

American Rivers, Inc.

Financial and Compliance Report
June 30, 2022

Contents

Independent auditor's report	1-2
Financial statements	
Statements of financial position	3
Statements of activities	4
Statements of functional expenses	5-6
Statements of cash flows	7
Notes to financial statements	8-18
Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	19-20
Independent auditor's report on compliance for the major federal program; and report on internal control over compliance required by the Uniform Guidance	21-23
Schedule of expenditures of federal awards	24
Notes to schedule of expenditures of federal awards	25
Schedule of findings and questioned costs	26-27
Summary schedule of prior audit findings	28



RSM US LLP

Independent Auditor's Report

Board of Directors
American Rivers, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of American Rivers, Inc. (American Rivers), which comprise the statements of financial position as of June 30, 2022 and 2021, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of American Rivers as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 American Rivers and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 American Rivers' ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS and *Government 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 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 GAAS and *Government 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 American Rivers' 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 American Rivers' 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.

Supplementary Information

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 financial statements. The information has been subjected to the auditing procedures applied in the audits 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2023, 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 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.
February 2, 2023

American Rivers, Inc.

**Statements of Financial Position
June 30, 2022 and 2021**

	2022	2021
Assets		
Cash and cash equivalents	\$ 9,501,243	\$ 10,779,558
Accounts receivable, net:		
Billed	797,417	1,851,851
Unbilled	1,553,856	1,455,488
Grants and promises to give, net	2,634,689	2,138,809
Prepaid expenses and other current assets	321,928	208,904
Property and equipment, net	57,876	66,062
Investments	3,687,143	3,724,137
	<u>3,687,143</u>	<u>3,724,137</u>
Total assets	\$ 18,554,152	\$ 20,224,809
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,033,175	\$ 3,202,804
Accrued salaries and related benefits	695,292	664,579
Deferred revenue and refundable advances	721,197	2,033,258
Charitable gift annuities	183,323	155,800
Deferred rent	356,993	408,355
Deposits payable	63	3,563
Total liabilities	2,990,043	6,468,359
Commitments and contingencies (Note 9)		
Net assets:		
Without donor restrictions:		
Undesignated	3,299,917	2,032,220
Board-designated – reserve fund	867,506	905,559
Total net assets without donor restrictions	4,167,423	2,937,779
With donor restrictions	11,396,686	10,818,671
Total net assets	15,564,109	13,756,450
Total liabilities and net assets	\$ 18,554,152	\$ 20,224,809

See notes to the financial statements.

American Rivers, Inc.

**Statements of Activities
Years Ended June 30, 2022 and 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:						
State and local grants	\$ 1,656,390	\$ -	\$ 1,656,390	\$ 3,947,087	\$ -	\$ 3,947,087
Foundation grants	698,201	4,937,663	5,635,864	532,045	5,134,914	5,666,959
Contributions	4,485,533	2,372,956	6,858,489	4,051,909	1,249,486	5,301,395
Federal grants	1,305,166	-	1,305,166	1,269,778	-	1,269,778
Membership	1,453,016	-	1,453,016	1,401,788	-	1,401,788
Program service contracts	941,937	-	941,937	868,113	-	868,113
Corporate donations	344,753	92,343	437,096	268,574	129,000	397,574
Other	125,377	151,250	276,627	166,997	157,875	324,872
Investment (loss) income, net	(85,524)	(348,795)	(434,319)	50,329	601,289	651,618
Net assets released from restrictions	6,627,402	(6,627,402)	-	8,459,086	(8,459,086)	-
Total revenue, gains and other support	17,552,251	578,015	18,130,266	21,015,706	(1,186,522)	19,829,184
Expenses:						
Program services:						
Hydropower Reform	4,435,137	-	4,435,137	6,799,400	-	6,799,400
River Restoration	3,443,891	-	3,443,891	4,837,024	-	4,837,024
Clean Water Supply	1,876,657	-	1,876,657	1,429,707	-	1,429,707
River Protection	1,402,532	-	1,402,532	1,396,177	-	1,396,177
Total program expenses	11,158,217	-	11,158,217	14,462,308	-	14,462,308
Supporting services:						
Fundraising	2,883,291	-	2,883,291	2,794,533	-	2,794,533
Management and general	2,257,155	-	2,257,155	2,066,000	-	2,066,000
Total supporting expenses	5,140,446	-	5,140,446	4,860,533	-	4,860,533
Total expenses	16,298,663	-	16,298,663	19,322,841	-	19,322,841
Change in net assets before other items	1,253,588	578,015	1,831,603	1,692,865	(1,186,522)	506,343
Other item:						
Change in value of charitable gift annuities	(23,944)	-	(23,944)	(10,286)	-	(10,286)
Change in net assets	1,229,644	578,015	1,807,659	1,682,579	(1,186,522)	496,057
Net assets:						
Beginning	2,937,779	10,818,671	13,756,450	1,255,200	12,005,193	13,260,393
Ending	\$ 4,167,423	\$ 11,396,686	\$ 15,564,109	\$ 2,937,779	\$ 10,818,671	\$ 13,756,450

