td>(347,937)</td>
<td>(330,877)</td>
</tr>
<tr>
<td></td>
<td>$ 82,221</td>
<td>$ 87,551</td>
</tr>
</tbody>
</table>

Depreciation and amortization expense for the years ended June 30, 2020 and 2019 was $17,061 and $40,685, respectively.
Note 5.  Charitable Gift Annuities

American Rivers is the beneficiary of several charitable gift annuity agreements. American Rivers’ interest in these charitable gift annuity agreements is reported as a contribution in the year received at its net present value. Total assets held under these agreements were $318,174 and $324,208 at June 30, 2020 and 2019, respectively. The fair values of the assets held in connection to the charitable gift annuities are included in investments on the statements of financial position. The value of the charitable gift annuity liabilities at June 30, 2020 and 2019 was $164,739 and $170,539, respectively. The liabilities related to the charitable gift annuities are determined by discounting expected future cash flows using interest rates for instruments with similar terms and maturities when they were initially received over the estimated remaining life expectancy of the identified beneficiaries.

Note 6.  Net Assets With Donor Restrictions

Net assets with donor restrictions include those net assets whose use has been restricted by the donors for a specific purpose and/or a specified time limitation. Net assets with donor restrictions that were restricted for purpose consisted of the following at June 30, 2020 and 2019:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>River restoration</td>
<td>$3,961,119</td>
<td>$3,246,713</td>
</tr>
<tr>
<td>Federal river management</td>
<td>1,522,106</td>
<td>2,707,929</td>
</tr>
<tr>
<td>Other/time restricted</td>
<td>2,015,842</td>
<td>2,421,041</td>
</tr>
<tr>
<td>Endowment fund</td>
<td>2,178,255</td>
<td>2,213,963</td>
</tr>
<tr>
<td>Clean water supply</td>
<td>802,321</td>
<td>874,671</td>
</tr>
<tr>
<td>River protection</td>
<td>1,367,712</td>
<td>465,400</td>
</tr>
<tr>
<td>National river cleanup</td>
<td>157,838</td>
<td>35,778</td>
</tr>
<tr>
<td></td>
<td><strong>$12,005,193</strong></td>
<td><strong>$11,965,495</strong></td>
</tr>
</tbody>
</table>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses which satisfied the restricted purposes or time limitations specified by the donors during the years ending June 30, 2020 and 2019, respectively:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal river management</td>
<td>$2,557,891</td>
<td>$2,669,492</td>
</tr>
<tr>
<td>River restoration</td>
<td>2,292,964</td>
<td>2,175,300</td>
</tr>
<tr>
<td>Clean water supply</td>
<td>1,391,573</td>
<td>1,902,135</td>
</tr>
<tr>
<td>Other/time restricted</td>
<td>748,885</td>
<td>908,424</td>
</tr>
<tr>
<td>River protection</td>
<td>1,133,367</td>
<td>765,563</td>
</tr>
<tr>
<td>National river cleanup</td>
<td>58,890</td>
<td>94,253</td>
</tr>
<tr>
<td>Endowment fund appropriations</td>
<td>98,433</td>
<td>92,817</td>
</tr>
<tr>
<td></td>
<td><strong>$8,282,003</strong></td>
<td><strong>$8,607,984</strong></td>
</tr>
</tbody>
</table>
Note 7. Endowment Fund

Net assets with donor restrictions whose restrictions are perpetual in nature include capital campaign endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The donor-restricted endowment funds are classified within net assets with donor restrictions and must be maintained in perpetuity.

**Interpretation of relevant law:** American Rivers has interpreted the Uniform Prudent Management of Institutional Funds Act of 2007 (UPMIFA), enacted by the District of Columbia, 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, American Rivers classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

American Rivers has a donor-restricted Capital Campaign Endowment with net assets of $2,178,255 and $2,213,963 as of June 30, 2020 and 2019, respectively. American Rivers also has a board-designated operating reserve, which is considered a quasi-endowment and which had a net asset balance of $905,906 and $892,872 as of June 30, 2020 and 2019.

