



San Joaquin River
Parkway and
Conservation Trust, Inc.

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC.
(A NON-PROFIT ORGANIZATION)

**FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
San Joaquin River Parkway and Conservation Trust, Inc.
Fresno, California

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of San Joaquin River Parkway and Conservation Trust, Inc. (the "Trust"), a nonprofit organization, which comprise the consolidated statement of financial position as of December 31, 2021 and 2020, 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.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of San Joaquin River Parkway and Conservation Trust, Inc. as of December 31, 2021 and 2020, 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 Qualified Opinion

As disclosed in Note 7 to the consolidated financial statements, the Trust acquired Sand and Gravel Rights (the "Rights") during 2003 in the amount of \$2,990,222. Generally accepted accounting principles require that such Rights be stated at the lower of its cost or impaired (fair) value. The Trust believes that the Rights are not impaired and that its carrying value is equal to, or less than, its actual current fair value. An asset impairment exists when the expected future cash flows from an asset are estimated to be less than the carrying value of that asset. However, since its acquisition, the Trust has not obtained a detailed geological assessment or current appraisal of its actual fair value. In conducting our audit, we were unable to obtain evidence that corroborated management's conclusion that the Rights are stated at the lesser of their cost or fair value.

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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.

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In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 consolidated 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 consolidated 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 the Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated 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 consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 April 26, 2022, on our consideration of the Trust's 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 the Trust's 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 the Trust's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Price Paige & Company". The signature is written in a cursive, flowing style.

Clovis, California
April 26, 2022

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CONSOLIDATED FINANCIAL STATEMENTS

SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC.
(A NON-PROFIT ORGANIZATION)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
<u>ASSETS</u>		
Current assets:		
Cash in bank	\$ 592,646	\$ 587,909
Investments	4,390,229	3,679,079
Unconditional promises to give, due within one year, net	-	4,839
Grants receivables	197,655	382,928
Inventory	5,471	3,878
Prepaid expenses	15,831	14,346
Total current assets	5,201,832	4,672,979
Other assets:		
Property and equipment, net	9,082,810	9,130,661
Other assets	26,700	25,166
Sand and gravel rights	2,990,222	2,990,222
Total other assets	12,099,732	12,146,049
Total assets	\$ 17,301,564	\$ 16,819,028
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 139,978	\$ 281,489
Accrued expenses	13,852	22,937
Deferred revenue	51,974	57,917
Mortgage payable, due within one year	33,250	31,567
Total current liabilities	239,054	393,910
Payroll protection program loan	200,752	217,400
Small business administration loan	-	10,000
Mortgage payable	266,898	300,147
Other notes payable	4,000	-
Total liabilities	710,704	921,457
Net assets:		
Without donor restrictions	13,534,828	13,095,615
With donor restrictions	3,056,032	2,801,956
Total net assets	16,590,860	15,897,571
Total liabilities and net assets	\$ 17,301,564	\$ 16,819,028

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC.
(A NON-PROFIT ORGANIZATION)

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	<u>Total</u>
Revenues and support:			
Grant income	\$ 1,084,723	\$ -	\$ 1,084,723
Special events, net of expenses of \$16,834	33,524	-	33,524
Contributions and donations	412,272	194,705	606,977
Governmental grant contribution	217,400	-	217,400
Program services	242,803	-	242,803
Educational scholarships	38,576	-	38,576
Investment income, net	574,979	131,914	706,893
Merchandise sales, net	6,515	-	6,515
Fruit sales	119,160	-	119,160
Park operations	125,905	-	125,905
Rent revenue	37,974	-	37,974
Gain (loss) on sale of assets	500	-	500
Other	<u>89,584</u>	<u>-</u>	<u>89,584</u>
Total revenues and support before net assets released from restrictions	2,983,915	326,619	3,310,534
Net assets released from restrictions	<u>72,543</u>	<u>(72,543)</u>	<u>-</u>
Total revenues and support after reclassification of net assets released from restrictions	<u>3,056,458</u>	<u>254,076</u>	<u>3,310,534</u>
Costs and expenses:			
Program services	2,177,447	-	2,177,447
General and administrative	224,635	-	224,635
Fundraising	<u>215,163</u>	<u>-</u>	<u>215,163</u>
Total costs and expenses	<u>2,617,245</u>	<u>-</u>	<u>2,617,245</u>
Change in net assets	439,213	254,076	693,289
Net assets, beginning of year	<u>13,095,615</u>	<u>2,801,956</u>	<u>15,897,571</u>
Net assets, end of year	<u>\$ 13,534,828</u>	<u>\$ 3,056,032</u>	<u>\$ 16,590,860</u>

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC.
(A NON-PROFIT ORGANIZATION)