See notes to the financial statements.

American Rivers, Inc.

**Statement of Functional Expenses
Year Ended June 30, 2022**

	Program Services					Supporting Services			
	Hydropower Reform	River Restoration	Clean Water Supply	River Protection	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total
Professional services	\$ 1,597,874	\$ 1,618,152	\$ 478,589	\$ 247,788	\$ 3,942,403	\$ 403,418	\$ 141,237	\$ 544,655	\$ 4,487,058
Salaries	1,317,794	1,027,279	727,888	571,177	3,644,138	1,088,987	1,042,561	2,131,548	5,775,686
Other employee benefits	447,353	348,795	248,433	195,075	1,239,656	371,388	356,764	728,152	1,967,808
Grants	549,158	89,795	201,188	148,810	988,951	-	-	-	988,951
Rent and occupancy	101,732	113,055	70,293	43,617	328,697	135,916	265,783	401,699	730,396
Payroll taxes	118,088	92,073	65,579	51,494	327,234	98,035	94,175	192,210	519,444
Postage and mailing	2,713	2,095	1,085	922	6,815	290,232	5,884	296,116	302,931
Printing and publications	29,511	18,077	10,516	14,938	73,042	285,108	4,222	289,330	362,372
Supplies	21,532	30,258	9,816	11,610	73,216	59,837	154,175	214,012	287,228
Retirement plan	40,172	31,322	22,309	17,518	111,321	33,351	32,038	65,389	176,710
Legal services	53,635	-	-	8,160	61,795	-	3,429	3,429	65,224
Other	1,269	3,641	234	1,368	6,512	2,562	38,650	41,212	47,724
Travel	83,308	42,884	22,279	52,624	201,095	55,782	13,684	69,466	270,561
Telecommunications	8,640	11,677	5,352	5,592	31,261	11,469	29,801	41,270	72,531
Conferences and meetings	53,095	9,953	9,910	30,373	103,331	21,962	15,490	37,452	140,783
Accounting fees	-	-	-	-	-	-	46,700	46,700	46,700
Equipment rental and maintenance	3,475	2,902	1,928	880	9,185	4,014	8,644	12,658	21,843
Depreciation and amortization	5,788	1,933	1,258	586	9,565	2,675	3,918	6,593	16,158
Professional fundraising fees	-	-	-	-	-	18,555	-	18,555	18,555
	<u>\$ 4,435,137</u>	<u>\$ 3,443,891</u>	<u>\$ 1,876,657</u>	<u>\$ 1,402,532</u>	<u>\$ 11,158,217</u>	<u>\$ 2,883,291</u>	<u>\$ 2,257,155</u>	<u>\$ 5,140,446</u>	<u>\$ 16,298,663</u>

See notes to the financial statements.

American Rivers, Inc.