**Return objectives and risk parameters:** American Rivers has adopted investment and spending policies 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 the endowment assets. As part of American Rivers’ continuing diversification and risk management strategy, a portion of endowment funds are invested in cash, fixed income securities and equity securities. The investment portfolio is intended to produce returns higher than specified market indices while assuming a moderate level of risk.

**Strategies employed for achieving objectives:** To satisfy its long-term objectives, American Rivers relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). American Rivers targets a diversified asset allocation that places more emphasis on fixed income securities and equity securities to achieve its long-term return objectives.
Note 7.  Endowment Fund (Continued)

Spending policy and how investment objectives relate to spending policy: The spending policy for the board-designated reserve fund allows for a maximum of 3% of the average balance of the fund for the prior three years to be used for general expenditures. The board determines the spending limit of these reserves on an annual basis. Principle withdrawals over the 3% limit are permitted for unusual or extraordinary expenses with prior board approval.

In addition, under the terms of the Capital Campaign Endowment, based on the Board of Director’s investment policy, a maximum of 5% of the average balance of the donor-restricted endowment fund for the prior three years may be made available for general expenditures. The board determines the spending limit on an annual basis. Only the earnings on the fund are available since the principle must remain intact.

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor originally contributed as an endowment fund to the American Rivers. There were no such deficiencies at June 30, 2020 and 2019, respectively.

The changes in endowment funds were as follows for the years ended June 30, 2020 and 2019:

<table>
<thead>
<tr>
<th>Without Donor Restrictions</th>
<th>Accumulated Earnings</th>
<th>Perpetual in Nature</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at June 30, 2019</td>
<td>$ 892,872</td>
<td>$ 386,008</td>
<td>$ 1,827,955</td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
<td>-</td>
<td>2,000</td>
</tr>
<tr>
<td>Investment return, net of fees</td>
<td>13,034</td>
<td>60,725</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>905,906</td>
<td>446,733</td>
<td>1,829,955</td>
</tr>
<tr>
<td>Appropriations</td>
<td>-</td>
<td>(98,433)</td>
<td>-</td>
</tr>
<tr>
<td>Balance at June 30, 2020</td>
<td>$ 905,906</td>
<td>$ 348,300</td>
<td>$ 1,829,955</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Without Donor Restrictions</th>
<th>Accumulated Earnings</th>
<th>Perpetual in Nature</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at June 30, 2018</td>
<td>$ 874,508</td>
<td>$ 360,708</td>
<td>$ 1,825,955</td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
<td>-</td>
<td>2,000</td>
</tr>
<tr>
<td>Investment return, net of fees</td>
<td>18,364</td>
<td>118,117</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>892,872</td>
<td>478,825</td>
<td>1,827,955</td>
</tr>
<tr>
<td>Appropriations</td>
<td>-</td>
<td>(92,817)</td>
<td>-</td>
</tr>
<tr>
<td>Balance at June 30, 2019</td>
<td>$ 892,872</td>
<td>$ 386,008</td>
<td>$ 1,827,955</td>
</tr>
</tbody>
</table>
Note 8. Retirement Plan

American Rivers sponsors a Section 403(b) tax-deferred annuity plan covering all employees. The plan participants are 100% vested upon entering the plan. Employees may participate in the plan immediately upon employment and become eligible for employer contributions after completing one full year of service. Under the terms of the plan, American Rivers makes quarterly contributions of 3% of each participant’s quarterly compensation and may also contribute up to an additional 2% of compensation based on the level of an employee’s voluntary contribution, if any. Contributions by American Rivers to the plan totaled $155,183 and $159,000 for the years ended June 30, 2020 and 2019, respectively.

