

International Rivers Network
And Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS,
SUPPLEMENTAL SCHEDULES
AND
AUDITORS' REPORT

December 31, 2014

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INDEPENDENT AUDITORS' REPORT

Board of Directors
International Rivers Network
Berkeley, California

We have audited the accompanying consolidated financial statements of International Rivers Network (a nonprofit organization) and Subsidiaries, which comprise the statements of financial position as of December 31, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT (continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of International Rivers Network and Subsidiaries as of December 31, 2014, and the changes in its net assets and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion of the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

DZH Phillips LLP

July 20, 2015
Oakland, California

**International Rivers Network
And Subsidiaries**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2014**

ASSETS

Current Assets:

Cash and cash equivalents (Note 3)	\$ 821,727
Certificates of deposit	301,268
Investments (Note 4)	461,608
Pledges and grants receivable (Note 5)	861,283
Other receivables	7,459
Prepaid expenses	<u>56,319</u>

Total Current Assets 2,509,664

Pledges and grants receivable beyond one year (Note 5)	100,000
Deposits	24,543
Property and equipment, net (Note 6)	<u>36,497</u>

TOTAL ASSETS \$ 2,670,704

LIABILITIES

Current Liabilities:

Accounts payable and accrued expenses	\$ 49,478
Accrued time-off liability	148,984
Deferred revenue	25,270
Passthrough grants payable	<u>60,000</u>

Total Current Liabilities 283,732

Deferred rent 15,840

TOTAL LIABILITIES 299,572

NET ASSETS

Unrestricted

Available for operations	459,186
Designated as operating reserve	<u>380,145</u>

Total unrestricted 839,331

Temporarily restricted (Note 7) 1,531,801

TOTAL NET ASSETS 2,371,132

TOTAL LIABILITIES AND NET ASSETS \$ 2,670,704

The accompanying notes are an integral part of these statements.

**International Rivers Network
And Subsidiaries**

CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Foundation and corporate grants	\$ 10,000	\$ 1,305,065	\$ 1,315,065
Contributions	180,524	15,555	196,079
Contract revenue	12,326	-	12,326
Interest and dividends	26,013	-	26,013
Net gains from investments	19,600	-	19,600
Other income	5,736	-	5,736
Net assets released from restrictions:			
Purpose was accomplished or time restriction was met	1,754,749	(1,754,749)	-
TOTAL SUPPORT AND REVENUE	2,008,948	(434,129)	1,574,819
EXPENSES			
Program services	1,762,902	-	1,762,902
Supporting services:			
Administration	330,969	-	330,969
Fundraising	254,075	-	254,075
TOTAL EXPENSES	2,347,946	-	2,347,946
Change in net assets	(338,998)	(434,129)	(773,127)
Net assets at beginning of year	1,178,329	1,965,930	3,144,259
Net assets at the end of year	\$ 839,331	\$ 1,531,801	\$ 2,371,132

The accompanying notes are an integral part of these statements.

**International Rivers Network
And Subsidiaries**

CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2014

Cash flows from operating activities:	
Change in net assets	\$ (773,127)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	72,733
Loss from disposal of fixed assets	288
Net gains from investments	(19,600)
(Increase) decrease in operating assets:	
Certificates of deposit	(327)
Receivables	(56,159)
Prepaid expenses	6,512
Deposits	15,228
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	21,502
Accrued time off liability	31,048
Grants payable	60,000
Deferred revenue	25,270
Deferred rent	15,840
Net cash used by operating activities	<u>(600,792)</u>
Cash flows provided from investing activities:	
Purchase of property and equipment	(30,190)
Purchase of investments	(144,103)
Proceeds from the sale of investments	<u>201,459</u>
Net cash provided by investing activities	<u>27,166</u>
Net decrease in cash and cash equivalents	(573,626)
Cash and cash equivalents - beginning of the year	<u>1,395,353</u>
Cash and cash equivalents - end of the year	<u><u>\$ 821,727</u></u>

The accompanying notes are an integral part of these statements.