**Statement of Functional Expenses
Year Ended June 30, 2021**

	Program Services				Total Program Services	Supporting Services			Total
	River Restoration	Hydropower Reform	Clean Water Supply	River Protection		Fundraising	Management and General	Total Supporting Services	
Professional services	\$ 4,066,667	\$ 2,611,078	\$ 161,699	\$ 297,011	\$ 7,136,455	\$ 417,386	\$ 198,209	\$ 615,595	\$ 7,752,050
Salaries	1,157,418	879,446	656,624	583,048	3,276,536	1,083,113	999,477	2,082,590	5,359,126
Other employee benefits	415,603	316,069	238,424	211,127	1,181,223	371,682	347,746	719,428	1,900,651
Grants	746,342	725,050	196,415	130,807	1,798,614	-	-	-	1,798,614
Rent and occupancy	99,019	104,673	64,189	39,883	307,764	156,609	277,973	434,582	742,346
Payroll taxes	90,195	68,594	51,743	45,819	256,351	80,663	75,468	156,131	412,482
Postage and mailing	5,442	3,335	1,671	1,234	11,682	285,253	3,962	289,215	300,897
Printing and publications	35,467	22,507	5,779	15,862	79,615	212,689	6,872	219,561	299,176
Supplies	13,601	20,747	11,084	4,678	50,110	102,965	13,368	116,333	166,443
Retirement plan	35,318	26,860	20,261	17,942	100,381	31,585	29,551	61,136	161,517
Legal services	60,592	-	-	17,377	77,969	-	975	975	78,944
Other	14,742	10,308	3,547	3,364	31,961	1,444	33,165	34,609	66,570
Travel	21,972	27,756	-	11,502	61,230	9,748	306	10,054	71,284
Telecommunications	10,652	12,334	4,774	4,706	32,466	15,329	17,774	33,103	65,569
Conferences and meetings	17,035	3,175	10,267	10,288	40,765	9,128	174	9,302	50,067
Accounting fees	-	-	-	-	-	-	38,231	38,231	38,231
Equipment rental and maintenance	3,591	3,371	2,139	1,012	10,113	6,222	14,059	20,281	30,394
Depreciation and amortization	5,744	1,721	1,091	517	9,073	2,972	4,114	7,086	16,159
Professional fundraising fees	-	-	-	-	-	7,745	-	7,745	7,745
Donated services and materials	-	-	-	-	-	-	4,576	4,576	4,576
	<u>\$ 6,799,400</u>	<u>\$ 4,837,024</u>	<u>\$ 1,429,707</u>	<u>\$ 1,396,177</u>	<u>\$ 14,462,308</u>	<u>\$ 2,794,533</u>	<u>\$ 2,066,000</u>	<u>\$ 4,860,533</u>	<u>\$ 19,322,841</u>

See notes to the financial statements.

American Rivers, Inc.

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 1,807,659	\$ 496,057
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	16,158	16,159
Realized and unrealized loss (gain) on investments	489,368	(608,754)
Change in value of charitable gift annuities	23,944	10,286
Deferred rent	(51,362)	(35,387)
Proceeds from contributions restricted for long-term purposes	(486,598)	(5,000)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable – billed	1,054,434	(1,267,069)
Accounts receivable – unbilled	(98,368)	(318,592)
Grants and promises to give	(495,880)	1,043,125
Prepaid expenses and other current assets	(113,024)	47,949
Increase (decrease) in:		
Accounts payable and accrued expenses	(2,169,629)	2,132,515
Accrued salaries and related benefits	30,713	29,273
Deferred revenue and refundable advances	(1,312,061)	118,933
Charitable gift annuities	3,579	(19,225)
Deposits payable	(3,500)	-
Net cash (used in) provided by operating activities	(1,304,567)	1,640,270
Cash flows from investing activities:		
Proceeds from sales of investments	1,798,517	267,522
Purchases of investments	(2,250,891)	(192,938)
Purchases of property and equipment	(7,972)	-
Net cash (used in) provided by investing activities	(460,346)	74,584
Cash flows from financing activities:		
Proceeds from contributions restricted for long-term purposes	486,598	5,000
Net cash provided by financing activities	486,598	74,584
Net (decrease) increase in cash and cash equivalents	(1,278,315)	1,719,854
Cash and cash equivalents:		
Beginning	10,779,558	9,059,704
Ending	\$ 9,501,243	\$ 10,779,558

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. American Rivers believes a future of clean water and healthy rivers for everyone, everywhere is essential. Since 1973, American Rivers has protected wild rivers, restored damaged rivers and conserved 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 2022, American Rivers worked in 26 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 195 miles of rivers from damming and development, American Rivers removed 7 dams, restored more than 291 miles of river through dam removal, and galvanized volunteers to remove more than 835,000 pounds of trash from their hometown rivers.

A summary of American Rivers' significant accounting policies follows:

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.

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.

Notes to Financial Statements

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

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, 2022 and 2021, 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. Contract receivables totaled \$239,196 and \$265,253 for the years ended June 30, 2022 and 2021, respectively.