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Net Assets</u> <u>Without Donor</u> <u>Restrictions</u>	<u>Net Assets</u> <u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Revenues and support:			
Grant income	\$ 657,141	\$ 3,600,000	\$ 4,257,141
Special events, net of expenses of \$19,202	6,889	-	6,889
Contributions and donations	520,698	122,986	643,684
Program services	135,688	-	135,688
Educational scholarships	25,375	-	25,375
Investment income (loss), net	448,714	52,305	501,019
Merchandise sales, net	1,084	-	1,084
Park operations	99,432	-	99,432
Gain (Loss) on sale of assets	-	-	-
Other	<u>37,305</u>	<u>-</u>	<u>37,305</u>
Total revenues and support before net assets released from restrictions	1,932,326	3,775,291	5,707,617
Net assets released from restrictions	<u>3,843,437</u>	<u>(3,843,437)</u>	<u>-</u>
Total revenues and support after reclassification of net assets released from restrictions	<u>5,775,763</u>	<u>(68,146)</u>	<u>5,707,617</u>
Costs and expenses:			
Program services	1,354,015	-	1,354,015
General and administrative	194,889	-	194,889
Fundraising	<u>215,218</u>	<u>-</u>	<u>215,218</u>
Total costs and expenses	<u>1,764,122</u>	<u>-</u>	<u>1,764,122</u>
Change in net assets	4,011,641	(68,146)	3,943,495
Net assets, beginning of year	<u>9,083,974</u>	<u>2,870,102</u>	<u>11,954,076</u>
Net assets, end of year	<u>\$ 13,095,615</u>	<u>\$ 2,801,956</u>	<u>\$ 15,897,571</u>

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC.
(A NON-PROFIT ORGANIZATION)

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services		Supporting Services		Total
	Land Management	Ag Land Conservation	General and Administrative	Fundraising	
Personnel costs:					
Salaries and wages	\$ 543,446	\$ 46,711	\$ 122,812	\$ 136,169	\$ 849,138
Payroll taxes	51,010	3,496	10,018	12,040	76,564
Employee benefits	109,149	13,172	20,393	27,405	170,119
Total personnel costs	<u>703,605</u>	<u>63,379</u>	<u>153,223</u>	<u>175,614</u>	<u>1,095,821</u>
Other costs and expenses:					
Accounting and legal	2,597	5,576	16,075	-	24,248
Advertising	1,272	-	961	-	2,233
Bank and credit card fees	16,037	295	1,231	5,208	22,771
Contract labor	275,245	-	-	-	275,245
Dues and subscriptions	13,656	156	641	-	14,453
Equipment rental	38,372	20,657	9,077	-	68,106
Insurance	32,512	9,044	16,417	976	58,949
Interest	16,541	-	-	-	16,541
Outside services	4,797	-	-	-	4,797
Miscellaneous	2,755	-	282	197	3,234
Postage and delivery	777	-	572	6,597	7,946
Printing and copying	1,306	-	241	12,330	13,877
Professional fees	399,282	51,726	15,458	9,198	475,664
Property taxes	19,798	57,458	-	-	77,256
Rent	140	-	-	-	140
Repairs and maintenance	67,242	18,639	1,143	557	87,581
Security	15,428	3,341	-	-	18,769
Supplies	72,806	16,691	2,107	837	92,441
Taxes and licenses	-	-	950	-	950
Travel and conferences	2,421	1,537	17	-	3,975
Utilities	28,898	13,385	2,306	1,383	45,972
Total other costs and expenses	<u>1,011,882</u>	<u>198,505</u>	<u>67,478</u>	<u>37,283</u>	<u>1,315,148</u>
Subtotal	1,715,487	261,884	220,701	212,897	2,410,969
Depreciation	<u>193,522</u>	<u>6,554</u>	<u>3,934</u>	<u>2,266</u>	<u>206,276</u>
Total costs and expenses	<u>\$ 1,909,009</u>	<u>\$ 268,438</u>	<u>\$ 224,635</u>	<u>\$ 215,163</u>	<u>\$ 2,617,245</u>
Percentage results	<u>73%</u>	<u>10%</u>	<u>9%</u>	<u>8%</u>	<u>100%</u>

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC.
(A NON-PROFIT ORGANIZATION)

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services		Supporting Services		Total
	Land Management	Ag Land Conservation	General and Administrative	Fundraising	
Personnel costs:					
Salaries and wages	\$ 463,235	\$ -	\$ 111,141	\$ 133,022	\$ 707,398
Payroll taxes	40,207	-	8,584	12,040	60,831
Employee benefits	96,999	-	12,554	26,894	136,447
Total personnel costs	<u>600,441</u>	<u>-</u>	<u>132,279</u>	<u>171,956</u>	<u>904,676</u>
Other costs and expenses:					
Accounting and legal	13,481	-	16,677	-	30,158
Advertising	2,521	-	247	29	2,797
Bank and credit card fees	9,810	-	1,098	7,451	18,359
Contract labor	16,700	-	-	-	16,700
Dues and subscriptions	8,336	-	305	-	8,641
Equipment rental	30,343	-	8,462	-	38,805
Insurance	35,575	-	17,835	571	53,981
Interest	18,256	-	530	-	18,786
Outside services	4,493	-	-	-	4,493
Miscellaneous	2,034	-	540	-	2,574
Postage and delivery	732	-	613	7,460	8,805
Printing and copying	1,301	-	731	16,866	18,898
Professional fees	282,117	-	11,070	8,658	301,845
Property taxes	1,785	-	-	-	1,785
Rent	-	-	-	-	-
Repairs and maintenance	68,778	-	840	-	69,618
Security	8,001	-	-	-	8,001
Supplies	32,681	-	1,583	309	34,573
Taxes and licenses	-	-	1,039	-	1,039
Travel and conferences	5,669	-	300	725	6,694
Utilities	40,990	-	-	966	41,956
Total other costs and expenses	<u>583,603</u>	<u>-</u>	<u>61,870</u>	<u>43,035</u>	<u>688,508</u>
Subtotal	1,184,044	-	194,149	214,991	1,593,184
Depreciation	<u>169,971</u>	<u>-</u>	<u>740</u>	<u>227</u>	<u>170,938</u>
Total costs and expenses	<u>\$ 1,354,015</u>	<u>\$ -</u>	<u>\$ 194,889</u>	<u>\$ 215,218</u>	<u>\$ 1,764,122</u>
Percentage results	<u>77%</u>	<u>0%</u>	<u>11%</u>	<u>12%</u>	<u>100%</u>