**International Rivers Network
And Subsidiaries**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2014

	Program services	Supporting Services		Total
		Administration	Fundraising	
Salaries	\$ 911,322	\$ 210,062	\$ 113,195	\$ 1,234,579
Payroll taxes	71,264	16,286	8,835	96,385
Employee benefits	85,063	18,686	12,472	116,221
Grants	48,669	-	-	48,669
Professional fees	198,215	39,707	55,507	293,429
Advertising and promotion	2,036	128	1,800	3,964
Supplies	11,128	1,167	376	12,671
Telephone	10,129	1,322	387	11,838
Postage and shipping	9,118	495	11,650	21,263
Equipment rental and maintenance	21,047	4,602	1,135	26,784
Copy and printing	15,747	356	14,020	30,123
Information technology	5,463	665	402	6,530
Occupancy	143,173	18,139	10,470	171,782
Travel and meals	109,876	1,913	9,070	120,859
Conferences, conventions, and meetings	31,774	226	211	32,211
Insurance	1,371	3,125	266	4,762
Dues, licenses, and other fees	25,710	3,353	7,786	36,849
Depreciation	55,772	10,570	6,391	72,733
Staff training	5,977	158	34	6,169
Miscellaneous	48	9	68	125
Total Expenses	\$ 1,762,902	\$ 330,969	\$ 254,075	\$ 2,347,946

The accompanying notes are an integral part of these statements.

**International Rivers Network
And Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2014

Note 1 - Organization

International Rivers Network (IRN) is a California nonprofit organization founded in 1986 and located in Berkeley, California. The Organization's offices are located in Berkeley, California and its activities are primarily supported by private grants and contributions.

In 2006 Fund for International Rivers (FIR), a California nonprofit organization, was founded as a supporting organization of IRN.

In 2014, IRN formed Yi Tai Rui Wo (Beijing) Environmental Consulting Company Limited to carry out its mission in China. It also formed Yi Tai Rui Wo Environmental Consulting Company Limited as a holding company of the Beijing entity.

IRN is dedicated to developing and assisting global grassroots movements to protect rivers and watersheds for the people and ecosystems dependent upon them. Its programs include:

Campaigns – IRN has built up a network of citizens' organizations and technical experts in different countries who are working to protect freshwater resources, endangered ecosystems and indigenous peoples worldwide. Together with the members of this network, the Organization implements a range of programs to directly impact how water resources are viewed and managed around the world. IRN publicizes the corruption and secrecy surrounding large-scale water projects and promotes open public participation in each one of the campaigns. IRN operates an information clearinghouse to monitor the threats to the world's rivers and freshwater resources and the alternative management strategies.

Communications – IRN publishes a newsletter, reports, and books for use by civil society groups around the world, and communicates with media, governments, corporations, and public about threats to rivers and alternatives to large dam development.

Note 2 - Summary of Significant Accounting Policies

Significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

- A. **Basis of Consolidation** - The consolidated financial statements include the accounts and activities of IRN, FIR and IRN's two subsidiaries, Yi Tai Rui Wo (Beijing) Environmental Consulting Company Limited and Yi Tai Rui Wo Environmental Consulting Company Limited. All significant inter-company accounts and transactions and balances have been eliminated in the consolidated financial statements.
- B. **Method of Accounting** – The financial statements of IRN and its subsidiaries have been prepared using the accrual method of accounting which involves the recognition of revenues and gains when earned and expenses and losses when incurred.

