



**RIVERS & LANDS**  
CONSERVANCY

FINANCIAL STATEMENTS

MARCH 31, 2025

(WITH COMPARATIVE TOTALS FOR 2024)

## CONTENTS

Independent Auditors' Report .....	1-2
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6-7
Notes to the Financial Statements .....	8-24

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Rivers & Lands Conservancy  
Riverside, CA

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Rivers & Lands Conservancy (a nonprofit organization), which comprise the statement of financial position as of March 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rivers & Lands Conservancy as of March 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rivers & Lands Conservancy 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 Financial Statements*

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rivers & Lands Conservancy'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rivers & Lands Conservancy'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.

### ***Report on Summarized Comparative Information***

We have previously audited the financial statements of Rivers & Lands Conservancy as of March 31, 2024, and we expressed an unmodified opinion on those financial statements in our report dated November 1, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2024, is consistent, in all material respects, with the 2024 financial statements from which it has been derived.



Irvine, California  
September 29, 2025

**RIVERS & LANDS CONSERVANCY**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2025**  
**(WITH COMPARATIVE TOTALS FOR 2024)**

**ASSETS**

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,020,168	\$ 1,900,853
Restricted cash	-	1,131,750
Accounts receivable	286,199	60,814
Employee Retention Credit receivable	-	189,883
Investments	19,615,323	18,115,338
Restricted investments	2,630,117	2,562,787
Other assets	51,325	49,636
Lands restricted for conservation	45,263,108	45,263,108
Property and equipment, net	3,304	3,775
<b>TOTAL ASSETS</b>	<b>\$ 69,869,544</b>	<b>\$ 69,277,944</b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable	\$ 40,346	\$ 62,889
Accrued expenses	49,836	62,571
Deferred revenue	855,572	402,315
Agency fund liabilities	2,630,117	3,694,537
<b>Total Liabilities</b>	<b>3,575,871</b>	<b>4,222,312</b>

**COMMITMENTS AND CONTINGENCIES (Note 6)**

<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	771,811	1,279,610
Board designated	757,239	420,978
	1,529,050	1,700,588
With donor restrictions	64,764,623	63,355,044
<b>Total Net Assets</b>	<b>66,293,673</b>	<b>65,055,632</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 69,869,544</b>	<b>\$ 69,277,944</b>

The accompanying notes are an integral part of these financial statements.

**RIVERS & LANDS CONSERVANCY**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2025  
(WITH COMPARATIVE TOTALS FOR 2024)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2025 Total</u>	<u>2024 Total</u>
<b>REVENUE AND SUPPORT</b>				
Contributions and grants	\$ 255,661	\$ 1,235,266	\$ 1,490,927	\$ 2,998,906
Employee Retention Credits	-	-	-	189,883
Service fees	184,929	-	184,929	332,055
Investment gain, net	161,630	696,290	857,920	2,258,677
Change in value of beneficial interest in assets held by others	-	-	-	(15,369)
Other (loss) income	(3,244)	-	(3,244)	88,228
Net assets released from restrictions	521,977	(521,977)	-	-
Total Revenue and Support	<u>1,120,953</u>	<u>1,409,579</u>	<u>2,530,532</u>	<u>5,852,380</u>
<b>EXPENSES</b>				
Program	860,365	-	860,365	1,719,445
General administration	322,074	-	322,074	331,731
Development	110,052	-	110,052	96,968
Total Expenses	<u>1,292,491</u>	<u>-</u>	<u>1,292,491</u>	<u>2,148,144</u>
<b>CHANGE IN NET ASSETS</b>	<u>(171,538)</u>	<u>1,409,579</u>	<u>1,238,041</u>	<u>3,704,236</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,700,588</u>	<u>63,355,044</u>	<u>65,055,632</u>	<u>61,351,396</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,529,050</u>	<u>\$ 64,764,623</u>	<u>\$ 66,293,673</u>	<u>\$ 65,055,632</u>

The accompanying notes are an integral part of these financial statements.

