

FOREVER OUR RIVERS FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Forever Our Rivers Foundation

Opinion

We have audited the accompanying financial statements of Forever Our Rivers Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 Forever Our Rivers Foundation as of December 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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 Forever Our Rivers Foundation'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 Forever Our Rivers Foundation'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.

 Aysha D. Kaito, CPA, PLLC

Leadville, Colorado
May 1, 2023

**FOREVER OUR RIVERS FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 542,642
TOTAL CURRENT ASSETS	<u>542,642</u>

NON-CURRENT ASSETS

Investments with Donor Restrictions	1,087,149
Grants Receivable, net of discount of \$54,000	396,000
TOTAL NON-CURRENT ASSETS	<u>1,483,149</u>

TOTAL ASSETS	<u><u>\$ 2,025,791</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued Vacation	\$ 9,498
TOTAL CURRENT LIABILITIES	<u>9,498</u>

NET ASSETS

Net Assets without Donor Restrictions	533,144
Net Assets with Donor Restrictions	1,483,149
TOTAL NET ASSETS	<u>2,016,293</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,025,791</u></u>
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**FOREVER OUR RIVERS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT			
Contributions	\$ 557,133	\$ 396,000	\$ 953,133
Royalty	1,000	0	1,000
Investment Income	0	(64,676)	(64,676)
Other Income	15	0	15
Net Assets Released from Restrictions	218,307	(218,307)	0
TOTAL SUPPORT	776,455	113,017	889,472
 EXPENSES			
Program Services	433,375	0	433,375
Supporting Services			
Management and General	87,440	0	87,440
Fundraising	25,312	0	25,312
TOTAL EXPENSES	546,127	0	546,127
 INCREASE (DECREASE) IN NET ASSETS	230,328	113,017	343,345
 BEGINNING NET ASSETS	302,816	1,370,132	1,672,948
 ENDING NET ASSETS	\$ 533,144	\$ 1,483,149	\$ 2,016,293

**FOREVER OUR RIVERS FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>PROGRAM SERVICES</u>	<u>GENERAL ADMIN.</u>	<u>FUNDRAISING</u>	<u>TOTAL EXPENSES</u>
Salaries	\$ 104,020	\$ 41,691	\$ 14,463	\$ 160,174
Payroll Taxes	7,206	4,808	901	12,915
Employee Benefits	4,004	2,119	512	6,635
	<u>115,230</u>	<u>48,618</u>	<u>15,876</u>	<u>179,724</u>
Accounting	0	13,227	0	13,227
Advertising and Promotion	9,477	1,210	1,797	12,484
Bank Charges	0	44	335	379
Communications	1,037	410	110	1,557
Conferences	1,210	263	0	1,473
Consulting	78,264	14,569	5,102	97,935
Grants Awarded	216,358	0	0	216,358
Insurance	1,634	691	126	2,451
IT and Communications	3,971	1,754	267	5,992
Occupancy	499	421	40	960
Office Expense	656	890	1,544	3,090
Payroll Processing Fees	0	3,568	0	3,568
Travel	3,862	0	115	3,977
Website	1,177	1,775	0	2,952
TOTAL EXPENSES	<u><u>\$ 433,375</u></u>	<u><u>\$ 87,440</u></u>	<u><u>\$ 25,312</u></u>	<u><u>\$ 546,127</u></u>

**FOREVER OUR RIVERS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 343,345
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Unrealized and Realized (Gain) Loss from Investments	95,863
(Increase) Decrease in:	
Accounts Receivable	(196,000)
Increase (decrease) in:	
Accrued Vacation	9,498
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>252,706</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investements	(31,646)
Proceeds from Sale of Investments	218,766
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>187,120</u>
NET INCREASE (DECREASE) IN CASH	439,826
CASH AND CASH EQUIVALENTS - BEGINNING	<u>102,816</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 542,642</u></u>
Interest Paid During the Year	\$ 0
Income Tax Paid During the Year	\$ 0
CASH PRESENTED ON STATEMENT OF FINANCIAL POSITION	
Cash and Cash Equivalent	\$ 542,642
Restricted Cash	-
	<u><u>\$ 542,642</u></u>

**FOREVER OUR RIVERS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Organization's significant accounting policies applied in the preparation of the accompanying financial statements follows:

Organization

Forever Our Rivers Foundation (the Organization) was incorporated in Colorado on August 9, 2016. The Organization was established to help rivers function at their highest level. The organization accomplishes its mission through several competitive grant programs to local nonprofits/agencies who conserve rivers and streams and the native habitat along and within them. The Organization leverages investments by funding long-term monitoring and maintenance of restoration projects, and prioritizes connecting communities to their rivers.

The Organization was funded by individual donations, corporate royalties and donations, and grants from for profit and non-profit entities. The organization is actively recruiting new donors, foundations and companies to partner with and raise funds. The Organization's budget has been modified to include the hiring of a corporate partnerships manager.

The financial statements of the Organization have been prepared on the accrual basis in conformity with generally accepted accounting principles which require the use of accounting estimates as disclosed in these footnotes. The Organization's year end is December 31. The significant accounting policies followed are described below to enhance the usefulness of the financial statements.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Property, Equipment, and Depreciation

Property and equipment are recorded at cost or at the estimated fair market value on the date of the donation. Property and equipment with a cost or estimated fair market value of \$5,000 or more is capitalized.