**International Rivers Network
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2014

- C. **Cash and Cash Equivalents** – For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.
- D. **Investments** – Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income, gains and losses are reported as increases in the unrestricted net assets unless a donor restricts their use.
- E. **Pledges and Grants Receivable** – Pledges and grants receivable include unconditional commitments from various foundations and individuals that are stated at the net realizable amount that management expects to collect. Management uses the specific identification method for establishing the allowance for uncollectible receivables. Grants receivable beyond one year are discounted to present value of expected future cash flow using a risk-based discount rate.
- F. **Fixed Assets and Depreciation** – IRN records acquisitions of items with a cost of \$1,000 or more and significant leasehold improvements as fixed assets. Fixed assets are recorded at cost when purchased and fair value when received as donation. Depreciation is provided over the estimated useful lives of respective assets, using the straight- line method of depreciation.
- G. **Income Tax Status** – IRN and FIR are recognized as a public charities exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, whereby only unrelated business income, as defined by Section 512(a)(1) of the Internal Revenue Code and similar code section of the California Revenue and Taxation Code, is subject to income tax. Management believes that all of the IRN and FIR’s activities were directly related to their exempt purpose, thus the accompanying financial statements do not include any provision for income taxes. IRN and FIR believe that they do not have any uncertain tax positions.
- Yi Tai Rui Wo (Beijing) Environmental Consulting Company Limited and Yi Tai Rui Wo Environmental Consulting Company Limited are subject to taxation in China and Hong Kong. The accompanying consolidated financial statements do not include any provision for income tax liability as both entities experienced net losses, for tax purposes, during the year ended December 31, 2014. The earnings of these subsidiaries are considered to be indefinitely reinvested and accordingly, no U.S. federal or state deferred income taxes have been provided thereon. Upon distribution of those in the form of dividends or otherwise, the income would be subject to U.S. income taxes.
- H. **Basis of Presentation** – Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the IRN and changes therein are classified and reported as follows:

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2014

Unrestricted net assets represent net assets that are not subject to donor-imposed stipulations. The Board of Directors has designated a portion of the unrestricted net assets as operating reserves.

Temporarily restricted net assets represent net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time

- I. **Restricted Resources** – IRN reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Gifts of fixed assets are recorded as unrestricted support unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, IRN reports expirations of donor restrictions when donated or acquired long-lived assets are placed in service.

- J. **In-kind Services** – IRN records contributed professional services at their fair value if the services received require specialized skill, are provided by individuals with those skills, and would typically need to be purchased if not received through donation.
- K. **Allocation of Shared Expenses** – Shared expenses that benefit two or more activities of IRN are allocated among program and supporting activities based on the ratio of each activity's direct cost less distorting direct expenses to total direct costs of all activities.
- L. **Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant accounting estimates reflected in the IRN's financial statements include the valuation of investments, valuation of grants and pledges receivable, and the functional allocation of expenses. Actual results could differ from those estimates.
- M. **Foreign Operations** – IRN's wholly owned for-profit subsidiaries are located in China and Hong Kong. Additionally in connection with its worldwide activities, IRN operates in various countries outside the United States. The functional currencies of these foreign operations are the local currencies. The financial statements of these foreign subsidiaries

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2014

and operations have been translated into U.S. dollars. All statement of financial position accounts have been translated using the exchange rate in effect at the statement of financial position dates. Statements of activities amounts have been translated using the exchange rates in effect on the date of transfer of funds for the foreign operations to the foreign subsidiaries and employees in those foreign countries, or the exchange rate in effect at the time of recording income and expenses when local funds are raised and spent.

Note 3 – Concentration of Credit Risk

Concentrations of credit risk primarily include cash and cash equivalents and grants receivable. IRN maintains cash balances at financial institutions that, from time to time, exceed the guaranteed amount of the Federal Deposit Insurance Corporation (FDIC). The uninsured balance at December 31, 2014 was \$375,705. Also 66% of grants receivable at December 31, 2014 were from one private foundation.