Note 9. Commitments and Contingencies

Office space: American Rivers occupies office space in Washington, D.C. under an operating lease originally expiring October 31, 2026. The lease includes periods of rent abatement and escalating rent payments. In addition to base rent, American Rivers is responsible for its proportionate share of the building’s operating expenses. American Rivers recognizes the total rent commitment on a straight-line basis over the term of the lease. The difference between the monthly payment and the rent expense recognized for financial statement purposes is recognized as a deferred rent liability in the financial statements. American Rivers also leases office space at other locations, as well as storage space and miscellaneous furnishings and equipment under various non-cancellable operating leases. Additionally, other office space for certain field offices is leased under month-to-month agreements. Total rent expense amounted to $694,998 and $672,161 for the years ended June 30, 2020 and 2019, respectively.

Future minimum lease payments under the office leases are as follows:

<table>
<thead>
<tr>
<th>Years ending June 30:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$634,200</td>
</tr>
<tr>
<td>2022</td>
<td>573,400</td>
</tr>
<tr>
<td>2023</td>
<td>560,700</td>
</tr>
<tr>
<td>2024</td>
<td>530,100</td>
</tr>
<tr>
<td>2025</td>
<td>542,100</td>
</tr>
<tr>
<td>Thereafter</td>
<td>741,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,581,500</strong></td>
</tr>
</tbody>
</table>

Federal awards: American Rivers participates in several federal awards which are subject to financial and compliance audits by federal agencies or their representatives. Therefore, a contingent liability may exist for potential questioned costs that would result from such audits. However, management does not anticipate significant adjustments if such audits were to occur.

Line of credit: American Rivers has a line of credit with a bank in the amount of $750,000 which is renewable annually and collateralized by all property, equipment, inventory and receivables of American Rivers. Interest accrues at the bank’s prime rate plus 1.75% per annum. There were no outstanding borrowings and no drawdowns on the line of credit as of and for the years ended June 30, 2020 and 2019, respectively.

Paycheck Protection Program Loan: During May 2020, American Rivers obtained a Paycheck Protection Program (PPP) loan from the Small Business Administration (SBA) totaling $1,382,697. This loan has been recorded as a refundable advance on its 2020 financial statements in accordance with ASC 958-605. As such, American Rivers will recognize contribution revenue if the conditions to do so have substantially been met and loan forgiveness is granted by the SBA. The refundable advance will then be reduced and a contribution will be recorded, equal to the amount of the loan forgiveness.
Note 10. Liquidity and Availability

The following represents American Rivers’ financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general use within one year due to contractual or donor-imposed restrictions:

<table>
<thead>
<tr>
<th>Financial assets:</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$9,059,704</td>
<td>$4,236,904</td>
</tr>
<tr>
<td>Investments</td>
<td>3,189,967</td>
<td>3,218,676</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>1,721,678</td>
<td>3,095,683</td>
</tr>
<tr>
<td>Grants and pledges receivable, net</td>
<td>3,181,934</td>
<td>6,312,189</td>
</tr>
<tr>
<td>Subtotal financial assets</td>
<td>17,153,283</td>
<td>16,863,452</td>
</tr>
</tbody>
</table>

Less financial assets not available for general expenditure within one year:

| Donor-restricted net assets, excluding time-restricted net assets due within one year of $25,000 and $275,000, respectively | (11,980,193) | (11,690,495) |
| Split-interest agreements               | (164,739)   | (170,539)   |
| Board-designated – reserve fund         | (905,906)   | (892,872)   |
| Financial assets available to meet cash needs for general expenditure within one year | $4,102,445  | $4,109,546 |

The board-designated quasi-endowment reserve fund and the donor-restricted endowment fund may be made available for general expenditures under the provisions of their respective spending policies, which are disclosed in Note 8.

As part of American Rivers’ liquidity management, it maintains its financial assets so that they are available to meet general expenditures, liabilities, and other obligations as they become due. Excess cash is invested in short-term vehicles. The organization also has a line of credit with a bank in the amount of $750,000 to cover short-term cash needs.