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC.
(A NON-PROFIT ORGANIZATION)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 693,289	\$ 3,943,495
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	206,276	170,938
Investment (gains) losses	(424,705)	(354,809)
Forgiveness of loans	(217,400)	-
Changes in operating assets and liabilities:		
Unconditional promises to give, bequests and grants receivable	190,112	422,341
Inventory	(1,593)	(251)
Prepaid and other assets	(3,019)	16,605
Accounts payable and accrued expenses	(150,596)	94,522
Deferred revenue	(5,943)	3,645
Net cash provided by (used in) operating activities	286,421	4,296,486
Cash flows from investing activities:		
Purchase of property and equipment	(158,425)	(3,841,806)
Purchase of marketable securities	(378,928)	(569,603)
Proceeds from sale of marketable securities	92,483	370,738
Net cash provided by (used in) investing activities	(444,870)	(4,040,671)
Cash flows from financing activities:		
Proceeds from issuance of PPP note payable	200,752	227,538
Proceeds from issuance of note payable	6,000	-
Principal payments on notes payable	(43,566)	(34,174)
Principal payments on line-of-credit	-	(50,385)
Net cash provided by (used in) financing activities	163,186	142,979
Net increase (decrease) in cash and cash equivalents	4,737	398,794
Cash in bank, beginning of year	587,909	189,115
Cash in bank, end of year	\$ 592,646	\$ 587,909
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	\$ 16,541	\$ 18,786
Taxes paid	\$ 800	\$ 800

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC.
(A NON-PROFIT ORGANIZATION)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – NATURE OF ACTIVITIES

Organization and Operations

The San Joaquin River Parkway and Conservation Trust (the “Trust”) is a California 501(c)(3) non-profit corporation formed in 1988 to preserve and restore San Joaquin River lands having ecological, scenic or historic significance, to educate the public on the need for stewardship, to research issues affecting the river, and to promote educational, recreational and agricultural uses consistent with the protection of the river’s resources. The Trust carries out its mission through land acquisition, education and recreation programs, and projects designed to enhance wildlife habitat or public access. The Trust’s primary sources of revenue are contributions from the general public, program services, federal, state and private foundation grants, and investment earnings.

In connection with the acquisition of certain Sand and Gravel Rights (see Note 7), the Trust also received at nominal cost, options to acquire up to three remnant parcels of real estate contiguous with property acquired by the San Joaquin River Conservancy (the “Conservancy”). In 2008, the Trust elected to exercise its options. The Trust formed the SJ Running River, Limited Liability Company (the “LLC”) to hold title to these remnant parcels to protect itself from any claims related to them. The ultimate use and disposition of the parcels have yet to be determined by the Trust. In 2009, the LLC received title to one of the three remnant parcels. The Trust chose not to acquire the two other parcels which are former landfill parcels with long-term management obligations related to the closed landfill. The two parcels were later acquired by a recently formed nonprofit called the San Joaquin River Access Corporation that has no connection or association with the Trust.

These consolidated financial statements include the account balances and financial activities of the Trust and its wholly owned LLC. All significant inter-entity accounts and balances have been eliminated.

The Trust is managed by its Board of Directors who are elected in accordance with its by-laws. While the Trust solicits “members” on an annual basis, it is not managed by such members.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Trust’s financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

New Accounting Pronouncement

The Trust has implemented the provisions of FASB Accounting Standards Update (“ASU”) 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* for the year ended December 31, 2020. The provisions for the pronouncement help resolve long-standing diversity in practice in the accounting for grants and similar arrangements. The amendment of this provision better clarifies the accounting treatment for exchange and non-exchange transactions and addresses the classification of certain grants.

The Trust receives substantial grants from private foundations as well as governmental agencies. The amendments of this provision allow the Trust to provide clarity as to how certain grants should be accounted for and reported to the funders.

SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC.
(A NON-PROFIT ORGANIZATION)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncement (Continued)

The Trust has adopted Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers*, as amended as management believes the standard improves the usefulness and understandability of the Trust’s financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Trust recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Classification of Net Assets

The consolidated financial statements of the Trust have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Trust to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Trust. These net assets may be used at the discretion of the Trust’s management and the Board of Directors.

Certain net assets without donor restrictions have been specifically designated by the Board of Directors to be separately maintained for various projects and operating funds. Such funds are identified as Board Designated Net Assets.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Trust or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities.

Cash and Cash Equivalents

Cash and cash equivalents consist of various demand and interest-bearing accounts on deposit with insured financial and brokerage institutions. The Trust considers all investments with an original maturity of three months or less to be cash equivalents.

Investments

All of the Trust’s Investments are available for sale. Investments are stated at their estimated fair value based on quoted closing prices. Investment income, including unrealized gains and losses, interest, dividends and related items are recognized in the Statement of Activities as they are incurred.

SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC.
(A NON-PROFIT ORGANIZATION)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Certain Financial Instruments

The Trust considers its cash and cash equivalents, grants receivable, prepaid expenses, accounts payable and accrued expenses to be short-term in nature, and therefore their fair values approximate their carrying values.

Allowance for Doubtful Accounts

The Trust provides an allowance for doubtful accounts based upon management's review and analysis of specific grants, pledges or accounts receivable and considers the age of past due amounts. Receivables are written-off when deemed uncollectible. Recoveries, if any, of receivables previously written-off are recorded as income when received.

At December 31, 2021 and 2020, based on its analysis and review, management believes that all receivables due will be collected in full and thus determined that an Allowance for Doubtful Accounts is not required at those dates.

Inventory

Inventory consists of merchandise held for sale at the Trust's River Store. Inventory is stated at the lower of cost (determined on the first-in, first-out basis) or market. Revenues from gift merchandise sold at the Trust's River Center store are recorded in the Statement of Activities, net of their costs.

Property and Equipment

Property and equipment are stated at cost or, if donated, at the asset's estimated fair value on the date of donation. All assets acquired by the Trust whose initial value or cost exceeds \$1,000 are capitalized and depreciated over their estimated useful lives. Routine repairs and maintenance, including planned major maintenance activities are expensed when incurred. Depreciation is recorded using the straight-line method over estimated useful lives of 3 to 40 years.

Revenue and Revenue Recognition

The Trust recognizes revenue from park operations, river camp, merchandise sales, fruit sales, rent revenue and facility rentals at a point in time. Membership dues, which are nonrefundable, are considered to be contributions since there is no significant exchange element with the amount provided and benefit received (other than very nominal discounts on future program events). As a result, the Trust has recognized membership dues as contributions.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Bequests

Contributions are generally recorded as received. All contributions are available for unrestricted use unless specifically restricted by the donor. Enforceable Unconditional Promises to Give in future periods, principally bequests or pledges, are recorded as they are made, at their estimated net present, realizable value and reported as net assets with donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributions of land, land interests and conservation easements and donations of other property are recorded when the donor makes an unconditional and enforceable promise to give and are considered unrestricted unless received with donor imposed stipulations that limit their use. Such contributions are stated at the fair market value at the date of donation, generally based on independent appraisals obtained by the donor. Conservation easements are recorded as Program Service Expenses when acquired as, in the opinion of management, they represent contributions by the Trust to the Community.

Government Grants and Contracts

A portion of the Trust's revenue is derived from cost-reimbursable state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Trust has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

The Trust's costs incurred under its government grants and contracts may be subject to audit by the granting agency. Management believes that future disallowance of costs, if any, would not be material to the consolidated financial statements.

Donated In-Kind Gifts and Services

Donated in-kind gifts are recognized as contributions if they have ascertainable fair values and are able to be realized in cash or other liquid assets. During the years ended December 31, 2021 and 2020, the Trust received and recognized approximately \$0 and \$5,100, respectively, of donated materials and supplies.

Donated services are recognized as contributions if they 1) significantly enhance non-financial assets or 2) involve a professional service that would otherwise have been purchased and whose values can be objectively measured. During the years ended December 31, 2021 and 2020, the Trust received and recognized approximately \$0 and \$2,738 respectively, of donated professional services.

Advertising

The Trust expenses all advertising costs as incurred. Total advertising expense for the years ended December 31, 2021 and 2020 was \$2,233 and \$2,797, respectively.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. The reclassifications had no impact on the Trust's net assets at December 31, 2021.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 – SUMMARY OF 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 requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results will differ from those estimates.

Functional Classification of Expenses

The costs of providing the Trust's various charitable and program services have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, direct and indirect expenses are allocated by management to program services and other activities based on their specific identification or the personnel utilized in the function.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and wages	Time study
Payroll taxes	Time study
Employee benefits	Time study
Bank and credit card fees	% of related revenue

Tax Exempt Status

The Trust has qualified as a non-profit organization and has been granted tax-exempt status pursuant to Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d) and is exempt from Federal and State of California income taxes. The Trust is subject to federal and state income taxes for any activities that are unrelated to its exempt purpose. Unrelated business income tax, if any, is insignificant and no provision for income taxes has been made.

Generally accepted accounting principles provide accounting and disclosures guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The tax positions would not have a material impact on the financial statements. The Trust's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Endowment Investment and Spending Policies

The Trust has adopted investment and spending policies for endowment assets (net assets with donor restrictions) that attempt to provide a predictable stream of funding to programs supported by endowments while seeking to maintain the purchasing power of the endowments' assets. The Trust's spending and investment policies work together to achieve this objective. The investment policy establishes the projected return objective through diversification of asset classes. The portfolio is designed to generate real rates of return in excess of inflation with regard to an appropriate balance of risk and reward for long-term capital growth.

To satisfy its long-term rate-of-return objectives, the Trust relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current income (interest and dividends). The Trust targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Investment and Spending Policies (Continued)

The spending policy calculates the amount of money annually distributable from the Trust's various endowed funds for the operations and maintenance of trails, facilities and properties in addition to other donor restrictions. At December 31, 2021 and 2020, the general spending policy seeks to distribute an amount no greater than 90% of the earnings from the prior year. Distribution of the earnings should not decrease the total market value of the endowment fund below 110% of the donor-restricted original contribution balance. The Trust's spending policy allows for the designees of the Board of Directors to adjust the spending plan according to market conditions. Accordingly, over the long term, the Trust expects its current spending policy to allow its endowment assets to grow at an average rate of approximately 5.00% annually. At such time that the fund exceeds \$500,000, the Trust can elect to change the distribution calculation to a Market-Value Oriented methodology of 5% of the fund based on a three-year rolling average of the market value of the fund. This is consistent with the Trust's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment returns.