Note 4 - Investments

Investments include the following:

Exchange traded funds	\$ 90,590
Fixed income	20,005
Mutual funds	163,896
Stocks	<u>187,117</u>
	<u>\$ 461,608</u>

The components of total investment return are included in unrestricted net assets and are reflected below:

Realized gain	\$ 10,407
Unrealized gain	9,193
Interest and dividends	<u>18,669</u>
	<u>\$ 38,269</u>

**International Rivers Network
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2014

Note 5 – Grants and pledges Receivable

Unconditional commitments were receivable in the following periods:

Receivable in less than one year	\$ 861,283
Receivable in one to five years	<u>100,000</u>
	<u>\$ 961,283</u>

Generally Accepted Accounting Principles (GAAP) require reporting promises to give at net realizable value through provision of allowance for uncollectible promises and discounting the receivables within two to five years using a discount rate that considers time value of money as well as the risk of timing of receipt of the promise. The accompanying financial statements do not provide for allowance for uncollectible promises to give or discount to net realizable value at December 31, 2014, as management believes that it will collect one hundred percent of promises and that the value reflected on the financial statements approximates GAAP.

Note 6 – Fixed Assets and Depreciation

Fixed Assets consisted of the following:

Furniture and equipment	\$ 73,506
Leasehold improvements	19,688
Library	<u>5,000</u>
Total property and equipment	98,194
Accumulated depreciation	<u>(61,697)</u>
Property and equipment, net	<u>\$ 36,497</u>

Note 7 – Temporarily restricted net assets

Temporarily restricted net assets were available for the following purposes:

Southeast Asia programs	\$ 647,358
Africa programs	285,277
China programs	234,258
Latin America programs	164,908
South Asia programs	3,000
Grants to others	12,000
Restricted to futue periods	<u>185,000</u>
	<u>\$ 1,531,801</u>

**International Rivers Network
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2014

Note 8 – Restatement of Beginning Net Assets

Unrestricted net assets of IRN at December 31, 2013 were increased by \$528,368 to reflect its consolidation with FIR. Investment in subsidiaries was increased by a like amount.

Note 9 – Conditional grants

At December 31, 2014, IRN had received \$192,333 in conditional promises to give. The condition on these promises were not met as of December 31, 2014 and therefore they were not recognized as support in the accompanying consolidated financial statements.

Note 10 – Line of credit

Organization has \$100,000 unsecured line of credit with interest rate of 10.25%. There was no outstanding balance on the line of credit as of December 31, 2014.

Note 11 – Operating Leases

Organization leases its offices under non-cancellable operating lease arrangements with various terms. Future minimum payments under these arrangements are as follows:

Year ending December 31, 2015	\$ 125,674
Year ending December 31, 2016	125,406
Year ending December 31, 2017	129,144
Year ending December 31, 2018	131,600
Year ending December 31, 2019	<u>44,400</u>
	<u><u>\$ 556,224</u></u>

Rent expense for the year ended December 31, 2014 was \$141,141.

**International Rivers Network
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2014

Note 12– Fair Value Measurements

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Exchange traded funds	\$ 90,590	\$ -	\$ 90,590
Fixed income	-	20,005	20,005
Mutual funds	163,896	-	163,896
Stocks	<u>187,117</u>	<u>-</u>	<u>187,117</u>
	<u>\$ 441,603</u>	<u>\$ 20,005</u>	<u>\$ 461,608</u>

Financial assets measured using level 1 inputs are based on unadjusted quoted market prices within active markets. Assets measured using level 2 inputs are based on valuation model used by the brokerage firm. All assets have been measured using the market approach.

Note 13 – Subsequent Events

IRN has evaluated subsequent events through July 20, 2015, the date which the financial statements were available to be issued.