**RIVERS & LANDS CONSERVANCY**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2025  
(WITH COMPARATIVE TOTALS FOR 2024)**

	<u>Program</u>	<u>General Administration</u>	<u>Development</u>	<u>2025 Total</u>	<u>2024 Total</u>
Salaries and wages	\$ 462,217	\$ 136,931	\$ 78,203	\$ 677,351	\$ 604,803
Payroll taxes	35,020	10,375	5,925	51,320	46,388
Employee benefits	<u>59,968</u>	<u>17,765</u>	<u>10,146</u>	<u>87,879</u>	<u>80,671</u>
Total salaries and related	557,205	165,071	94,274	816,550	731,862
Accounting and auditing fees	-	122,345	-	122,345	146,382
Bad debt expense	3,420	-	-	3,420	3,867
Contracted services	119,513	-	-	119,513	152,561
Depreciation expense	322	95	54	471	11,255
Insurance	18,164	5,381	3,073	26,618	8,676
Land grant	-	-	-	-	903,523
Legal fees	49,651	2,613	-	52,264	66,633
Licenses, fees, and permits	13,114	4,725	175	18,014	22,403
Program materials and supplies	38,215	4,858	2,774	45,847	30,427
Property taxes	3,424	-	-	3,424	5,114
Rent and occupancy	18,066	5,352	3,057	26,475	22,200
Technology and software	21,512	6,373	3,640	31,525	24,608
Travel and auto expense	<u>17,759</u>	<u>5,261</u>	<u>3,005</u>	<u>26,025</u>	<u>18,633</u>
<b>TOTAL EXPENSES</b>	<u>\$ 860,365</u>	<u>\$ 322,074</u>	<u>\$ 110,052</u>	<u>\$ 1,292,491</u>	<u>\$ 2,148,144</u>

The accompanying notes are an integral part of these financial statements.

**RIVERS & LANDS CONSERVANCY**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2025  
(WITH COMPARATIVE TOTALS FOR 2024)**

	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,238,041	\$ 3,704,236
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	471	11,255
Bad debt expense	3,420	3,867
Net realized and unrealized gain on investments	(314,706)	(1,876,937)
Change in value of beneficial interest held by others	(1,045)	(26,612)
Contributions and other deposits restricted for investment in endowment	(1,346,297)	(2,778,483)
Interest and dividends restricted for investment in endowment	(686,685)	(421,386)
Noncash donation of land and property and equipment to others	-	895,584
Change in operating assets and liabilities:		
Accounts receivable	(228,805)	37,039
Employee Retention Credit receivable	189,883	(189,883)
Other assets	(644)	-
Accounts payable	(22,543)	(6,441)
Accrued expenses	(12,735)	(2,499)
Deferred revenue	453,257	(101,246)
Agency fund liabilities	(1,064,420)	910,022
Net Cash (Used In) Provided By Operating Activities	(1,792,808)	158,516
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	7,504,341	5,418,743
Purchases of investments	(7,692,531)	(8,326,985)
Purchases of property and equipment	-	(3,600)
Net Cash Used In Investing Activities	(188,190)	(2,911,842)

The accompanying notes are an integral part of these financial statements.

**RIVERS & LANDS CONSERVANCY**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2025  
(WITH COMPARATIVE TOTALS FOR 2024)  
(Continued)**

	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions and other deposits restricted for investment in endowment, net of appropriations	1,346,297	2,778,483
Interest and dividends restricted for investment in endowment	686,685	421,386
Interest and dividends allocated to agency fund liabilities	<u>(1,064,419)</u>	<u>(261,100)</u>
Net Cash Provided By Financing Activities	<u>968,563</u>	<u>2,938,769</u>
 <b>NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	 (1,012,435)	 185,443
 <b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR</b>	 <u>3,032,603</u>	 <u>2,847,160</u>
 <b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR</b>	 <u>\$ 2,020,168</u>	 <u>\$ 3,032,603</u>

The accompanying notes are an integral part of these financial statements.

## RIVERS & LANDS CONSERVANCY

### NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2025

(WITH COMPARATIVE TOTALS FOR 2024)

#### NOTE 1 – Conservancy

Rivers & Lands Conservancy (the Conservancy) was incorporated in 1989 as a California nonprofit corporation. The purpose of the Conservancy is to connect our community to natural, wild, and open spaces of Southern California through land conservation, stewardship, and education. The Conservancy receives support from contributions from individuals, businesses, and government grants. Service fees are received to facilitate the protection and stewardship of lands set aside as mitigation for developments.