Note 11. Conditional Grants and Contributions

American Rivers received conditional contributions totaling $9,666,987 related to American Rivers’ federal awards. These contributions are contingent upon American Rivers carrying out activities meeting grantor-imposed barriers stipulated by American Rivers’ federal grants.

The following provides a summary of the total grant commitments American Rivers has received along with the cumulative amount of funding provided from grant inception through June 30, 2020:

<table>
<thead>
<tr>
<th>Grant Amounts Awarded</th>
<th>Cumulative Amounts Recognized</th>
<th>Conditional Amounts to be Recognized</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States Department of Agriculture</td>
<td>$1,541,113</td>
<td>$1,138,857</td>
</tr>
<tr>
<td>United States Department of Commerce</td>
<td>3,356,806</td>
<td>2,559,235</td>
</tr>
<tr>
<td>United States Department of the Interior</td>
<td>3,192,530</td>
<td>2,092,844</td>
</tr>
<tr>
<td>Environmental Protection Agency</td>
<td>1,576,538</td>
<td>329,472</td>
</tr>
</tbody>
</table>

$9,666,987       $6,120,408       $3,546,579
Note 12. COVID

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which American Rivers operates. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to American Rivers. The continued spread of COVID-19 could adversely impact American Rivers’ operations and may have a material adverse effect on the financial condition of American Rivers.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near-term as a result of these conditions, including losses on investments.
American Rivers, Inc.

Uniform Guidance
Supplementary Financial Report
Year Ended June 30, 2020
### Contents

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<th>Section</th>
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<td>Schedule of expenditures of federal awards</td>
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<td>Notes to schedule of expenditures of federal awards</td>
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<td>Schedule of findings and questioned costs</td>
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<tr>
<td>Summary schedule of prior audit findings</td>
<td>9</td>
</tr>
</tbody>
</table>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditor’s Report

Board of Directors
American Rivers, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the American Rivers, which comprise the balance sheet as of June 30, 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 and have issued our report thereon dated January 20, 2021.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered American Rivers' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of American Rivers' internal control. Accordingly, we do not express an opinion on the effectiveness of American Rivers' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether American Rivers' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.
Purpose of This Report
The purpose of this report is solely to describe the scope of our testing on internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of American Rivers’ internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering American Rivers’ internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Washington, D.C.
January 20, 2021
Independent Auditor’s Report

Board of Directors
American Rivers

Report on Compliance for the Major Federal Program
We have audited American Rivers’ compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on American Rivers’ major federal program for the year ended June 30, 2020. American Rivers’ major Federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility
Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor’s Responsibility
Our responsibility is to express an opinion on compliance for American Rivers’ major Federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those auditing standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about American Rivers’ compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of American Rivers’ compliance.

Opinion on the Major Federal Program
In our opinion, American Rivers complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.
Report on Internal Control Over Compliance
Management of American Rivers is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered American Rivers’ internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of American Rivers’ internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with the type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses, or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report is solely to describe the scope of our testing on compliance and internal control over compliance, and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards
We have audited the financial statements of American Rivers as of and for the year ended June 30, 2020, and have issued our report thereon dated January 20, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 basic 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 taken as a whole.

RSM US LLP
Washington, D.C.
January 20, 2021
American Rivers, Inc.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