**International Rivers Network
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CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

At December 31, 2014

	International Rivers Network	Fund for International Rivers	Yi Tai Rui Wo (Beijing) Environmental Consulting Company Limited	Yi Tai Rui Wo Environmental Consulting Company Limited	Eliminations	Combined Total
ASSETS						
Current Assets:						
Cash and cash equivalents (Note 3)	756,463	7,059	6,803	51,402		821,727
Certificates of deposit	301,268	-	-	-		301,268
Investments (Note 4)	-	461,608	-	-		461,608
Pledges and grants receivable (Note 5)	961,283	-	-	-	(100,000)	861,283
Other receivables	7,459	-	28,400	-	(28,400)	7,459
Prepaid expenses	36,774	-	19,545	-		56,319
Total Current Assets	2,063,247	468,667	54,748	51,402		2,509,664
Pledges and grants receivable beyond one year (Note 5)	100,000	-	-	-		100,000
Deposits	24,543	-	-	-		24,543
Property and equipment, net (Note 6)	36,497	-	-	-		36,497
Investments in subsidiaries	440,769	-	-	-	(440,769)	-
TOTAL ASSETS	\$ 2,665,056	\$ 468,667	\$ 54,748	\$ 51,402		\$ 2,670,704
LIABILITIES						
Current Liabilities:						
Accounts payable and accrued expenses	48,194	-	1,284	28,400	(28,400)	49,478
Accrued time off sabbatical	144,620	-	4,364	-		148,984
Grants payable	-	100,000	-	-	(100,000)	-
Passthrough grants payable	60,000	-	-	-		60,000
Deferred revenue	25,270	-	-	-		25,270
Total Current Liabilities	278,084	100,000	5,648	28,400		283,732
Deferred rent	15,840	-	-	-		15,840
TOTAL LIABILITIES	293,924	100,000	5,648	28,400		299,572
NET ASSETS						
Unrestricted						
Available for operations	359,186	368,667	-	-	(268,667)	459,186
Designated as operating reserve	380,145	-	-	-		380,145
Total unrestricted	739,331	368,667	-	-		839,331
Temporarily restricted (Note 7)	1,631,801	-	-	-	(100,000)	1,531,801
Controlling interest	-	-	49,100	23,002	(72,102)	-
TOTAL NET ASSETS	2,371,132	368,667	49,100	23,002		2,371,132
TOTAL LIABILITIES AND NET ASSETS	\$ 2,665,056	\$ 468,667	\$ 54,748	\$ 51,402		\$ 2,670,704

**International Rivers Network
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**CONSOLIDATING SCHEDULE OF ACTIVITIES
Year Ended December 31, 2014**

	<u>International Rivers Network</u>	<u>Fund for International Rivers</u>	<u>Yi Tai Rui Wo (Beijing) Environmental Consulting Company Limited</u>	<u>Yi Tai Rui Wo Environmental Consulting Company Limited</u>	<u>Eliminations</u>	<u>Total</u>
SUPPORT AND REVENUE						
Foundation and corporate grants	1,506,920	-	-	-	(191,855)	1,315,065
Donations	196,079	-	-	-		196,079
Contract revenue	12,326	-	-	-		12,326
Interest and dividends	7,300	18,669	41	-		26,010
Net gains from investments	-	19,600	-	-		19,600
Fee for services			171,400	195,000	(366,400)	-
Miscellaneous	3,904	1,832	-	3		5,739
TOTAL SUPPORT AND REVENUE	<u>1,726,529</u>	<u>40,101</u>	<u>171,441</u>	<u>195,003</u>		<u>1,574,819</u>
EXPENSES						
Program services	1,836,364	191,855	121,194	171,744	(558,255)	1,762,902
Supporting services:						
Administration	321,618	7,947	1,147	257		330,969
Fundraising	254,075	-	-	-		254,075
TOTAL EXPENSES	<u>2,412,057</u>	<u>199,802</u>	<u>122,341</u>	<u>172,001</u>		<u>2,347,946</u>
Change in net assets before gains (losses) from subsidiaries	(685,528)	(159,701)	49,100	23,002		(773,127)
Gains (losses) from investment in subsidiaries	(87,599)	-	-	-	87,599	-
Change in net assets	(773,127)	(159,701)	49,100	23,002		(773,127)
Net assets at beginning of year	2,615,891	528,368	-	-	(528,368)	2,615,891
Restatement (Note 8)	528,368	-	-	-		528,368
Net assets at beginning of year, restated	<u>3,144,259</u>	<u>528,368</u>	<u>-</u>	<u>-</u>		<u>3,144,259</u>
Net assets at the end of year	<u>\$ 2,371,132</u>	<u>\$ 368,667</u>	<u>\$ 49,100</u>	<u>\$ 23,002</u>		<u>\$ 2,371,132</u>