#### NOTE 2 – Summary of Significant Accounting Policies

##### *Basis of Presentation*

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

##### *Financial Statement Presentation*

The Conservancy reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets and revenue are classified based on the existence or absence of donor-imposed restrictions as follows:

*Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions.

*With Donor Restrictions* – Net assets subject to donor-imposed restrictions that are temporary in nature that will be met by either actions of the Conservancy or the passage of time. Other donor stipulations are perpetual in nature, where the donor stipulates that the corpus be maintained intact in perpetuity. The Conservancy reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

**RIVERS & LANDS CONSERVANCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2025**  
**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***Reclassifications***

Certain amounts in 2024 have been reclassified to conform with the 2025 financial statement presentation.

***Prior-Period Information***

The financial statements include certain prior period summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Conservancy's financial statements for the year ended March 31, 2024, from which the summarized comparative information was derived.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

***Cash and Cash Equivalents***

Cash and cash equivalents include cash in bank deposit accounts and highly liquid investments with an original maturity of three months or less.

***Concentration of Credit Risk***

The Conservancy maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor. From time to time, cash balances may exceed FDIC-insured limits. The Conservancy has not experienced any previous losses in such accounts and management believes it is not exposed to any significant credit risk on its cash, cash equivalents, and restricted cash.

## RIVERS & LANDS CONSERVANCY

### NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2025

(WITH COMPARATIVE TOTALS FOR 2024)

#### NOTE 2 – Summary of Significant Accounting Policies (Continued)

##### *Accounts Receivable and Allowance for Credit Losses*

Accounts receivable arise in the normal course of operations. Payments received in advance of services to be rendered are recorded as deferred revenue. The Conservancy provides for losses on receivables using the credit loss methodology. The allowance is based on historical loss experience, current economic conditions, and other relevant factors in its credit loss estimation process and provides for probable uncollectable amounts through a charge to earnings and a credit to an allowance for credit losses. The Conservancy did not record an allowance for credit losses at March 31, 2025 and 2024. Bad debt expense totaled \$3,420 and \$3,867 for the years ended March 31, 2025 and 2024, respectively.

##### *Property and Equipment*

Property and equipment are recorded at cost. Depreciation of property and equipment is computed over the estimated useful lives of the related assets using the straight-line method. Donated property and equipment are recorded at fair value at the time the Conservancy receives the gift. Expenditures for major additions are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. The Conservancy capitalizes all purchases of property and equipment with a cost greater than \$2,500. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations for the respective period.

##### *Investments*

The Conservancy carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Investments include cash, cash equivalents, and restricted cash. Investment gains and losses are included in change in net assets in the statement of activities.

Investment return on restricted assets is reported as an increase in net assets without donor restrictions if the asset restriction expires in the reporting period in which the income is recognized. All other restricted investment return is reported as an increase in net assets with donor restrictions.

**RIVERS & LANDS CONSERVANCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2025**  
**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***Lands and Conservation Easements Restricted for Conservation***

Lands restricted for conservation consist of land acquired by the Conservancy through purchase or donation and is stated at cost or the estimated fair market value of the land on the date of receipt. Easements acquired as mitigation are valued at zero due to the liability of associated stewardship requirements.

***Revenue Recognition***

**Service Fees and Conditional Agreements**

Service revenue and evaluation fees are recognized in the period in which the service is provided. Funds received in advance of providing these services are recorded as deferred revenue until the services are provided. Contributions are recognized when cash, other assets, or an unconditional promise to give 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. A portion of revenue, including government grants, are derived from cost-reimbursable federal and 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 Conservancy has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are included in deferred revenue in the statement of financial position.

The Conservancy is party to conditional contribution agreements with terms that span an indefinite period. Additional funding of \$1,027,352 and \$493,035 has not been recognized at March 31, 2025 and 2024, respectively, because funding is contingent upon the occurrence of certain performance obligations or upon certain conditions that have not yet been met as a result of the permit process and legal barriers the donor must navigate.