NOTE 3 – AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure within one year of the Statement of Financial Position date consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Cash in bank	\$ 592,646	\$ 587,909
Grants and other receivables	197,655	382,928
Investments	<u>4,390,229</u>	<u>3,679,079</u>
 Total financial assets	 <u>5,180,530</u>	 <u>4,649,916</u>
 Less amounts not available to be used within one year:		
Board-designated with liquidity horizons greater than one year	(737,836)	(662,806)
Donor-restricted with liquidity horizons greater than one year	<u>(3,056,032)</u>	<u>(2,710,687)</u>
 Financial assets not available to be used within one year	 <u>(3,793,868)</u>	 <u>(3,373,493)</u>
 Financial assets available to meet general expenditures within one year	 <u>\$ 1,386,662</u>	 <u>\$ 1,276,423</u>

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DECEMBER 31, 2021 AND 2020

NOTE 3 – AVAILABILITY AND LIQUIDITY (Continued)

The Trust has certain board-designated and donor-restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets to meet general expenditures within one year. The Trust has other assets limited to use for donor-restricted purposes. Additionally, certain other board-designated assets are designated for future use including a legal defense fund and stewardship projects. However, the board-designated amounts could be made available, if necessary.

Additionally, the Trust maintains a \$100,000 line of credit, as discussed in more detail in Note 8. As of December 31, 2021, approximately \$100,000 remained available on the Trust's line of credit.

As part of the Trust's liquidity management plan, cash in excess of daily requirements are invested in short-term investments and money market funds. Funds that have been Board designated may be undersigned by the Board for alternative use to meet any unexpected liquidity needs.

NOTE 4 – INVESTMENTS

Investment securities consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Certificate of deposit	\$ 7,047	\$ 7,041
US Equities	3,137,722	2,532,001
International Equities	704,408	615,471
Investment Pool Central Valley Community Fund	77,622	67,797
Fixed income	334,713	333,237
Bond mutual funds	<u>128,717</u>	<u>123,532</u>
Total investments	<u>\$ 4,390,229</u>	<u>\$ 3,679,079</u>

The Trust's investment activities consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 64,034	\$ 63,194
Realized and unrealized gain (loss)	<u>642,859</u>	<u>437,825</u>
Total investment income (loss), net	<u>\$ 706,893</u>	<u>\$ 501,019</u>

NOTE 5 – GRANTS RECEIVABLE

Grants Receivable consists of amounts billed to Grantors under contractual agreements for program related services. Grant contracts are typically billed in arrears as services are performed. Grants Receivable at December 31, 2021 and 2020 totaled \$197,655 and \$382,928 respectively, and are due from various grantors.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 6 – PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 4,372,187	\$ 4,372,187
Building and improvements	6,267,376	6,162,450
Vehicles	122,544	89,298
Equipment	75,170	56,670
Furniture and fixtures	<u>272,284</u>	<u>272,284</u>
	11,109,561	10,952,889
Accumulated depreciation	<u>(2,026,751)</u>	<u>(1,822,228)</u>
	Property and equipment, net	Property and equipment, net
	<u>\$ 9,082,810</u>	<u>\$ 9,130,661</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$206,276 and \$170,938, respectively.

NOTE 7 – SAND AND GRAVEL RIGHTS

The Trust acquired certain Sand and Gravel Rights (the “Rights”) on real property owned by the Conservancy. The Rights were purchased in 2003 in connection with the Conservancy’s acquisition of the fee simple title to the Spano River Ranch. Funds to purchase the Rights were obtained from a contribution to the Trust by the Packard Foundation. Since the acquisition, the Trust has not sought, or obtained, a detailed geological assessment of the actual extent of the sand and gravel material that comprise the Rights. Such an assessment is a condition precedent to completing an appraisal of the current fair value of the Rights.

The Trust expects that the Rights will ultimately be sold to an appropriate state or federal agency, which would utilize the sand and gravel in its various San Joaquin River restoration activities. In 2008, the Trust made an offer to the Conservancy to sell the Rights. Meetings and communications between representatives of the Trust, the Conservancy, and San Joaquin River Restoration Program (a Federal Agency) have taken place and an appraisal is ultimately planned to further these discussions. Generally accepted accounting principles anticipates that management will annually review and evaluate the Trust’s assets for impairment. An asset impairment exists when expected future cash flows from the asset are estimated to be less than the carrying value of that asset. When an asset impairment is indicated, an adjustment to the carrying value is made to reflect the difference between the carrying value and the fair value of the asset. Due to the unavailability of a detailed geological assessment and current appraisal of the fair value of the Rights, management is unable to conduct an impairment analysis of the Rights. Management of the Trust believes that the carrying value of the Rights are equal to or less than their actual fair value at December 31, 2021 and 2020, but has no objective basis for this conclusion since the appropriate geological analysis and appraisal have not been completed. Management expects that the detailed geological assessment and its appraisal will be completed at some future date. Management has not yet determined whether the Trust will advance the necessary funds to complete the geological assessment and appraisal and then seek reimbursement from the purchasing agency at the time the Rights are sold.

