

# **International Rivers Network and Subsidiaries**

Financial statements

December 31, 2019 and 2018

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
International Rivers Network

### **Report on the Financial Statements**

We have audited the accompanying financial statements of International Rivers Network (a nonprofit organization) and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Rivers Network and subsidiaries as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**BAKER TILLY US, LLP***Baker Tilly US, LLP*

San Francisco, California  
November 17, 2020

**INTERNATIONAL RIVERS NETWORK AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 892,315	\$ 803,219
Pledges and grants receivable - net	359,449	1,054,873
Other receivables	248	445
Prepaid expenses	35,170	14,708
Total current assets	1,287,182	1,873,245
<b>Noncurrent assets</b>		
Pledges and grants receivable beyond one year, net	334,013	513,295
Investments	234,516	231,799
Deposits	8,991	10,491
Property and equipment, net	2,535	10,064
Total noncurrent assets	580,055	765,649
Total assets	\$ 1,867,237	\$ 2,638,894
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 33,391	\$ 14,314
Accrued time-off liability	183,728	144,293
Deferred revenue	-	10,000
Grants payable	-	75,000
Total current liabilities	217,119	243,607
<b>Security deposit</b>	3,365	3,365
Total liabilities	220,484	246,972
<b>Net assets</b>		
Without donor restrictions	(359,361)	(328,016)
With donor restrictions	2,006,114	2,719,938
Total net assets	1,646,753	2,391,922
Total liabilities and net assets	\$ 1,867,237	\$ 2,638,894

**INTERNATIONAL RIVERS NETWORK AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
For the Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Foundation and corporate grants	\$ 12,318	\$ 1,528,934	\$ 1,541,252	\$ 50,000	\$ 3,513,193	\$ 3,563,193
Contributions	138,744	3,000	141,744	102,145	-	102,145
In-kind contributions	305,751	-	305,751	576,370	-	576,370
Interest and dividends	8,090	-	8,090	191	-	191
Gains from investments	-	-	-	1,674	-	1,674
Other income	8,955	-	8,955	3,600	-	3,600
Net assets released from restrictions:						
Purpose accomplished or time restriction met	2,245,758	(2,245,758)	-	2,124,935	(2,124,935)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>2,719,616</u>	<u>(713,824)</u>	<u>2,005,792</u>	<u>2,858,915</u>	<u>1,388,258</u>	<u>4,247,173</u>
<b>EXPENSES</b>						
Program services	2,176,156	-	2,176,156	2,463,440	-	2,463,440
Supporting services:						
Management and general	473,825	-	473,825	309,373	-	309,373
Fundraising	100,980	-	100,980	187,080	-	187,080
<b>TOTAL EXPENSES</b>	<u>2,750,961</u>	<u>-</u>	<u>2,750,961</u>	<u>2,959,893</u>	<u>-</u>	<u>2,959,893</u>
<b>CHANGE IN NET ASSETS</b>	(31,345)	(713,824)	(745,169)	(100,978)	1,388,258	1,287,280
<b>NET ASSETS - beginning of year</b>	<u>(328,016)</u>	<u>2,719,938</u>	<u>2,391,922</u>	<u>(227,038)</u>	<u>1,331,680</u>	<u>1,104,642</u>
<b>NET ASSETS - end of year</b>	<u>\$ (359,361)</u>	<u>\$ 2,006,114</u>	<u>\$ 1,646,753</u>	<u>\$ (328,016)</u>	<u>\$ 2,719,938</u>	<u>\$ 2,391,922</u>

**INTERNATIONAL RIVERS NETWORK AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2019**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 936,897	\$ 55,258	\$ 73,449	\$ 1,065,604
Professional fees	627,781	347,537	3,884	979,202
Travel and meals	252,538	14,469	1,273	268,280
Employee benefits	70,748	6,900	2,426	80,074
Occupancy	52,790	8,422	1,064	62,276
Grants to others	62,457	-	-	62,457
Payroll taxes	48,771	1,919	1,029	51,719
Conferences, conventions, and meetings	45,442	2,000	100	47,542
Dues, licenses, and other fees	16,301	3,152	11,862	31,315
Equipment rental and maintenance	13,085	2,902	90	16,077
Telephone	13,945	1,566	483	15,994
Information technology	8,533	6,891	298	15,722
Copying and printing	7,699	5	3,862	11,566
Insurance	2,153	7,670	82	9,905
Supplies	7,475	76	97	7,648
Depreciation	5,955	1,298	276	7,529
Postage and shipping	1,202	464	703	2,369
Staff training	711	169	2	882
Advertising and promotion	151	440	-	591
Miscellaneous	1,522	12,687	-	14,209
<b>Total expenses</b>	<b>\$ 2,176,156</b>	<b>\$ 473,825</b>	<b>\$ 100,980</b>	<b>\$ 2,750,961</b>