**RIVERS & LANDS CONSERVANCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2025**  
**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***Revenue Recognition (Continued)***

Contributed Nonfinancial Assets

The Conservancy recognizes contributed nonfinancial assets within revenue, which may include donated materials, assets, land, space, and professional services. Several volunteers have made significant contributions of their time to the Conservancy's programs and supporting services. The value of this contributed time is not reflected in these financial statements since it does not require a specialized skill.

Land and assets can be contributed to the Conservancy. The Conservancy will determine whether to sell or utilize the contributed land and assets based on its current needs. Fair market value of the land and assets are determined at the time they are donated.

Contributed services are valued and reported at their estimated fair value based on current rates for similar services. During the years ended March 31, 2025 and 2024, the Conservancy did not receive any contributed services.

***Employee Retention Credits***

The Employee Retention Credit (ERC) was enacted in March 2020 by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and amended in December 2020, by the Taxpayer Certainty and Disaster Tax Relief Act (TCADTR Act). The ERC is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer paid to employees between March 2020 and before January 2021 and 70% of the qualified wages in remaining calendar year 2021.

During the year ended March 31, 2025, the Conservancy received \$189,883 of refundable ERCs claimed under provisions of the CARES Act and TCADTR Act which was recognized as a separate item of support in the accompanying statement of activities during the year ended March 31, 2024.

**RIVERS & LANDS CONSERVANCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2025**  
**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***Deferred Revenue***

Deferred revenue mainly consists of advance deposits for conservation easement agreements and evaluation mitigation. Revenue for conservation easements is recognized upon acquisition of land by a developer whose permit has been approved by the respective governing authority. Evaluation mitigation and related services are recognized over future periods as services are provided.

***Restricted Cash, Restricted Investments, and Agency Fund Liabilities***

The Conservancy may serve as a fiscal agent for third-party donors to conduct various land conservation-specific projects and programs. As a fiscal agent, the Conservancy may receive funds with donor-imposed restrictions for which it does not have either 1) a unilateral right to redirect the funds to other uses (“variance power”), 2) significant involvement in the determination of specific beneficiaries, or 3) the donor has designated themselves as the beneficiary of the funds. Such funds are not considered to be contributions and are recorded in restricted cash, restricted investments, and agency fund liabilities in the statement of financial position.

***Income Taxes***

The Conservancy qualifies as a not-for-profit tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code (IRC) and applicable provisions of the California Revenue and Taxation Code, Section 23701(d). The Conservancy is classified as other than a private foundation within the meaning of Section 509(a)(2) of the IRC and is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal purposes is three years and for California is four years. The Conservancy believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

**RIVERS & LANDS CONSERVANCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2025**  
**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***Allocation of Functional Expenses***

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of expenses by function.

Accordingly, certain costs have been allocated among the programs and supporting services benefited. Direct expenses are charged directly to the functional area to which they relate, including direct salaries and wages based on time records and management's estimates of employee activities. Indirect expenses include payroll taxes and employee benefits, which are allocated based on estimates of how they are utilized by the Conservancy.

***Subsequent Events***

Management has evaluated subsequent events from the statement of financial position date through September 29, 2025, which is the date these financial statements were available to be issued.

RIVERS & LANDS CONSERVANCY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2025

(WITH COMPARATIVE TOTALS FOR 2024)

**NOTE 3 – Liquidity and Availability of Funds**

Financial assets available to meet cash needs for current liabilities and general expenditures within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 2,020,168
Accounts receivable	286,199
Investments	<u>19,615,323</u>
	<u>21,921,690</u>
Less amounts unavailable for general expenditure within one year due to:	
Perpetually held endowment funds	15,267,914
Donor restrictions for time or purpose	5,092,699
Board designations	<u>757,239</u>
	<u>21,117,852</u>
	<u>\$ 803,838</u>

The Conservancy considers revenue, support, and gains received within one year of the statement of financial position date for use in programs that are ongoing, major, and central to its annual operations as available to meet cash needs for general expenditures, subject to the spending policy for any endowment-related income.