The eventual outcome of this matter cannot be determined at this time. At December 31, 2021 and 2020, Sand and Gravel Rights totaled \$2,990,222 for each year.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 8 – NOTE PAYABLE AND BANK LINE-OF-CREDIT

California Bank and Trust

The Trust has a \$500,000 permanent loan with California Bank and Trust payable over 15 years with approximate monthly principal and interest payments of \$4,006, final payment is due July 2029. The total balance due on the permanent loan at December 31, 2021 and 2020 was \$300,148 and \$331,714, respectively. Interest on the line accrues at a fixed rate of 5.133% annually. The note is secured by certain of the Trust's property and land.

Total interest expense on the permanent loan was \$16,504 and \$18,114 during the years ended December 31, 2021 and 2020, respectively.

Maturities of the loan payable for the next five years are as follows:

Year Ending December 31	Interest	Principal	Total
2022	\$ 14,821	\$ 33,250	\$ 48,071
2023	13,049	35,022	48,071
2024	11,216	36,855	48,071
2025	9,217	38,853	48,070
2026	7,147	40,924	48,071
Thereafter	<u>8,088</u>	<u>115,244</u>	<u>123,332</u>
Totals	<u>\$ 63,538</u>	<u>\$ 300,148</u>	<u>\$ 363,686</u>

In addition to the permanent loan, the Trust entered into a working capital line-of-credit agreement with California Bank & Trust in the amount of \$100,000 which expired on October 1, 2021. There was no outstanding balance at December 31, 2021 and 2020. The line is unsecured and accrues variable interest at an initial rate of 4.50% per annum. During the year ended December 31, 2021 and 2020, the Trust incurred interest of \$0 and \$522 related to this line-of-credit.

NOTE 9 – SMALL BUSINESS ADMINISTRATION PAYCHECK PROTECTION PROGRAM LOAN

On May 2, 2020, the Trust received a Small Business Administration Paycheck Protection Program ("SBA PPP") loan in the amount of \$217,400. Principal and interest accrue at 1.000% and are payable monthly beginning after forgiveness is granted. Interest accrues between the date of disbursement and forgiveness on the amount of the loan not forgiven.

The SBA PPP is a federal loan program designed to assist entities in sustaining their operations during the COVID-19 pandemic. The loan is forgivable if used for eligible costs including payroll costs, rent payments and others. Specific criteria must be met under the program guidelines for the loan to be forgiven. The Trust has been fully forgiven of the loan funds from the SBA and has recognized the revenue as of December 31, 2021.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 9 – SMALL BUSINESS ADMINISTRATION PAYCHECK PROTECTION PROGRAM LOAN

(Continued)

On June 12, 2020, the Trust received a Small Business Administration Economic Injury Disaster Loan (“SBA EIDL”) in the amount of \$10,000. Principal and interest accrue at 2.750% and are payable monthly beginning twelve months from the date of the promissory Note.

The SBA EID is a federal loan program that provides working capital to businesses and nonprofits located in low-income communities that suffered a reduction in revenue of greater than 30% and have 300 or fewer employees. The Trust has paid the loan in full during 2021.

On February 10, 2021, the Trust received a second Small Business Administration Paycheck Protection Program (“SBA PPP”) loan in the amount of \$200,752 with a maturity date of five years from the loan origination date. Subsequent to year-end, the Trust has been fully forgiven of the loan funds from the SBA and will recognize the revenue in 2022.

NOTE 10 – CONCENTRATION OF CREDIT RISK

As of December 31, 2021, the Federal Deposit Insurance Corporation (FDIC) insured balances of a depositor, per financial institution, up to \$250,000, and the Securities Investor Protection Corporation (SIPC) insured balances of a depositor, per financial institution, up to \$500,000. As of December 31, 2021 and 2020, the Trust’s cash balances were fully guaranteed by the FDIC. As of December 31, 2021 and 2020, approximately \$3,643,000 and \$2,949,000 of the trust’s investments were in excess of the amount guaranteed by the SIPC, respectively.

NOTE 11 – RETIREMENT PLAN

The Trust provides for a 403(b) plan (the “Plan”) covering eligible employees who meet certain minimum service requirements. The Plan is administered by All Valley Administrators. The Plan provides for the Trust to make discretionary contributions to deferring employees. During the year ended December 31, 2013, the Trust provided a 2.5% increase in base salary to employees that qualify under the Plan allowing them to contribute to the 403(b). The employees had the ultimate discretion whether they elected to contribute to the 403(b). During the years ended December 31, 2021 and 2020, the Trust allotted \$15,939 and \$13,999 to employees for their discretionary use and/or contribution to the Plan.

NOTE 12 – CONTINGENCIES

Liquidity and Financial Resources

Payments received for grant program services from the State of California and Federal sources are not sufficient to support the Trust’s present level of operations. The Trust’s operating expenses are funded by a combination of community donations, program service fees, grants, fundraising activities, loans and income earned on cash balances and investments. The Trust received donations during the years ended December 31, 2021 and 2020 which included significant (in excess of \$5,000), nonrecurring contributions from individual donors or bequests in the amount of approximately \$377,000 and \$455,000, respectively.

The ability of the Trust to maintain its present level of operations is dependent upon, among other things, governmental grants and the continuity of sufficient annual financial support from the San Joaquin Valley community.

