

THE HENRY'S FORK FOUNDATION, INC.

**Financial Statements
with
Independent Auditors' Report**

September 30, 2021



RUDD & COMPANY^{INC.}

certified public accountants | business consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Henry's Fork Foundation, Inc.
P.O. Box 550
Ashton, ID 83420

We have audited the accompanying financial statements of The Henry's Fork Foundation, Inc. (a nonprofit organization) which comprise the statements of financial position as of September 30, 2021, and the related statements of activities and cash flows for the year 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 audit. 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 audit 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.

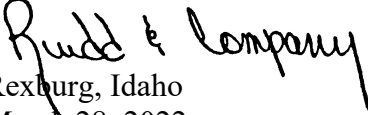
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Henry's Fork Foundation, Inc. as of September 30, 2021, and the changes in its net assets and its cash flows for the nine months then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Henry's For Foundation, Inc. September 30, 2020 financial statements, and our report dated June 17, 2021 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein, as of and for the nine months ending September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.


Rexburg, Idaho
March 28, 2022

THE HENRY'S FORK FOUNDATION, INC.
Statement of Financial Position
September 30,

	Without Donor Restrictions	With Donor Restrictions	2021 Total	Summarized 2020 Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 227,255	\$ -	\$ 227,255	\$ 209,583
Inventory	17,729	-	17,729	9,555
Total Current Assets	244,984	-	244,984	219,138
Property and Equipment	2,061,988	-	2,061,988	1,937,154
Less: Accumulated depreciation	(446,184)	-	(446,184)	(431,136)
Net Property and Equipment	1,615,804	-	1,615,804	1,506,018
Other Assets				
Comprehensive campaign pledges receivable, net of allowance for doubtful accounts of \$ 46,706	186,826	-	186,826	136,900
Investment funds	480,992	-	480,992	648,191
Investments at market value	-	45,100	45,100	45,100
Total Other Assets	667,818	45,100	712,918	830,191
	\$ 2,528,606	\$ 45,100	\$ 2,573,706	\$ 2,555,347
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	\$ 57,382	\$ -	\$ 57,382	\$ 53,854
Payroll liabilities	22,323	-	22,323	18,265
Accrued expenses	49,649	-	49,649	45,590
Line of credit	70,665	-	70,665	118,578
Current portion of long-term debt	-	-	-	7,688
Total Current Liabilities	200,019	-	200,019	243,975
Long-term Liabilities				
Promissory note	-	-	-	235,593
Total Long-term Liabilities	-	-	-	235,593
Total Liabilities	200,019	-	200,019	479,568
Net Assets				
Without donor restrictions	1,847,595	-	1,847,595	1,741,017
Without donor restrictions - board designated	480,992	-	480,992	289,662
With donor restrictions	-	45,100	45,100	45,100
Total Net Assets	2,328,587	45,100	2,373,687	2,075,779
	\$ 2,528,606	\$ 45,100	\$ 2,573,706	\$ 2,555,347

The Accompanying Notes are an Integral Part
of the Financial Statements

THE HENRY'S FORK FOUNDATION, INC.
Statement of Activities
For the Twelve Months Ended September 30, 2021
and Nine Months Ended September 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>Summarized 2020 Total</u>
Support and Revenues				
Dues and donations	\$ 217,244	\$ -	\$ 217,244	\$ 127,431
Campaign for Wildtrout	1,402,182	-	1,402,182	640,676
Events and appeals	763,870	-	763,870	448,265
PPP forgiveness	158,445	-	158,445	167,000
Other revenues	-	-	-	54,519
Sales - retail items	7,244	-	7,244	11,868
Investment income	5,777	-	5,777	5,180
Gain on disposal of fixed assets	10,565	-	10,565	-
Net realized and unrealized gains (losses)	72,587	-	72,587	(46)
Total Support and Revenue	2,637,914	-	2,637,914	1,454,893
Expenses				
Administration	198,742	-	198,742	111,328
Fundraising	445,524	-	445,524	279,265
Science and technology	701,996	-	701,996	356,473
Outreach and education	678,681	-	678,681	387,286
Communications	63,771	-	63,771	40,591
Stewardship	251,292	-	251,292	160,630
Total Expenses	2,340,006	-	2,340,006	1,335,573
Change in Net Assets	297,908	-	297,908	119,320
Net Assets, Beginning of Year	2,030,679	45,100	2,075,779	1,956,459
Net Assets, End of Year	<u>\$ 2,328,587</u>	<u>\$ 45,100</u>	<u>\$2,373,687</u>	<u>\$2,075,779</u>

