
INTERNATIONAL RIVERS NETWORK AND FUND FOR INTERNATIONAL RIVERS

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013 and 2012

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations



**International Rivers Network
and Fund for International Rivers**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
International Rivers Network and Fund for International Rivers
Berkeley, California

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of International Rivers Network and Fund for International Rivers, which comprise the consolidated statement of financial position as of December 31, 2013 and 2012 and the related consolidated statements of activity, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

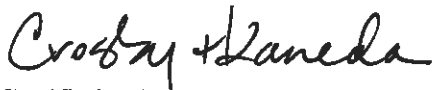
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Rivers Network and Fund for International Rivers as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Certified Public Accountants
Oakland, California
April 25, 2014

**International Rivers Network
and Fund for International Rivers**

**Consolidated Statement of Financial Position
December 31, 2013 and 2012**

Assets	<u>2013</u>	<u>2012</u>
Current Assets		
Cash and cash equivalents	\$ 1,395,353	\$ 729,222
Certificates of deposit	300,941	300,406
Investments (Note 3)	499,364	524,240
Accounts receivable	2,228	49,620
Pledges and grants receivable (Note 5)	749,055	699,060
Prepaid expenses	62,831	16,927
Total current assets	<u>3,009,772</u>	<u>2,319,475</u>
Pledges and grants receivable - non current (Note 5)	161,300	200,000
Property and equipment, net (Note 6)	79,328	177,567
Deposits	<u>39,771</u>	<u>12,591</u>
Total Assets	<u>\$ 3,290,171</u>	<u>\$ 2,709,633</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 27,976	\$ 34,178
Accrued vacation and sabbatical	117,936	143,846
Grants payable	-	24,000
Total Liabilities	<u>145,912</u>	<u>202,024</u>
Commitments and Contingencies (Notes 8 and 9)		
Net Assets		
Unrestricted		
Undesignated	748,329	742,491
Board-designated reserve	430,000	-
Total unrestricted net assets	<u>1,178,329</u>	<u>742,491</u>
Temporarily restricted net assets (Note 10)	<u>1,965,930</u>	<u>1,765,118</u>
Total Net Assets	<u>3,144,259</u>	<u>2,507,609</u>
Total Liabilities and Net Assets	<u>\$ 3,290,171</u>	<u>\$ 2,709,633</u>

See Notes to the Financial Statements

**International Rivers Network
and Fund for International Rivers**

**Consolidated Statement of Activities
For the Years Ended December 31, 2013 and 2012**

	2013		2012	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
Support and Revenue				
Support				
Foundation and corporate grants	\$ 842,081	\$ 1,877,778	\$ 2,719,859	\$ 952,783
Donations	77,970	45,395	123,365	19,075
Special events, net (Note 11)	8,644		8,644	51,828
In-kind contributions (Note 12)	26,113		26,113	3,287
Total support	954,808	1,923,173	2,877,981	971,858
Revenue				
Contract revenue	8,475		8,475	6,697
Interest	22,518		22,518	17,126
Realized gains	16,608		16,608	3,697
Unrealized gains	50,308		50,308	18,785
Sales				29
Miscellaneous	5,515		5,515	11,545
Total revenue	103,424	-	103,424	57,879
Net assets released from donor restrictions (Note 10)	1,722,361	(1,722,361)	-	(2,018,338)
Total support and revenue	2,780,593	200,812	2,981,405	(1,046,480)
Expenses				
Program	1,688,240		1,688,240	1,736,330
General and administrative	348,844		348,844	334,108
Fundraising	307,671		307,671	266,574
Total expenses	2,344,755	-	2,344,755	2,337,012
Change in net assets	435,838	200,812	636,650	(726,126)
Net Assets, beginning of year	742,491	1,765,118	2,507,609	2,811,598
Net Assets, end of year	\$ 1,178,329	\$ 1,965,930	\$ 3,144,259	\$ 1,765,118
			\$ 742,491	\$ 2,507,609

See Notes to the Financial Statements

**International Rivers Network
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**Consolidated Statement of Cash Flows
For the Years Ended December 31, 2013 and 2012**