**International Rivers Network
And Subsidiaries**

**CONSOLIDATING SCHEDULE OF CASH FLOWS
Year Ended December 31, 2014**

	International Rivers Network	Fund for International Rivers	Yi Tai Rui Wo (Beijing) Environmental Consulting Company Limited	Yi Tai Rui Wo Environmental Consulting Company Limited	Eliminations	Total
Cash flows from operating activities:						
Change in net assets	\$ (244,759)	(159,701)	49,100	23,002	(440,769)	(773,127)
Adjustments to reconcile change in net assets to net cash from operating activities:						
Depreciation	72,733	-	-	-		72,733
Loss on disposal	288	-	-	-		288
Net gains from investments	-	(19,600)	-	-		(19,600)
Investment gains from subsidiaries	(440,769)	-	-	-	440,769	-
(Increase) Decrease in operating assets:						
Certificates of deposit	(327)	-	-	-		(327)
Receivables	(156,159)	-	(28,400)	-	128,400	(56,159)
Prepaid expenses	26,057	-	(19,545)	-		6,512
Deposits	15,228	-	-	-		15,228
Increase (decrease) in operating liabilities:						
Accounts payable and accrued expenses	20,218	-	1,284	28,400	(28,400)	21,502
Accrued time-off liability	26,684	-	4,364	-		31,048
Grants payable	60,000	100,000	-	-	(100,000)	60,000
Deferred revenue	25,270	-	-	-		25,270
Deferred rent	15,840	-	-	-		15,840
Net cash provided (used) by operating activities	<u>(579,696)</u>	<u>(79,301)</u>	<u>6,803</u>	<u>51,402</u>		<u>(600,792)</u>
Cash flows provided from investing activities:						
Purchase of property and equipment	(30,190)	-	-	-		(30,190)
Purchase of investments	-	(144,103)	-	-		(144,103)
Proceeds from the sale of investments	-	201,459	-	-		201,459
Net cash provided (used) by investing activities	<u>(30,190)</u>	<u>57,356</u>	<u>-</u>	<u>-</u>		<u>27,166</u>
Net increase (decrease) in cash and cash equivalents	(609,886)	(21,945)	6,803	51,402		(573,626)
Cash and cash equivalents - beginning of the year	<u>1,366,349</u>	<u>29,004</u>	<u>-</u>	<u>-</u>		<u>1,395,353</u>
Cash and cash equivalents - end of the year	<u>\$ 756,463</u>	<u>\$ 7,059</u>	<u>\$ 6,803</u>	<u>\$ 51,402</u>		<u>\$ 821,727</u>