**INTERNATIONAL RIVERS NETWORK AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2018**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 935,970	\$ 19,366	\$ 129,178	\$ 1,084,514
Professional fees	783,273	199,784	4,996	988,053
Travel and meals	179,943	7,361	7,278	194,582
Grants to others	178,629	-	-	178,629
Occupancy	86,353	38,781	5,712	130,846
Employee benefits	85,468	2,333	11,921	99,722
Payroll taxes	53,941	1,112	8,514	63,567
Conferences, conventions, and meetings	58,471	66	14	58,551
Dues, licenses, and other fees	24,131	2,894	7,997	35,022
Supplies	19,475	797	15	20,287
Equipment rental and maintenance	11,969	6,187	428	18,584
Information technology	7,307	6,807	557	14,671
Depreciation	8,646	4,193	881	13,720
Telephone	12,143	795	234	13,172
Bad debts	-	-	8,513	8,513
Copying and printing	5,775	617	124	6,516
Insurance	-	5,738	-	5,738
Advertising and promotion	2,551	1,664	46	4,261
Postage and shipping	1,948	1,175	672	3,795
Staff training	222	-	-	222
Miscellaneous	7,225	9,703	-	16,928
Total expenses	\$ 2,463,440	\$ 309,373	\$ 187,080	\$ 2,959,893



**INTERNATIONAL RIVERS NETWORK AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2019 and 2018

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (745,169)	\$ 1,287,280
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,529	13,720
Bad debts	-	8,513
Gains from investments	-	(1,674)
(Increase) decrease in operating assets:		
Pledges, grants and other receivables	874,903	(832,820)
Prepaid expenses	(20,462)	26,080
Deposits	1,500	15,800
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	19,077	(58,269)
Accrued time-off liability	39,435	16,052
Deferred revenue	(10,000)	10,000
Grants payable	(75,000)	75,000
<b>Net cash provided by operating activities</b>	<b>91,813</b>	<b>559,682</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Reinvested interest of certificate of deposits	(7,405)	-
Purchase of investments	(149,290)	(231,799)
Proceeds from sale of investments	153,978	97,411
<b>Net cash used in investing activities</b>	<b>(2,717)</b>	<b>(134,388)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>89,096</b>	<b>425,294</b>
<b>CASH AND CASH EQUIVALENTS - beginning of the year</b>	<b>803,219</b>	<b>377,925</b>
<b>CASH AND CASH EQUIVALENTS - end of the year</b>	<b>\$ 892,315</b>	<b>\$ 803,219</b>

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**INTERNATIONAL RIVERS NETWORK AND SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019 and 2018**

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**1. DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Organization***

International Rivers Network (IRN) is a California nonprofit organization founded in 1986, headquartered in Oakland, California. Activities are primarily supported by private grants and contributions. IRN's mission is to protect the rights of rivers and communities that depend on them.

IRN works with river-dependent and dam-affected communities to ensure their voices are heard and their rights are respected. IRN helps to build well-resourced, active networks of civil society groups to create the change. IRN undertakes independent, investigative research, generating robust data and evidence to inform policies and campaigns. IRN exposes and resists destructive projects, while also engaging with all relevant stakeholders, including industry and policymakers, to develop a vision that protects rivers and the communities that depend upon them.

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 (HK) as a holding company of the Beijing entity. In 2016, IRN formed Yi Tai Ru Wo California, LLC (CA) to facilitate funding for the foreign operations. There were no significant activities with the FIR, CA, Beijing and HK entities during the years ended December 31, 2019 and 2018.

In July 2019, IRN approved for the wind down of its Beijing, HK and CA entities. In October 2019, IRN received approval from the Chinese government to close its Beijing entity. IRN is in the process of seeking approval in closing the operations of its HK entities. IRN will close the entity once the HK entities are closed.

Significant accounting policies are described below:

***Basis of Consolidation***

The financial statements include the accounts and activities of IRN, FIR and IRN's three subsidiaries, Yi Tai Rui Wo (Beijing) Environmental Consulting Company Limited, Yi Tai Rui Wo Environmental Consulting Company Limited, and Yi Tai Ru Wo California, LLC (collectively, the "Organization"). All significant inter-company accounts and transactions have been eliminated in the consolidated financial statements (collectively, the financial statements).