	2013	2012
Cash flows from operating activities:		
Change in net assets	\$ 636,650	\$ (726,126)
Adjustments to reconcile change in net assets to cash (used) provided by operating activities:		
Depreciation expense	112,956	40,896
Donated investment securities	-	(229,757)
Realized gains	(16,608)	(3,697)
Unrealized gains	(50,308)	(18,785)
Changes in assets and liabilities:		
Accounts receivable	47,392	(41,205)
Pledges and grants receivable	(11,295)	287,686
Prepaid expenses	(45,904)	837
Deposits	(27,180)	(1,633)
Accounts payable and accrued expenses	(6,202)	13,654
Accrued vacation and sabbatical	(25,910)	(4,202)
Payroll taxes due	-	(20,572)
Grants payable	(24,000)	20,000
Net cash provided (used) by operating activities	589,591	(682,904)
Cash flows from investing activities:		
Purchase of property and equipment	(14,717)	(8,364)
Purchase of certificates of deposit and investments	(227,041)	(592,422)
Proceeds from the sale of investments	318,298	225,380
Net cash provided (used) by investing activities	76,540	(375,406)
Change in cash and cash equivalents	666,131	(1,058,310)
Cash and cash equivalents, beginning of year	729,222	1,787,532
Cash and cash equivalents, end of year	\$ 1,395,353	\$ 729,222

See Notes to the Financial Statements

**International Rivers Network
and Fund for International Rivers**

**Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2013**

	Program		Total Program	General and Administrative	Fundraising	Total
	Communications	Campaigns				
Salaries	\$ 97,684	\$ 779,644	\$ 877,328	\$ 192,613	\$ 172,134	\$ 1,242,075
Employee benefits	7,975	80,035	88,010	20,908	16,989	125,907
Payroll taxes	8,293	49,763	58,056	16,523	15,361	89,940
Total personnel	113,952	909,442	1,023,394	230,044	204,484	1,457,922
Grants	-	47,399	47,399	-	-	47,399
Legal fees	1,125	8,896	10,021	3,594	-	13,615
Accounting fees	-	-	-	23,152	-	23,152
Other fees for service	11,349	159,753	171,102	14,168	16,761	202,031
Advertising and promotion	6	1,337	1,343	410	1,610	3,363
Supplies	845	14,820	15,665	2,753	1,781	20,199
Telephone	308	9,410	9,718	1,257	482	11,457
Postage and shipping	12,702	5,423	18,125	513	13,532	32,170
Equipment rental and maintenance	91	1,708	1,799	2,588	275	4,662
Copy and printing	12,268	14,535	26,803	587	17,698	45,088
Information technology	520	3,580	4,100	553	570	5,223
Occupancy	10,181	107,883	118,064	18,177	17,354	153,595
Travel and meals	1,260	104,162	105,422	2,117	7,627	115,166
Conferences, conventions, meetings	1,490	26,790	28,280	793	662	29,735
Insurance	155	1,275	1,430	2,875	270	4,575
Dues, licenses, other fees	7,618	12,486	20,104	3,016	8,474	31,594
Depreciation	9,201	72,302	81,503	15,498	15,955	112,956
Professional fees, in-kind	-	-	-	25,685	-	25,685
Supplies, in-kind	428	-	428	-	-	428
Interest	-	-	-	26	-	26
Staff training	78	3,462	3,540	1,038	136	4,714
Total expenses	\$ 183,577	\$ 1,504,663	\$ 1,688,240	\$ 348,844	\$ 307,671	\$ 2,344,755

See Notes to the Financial Statements

**International Rivers Network
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**Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2012**