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 receivables and promises to give are valued at management's estimate of the amount that will ultimately be collected. The allowance for doubtful grants receivable and promises to give is based on specific identification of uncollectible accounts and American Rivers' historical collection experience. At June 30, 2022 and 2021, management elected not to record an allowance for doubtful grants and pledges receivable as all outstanding amounts were deemed to be collectible.

Contract balances: The timing of revenue recognition may not align with the right to invoice the customer. American Rivers records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred revenue) also is recorded. If revenue is recognized in advance of the right to invoice, a contract asset (unbilled receivable) is recorded. Opening balances as of July 1, 2020, for accounts receivable is \$114,537 and deferred revenue is \$4,439.

Property and equipment: American Rivers capitalizes all property and equipment with a cost of \$5,000 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.

Deferred revenue and refundable advances: Refundable advances represent funds received from governments and fees for service contracts in advance of incurring qualifying expenditures. Deferred revenue balances for the years ended June 30, 2022 and 2021 totaled \$21,332 and \$10,868, respectively. For the year ended June 30, 2021, refundable advances also included the Paycheck Protection Program (PPP) loan liability for which forgiveness was assumed.

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: 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.

Notes to Financial Statements

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

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. Conditional awards are recognized to net assets without donor restrictions if time and purpose restrictions had already been satisfied at the time conditions are substantially met. 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.

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 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.

American Rivers, Inc.

Notes to Financial Statements

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

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, 2022 and 2021, respectively.

Upcoming accounting pronouncement: In February 2016, the FASB issued Accounting Standards Update (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' 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: American Rivers has evaluated subsequent events through February 2, 2023, the date on which the financial statements were available to be issued.

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.

American Rivers, Inc.**Notes to Financial Statements**

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, 2022:

	Level 1	Level 2	Level 3	Total
Investments, at fair value				
Mutual funds:				
Fixed income	\$ 201,348	\$ -	\$ -	\$ 201,348
Domestic equities	57,279	-	-	57,279
Exchange traded funds:				
Fixed income	531,738	-	-	531,738
Large cap equities	1,250,006	-	-	1,250,006
Small cap equities	16,840	-	-	16,840
International equities	358,442	-	-	358,442
Emerging markets	189,840	-	-	189,840
Real estate	228,460	-	-	228,460
	<u>\$ 2,833,953</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,833,953</u>
Investments, at cost				
money market funds				853,190
				<u>\$ 3,687,143</u>

The estimated fair value of investments measured on a recurring basis are as follows at June 30, 2021:

	Level 1	Level 2	Level 3	Total
Investments, at fair value				
Mutual funds:				
Fixed income	\$ 202,876	\$ -	\$ -	\$ 202,876
Domestic equities	65,530	-	-	65,530
Exchange traded funds:				
Fixed income	406,960	-	-	406,960
Large cap equities	1,406,310	-	-	1,406,310
Small cap equities	11,411	-	-	11,411
International equities	330,586	-	-	330,586
Emerging markets	173,032	-	-	173,032
Real estate	79,408	-	-	79,408
	<u>\$ 2,676,113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,676,113</u>
Investments, at cost				
money market funds				1,048,024
				<u>\$ 3,724,137</u>

American Rivers, Inc.

Notes to Financial Statements

Note 3. Grants and Promises to Give

Grants and promises to give consisted of the following at June 30, 2022 and 2021:

	2022	2021
Receivable in less than one year	\$ 1,703,887	\$ 1,743,014
Receivable in one to five years	960,000	400,000
	<u>2,663,887</u>	<u>2,143,014</u>
Less discount to net present value	(29,198)	(4,205)
	<u>\$ 2,634,689</u>	<u>\$ 2,138,809</u>

Note 4. Property and Equipment

Property and equipment consisted of the following at June 30, 2022 and 2021:

	2022	2021
Furniture and equipment	\$ 345,115	\$ 389,289
Leasehold improvements	40,869	40,869
	<u>385,984</u>	<u>430,158</u>
Less accumulated depreciation and amortization	(328,108)	(364,096)
	<u>\$ 57,876</u>	<u>\$ 66,062</u>

Depreciation and amortization expense for the years ended June 30, 2022 and 2021 was \$16,158 and \$16,159, 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 \$327,842 and \$349,311 at June 30, 2022 and 2021, 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, 2022 and 2021 was \$183,323 and \$155,800, 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.