***Basis 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, in accordance with accounting principles generally accepted in the United States of America for Not-for-Profit Organizations ("U.S. GAAP").

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**INTERNATIONAL RIVERS NETWORK AND SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019 and 2018**

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**1. DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Basis of Preparation***

The Organization reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

***Net Assets Without Donor Restrictions***

Those net assets and activities which represent the portion of expendable funds that have no use or time restrictions. The Board of Directors can designate a portion of this class of net assets.

***Net Assets With Donor Restrictions***

Those net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by 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. Donor-imposed restrictions are released when specified restrictions are met.

***Cash and Cash Equivalents***

For purposes of the consolidated statement of cash flows, IRN considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

***Investments***

Investments mainly consist of certificate of deposits, which are recorded at cost plus interest which approximates fair value.

***Fair Value Measurements***

IRN considers the use of market-based information over entity specific information in valuing its marketable investments, using a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability at the measurement date.

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**INTERNATIONAL RIVERS NETWORK AND SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019 and 2018**

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**1. DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Fair Value Measurements*** (continued)

The three-level hierarchy for fair value measurements is defined as follows:

- *Level 1* inputs to the valuation methodology - quoted prices (unadjusted) for identical assets or liabilities in active markets.
- *Level 2* inputs to the valuation methodology - quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the investment.
- *Level 3* inputs to the valuation methodology - unobservable and significant to the fair value measurement.

An investment's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

***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. Pledges and grants receivable beyond one year are discounted to the present value of expected future cash flows using a risk-based discount rate. No additional allowance for uncollectible promises to give were provided at December 31, 2019 and 2018.

***Property and Equipment***

IRN records acquisitions of items with a cost of \$2,500 or more and significant leasehold improvements as property and equipment. Routine maintenance and repairs are charged to expense as incurred. Property and equipment are recorded at cost when purchased and fair value when received as donation. Depreciation is provided over the estimated useful lives of respective assets, primarily two to ten years, using the straight- line method of depreciation.

***Income Tax Status***

IRN and FIR are qualified as tax exempt organizations under Internal Revenue Code Section 501(c)(3) and by the California Revenue and Taxation Code under Section 23701(d). Accordingly, no provision has been made for income taxes in the accompanying financial statements.

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**INTERNATIONAL RIVERS NETWORK AND SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019 and 2018**

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**1. DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

***Income Tax Status*** (continued)

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 financial statements do not include any provision for income taxes as either these subsidiaries experienced net losses or their carried over losses were sufficient to reduce their taxable income to zero for the years ended December 31, 2019 and 2018. Upon distribution of earnings in the form of dividends or otherwise, the income would be subject to U.S. income taxes.

Yi Tai Ru Wo California, LLC is a pass through entity for income tax reporting purposes and, accordingly, does not pay tax on its taxable income. Instead, income or loss is reported on the tax return of IRN. The entity is subject to a minimum franchise tax for the State of California.

Each year, management considers whether any material tax positions have taken are more likely than not to be sustained upon examination by the applicable taxing authority. Management believes that any tax positions taken are supported by substantial authority, and, hence, do not need to be measured or disclosed in the accompanying financial statements.

***Revenue Recognition***

*Grants and Contributions*

Grants and contributions are recognized when the donors makes a promise to IRN that is, in substance, unconditional. The Organization 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Gifts of property and equipment are recorded as support without donor restrictions 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, the Organization reports expirations of donor restrictions when donated or acquired long-lived assets are placed in service.

Conditional grants are recognized when the conditions on which they depend are substantially met.

Conditional grants received in advance of meeting the associated conditions are recorded in deferred revenue until recognized.

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**INTERNATIONAL RIVERS NETWORK AND SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019 and 2018**

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**1. DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Revenue Recognition*** (continued)

*In-Kind Services* (continued)

The Organization 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. The Organization recognized in-kind legal professional services, shown as part of contributions revenue in the consolidated statements of activities, amounting to \$305,751 and \$576,370 during the years ended December 31, 2019 and 2018, respectively.

***Functional Allocation of Expenses***

The Organization's cost of providing various program and supporting activities have been reported on a functional basis on the consolidated statements of functional expenses based on program and supporting services benefitted. Shared expenses that benefit two or more activities of the Organization 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.

***Use of Estimates***

The preparation of the 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 these financial statements include the valuation of grants and pledges receivable and the functional allocation of expenses. Actual results could differ from those estimates.