	Program		Total Program	General and Administrative	Fundraising	Total
	Communications	Campaigns				
Salaries	\$ 79,866	\$ 805,617	\$ 885,483	\$ 210,578	\$ 164,306	\$ 1,260,367
Employee benefits	8,037	93,130	101,167	33,083	18,352	152,602
Payroll taxes	6,530	61,048	67,578	18,938	13,217	99,733
Total personnel	<u>94,433</u>	<u>959,795</u>	<u>1,054,228</u>	<u>262,599</u>	<u>195,875</u>	<u>1,512,702</u>
Grants	-	113,520	113,520	-	-	113,520
Legal fees	-	15,899	15,899	-	-	15,899
Accounting fees	-	1,768	1,768	21,728	-	23,496
Other fees for service	7,812	160,410	168,222	7,270	15,701	191,193
Advertising and promotion	9	168	177	733	1,019	1,929
Supplies	1,739	21,710	23,449	3,609	2,925	29,983
Telephone	250	10,308	10,558	1,115	593	12,266
Postage and shipping	4,152	5,910	10,062	295	4,325	14,682
Equipment rental and maintenance	165	2,887	3,052	1,975	338	5,365
Copy and printing	11,137	22,955	34,092	238	12,072	46,402
Information technology	300	3,593	3,893	616	469	4,978
Occupancy	7,089	98,633	105,722	21,119	15,646	142,487
Travel and meals	227	107,847	108,074	1,130	2,808	112,012
Conferences, conventions, meetings	98	33,564	33,662	578	1,076	35,316
Insurance	105	1,146	1,251	2,685	216	4,152
Dues, licenses, other fees	5,553	9,748	15,301	1,834	8,757	25,892
Depreciation	2,087	28,894	30,981	5,631	4,284	40,896
Supplies, in-kind	-	1,077	1,077	-	-	1,077
Interest	-	-	-	591	-	591
Staff training	79	1,263	1,342	362	470	2,174
Total expenses	<u>\$ 135,235</u>	<u>\$ 1,601,095</u>	<u>\$ 1,736,330</u>	<u>\$ 334,108</u>	<u>\$ 266,574</u>	<u>\$ 2,337,012</u>

See Notes to the Financial Statements

**INTERNATIONAL RIVERS NETWORK
AND FUND FOR INTERNATIONAL RIVERS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1: NATURE OF ACTIVITIES

International Rivers Network (IRN) is a California nonprofit public benefit organization founded in 1986 and located in Berkeley, California. Fund for International Rivers (FIR) is a California nonprofit public benefit organization founded in 2006 as a supporting organization of IRN and under the control of IRN, collectively referred to as the "Organization". The Organization's offices are located in Berkeley, California and its activities are primarily supported by private grants and contributions.

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

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

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

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

Unrestricted net assets – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that require the gift to be invested in perpetuity. The income from

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such invested assets, including realized and unrealized gains, is generally available to support the activities of the Organization. Donors may also restrict all or part of the income and/or appreciation from these investments to permanently restricted net assets, resulting in increases/decreases to these net assets. There were no permanently restricted net assets as of December 31, 2013 and 2012.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of December 31, 2013 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**INTERNATIONAL RIVERS NETWORK
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$1,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Leasehold improvements	Lesser of 10 years or lease term
Furniture and equipment	3-10 years
Library	5 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable. Impairment is recognized if the sum of the undiscounted estimated future cash flows expected to result from the use of the asset is less than the carrying value. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of April 25, 2014 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

**INTERNATIONAL RIVERS NETWORK
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 3: INVESTMENTS

Investments consisted of the following at December 31:

	<u>2013</u>	<u>2012</u>
Mutual funds and ETFs	\$ 322,773	\$ 361,122
Fixed income	19,891	10,050
Equities	<u>156,700</u>	<u>153,068</u>
Total	<u>\$ 499,364</u>	<u>\$ 524,240</u>

NOTE 4: FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the assets or liability. Unobservable inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability.

Fair values of assets measured on recurring basis are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Mutual funds and ETFs:			
Fixed income and other	\$ 12,437	\$ -	\$ 12,437
Domestic equities	272,919	-	272,919
International	37,417	-	37,417
Fixed income:			
Banking and other	9,772	10,119	19,891
Equities:			
Consumer	18,323	-	18,323
Energy	8,640	-	8,640
Financial services	40,376	-	40,376
Telecommunications	9,477	-	9,477
Information technology	21,615	-	21,615
Health care	16,833	-	16,833
Industrials	26,624	-	26,624
Real estate	<u>14,812</u>	<u>-</u>	<u>14,812</u>
Total	<u>\$ 489,245</u>	<u>\$ 10,119</u>	<u>\$ 499,364</u>

**INTERNATIONAL RIVERS NETWORK
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 5: PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable were as follows as of December 31, 2013:

	<u>Grants</u>	<u>Pledges</u>	<u>Total</u>
Due within 1 year – current	\$ 737,810	\$ 11,245	\$ 749,055
Due within 2 years – non current	<u>151,000</u>	<u>10,300</u>	<u>161,300</u>
Total	<u>\$ 888,810</u>	<u>\$ 21,545</u>	<u>\$ 910,355</u>