The Accompanying Notes are an Integral Part
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THE HENRY'S FORK FOUNDATION, INC.
Statement of Functional Expenses
For the Twelve Months Ended September 30, 2021
and Nine Months Ended September 30, 2020

	(Summarized)				
	<u>Administration</u>	<u>Fundraising</u>	<u>Program Expenses</u>	<u>2021 Total</u>	<u>2020 Total</u>
Advertising	\$ -	\$ -	\$ 1,844	\$ 1,844	\$ 984
Board exp	1,223	-	-	1,223	1
Computer exp	2,821	5,234	22,573	30,628	13,671
Conferences	-	-	1,909	1,909	7,076
Credit card fee	-	16,350	-	16,350	12,614
Depreciation	-	-	92,312	92,312	73,454
Dues	266	494	2,132	2,892	1,634
Event costs	28,252	216,598	131,843	376,693	232,595
Insurance	9,198	17,067	73,602	99,867	64,151
Interest	1,258	2,333	10,062	13,653	13,555
Misc	301	559	2,411	3,271	1,046
Newsletter	199	-	2,455	2,654	8,627
Pension plan	2,003	3,719	16,037	21,759	14,971
Postage	1,362	2,529	10,905	14,796	12,006
Professional fees	10,014	18,582	80,135	108,731	62,648
Program	49,943	-	492,319	542,262	123,304
Rent	2,015	-	24,843	26,858	19,324
Repairs	2,319	-	28,598	30,917	19,084
Retail	319	590	2,545	3,454	18,229
Salary & wages	74,821	138,839	598,737	812,397	545,287
Supplies	1,385	2,570	11,081	15,036	12,676
Taxes - payroll	5,842	10,841	46,749	63,432	44,768
Taxes & licenses	946	1,759	7,586	10,291	900
Telephone	1,536	2,851	12,293	16,680	14,572
Training	235	-	2,894	3,129	600
Travel	966	1,793	7,730	10,489	4,797
Utilities	1,518	2,816	12,145	16,479	12,999
	<u>\$ 198,742</u>	<u>\$ 445,524</u>	<u>\$ 1,695,740</u>	<u>\$ 2,340,006</u>	<u>\$ 1,335,573</u>

The Accompanying Notes are an Integral Part
of the Financial Statements

THE HENRY’S FORK FOUNDATION, INC.
Notes to the Financial Statements
September 30, 2021

1. Summary of Significant Accounting Policies

Nature of Activities

The Henry’s Fork Foundation, Inc. (The Foundation) is an Idaho non-profit corporation duly qualified as an exempt public charitable organization under Section 501(c)(3) of the Internal Revenue Code (IRC), gifts to which are deductible as charitable contributions under Section 170 of the IRC. The mission of the Foundation, formed in 1984, is to conserve, protect and restore the unique fishery, wildlife, and aesthetic qualities of the Henry’s Fork watershed. Activities include research, restoration, educational projects, and participation in a comprehensive watershed council program affecting the two million acre Henry’s Fork Basin of Eastern Idaho.

Collaborative Water Management

Trout do not have water rights, so the Foundation must find ways to work within a system that affords us neither management authority nor decision-making power. What we do have, is data. It is our reputation as a source for reliable data that gets us a seat at the table where those crucial water management decisions are made. The Foundation shares daily water reports and custom, predictive modeling to influence management for the benefit of wild trout. Precision management of water resources has led to an average additional carryover of 20,000 acre-feet in Island Park Reservoir over the 2018-2021 time period. This carryover positively impacts water quality and flow management.

Water Quality

The Foundation has also developed one of the most extensive water-quality monitoring networks run by a nonprofit in the western U.S. with 12 sondes (underwater data collectors), a real-time data website, and an extensive water sampling protocol, the Foundation measures water temperature, dissolved oxygen, and water clarity parameters on a daily and weekly basis. The Foundation also maintains an annual macroinvertebrate study to track aquatic insect population health.

Fisheries

The Foundation has completed or funded well over 100 research, monitoring, and restoration projects throughout the watershed. Since our founding, fisheries health, habitat, and biological research have made up the core of our programmatic work, including monitoring fish passage, implementing gill lice surveys, quantifying macrophyte cover, and conducting stream restoration work.

The Value of Fishing

The Foundation collaborated with nonprofit, state agency, and university partners on a multi-year assessment of the economic value of recreational fishing in the Henry’s Fork watershed to help decision-makers understand the economic contribution of our fisheries to the region. The Foundation also conducts assessments of angler attitudes to better understand angler values and prioritize future conservation work.