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DECEMBER 31, 2021 AND 2020

NOTE 13 – LEASES

Lease Commitments

The Trust leases certain office equipment under operating leases. Monthly lease amounts include applicable taxes and other fees. The following table shows the future annual minimum payments for each of the years ending December 31:

	<u>Amount</u>
2022	\$ 5,328
2023	5,328
2024	5,328
2025	<u>2,664</u>
Total minimum lease payment	<u>\$ 18,648</u>

Total equipment rental expense on operating leases totaled \$7,350 and \$9,270 for the years ended December 31, 2021 and 2020, respectively.

The Trust leases a building to an entity on an eight year lease commencing March 1, 2021 and expires on March 31, 2029. The monthly lease amount varies from \$4,123.22 to \$4,997.54 throughout the lease period. The following are the minimum lease payments expected to be received for the years ending December 31: \$50,716 in 2022, \$51,983 in 2023, \$53,283 in 2024, \$54,882 in 2025 and \$174,722 thereafter.

NOTE 14 – FAIR VALUE MEASUREMENTS

In accordance with generally accepted accounting principles, fair value is defined as the price that the Trust would either receive upon selling an asset or pay to transfer a liability at the reporting date. Fair value utilizes and establishes a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are those that reflect the reporting entity's own assumptions about the factors market participants would use in pricing the asset or liability as developed from the best information available.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 14 – FAIR VALUE MEASUREMENTS (Continued)

The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, and fair value is determined through the use of other valuation methodologies

Level 3 – Valuations based on inputs that are not observable and significant to the overall fair value measurement, including the Trust's own assumptions in determining the fair value of assets or liabilities

The following is a summary of the inputs used as of December 31, 2021 in valuing the Trust's assets carried at fair value:

Asset Description	Level 1	Level 2	Level 3	Total
Investments:				
Certificate of deposit	\$ 7,047	\$ -	\$ -	\$ 7,047
US Equities	3,137,722	-	-	3,137,722
International Equities	704,408	-	-	704,408
Investment Pool Central Valley Community Foundation	-	77,622	-	77,622
Fixed income	334,713	-	-	334,713
Bond mutual funds	<u>128,717</u>	-	-	<u>128,717</u>
Assets measured at fair value	<u>\$ 4,312,607</u>	<u>\$ 77,622</u>	<u>\$ -</u>	<u>\$ 4,390,229</u>

The following is a summary of the inputs used as of December 31, 2020 in valuing the Trust's assets carried at fair value:

Asset Description	Level 1	Level 2	Level 3	Total
Investments:				
Certificate of deposit	\$ 7,041	\$ -	\$ -	\$ 7,041
US Equities	2,532,001	-	-	2,532,001
International Equities	615,471	-	-	615,471
Investment Pool Central Valley Community Foundation	-	67,797	-	67,797
Fixed income	333,237	-	-	333,237
Bond mutual funds	<u>123,532</u>	-	-	<u>123,532</u>
Assets measured at fair value	<u>\$ 3,611,282</u>	<u>\$ 67,797</u>	<u>\$ -</u>	<u>\$ 3,679,079</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 15 – BOARD DESIGNATED NET ASSETS AND NET ASSETS WITH DONOR RESTRICTIONS

Board designated net assets (Net Assets Without Donor Restrictions) consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Legal defense fund	\$ 72,500	\$ 72,500
Community supported agriculture	34,879	34,879
Parkway trailblazers	28,281	28,281
Owl hollow stewardship	360,000	360,000
Owl hollow stewardship earnings	<u>242,176</u>	<u>167,146</u>
 Total board designated net assets	 <u>\$ 737,836</u>	 <u>\$ 662,806</u>

Purpose restricted net assets (Net Assets With Donor Restrictions) consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
EK Martin Land Acquisition Fund	\$ 1,931,425	\$ 1,936,231
Grants:		
Eaton Bridge Feasibility Project	119,298	119,298
Eaton Trail Improvements	23,789	23,289
Conservation easement monitoring fund	30,291	30,291
P4P Sponsor	15,500	19,425
River Camp Firebaugh	8,889	16,625
RC Scholarships	13,939	10,219
River Center Improvements	2,500	1,800
Patton Shade Arbor	20,000	20,000
Operations and maintenance endowment fund	535,015	426,015
Operations and maintenance endowment fund earnings	224,742	92,828
Lundberg educational endowment	70,957	70,957
Land stewardship funds	34,978	34,978
Low Ropes Dyer	15,000	-
Dizubria project	4,109	-
Salmon in the classroom	<u>5,600</u>	<u>-</u>
 Total purpose restricted net assets	 <u>\$ 3,056,032</u>	 <u>\$ 2,801,956</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 15 – BOARD DESIGNATED NET ASSETS AND NET ASSETS WITH DONOR RESTRICTIONS
(Continued)

The Trust's endowment net assets by composition has as follows for the year ended December 31, 2021:

	Without Donor Restrictions	With donor restrictions		Total All Funds
		Original Gift	Accumulated Gains (Losses)	
Board-designated funds	\$ -	\$ -	\$ -	\$ -
Donor-restricted funds:				
Underwater	-	-	-	-
Other funds	-	640,950	224,742	865,692
Total endowment funds, December 31, 2021	<u>\$ -</u>	<u>\$ 640,950</u>	<u>\$ 224,742</u>	<u>\$ 865,692</u>

The Trust's endowment net assets by composition has as follows for the year ended December 31, 2020:

	Without Donor Restrictions	With donor restrictions		Total All Funds
		Original Gift	Accumulated Gains (Losses)	
Board-designated funds	\$ -	\$ -	\$ -	\$ -
Donor-restricted funds:				
Underwater	-	-	-	-
Other funds	-	531,950	92,828	624,778
Total endowment funds, December 31, 2020	<u>\$ -</u>	<u>\$ 531,950</u>	<u>\$ 92,828</u>	<u>\$ 624,778</u>

The changes in endowment net assets for the years ended December 31, 2021 and 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2019	\$ -	\$ 498,537	\$ 498,537
Investment return, net	-	52,305	52,305
Contributions and others	-	73,936	73,936
Appropriation of endowment assets for expenditure	-	-	-
Other changes and reclassifications	-	-	-
Endowment net assets, December 31, 2020	-	624,778	624,778
Investment return, net	-	131,914	131,914
Contributions and others	-	109,000	109,000
Appropriation of endowment assets for expenditure	-	-	-
Other changes and reclassifications	-	-	-
Endowment net assets, December 31, 2021	<u>\$ -</u>	<u>\$ 865,692</u>	<u>\$ 865,692</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 15 – BOARD DESIGNATED NET ASSETS AND NET ASSETS WITH DONOR RESTRICTIONS
(Continued)

At any time, the fair value of assets associated with individual endowment funds may fall below the original level of the donor's original contributions. This deficit is usually the result of unfavorable market fluctuations that occur after the original contributions. Such deficits are reported as reductions to Net Assets With Donor Restrictions. At December 31, 2021 and 2020, the Trust had no endowment funds in which the value at year-end was below the original amount provided by the donor.

NOTE 16 – CONSERVATION EASEMENTS

During the years ended December 31, 2021, and 2020, the Trust did not acquire or fund any conservation easements.

NOTE 17 – UNCERTAINTY

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus, COVID-19, a pandemic. Accordingly, some of the Trust's operations were limited to protect the health and safety of its guests and employees. The financial impact on the Trust that could occur as a result of the pandemic is unknown at this time.

NOTE 18 – SUBSEQUENT EVENTS

Management has evaluated and concluded that there were no other subsequent events that have occurred from December 31, 2021 through the date the financial statements were available to be issued at April 26, 2022 that would require disclosure or adjustment.

SUPPLEMENTARY INFORMATION

SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC.
(A NON-PROFIT ORGANIZATION)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Program Title Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Balance at 12/31/21
<u>U.S. Department of the Interior</u>			
San Joaquin River Restoration	15.555		\$ <u>807,840</u>
Total US Department of the Interior			<u>807,840</u>
<u>U.S. Department of Agriculture</u>			
Pass-Through Programs from Ducks Unlimited:			
Wildlife Services	10.028	F19AP00534	<u>16,361</u>
Total US Department of Agriculture			<u>16,361</u>
Total Expenditures of Federal Awards			<u>\$ 824,201</u>

SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Trust utilizes the accrual basis of accounting for these funds and the accompanying Schedule of Expenditures of Federal Awards has been prepared accordingly.

Schedule of Expenditures of Federal Awards

The Schedule of Expenditures of Federal Awards presented is prepared from only the accounts of the grant programs and, therefore, does not present the financial position or results of operations of the Trust.

Pass-Through Entity Identifying Numbers

When Federal awards are received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the Trust has either determined that no identifying number is assigned for the program or the Trust is unable to obtain an identifying number from the pass-through entity.

Indirect Cost Rate

The Trust is not using the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

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OTHER INDEPENDENT AUDITOR'S REPORTS

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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 GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
San Joaquin River Parkway and Conservation Trust, Inc.
Fresno, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of San Joaquin River Parkway and Conservation Trust, Inc. (the "Trust"), a nonprofit organization, which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 26, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's 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*.

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Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Price Paice & Company". The signature is written in a cursive, flowing style.

Clovis, California
April 26, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
San Joaquin River Parkway and Conservation Trust, Inc.
Fresno, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited San Joaquin River Parkway and Conservation Trust, Inc.'s (the "Trust") compliance 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 each of the Trust's major federal programs for the year ended December 31, 2021. The Trust's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, San Joaquin River Parkway and Conservation Trust, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 the Trust 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 the Trust's 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 the Trust's 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 the Trust's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute

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assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *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 the Trust's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 the Trust's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Trust's 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 the Trust's 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.



Clovis, California
April 26, 2022

SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC.
(A NON-PROFIT ORGANIZATION)

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Qualified	
Internal control over financial reporting: Material weaknesses identified?	<u> </u> Yes	<u> X </u> No
Significant deficiencies identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None reported
Noncompliance material to financial statement noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major programs: Material weaknesses identified?	<u> </u> yes	<u> X </u> no
Significant deficiencies identified that are not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200, Section 200.516(a)	<u> </u> yes	<u> X </u> no

Identification of Major Programs

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
15.555	San Joaquin River Restoration
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	<u> </u> yes <u> X </u> no

SECTION II – FINANCIAL STATEMENT FINDINGS

None reportable.

SECTION III – FEDERAL AWARD FINDINGS

None reportable.

SAN JOAQUIN RIVER PARKWAY AND CONSERVATION TRUST, INC.
(A NON-PROFIT ORGANIZATION)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

FINANCIAL STATEMENT FINDINGS

None reportable.

FEDERAL AWARD FINDINGS

None reportable.