**International Rivers Network
And Subsidiaries**

**CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended December 31, 2014**

	Program Services						Supporting Services							Total
	IRN Communications	IRN Campaigns	Fund for International Rivers	Yi Tai Rui Wo (Beijing) Environmental Consulting Company Limited	Yi Tai Rui Wo Environmental Consulting Company Limited	Eliminations	Total Programs	IRN Administration	FIR Administration	Yi Tai Rui Wo (Beijing) Environmental Consulting Company Limited	Yi Tai Rui Wo Environmental Consulting Company Limited	Total Administration	IRN Fundraising	
Salaries	\$ 89,599	\$ 748,201	\$ -	\$ 73,522	\$ -		\$ 911,322	\$ 210,062	\$ -	\$ -	\$ -	\$ 210,062	\$ 113,195	\$ 1,234,579
Payroll taxes	7,620	43,421	-	20,223	-		71,264	16,286	-	-	-	16,286	8,835	96,385
Employee benefits	6,966	74,225	-	3,872	-		85,063	18,686	-	-	-	18,686	12,472	116,221
Grants	-	243,669	191,855	-	30,000	(416,855)	48,669	-	-	-	-	-	-	48,669
Professional fees	12,968	184,173	-	1,074	141,400	(141,400)	198,215	30,375	7,928	1,147	257	39,707	55,507	293,429
Advertising and promotion	224	1,812	-	-	-		2,036	128	-	-	-	128	1,800	3,964
Supplies	1,959	8,623	-	546	-		11,128	1,167	-	-	-	1,167	376	12,671
Telephone	288	9,831	-	10	-		10,129	1,322	-	-	-	1,322	387	11,838
Postage and shipping	5,077	3,787	-	254	-		9,118	495	-	-	-	495	11,650	21,263
Equipment rental and maintenance	1,033	17,706	-	2,308	-		21,047	4,602	-	-	-	4,602	1,135	26,784
Copy and printing	5,797	8,860	-	1,090	-		15,747	356	-	-	-	356	14,020	30,123
Information technology	687	4,776	-	0	-		5,463	665	-	-	-	665	402	6,530
Occupancy	9,521	125,062	-	8,590	-		143,173	18,139	-	-	-	18,139	10,470	171,782
Travel and meals	1,239	105,716	-	2,921	-		109,876	1,913	-	-	-	1,913	9,070	120,859
Conferences, conventions, and meetings	482	31,001	-	262	-		31,745	226	-	-	-	226	211	32,182
Insurance	242	1,129	-	29	-		1,400	3,125	-	-	-	3,125	266	4,791
Dues, licenses, and other fees	6,502	14,474	-	4,390	344		25,710	3,334	19	-	-	3,353	7,786	36,849
Depreciation	5,812	49,960	-	-	-		55,772	10,570	-	-	-	10,570	6,391	72,733
Staff training	306	3,568	-	2,103	-		5,977	158	-	-	-	158	34	6,169
Miscellaneous	5	43	-	-	-		48	9	-	-	-	9	68	125
Total Expenses	\$ 156,327	\$ 1,680,037	\$ 191,855	\$ 121,194	\$ 171,744		\$ 1,762,902	\$ 321,618	\$ 7,947	\$ 1,147	\$ 257	\$ 330,969	\$ 254,075	\$ 2,347,946

**International Rivers Network
And Subsidiaries**

**SCHEDULE OF ACTIVITIES – IRN ONLY
Year Ended December 31, 2014**

	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Foundation and corporate grants	101,855	1,405,065	1,506,920
Donations	180,524	15,555	196,079
Contract revenue	12,326	-	12,326
Interest	7,300	-	7,300
Net gains from investments	-	-	-
Miscellaneous	3,904	-	3,904
Net assets released from restrictions:			
Purpose was accomplished or time restriction was met	<u>1,754,749</u>	<u>(1,754,749)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>2,060,658</u>	<u>(334,129)</u>	<u>1,726,529</u>
EXPENSES			
Program services	1,836,364	-	1,836,364
Supporting services:			
Administration	321,618	-	321,618
Fundraising	<u>254,075</u>	<u>-</u>	<u>254,075</u>
TOTAL EXPENSES	<u>2,412,057</u>	<u>-</u>	<u>2,412,057</u>
Change in net assets before gains (losses) from subsidiaries	(351,399)	(334,129)	(685,528)
Gains (losses) from investment in subsidiaries	<u>(87,599)</u>	<u>-</u>	<u>(87,599)</u>
Change in net assets	(438,998)	(334,129)	(773,127)
Net assets at beginning of year	649,961	1,965,930	2,615,891
Restatement (Note 8)	<u>528,368</u>	<u>-</u>	<u>528,368</u>
Net assets at beginning of year, restated	<u>1,178,329</u>	<u>1,965,930</u>	<u>3,144,259</u>
Net assets at the end of year	<u>\$ 739,331</u>	<u>\$ 1,631,801</u>	<u>\$ 2,371,132</u>