1. Summary of Significant Accounting Policies (continued)

Nature of Activities (continued)

Farms and Fish Program

In the upper Snake River basin, agriculture accounts for 90% of water withdrawals. While fish and farms might not seem like a natural pair, bridging the gap between local agricultural producers and the Henry's Fork fishery can bring benefits to water resources and the health of the river at a more significant scale than ever before. The Foundation and partners are working with major agricultural producers and landowners in our area through voluntary transactions that compensate irrigators for reducing irrigation demand, thus keeping more water in island park reservoir.

- On-farm water management

A key tool the Foundation can use to influence water use is land-lease agreements, including agreements to not divert water from the river. These agreements are often paired with cover crop agreements to build soil health and soil moisture holding capacity.

- Alternative Crops

The program incentivizes farmers to plant alternative crops that use less water, use water outside of peak irrigation demand, improve soil health, reduce wind erosion and sediment runoff, and benefit water quality.

- Aquifer Recharge

Groundwater contributions from the aquifer in late summer provide an important component of baseflows, adding cool, clear water when it is really needed. Recharge of the aquifer has been decreasing with changes in irrigation technology, so the Foundation is working to support well-timed recharge efforts to benefit flows without significant detrimental impact on the day-to-day fishing experience.

- Monitoring

All Farms and Fish methods depend heavily on the capacity of HFF and partners to monitor water use to verify that the objectives will be achieved and to guard against unintended consequences.

- Creating Markets

To be successful into the future, the Farms and Fish program must be self-sustaining by creating markets for crops or systems that use less water. The program will assist local entities in building infrastructure that could create a market for high-value, low-water-use crops, like reduced-irrigation malt barley and quinoa, without further incentives.

1. Summary of Significant Accounting Policies (continued)

Nature of Activities (continued)

Improvement and Maintenance of Existing Access Sites

The Foundation is committed to protecting public access to the Henry's Fork and its tributaries. The Foundation works with partners to maintain and improve facilities such as boat ramps, access roads, parking areas, and toilets at existing sites.

Securing Permanent Public Access

Building on successful campaigns that secured permanent access at several popular sites on the lower river, the Foundation will continue to ensure that anglers and river users are able to enjoy the Henry's Fork for generations to come.

Long-term Protection

In our role as voice of the river, the Foundation monitors water rights applications, stream alteration permit applications, and a variety of other legal or administrative processes to determine when action is required and to ensure the river's best interest is always represented and protected.

Riparian Fencing

The Foundation riparian fencing program was established as a flagship project in 1984 to protect the banks of the river from degradation. In the last 37 years, the Foundation has continued to protect the famed ranch reach by repairing and rebuilding miles of fence and dedicating an intern to monitor and maintain fence line.

Youth Education

Understanding the critical role the next generation of river stewards will play, the Foundation enhances watershed education in local schools with Idaho Fish & Game's Trout in the Classroom program and our very own Youth on the Fly event. Fifth graders learn appreciation for the wild trout life cycle by raising their own from egg to fingerling in their classroom.

Internship Program

The Foundation's top-notch internship program continues after three decades with individual projects and professional supervision for each intern joining the Foundation's team. Interns not only contribute to ongoing research and projects, but make crucial field work possible year after year.

Graduate Student Research

The Foundation's well-respected science and research program is elevated by graduate student research in connection with universities across the country. These budding scientists are the next generation of professionals, answering critical questions about our fisheries and water resources.

1. Summary of Significant Accounting Policies (continued)

Nature of Activities (continued)

South Fork Initiative (SFI)- Why the South Fork?

Water management on the South Fork Snake River can directly affect streamflow in the Henry's Fork as the upper Snake River Basin is managed as one unit. The South Fork Initiative will provide the opportunity to influence broad-scale water management for the benefit of the Henry's Fork and the South Fork. Anglers and agricultural interests have recognized the benefit of the SFI.

The Foundation's approach to conservation has always begun with collaboration. There is a great deal of knowledge, expertise, and conservation effort already underway on the South Fork, so connecting organizations and agencies with anglers through outreach and communications is a crucial first step in developing a unified voice.

South Fork anglers have concerns about fluctuations in flows, macroinvertebrates and fish populations, summer water temperatures, and fish habitat. The Foundation's has the experience and capacity to help establish time-tested water quality, macroinvertebrate, and habitat monitoring to increase our understanding of the South Fork ecosystem.

Tactfully implemented restoration projects are an effective way to boost trout populations and the fishing experience. The South Fork Initiative will collaborate with partners like Idaho Fish & Game to implement and quantify the effectiveness of restoration projects and management strategies in the South Fork watershed.