<table>
<thead>
<tr>
<th>Federal Agency</th>
<th>Cluster Description</th>
<th>CFDA Number</th>
<th>Pass-Through Grantor</th>
<th>Federal Expenditures</th>
<th>Amounts Provided to Subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Department of Agriculture</td>
<td>Environmental Quality Incentives Program</td>
<td>10.912</td>
<td>N/A</td>
<td>148,440</td>
<td>17,005</td>
</tr>
<tr>
<td>United States Endowment for Forestry and Communities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Soil and Water Conservation</td>
<td>10.902</td>
<td>68-3A75-16-1174, NR183A750022C004</td>
<td>72,477</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>National Fish and Wildlife Foundation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Fish and Wildlife Foundation</td>
<td>10.683</td>
<td>0103.15.046703, 0103.16.051199, 0103.17.055357, P1696029</td>
<td>62,119</td>
<td>6,020</td>
<td></td>
</tr>
<tr>
<td>Cooperative Forestry Assistance</td>
<td>10.664</td>
<td>N/A</td>
<td>19,272</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Regional Conservation partnership Program</td>
<td>10.932</td>
<td>NR181320XXXXC017</td>
<td>4,498</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Lassen NF Pine Creek</td>
<td>N/A</td>
<td>17-CS-11050600-027</td>
<td>2,624</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total U.S. Department of Agriculture</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| U.S. Department of the Interior | | | | | |
| National Fish and Wildlife Foundation: | | | | | |
| NFWF-USFWS Conservation Partnership | 15.663 | 0103.16.051199, 405.15.049744, R10AP20007, 0809.19.064487 | 10,376 | 707 |
| Providing Water to At-Risk Natural Desert Terminal Lakes | 15.508 | R10AP20007, 0809.19.064487 | 5,048 | - |
| National Park Service Conservation, Protection, Outreach, and Education | 15.954 | N/A | 517 | - |
| Total U.S. Department of the Interior | | | | | |

| U.S. Environmental Protection Agency | | | | | |
| National Fish and Wildlife Foundation: | | | | | |
| The San Francisco Bay Water Quality Improvement Fund | 66.126 | N/A | 189,557 | - |
| Chesapeake Bay Program | 66.466 | 0603.16.053871 | 90,860 | - |
| Total U.S. Environmental Protection Agency | | | | | |
| Total expenditures of federal awards | | | $1,670,305 | $23,732 |

See notes to schedule of expenditures of federal awards.
Note 1. Basis of Presentation
The accompanying schedule of expenditures of federal awards (SEFA) includes the federal program activity of American Rivers for the year ended June 30, 2020. The information in the SEFA is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of American Rivers, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of American Rivers.

Note 2. Summary of Significant Accounting Policies for Federal Award Expenditures
Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Costs
American Rivers has not elected to use the 10% de minimis indirect cost rate, which is allowed in accordance with the Uniform Guidance.

American Rivers allocates indirect costs to Federal Awards based on an approved rate that has been established directly with the U.S. Department of Commerce. The approved rate in effect for the year ended June 30, 2020, was 19.00%.
American Rivers, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section I – Summary of Independent Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:  

| Unmodified |

Internal control over financial reporting:

<table>
<thead>
<tr>
<th>Material weakness(es) identified?</th>
<th>Yes</th>
<th>X</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant deficiency(ies) identified?</td>
<td>Yes</td>
<td>X</td>
<td>None Reported</td>
</tr>
<tr>
<td>Noncompliance material to financial statements noted?</td>
<td>Yes</td>
<td>X</td>
<td>No</td>
</tr>
</tbody>
</table>

Federal Awards

Internal control over major federal program:

<table>
<thead>
<tr>
<th>Material weakness(es) identified?</th>
<th>Yes</th>
<th>X</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant deficiency(ies) identified that are not material weakness(es)?</td>
<td>Yes</td>
<td>X</td>
<td>None Reported</td>
</tr>
</tbody>
</table>

Type of auditor’s report issued on compliance for major federal program:

| Unmodified |

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)

| Yes | X | No |

Identification of major programs:

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Name of Federal Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.463</td>
<td>Habitat Conservation</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between Type A and Type B programs

| Federal Awards | $750,000 |

Auditee qualified as low-risk auditee?

| X | Yes | No |

(Continued)
American Rivers, Inc.

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

Section II – Financial Statement Findings
None reported.

Section III – Federal Award Findings and Questioned Costs
None reported.
There are no findings from the prior audit to be reported on this schedule.