**RIVERS & LANDS CONSERVANCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2025**  
**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 4 – Property and Equipment**

The following is a summary of property and equipment, net:

	<b>March 31,</b>	
	<b>2025</b>	<b>2024</b>
Truck	\$ 42,852	\$ 42,852
Office equipment	8,287	8,287
Field equipment	27,799	27,799
Land improvements	3,600	3,600
	82,538	82,538
Less accumulated depreciation	(79,234)	(78,763)
Property and equipment, net	\$ 3,304	\$ 3,775

Depreciation expense for the years ended March 31, 2025 and 2024 was \$471 and \$11,255, respectively.

**NOTE 5 – Investments**

The Conservancy follows the guidance required for fair value measurements of financial and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring or nonrecurring basis. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques.

**RIVERS & LANDS CONSERVANCY**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2025**

**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 5 – Investments (Continued)**

The Conservancy groups its assets measured at fair value into three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Conservancy has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Investments are classified as level 1 (cash and cash equivalents, government securities, equities, and mutual funds) and level 2 (corporate bonds) on the fair value hierarchy and consist of the following:

	<u>March 31, 2025</u>		<u>March 31, 2024</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Cash and cash equivalents	\$ 815,777	\$ 815,777	\$ 468,033	\$ 468,033
Government securities	3,694,629	3,854,889	3,839,054	4,159,265
Corporate bonds	2,914,077	2,955,428	1,993,680	2,075,546
Equities	9,845,118	8,052,961	9,717,093	7,427,995
Mutual funds	4,975,839	4,791,387	4,660,265	4,463,458
<b>Total investments</b>	<b><u>\$ 22,245,440</u></b>	<b><u>\$ 20,470,442</u></b>	<b><u>\$ 20,678,125</u></b>	<b><u>\$ 18,594,297</u></b>

RIVERS & LANDS CONSERVANCY

NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2025  
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 5 – Investments (Continued)

Net investment gain consists of the following:

	For the Year Ended	
	March 31,	
	2025	2024
Dividends and interest	\$ 710,634	\$ 504,090
Net realized and unrealized gain	314,706	1,876,937
Investment fees	(167,420)	(122,350)
Net investment gain	\$ 857,920	\$ 2,258,677

NOTE 6 – Commitments and Contingencies

*Litigation*

The Conservancy may be periodically subject to legal complaints and/or lawsuits in the ordinary course of operations. The Conservancy is not presently a party to any litigation that it believes might have a material adverse effect on its business operations.

*Retirement Plan*

The Conservancy established a SIMPLE IRA plan effective October 1, 2008 for all employees who work at least 30 hours a week. The Conservancy agrees to match employees' contributions up to a limit of 3% of compensation for the year. For the years ended March 31, 2025 and 2024, the Conservancy made matching contributions of \$19,058 and \$16,384 to the plan, respectively.

**RIVERS & LANDS CONSERVANCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2025**  
**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 7 – Net Assets**

*Net Assets Without Donor Restrictions – Board Designated*

The Conservancy maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Conservancy’s governing board has designated a portion of its resources for endowment purposes, which are identified as board-designated in the table below. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Conservancy’s Board of Directors (the Board).

The board-designated net assets without donor restrictions are to be used for the following purposes:

	<b>March 31,</b>	
	<b>2025</b>	<b>2024</b>
General stewardship and other	\$ 387,958	\$ 62,958
Board-designated endowment	369,281	358,020
 Total board designated net assets	 \$ 757,239	 \$ 420,978

**RIVERS & LANDS CONSERVANCY**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2025**

**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 7 – Net Assets (Continued)**

***Net Assets With Donor Restrictions***

Net assets with donor restrictions are restricted for the following purposes:

	<b>March 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Subject to expenditure for a specific purpose:</b>		
Land easement projects	\$ 78,714	\$ 70,786
Land and easement management	361,841	419,352
Fish and Wildlife Services DSF	119,922	112,957
Preservation of Riverside County agricultural land	83,014	83,622
Mt. Rubidoux stewardship, education, and outreach	26,962	25,983
Lands restricted for conservation available for transfer to another agency	880,220	880,220
Other	10,020	5,275
Grants	46,310	-
Endowment earnings	3,485,696	3,091,228
	5,092,699	4,689,423
<b>Perpetual in nature:</b>		
Lands restricted for conservation	44,382,888	44,382,888
Endowment funds, subject to endowment spending policy – stewardship	15,267,914	14,261,611
Other assets	21,122	21,122
	59,671,924	58,665,621
 Total net assets with donor restrictions	 \$ 64,764,623	 \$ 63,355,044