American Rivers, Inc.

Notes to Financial Statements

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, 2022 and 2021:

	2022	2021
River restoration	\$ 2,080,322	\$ 1,700,826
Hydropower Reform	2,799,930	2,876,809
Endowment fund	2,704,164	2,681,635
Other/time restricted	1,631,766	1,839,020
River protection	1,321,969	897,677
Clean water supply	691,663	636,875
National river cleanup	166,872	185,829
	<u>\$ 11,396,686</u>	<u>\$ 10,818,671</u>

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, 2022 and 2021, respectively:

	2022	2021
Hydropower Reform	\$ 2,200,540	\$ 2,504,784
Clean water supply	1,301,952	1,139,446
River protection	1,278,568	1,345,111
River restoration	1,004,746	2,564,757
Other/time restricted	547,365	755,070
National river cleanup	178,957	47,009
Endowment fund appropriations	115,274	102,909
	<u>\$ 6,627,402</u>	<u>\$ 8,459,086</u>

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.

American Rivers, Inc.

Notes to Financial Statements

Note 7. Endowment Fund (Continued)

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 \$2,704,164 and \$2,681,635 as of June 30, 2022 and 2021, respectively. American Rivers also has a board-designated operating reserve, which is considered a quasi-endowment and which had a net asset balance of \$867,506 and \$905,559 as of June 30, 2022 and 2021, respectively.

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.

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, 2022 and 2021, respectively.

American Rivers, Inc.

Notes to Financial Statements

Note 7. Endowment Fund (Continued)

The changes in endowment funds were as follows for the years ended June 30, 2022 and 2021:

	With Donor Restrictions			
	Without Donor Restrictions	Accumulated Earnings	Perpetual in Nature	Total
Balance at June 30, 2021	\$ 905,559	\$ 846,680	\$ 1,834,955	\$ 3,587,194
Contributions	-	-	486,598	486,598
Investment return, net of fees	(38,053)	(348,795)	-	(386,848)
	867,506	497,885	2,321,553	3,686,944
Appropriations	-	(115,274)	-	(115,274)
Balance at June 30, 2022	\$ 867,506	\$ 382,611	\$ 2,321,553	\$ 3,571,670

	With Donor Restrictions			
	Without Donor Restrictions	Accumulated Earnings	Perpetual in Nature	Total
Balance at June 30, 2020	\$ 905,906	\$ 348,300	\$ 1,829,955	\$ 3,084,161
Contributions	-	-	5,000	5,000
Investment return, net of fees	(347)	601,289	-	600,942
	905,559	949,589	1,834,955	3,690,103
Appropriations	-	(102,909)	-	(102,909)
Balance at June 30, 2021	\$ 905,559	\$ 846,680	\$ 1,834,955	\$ 3,587,194

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 \$176,710 and \$161,517 for the years ended June 30, 2022 and 2021, 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 \$661,412 and \$675,951 for the years ended June 30, 2022 and 2021, respectively.

American Rivers, Inc.

Notes to Financial Statements

Note 9. Commitments and Contingencies (Continued)

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

Years ending June 30:	
2023	\$ 591,300
2024	530,100
2025	542,000
2026	554,200
2027	186,800
	<u>\$ 2,404,400</u>

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, 2022 and 2021, respectively.

Paycheck Protection Program Loan: During January 2021, American Rivers obtained a PPP loan from the Small Business Administration (SBA) totaling \$1,382,697. This loan had been recorded as a refundable advance on its 2021 financial statements in accordance with ASC 958-605. During January 2022, the PPP loan totaling \$1,382,697 was officially forgiven by the SBA and as such, American Rivers recognized contribution revenue equal to the amount of the loan forgiveness in the statement of activities as no other conditions were present at the time the contribution revenue was recognized.

American Rivers, Inc.

Notes to Financial Statements

Note 10. Liquidity and Availability

The following represents American Rivers' financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general use within one year due to contractual or donor-imposed restrictions:

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 9,501,243	\$ 10,779,558
Investments	3,687,143	3,724,137
Accounts receivable	2,351,273	3,307,339
Grants and promises to give, net	2,634,689	2,138,809
Subtotal financial assets	<u>18,174,348</u>	<u>19,949,843</u>
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 \$25,000, respectively	(11,371,686)	(10,793,671)
Split-interest agreements	(183,323)	(155,800)
Board-designated – reserve fund	(867,506)	(905,559)
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 5,751,833</u>	<u>\$ 8,094,813</u>

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 7.