The Organization considers all pledges and grants receivable to be fully collectible at December 31, 2013. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2013</u>	<u>2012</u>
Furniture and equipment	\$ 65,280	\$ 57,118
Leasehold improvements	268,338	268,338
Library	5,000	5,000
Less accumulated depreciation	<u>(259,290)</u>	<u>(152,889)</u>
Total	<u>\$ 79,328</u>	<u>\$ 177,567</u>

During the year the Organization updated its estimate of the useful life of certain leasehold improvements which increased the amount of depreciation expense for the year.

NOTE 7: LINE OF CREDIT

As of December 31, 2013, the Organization had a \$100,000 unsecured line of credit with a local bank to be drawn down as needed, with interest of 10.25%. There was no outstanding balance on the line of credit as of December 31, 2013 or 2012.

NOTE 8: COMMITMENTS

Operating Leases

The Organization is party to a two leases for office space in Berkeley, California which expire in April 2014 and April 2019 respectively. Future minimum operating lease payments are as follows for the years ending December 31:

2014	\$ 111,034
2015	110,400
2016	121,600
2017	126,800
2018	131,600
Thereafter	<u>44,400</u>
Total	<u>\$ 645,834</u>

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Rent for the years ended December 31, 2013 and 2012 was \$149,308 and \$136,733, respectively.

NOTE 9: CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 10: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available as follows as of December 31:

	<u>2013</u>	<u>2012</u>
Africa	\$ 392,241	\$ 58,542
China	292,782	318,694
International Day of Action for Rivers	24,500	6,000
Latin America	255,720	175,302
Policy	56,500	50,014
Grants to Others	16,000	22,000
Southeast Asia	313,187	526,438
South Asia	106,000	38,128
World Heritage	9,000	-
Future Operations	<u>500,000</u>	<u>570,000</u>
Total	<u>\$ 1,965,930</u>	<u>\$ 1,765,118</u>

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows during the year ended December 31:

	<u>2013</u>	<u>2012</u>
Africa	\$ 183,777	\$ 132,098
China	285,912	262,379
International Day of Action for Rivers	7,499	6,000
Latin America	263,319	247,589
Policy	122,974	64,703
Grants to Others	6,000	83,276
Solutions	-	108,708
Southeast Asia	295,752	395,153
South Asia	107,128	59,371
Brower tenant improvements	-	18,257
Future Operations	<u>450,000</u>	<u>640,804</u>
Total	<u>\$ 1,722,361</u>	<u>\$ 2,018,338</u>

**INTERNATIONAL RIVERS NETWORK
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 11: SPECIAL EVENT

The Organization held an event called Rendezvous for Rivers as part of its fundraising activities. Activity related to the event was as follows during the year ended December 31:

	<u>2013</u>	<u>2012</u>
Contributions	\$ 5,324	\$ 53,920
Admission	9,960	6,030
Auction sales	<u>-</u>	<u>3,950</u>
Special event revenue	15,284	63,900
Less: cost of direct benefits to donors	<u>(6,640)</u>	<u>(12,072)</u>
Special event, net	<u>\$ 8,644</u>	<u>\$ 51,828</u>

NOTE 12: IN-KIND CONTRIBUTIONS

In-kind contributions include the following for the year ended December 31:

	<u>2013</u>	<u>2012</u>
Legal services	\$ 25,685	\$ -
Supplies	<u>428</u>	<u>3,287</u>
Total	<u>\$ 26,113</u>	<u>\$ 3,287</u>

Donated legal services consisted of lease review and support of the Organization's regionalization efforts. The Organization estimated the value of such donated services on the following basis for the year ended December 31, 2013.

	<u>Hours</u>	<u>Average Value</u>
Legal services	50	\$ 513 per hr.

NOTE 13: RETIREMENT BENEFITS

The Organization has established a 401(k) retirement plan. All US-paid employees are eligible to participate following completion of their introductory period and 250 hours of employment. The Organization contributes matching funds of employees' contributions, up to \$500 per employee, if budgetary constraints allow. Employees begin vesting after two years of service and are fully vested after four years of service. The Organization made no contribution to the plan during the years ended December 31, 2012 and 2013.