Depreciation of property and equipment is provided on a straight-line basis over the estimated useful lives of the assets. These range from five to seven years for vehicles. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

FOREVER OUR RIVERS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Net Asset

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets, if any, are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. 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.

Revenue and Revenue Recognition

The Organization reviewed its business model in 2022. To broaden its grantmaking capacity, it is expanding its annual giving program with individuals and corporations. The Organization also recognizes a royalties income stream received from trademarking and licensing a distinguishable name/logo that companies want to be associated with.

Royalty income is received when the negotiated agreements with the companies are signed. It is the Organization's policy to be flexible about the duration of the agreement, it can be for one year or longer. The payment arrangement can also be flexible, either annual payment or quarterly payment. These are negotiated before the agreements are signed. The Organization recognizes royalty income as exchange transactions over the periods specified in the agreements. Amounts received in advance are deferred to the applicable period.

**FOREVER OUR RIVERS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Contributions

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional grants receivable, that is, those with a measurable performance or other barrier, and a right of return, if any, are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received. No significant contributions of such goods or services were received during the year ended December 31, 2022.

Grant Expenses

Grant expense is recognized in the period the grant is awarded and the grantee has returned grant agreement letters, provided the grant is not subject to future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee substantially meets the terms of the conditions. Grants payable that are expected to be paid in future years are recorded at the present value of expected future payments.

Advertising Costs

Advertising costs are expensed as incurred, and approximated \$12,484 during the year ended December 31, 2022.

FOREVER OUR RIVERS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries and Benefits	Time and Effort
Insurance	Time and Effort
IT and Communication	Time and Effort
Depreciation	Time and Effort
Occupancy	Time and Effort
Office Expense	Time and Effort
Interest	Time and Effort
Travel	Time and Effort

Income Taxes

The Organization is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization is also subject to federal excise taxes imposed on private foundations. The excise tax is imposed on net investment income, as defined under federal laws, which includes interest, dividends, and net realized capital gains, less expenses incurred in the production of investment income. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Use of Estimates

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

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with grant receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies supportive of our mission.

**FOREVER OUR RIVERS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

New Accounting Policies

In 2022, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements.

The Organization does not report Right-of-Use assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Also in 2022, the Organization adopted Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires more prominent presentation of contributed nonfinancial assets and enhanced disclosures about the valuation of those contributions and their use in programs and other activities.

The Organization assessed the effects of these new accounting policies on financial reporting and determined that there is no significant changes due to fact there was no material leases or in-kind donations.

NOTE 2 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2022:

Financial Assets at Year End:	
Cash and Cash Equivalents	\$542,642
Grants Receivable	396,000
Restricted Investment	<u>1,087,149</u>
Total Financial Assets	2,025,791
Less Amounts Not Available to be Used within One Year	
Net Assets with Donor Restrictions	1,483,149
Less Net Assets with Purpose Restrictions to be Met in Less Than a Year	<u>(360,000)</u>
	<u>1,123,149</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$902,642</u>

The Organization's goal is generally to maintain financial assets to meet 6 months of operating expenses (approximately \$100,000).

FOREVER OUR RIVERS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 - FAIR VALUE MEASUREMENTS AND DISCLOSURES

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset.

All the Organization's investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values. The Organization has no Level 2 or 3 investments.

**FOREVER OUR RIVERS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

The following table presents assets measured at fair value on a recurring basis at December 31, 2022:

	<u>Level 1</u>
Money Market	\$152,835
Equity Mutual Funds	231,761
Bond Mutual Funds	<u>702,553</u>
Total	<u>\$1,087,149</u>

NOTE 4 – GRANTS RECEIVABLE

Grants receivable are estimated to be collected within two years from December 31, 2022 and 100% of it is from one grantor. It is discounted at the rate of 8%. The unamortized discount on contributions receivable is \$54,000 as of December 31, 2022.

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2022:

Subject to Expenditure for Specified Purpose:	
4Rivers Stewardship	\$1,087,149
Subject to Passage of Time	<u>396,000</u>
Total	<u>\$1,483,149</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended December 31, 2022:

Satisfaction of Purpose Restrictions:	
4Rivers Stewardship Grant Awards Given	\$199,273
Grant Management Fee	<u>19,034</u>
Total	<u>\$218,307</u>

NOTE 6 – ROYALTY INCOME

The following table provides information about significant changes in deferred revenue for the year ended December 31, 2022:

Deferred Revenue, 12-31-2021	\$0
Revenue recognized that was included in deferred revenue	
At the beginning of year	(1,000)
Increase in deferred revenue due to cash received during the year	<u>1,000</u>
Deferred Revenue, 12-31-2022	<u>\$0</u>

**FOREVER OUR RIVERS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 7 - IN-KIND DONATION

The Organization received very small amount of donated services for the year ended December 31, 2022. It is included in contribution support on the Statement of Activities.

NOTE 8 - LEASES

The Organization leases a storage space on month-to-month basis in Grand Junction, CO. Total lease expense was \$960.

NOTE 9 - PENSION PLAN

The Organization sponsors a Section 403(b) salary reduction plan that covers all eligible employees. Employees may contribute up to \$20,500 per year. The Organization contributes up to 5% of each employee's salary. The Organization contributed \$6,635 to the plan for the fiscal year ended December 31, 2022.

NOTE 10 - SUBSEQUENT EVENT

Subsequent events were evaluated through May 1, 2023, which is the date the financial statements were available to be issued.