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 \$10,086,379 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, 2022:

	Grant Amounts Awarded	Cumulative Amounts Recognized	Conditional Amounts to be Recognized
United States Department of Agriculture	\$ 1,685,807	\$ 741,963	\$ 943,844
United States Department of Commerce	3,891,956	3,201,828	690,128
United States Department of the Interior	3,082,438	1,464,224	1,618,214
Environmental Protection Agency	1,426,578	826,317	600,261
	<u>\$ 10,086,779</u>	<u>\$ 6,234,332</u>	<u>\$ 3,852,447</u>

**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 (*Government Auditing Standards*), the financial statements of American Rivers, Inc. (American Rivers), which comprise the statement of financial position as of June 30, 2022, 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 February 2, 2023.

Report on 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 the 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 American Rivers' 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.

Report on 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 report is not suitable for any other purpose.

RSM US LLP

Washington, D.C.
February 2, 2023



RSM US LLP

**Report on Compliance for the Major Federal Program; and
Report on Internal Control Over Compliance Required by the Uniform Guidance**

Independent Auditor's Report

Board of Directors
American Rivers, Inc.

Report on Compliance for the Major Federal Program

Opinion on the Federal Program

We have audited the compliance of American Rivers, Inc. (American Rivers) with the types of compliance requirements identified as subject to audit 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, 2022. American Rivers' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, American Rivers complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of American Rivers and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of American Rivers' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to American Rivers' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on American Rivers' compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about American Rivers' compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 American Rivers' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of American Rivers' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 American Rivers' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of 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.

RSM US LLP

Washington, D.C.
February 2, 2023

American Rivers, Inc.

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022**

Federal Grantor/ <i>Pass Through Grantor/</i> Program Title	Assistant Listing Number	Pass-Through Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
U.S. Department of Agriculture				
Cooperative Forestry Assistance	10.664	N/A	\$ 33,080	\$ -
Partnership Agreements	10.699	N/A	14,125	-
Pass-through:				
<i>National Fish and Wildlife Foundation:</i>				
Conservation Stewardship Program	10.924	NR183A750022C004	37,806	-
<i>U.S. Forest Service:</i>				
Aquatic Organism Passage Barrier Removal and Meadow Restoration in the Pine Creek Watershed (CA)	N/A	19-PA-11052000-044/0809.20.069389	30,879	-
Total U.S. Department of Agriculture			115,890	-
U.S. Department of Commerce				
<i>National Oceanic and Atmospheric Administration:</i>				
Habitat Conservation	11.463	N/A	326,953	-
Total U.S. U.S. Department of Commerce			326,953	-
U.S. Department of the Interior				
Fish and Wildlife Management Assistance	15.608	N/A	192,611	-
Coastal	15.630	N/A	11,583	-
Hurricane Sandy Disaster Relief Activities-FWS	15.677	N/A	58,245	-
Pass-through:				
<i>National Fish and Wildlife Foundation:</i>				
Adaptive Science	15.670	N/A	112,419	51,722
Providing Water to At-Risk Natural Desert Terminal Lakes	15.508	R10AP20007, 0809.19.064487	122,065	-
Total U.S. Department of the Interior			496,923	51,722
U.S. Environmental Protection Agency				
Geographic Programs - San Francisco Bay				
Water Quality Improvement Fund	66.126	N/A	365,400	-
Total U.S. Environmental Protection Agency			365,400	-
Total expenditures of federal awards			\$ 1,305,166	\$ 51,722

See notes to schedule of expenditures of federal awards.

American Rivers, Inc.

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, 2022. 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, 2022, was 19.00%.

American Rivers, Inc.

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**

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:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified?

 Yes X None Reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Internal control over major federal program:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified that are not material weakness(es)?

 Yes X None Reported

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:

Assistance Listing Number

11.463

Name of Federal Program

Habitat Conservation

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, 2022

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

American Rivers, Inc.

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022**

There are no findings from the prior audit to be reported on this schedule.