***Foreign Operations***

IRN's foreign wholly owned for-profit subsidiaries are located in Beijing and Hong Kong. Additionally, in connection with its worldwide activities, IRN operates in various countries outside the United States including Brazil, South Africa, India and Thailand. Foreign operations are subject to risks inherent in operating under different legal systems and various political and economic environments. Among the risks are changes in existing tax laws, possible limitations on foreign investment and income repatriation, government price or foreign exchange controls, and restrictions on currency exchange. The Beijing entity was formally closed in October 2019 (refer to Note 1).

The financial statements of the foreign subsidiaries are prepared using U.S. dollars as the functional currency. As a result, the transactions of those operations that are denominated in foreign currencies are re-measured into U.S. dollars, and any resulting gains or losses are included in change in net assets.

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**INTERNATIONAL RIVERS NETWORK AND SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019 and 2018**

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**1. DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

***Recently Issued Accounting Standards***

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, Leases. This standard modifies the principles that lessees and lessors apply to report information in their financial statements about the amount, timing, and uncertainty of cash flows arising from leases. The standard requires lessees to recognize most leases on their statement of financial position. The new guidance is effective for nonpublic entities for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact of adopting the new lease standard on its financial statements.

**2. CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and pledges and grants receivables. Risks associated with cash and cash equivalents are mitigated by banking with creditworthy institutions. Such balances with any one institution in the United States may, at times, be in excess of federally insured amounts (currently \$250,000 per depositor). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

During the years ended December 31, 2019 and 2018, 59% and 66% of foundation and corporate grants were from four grantors, respectively. At December 31, 2019 and 2018, 82% and 70% of pledges and grants receivable were from two and four grantors, respectively.

**3. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT**

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). The ASU clarified and improved the scope and accounting guidance around contributions of cash and other assets received and made by all entities, including business entities. The ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional or unconditional.

Following the adoption of ASU 2018-08, under the modified prospective method effective January 1, 2019, the Organization recognized an additional \$10,000 of foundation and corporate grants revenue in its consolidated statement of activities for the year ended December 31, 2019. Likewise, pledges and grants receivable amounting to \$10,000 was recognized in the consolidated statement of financial position as of December 31, 2019.

**INTERNATIONAL RIVERS NETWORK AND SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019 and 2018**

**4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The amount changes throughout the year with ongoing grant renewals, as well as new grants and private contributions. The Organization regularly monitors liquidity required to meet its operating needs and meets on a weekly basis as a management team to review cash flow, which includes reviewing projected incoming cash and overlaying that with projected outgoing cash. To support responsible planning and management, the Organization has established triggers related to cash flow. The Organization considers projecting cash levels at or below 30 days of total projected expenses within the next 3 months to be a trigger that would require immediate expense cutting action by management. The Organization has a liquidity policy to maintain current financial assets in cash and cash equivalents. The Organization does not consider deferred revenue cash funds whose performance obligation has not fulfilled within one year of the Statement of Financial Position date as available to fund current operations nor does it consider net assets with donor restrictions whose purpose will not be fulfilled beyond one year from Statement of Financial Position date as available to fund current operations.

The Organization's financial assets available within one year of the Statement of Financial Position date for general expenditures were as follows:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 892,315	\$ 803,219
Investments	234,516	231,799
Pledges and grants receivable - current	359,449	1,054,873
Pledges and grants receivable - beyond one year	334,013	513,295
Other receivables	248	445
	<u>1,820,541</u>	<u>2,603,631</u>
Less: Investments with maturity horizons beyond one year	(234,516)	(231,799)
Less: Pledges and grants receivable - beyond one year	(334,013)	(513,295)
Less: Net assets with donor restrictions - purpose unfulfilled beyond one year	<u>-</u>	<u>(699,872)</u>
Financial assets available for general expenditures	<u>\$ 1,252,012</u>	<u>\$ 1,158,665</u>

**5. DEFICIT IN NET ASSETS WITHOUT DONOR RESTRICTIONS**

For the years ended December 31, 2019 and 2018, IRN had a change in net assets without donor restrictions of (\$31,345) and (\$100,978), respectively, resulting in an ending deficit in net assets without donor restrictions at December 31, 2019 and 2018 of \$359,361 and \$328,016.



**INTERNATIONAL RIVERS NETWORK AND SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019 and 2018**

**6. INVESTMENTS**

Investments consist of certificate of deposits which amounted to \$234,516 and \$231,799 as of December 31, 2019 and 2018, respectively with maturities through December 2022 and November 2022, respectively. As of December 31, 2019 and 2018, these investments are considered under Level 2 category. There are no investments in Level 1 and 3 categories as of December 31, 2019 and 2018.