## RIVERS & LANDS CONSERVANCY

### NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2025

(WITH COMPARATIVE TOTALS FOR 2024)

#### NOTE 8 – Endowment Fund

The Board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Conservancy classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Conservancy in a manner that is consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Conservancy considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Conservancy and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Conservancy
- 7) The investment and spending policies of the Conservancy

**RIVERS & LANDS CONSERVANCY**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2025**

**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 8 – Endowment Fund (Continued)**

Endowment net assets consist of the following at March 31, 2025:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions Subject to Expiration</u>	<u>With Donor Restrictions in Perpetuity</u>	<u>Total</u>
Board-designated endowment funds	\$ 369,281	\$ -	\$ -	\$ 369,281
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	-	15,267,914	15,267,914
Accumulated investment gains	<u>-</u>	<u>3,485,696</u>	<u>-</u>	<u>3,485,696</u>
Total	<u>\$ 369,281</u>	<u>\$ 3,485,696</u>	<u>\$ 15,267,914</u>	<u>\$ 19,122,891</u>

Endowment net assets consist of the following at March 31, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions Subject to Expiration</u>	<u>With Donor Restrictions in Perpetuity</u>	<u>Total</u>
Board-designated endowment funds	\$ 358,020	\$ -	\$ -	\$ 358,020
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	-	14,261,611	14,261,611
Accumulated investment gains	<u>-</u>	<u>3,091,228</u>	<u>-</u>	<u>3,091,228</u>
Total	<u>\$ 358,020</u>	<u>\$ 3,091,228</u>	<u>\$ 14,261,611</u>	<u>\$ 17,710,859</u>

**RIVERS & LANDS CONSERVANCY**

**NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2025  
(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 8 – Endowment Fund (Continued)**

Changes in the endowment net assets are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, March 31, 2023	\$ 222,221	\$13,304,279	\$ 13,526,500
Investment return, net of fees	95,799	1,979,177	2,074,976
Contributions	40,000	2,343,867	2,383,867
Appropriation of endowment assets	<u>-</u>	<u>(274,484)</u>	<u>(274,484)</u>
Endowment net assets, March 31, 2024	358,020	17,352,839	17,710,859
Investment return, net of fees	-	686,685	686,685
Contributions	15,000	1,006,303	1,021,303
Appropriation of endowment assets	<u>(3,739)</u>	<u>(292,217)</u>	<u>(295,956)</u>
Endowment net assets, March 31, 2025	<u>\$ 369,281</u>	<u>\$18,753,610</u>	<u>\$ 19,122,891</u>

**RIVERS & LANDS CONSERVANCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2025**  
**(WITH COMPARATIVE TOTALS FOR 2024)**

**NOTE 8 – Endowment Fund (Continued)**

*Endowment Investment and Spending Policies*

The Conservancy has adopted investment and spending policies for endowment assets that attempt to provide a forecasted stream of funding to programs supported by its endowment with a primary emphasis placed on maintaining the corpus of the endowment funds. The Conservancy's spending and investment policies work together to achieve this objective. The current long-term return objective is to return inflation plus 5% net of investment fees. Actual returns in any given year may vary from this amount. The expected return utilizes reasonable investment assumptions; however, a different set of assumptions could also be considered reasonable and result in varying expectations.

To satisfy its long-term rate-of-return objectives, the Conservancy relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Conservancy 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.

The spending policy on the endowments is to spend money as needed for stewardship and property management, without invading the corpus of the endowment. The amount of expenses can vary from year to year, depending on the requirements of the property and/or easement. In cases of market decline in investment values, the Conservancy will allocate such losses to the endowments, possibly causing the value of the endowment to be underwater. In such instances, the Conservancy will make every effort to ensure that future market increases are allocated to endowments to restore their original amounts and will at no time spend from an underwater fund.

Earnings on the corpus are maintained in the same investment account as the corpus. As expenses are incurred, funds are transferred from the endowment investment account to cash to pay expenses.