NOTE 14: CONCENTRATIONS

Pledges and Grants Receivable

Pledges and Grant Receivable consist of amounts due from other nonprofit organizations and individuals. As of December 31, 2013 approximately 51% of pledges and grants receivables are from two sources.

Support

For the year ended December 31, 2013 approximately 48% of total support received during the year came from a single funder. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's program and activities.

**INTERNATIONAL RIVERS NETWORK
AND FUND FOR INTERNATIONAL RIVERS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 15: RELATIONSHIP BETWEEN IRN AND FIR

FIR was formed as a supporting organization for IRN; 60% of the members of the Board of Directors of FIR are members of the IRN Board of Directors. IRN performs pro bono accounting and management services for FIR, and both Organizations occupy the same offices.

The following transactions were eliminated in the consolidation of the financial statements of IRN and FIR during the years ended December 31:

	<u>2013</u>	<u>2012</u>
Grants received from and made by FIR to IRN	<u>\$ 92,081</u>	<u>\$ 106,722</u>

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

Board of Directors
International Rivers Network and Fund for International Rivers
Berkeley, California

Our report on our audits of the basic financial statements of International Rivers Network and Fund for International Rivers as of December 31, 2013 and 2012 appears on pages 1 and 2. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The individual statements of financial position, activities and cash flows are presented for additional analysis and are not required parts of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, are fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.



Certified Public Accountants
Oakland, California
April 25, 2014

International Rivers Network

Statement of Financial Position

December 31, 2013 and 2012

Assets

	<u>2013</u>	<u>2012</u>
Current Assets		
Cash and cash equivalents	\$ 1,366,349	\$ 709,360
Certificates of deposit	300,941	300,406
Accounts receivable	2,228	49,620
Pledges and grants receivable (Note 5)	749,055	699,060
Prepaid expenses	62,831	16,927
Total current assets	<u>2,481,404</u>	<u>1,775,373</u>
Pledges and grants receivable - non current (Note 5)	161,300	200,000
Property and equipment, net (Note 6)	79,328	177,567
Deposits	<u>39,771</u>	<u>12,591</u>
Total Assets	<u>\$ 2,761,803</u>	<u>\$ 2,165,531</u>

Liabilities and Net Assets

Current Liabilities		
Accounts payable and accrued expenses	\$ 27,976	\$ 34,178
Accrued vacation and sabbatical	117,936	143,846
Grants payable	-	24,000
Total Liabilities	<u>145,912</u>	<u>202,024</u>

Commitments and Contingencies (Notes 8 and 9)

Net Assets

Unrestricted		
Undesignated	219,961	198,389
Board-designated reserve	430,000	
Total unrestricted net assets	<u>649,961</u>	<u>198,389</u>
Temporarily restricted (Note 10)	1,965,930	1,765,118
Total Net Assets	<u>2,615,891</u>	<u>1,963,507</u>

Total Liabilities and Net Assets	<u>\$ 2,761,803</u>	<u>\$ 2,165,531</u>
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See Notes to the Financial Statements

International Rivers Network

**Statement of Activities
For the Years Ended December 31, 2013 and 2012**

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue						
Support						
Foundation and corporate grants	\$ 842,081	\$ 1,877,778	\$ 2,719,859	\$ 232,403	\$ 952,783	\$ 952,783
Donations	170,051	45,395	215,446	51,828	19,075	251,478
Special events, net (Note 11)	8,644		8,644	3,287		51,828
In-kind contributions (Note 12)	26,113		26,113			3,287
Total support	<u>1,046,889</u>	<u>1,923,173</u>	<u>2,970,062</u>	<u>287,518</u>	<u>971,858</u>	<u>1,259,376</u>
Revenue						
Contract revenue	8,475		8,475	6,697		6,697
Interest	5,175		5,175	2,556		2,556
Miscellaneous	5,428		5,428	11,574		11,574
Total revenue	<u>19,078</u>	<u>-</u>	<u>19,078</u>	<u>20,827</u>	<u>-</u>	<u>20,827</u>
Net assets released from donor restriction (Note 10)	1,722,361	(1,722,361)	-	2,018,338	(2,018,338)	-
Total support and revenue	<u>2,788,328</u>	<u>200,812</u>	<u>2,989,140</u>	<u>2,326,683</u>	<u>(1,046,480)</u>	<u>1,280,203</u>
Expenses						
Program	1,688,240		1,688,240	1,736,330		1,736,330
General and administrative	340,845		340,845	327,131		327,131
Fundraising	307,671		307,671	266,574		266,574
Total expenses	<u>2,336,756</u>	<u>-</u>	<u>2,336,756</u>	<u>2,330,035</u>	<u>-</u>	<u>2,330,035</u>
Change in net assets	451,572	200,812	652,384	(3,352)	(1,046,480)	(1,049,832)
Net Assets, beginning of year	198,389	1,765,118	1,963,507	201,741	2,811,598	3,013,339
Net Assets, end of year	<u>\$ 649,961</u>	<u>\$ 1,965,930</u>	<u>\$ 2,615,891</u>	<u>\$ 198,389</u>	<u>\$ 1,765,118</u>	<u>\$ 1,963,507</u>