**7. PLEDGES AND GRANTS RECEIVABLE**

Pledges and grants receivable at December 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 359,449	\$ 1,054,873
Receivable in one to five years	<u>358,000</u>	<u>550,000</u>
	717,449	1,604,873
Less: discount to present value	<u>(23,987)</u>	<u>(36,705)</u>
	<u>\$ 693,462</u>	<u>\$ 1,568,168</u>

Long-term receivables have been discounted using interest rates ranging from 6.3% to 6.8%.

**8. PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 77,146	\$ 77,146
Leasehold improvements	23,443	23,443
Library	<u>5,000</u>	<u>5,000</u>
Total property and equipment	105,589	105,589
Less: accumulated depreciation	<u>(103,054)</u>	<u>(95,525)</u>
Property and equipment, net	<u>\$ 2,535</u>	<u>\$ 10,064</u>

For the years ended December 31, 2019 and 2018, depreciation expense amounted to \$7,529 and \$13,720, respectively.

**INTERNATIONAL RIVERS NETWORK AND SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019 and 2018**

**9. NET ASSETS WITH DONOR RESTRICTIONS**

At December 31, 2019 and 2018 net assets with donor restrictions are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Latin America programs	\$ 495,718	\$ 857,670
South Asia programs	79,674	152,623
Southeast Asia programs	214,850	291,814
Africa programs	319,955	102,893
Grants to others	14,970	12,000
Communications	30,000	-
	<u>1,155,167</u>	<u>1,417,000</u>
Subject to passage of time:		
Time-restricted	<u>687,000</u>	<u>1,214,888</u>
Subject to expenditure for specified purpose and passage of time:		
Latin America programs	25,000	88,050
South Asia programs	75,168	-
Southeast Asia programs	38,281	-
Africa programs	10,000	-
Grants to others	15,498	-
	<u>163,947</u>	<u>88,050</u>
	<u>\$ 2,006,114</u>	<u>\$ 2,719,938</u>

**INTERNATIONAL RIVERS NETWORK AND SUBSIDIARIES**  
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**9. NET ASSETS WITH DONOR RESTRICTIONS** (continued)

Releases of net assets with donor restrictions during the year ended December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Latin America programs	\$ 571,804	\$ 532,046
South Asia programs	330,776	207,318
Southeast Asia programs	231,964	349,759
China programs	-	298,897
Africa programs	417,077	463,720
North America programs	-	13,050
Grants to others	20,030	-
Policy	-	1,743
Time-restricted	<u>674,107</u>	<u>258,402</u>
	<u>\$ 2,245,758</u>	<u>\$ 2,124,935</u>

**10. OPERATING LEASES**

The Organization leases its offices under non-cancellable operating lease arrangements ranging in monthly payments from \$532 to \$1,800 expiring at various times through January 2022. In March 2018, the Organization terminated its Oakland office lease of \$10,700 per month and entered into a new lease agreement at \$2,800 per month through October 2019. The lease agreement was renewed for another 12 months at \$1,800 per month through September 2020. The Organization is in the process of renewing the lease agreement.

Future minimum payments under these arrangements are as follows:

<u>Year ending December 31,</u>	
2020	\$ 30,018
2021	6,835
2022	<u>6,835</u>
	<u>\$ 43,688</u>

Rent expense for the years ended December 31, 2019 and 2018 was \$55,898 and \$84,136, respectively.

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**INTERNATIONAL RIVERS NETWORK AND SUBSIDIARIES**  
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**11. SUBSEQUENT EVENTS**

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak as a pandemic. In addition, as of March 2020, the California State Governor ordered the closure of the physical location of every business, except those identified in the “critical infrastructure sectors,” for a limited period of time. The outbreak has led to severe disruptions and uncertainty to economic conditions and credit and capital markets and funding sources. The duration and economic impact of the outbreak is uncertain but it is possible operations may be negatively impacted. The Organization will continue to monitor the situation closely, but given the uncertainty about the situation management cannot estimate the impact to the financial statements.

On May 4, 2020, the Organization was approved for the Paycheck Protection Program loan under the Coronavirus Aid, Relief, and Economic Security Acts (CARES Act) in the amount of \$96,722 at 1% interest rate per annum due on May 4, 2022, two years from the original loan date (which has been extended to five years with subsequent passing of the Paycheck Protection Program Flexibility Act of 2020). The Organization’s first payment is due on December 4, 2020 and all subsequent payments are due each month after. Interest will accrue during the deferment period. The Organization may apply for loan forgiveness up to the full loan amounts for certain qualifying costs incurred during the deferment period.

IRN has evaluated subsequent events through November 17, 2020, the date on which the financial statements were available to be issued.