See Notes to the Financial Statements

International Rivers Network

**Statement of Cash Flows
For the Years Ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in net assets	\$ 652,384	\$ (1,049,832)
Adjustments to reconcile change in net assets to cash (used) provided by operating activities:		
Depreciation expense	112,956	40,896
Changes in assets and liabilities:		
Accounts receivable	47,392	(41,205)
Pledges and grants receivable	(11,295)	287,686
Prepaid expenses	(45,904)	837
Deposits	(27,180)	(1,633)
Accounts payable and accrued expenses	(6,202)	13,654
Accrued vacation and sabbatical	(25,910)	(4,202)
Payroll taxes due	-	(20,572)
Grants payable	(24,000)	20,000
Net cash provided (used) by operating activities	<u>672,241</u>	<u>(754,371)</u>
Cash flows from investing activities		
Purchase of property and equipment	(14,717)	(8,364)
Purchase of certificates of deposit	(535)	(300,406)
Net cash used by investing activities	<u>(15,252)</u>	<u>(308,770)</u>
 Change in cash and cash equivalents	 <u>656,989</u>	 <u>(1,063,141)</u>
Cash and cash equivalents, beginning of year	<u>709,360</u>	<u>1,772,501</u>
Cash and cash equivalents, end of year	<u>\$ 1,366,349</u>	<u>\$ 709,360</u>

See Notes to the Financial Statements

International Rivers Network

Statement of Functional Expenses
For the Years Ended December 31, 2013 and 2012

	2013						2012					
	Program Activities			Supporting Activities			Program Activities			Supporting Activities		
	Communications	Campaigns	Total	General and Administrative	Fundraising	Total	Communications	Campaigns	Total	General and Administrative	Fundraising	Total
Salaries	\$ 97,684	\$ 779,644	\$ 877,328	\$ 192,613	\$ 172,134	\$ 1,242,075	\$ 79,866	\$ 805,617	\$ 885,483	\$ 210,578	\$ 164,306	\$ 1,260,367
Employee benefits	7,975	80,035	88,010	20,908	16,989	125,907	8,037	93,130	101,167	33,083	18,352	152,602
Payroll taxes	8,293	49,763	58,056	16,523	15,361	89,940	6,530	61,048	67,578	18,938	13,217	99,733
Total personnel	113,952	909,442	1,023,394	230,044	204,484	1,457,922	94,433	939,795	1,054,228	262,599	195,875	1,512,702
Grants	1,125	47,399	48,524	-	-	47,399	-	113,520	113,520	-	-	113,520
Legal fees	-	8,896	10,021	3,594	-	13,615	-	15,899	15,899	-	-	15,899
Accounting fees	-	-	-	20,652	-	20,652	-	1,768	1,768	19,804	-	21,572
Other fees for service	11,349	159,753	171,102	8,698	16,761	196,561	7,812	160,410	168,222	2,284	15,701	186,207
Advertising and promotion	6	1,337	1,343	410	1,610	3,363	9	168	177	733	1,019	1,929
Supplies	845	14,820	15,665	2,753	1,781	20,199	1,739	21,710	23,449	3,609	2,925	29,983
Telephone	308	9,410	9,718	1,257	482	11,457	250	10,308	10,558	1,115	593	12,266
Postage and shipping	12,702	5,423	18,125	513	13,532	32,170	4,152	5,910	10,062	295	4,325	14,682
Equipment rental and maint.	91	1,708	1,799	2,588	275	4,662	165	2,887	3,052	1,975	338	5,365
Copy and printing	12,268	14,535	26,803	587	17,698	45,088	11,137	22,955	34,092	238	12,072	46,402
Information technology	520	3,580	4,100	553	570	5,223	300	3,593	3,893	616	469	4,978
Occupancy	10,181	107,883	118,064	18,177	17,354	153,595	7,089	98,633	105,722	21,119	15,646	142,487
Travel and meals	1,260	104,162	105,422	2,117	7,627	115,166	227	107,847	108,074	1,130	2,808	112,012
Conferences and meetings	1,490	26,790	28,280	793	662	29,735	98	33,564	33,662	578	1,076	35,316
Insurance	155	1,275	1,430	2,875	270	4,575	105	1,146	1,251	2,685	216	4,152
Dues, licenses, bank fees	7,618	12,486	20,104	2,987	8,474	31,565	5,553	9,748	15,301	1,767	8,757	25,825
Depreciation	9,201	72,302	81,503	15,498	15,955	112,956	2,087	28,894	30,981	5,631	4,284	40,896
Professional fees, in-kind	-	-	-	25,685	-	25,685	-	-	-	-	-	-
Supplies, in-kind	428	-	428	-	-	428	-	1,077	1,077	-	-	1,077
Interest	-	-	-	26	-	26	-	-	-	591	-	591
Staff Training	78	3,462	3,540	1,038	136	4,714	79	1,263	1,342	362	470	2,174
Total expenses	\$ 183,577	\$ 1,504,663	\$ 1,688,240	\$ 340,845	\$ 307,671	\$ 2,336,756	\$ 135,235	\$ 1,601,095	\$ 1,736,330	\$ 327,131	\$ 266,574	\$ 2,330,035

Fund for International Rivers

Statement of Financial Position

December 31, 2013 and 2012

Assets	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 29,004	\$ 19,862
Investments (Note 3)	499,364	524,240
Total Assets	<u>\$ 528,368</u>	<u>\$ 544,102</u>
Liabilities and Net Assets		
Liabilities	\$ -	\$ -
Unrestricted net assets	528,368	544,102
Total Liabilities and Net Assets	<u>\$ 528,368</u>	<u>\$ 544,102</u>

See Notes to the Financial Statements

Fund for International Rivers

**Statement of Activities
For the Years Ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Support and Revenue		
Donations	\$	\$ 400,353
Interest	17,343	14,570
Realized gains	16,608	3,697
Unrealized gains	50,308	18,785
Other income	87	-
Total support and revenue	<u>84,346</u>	<u>437,405</u>
Expenses		
Grants to International Rivers Network	92,081	106,722
Supporting expenses		
Accounting	2,500	1,924
Investment management	5,470	4,986
Dues, licenses, other fees	29	67
Total expenses	<u>100,080</u>	<u>113,699</u>
Change in net assets	<u>(15,734)</u>	<u>323,706</u>
Net Assets, beginning of year	<u>544,102</u>	<u>220,396</u>
Net Assets, end of year	<u>\$ 528,368</u>	<u>\$ 544,102</u>

See Notes to the Financial Statements

Fund for International Rivers

**Statement of Cash Flows
For the Years Ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in net assets	\$ (15,734)	\$ 323,706
Adjustments to reconcile change in net assets to cash (used) provided by operating activities:		
Donated investment securities	-	(229,757)
Realized gains	(16,608)	(3,697)
Unrealized gain	(50,308)	(18,785)
Net cash provided (used) by operating activities	<u>(82,650)</u>	<u>71,467</u>
Cash flows from investing activities		
Purchase of investments	(226,506)	(292,016)
Proceeds from the sale of investments	318,298	225,380
Net cash provided (used) by investing activities	<u>91,792</u>	<u>(66,636)</u>
Change in cash and cash equivalents	<u>9,142</u>	<u>4,831</u>
Cash and cash equivalents, beginning of year	<u>19,862</u>	<u>15,031</u>
Cash and cash equivalents, end of year	<u>\$ 29,004</u>	<u>\$ 19,862</u>

See Notes to the Financial Statements