

**TRUST FOR CONSERVATION  
INNOVATION DBA MULTIPLIER**

*(A California Nonprofit Public Benefit Corporation)*

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

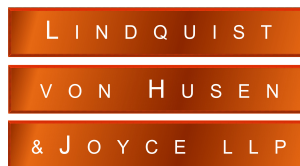
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

TRUST FOR CONSERVATION INNOVATION DBA MULTIPLIER  
(A California Nonprofit Public Benefit Corporation)  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017

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To the Board of Directors  
Trust for Conservation Innovation DBA Multiplier  
Oakland, California

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of Trust for Conservation Innovation DBA Multiplier, a California nonprofit public benefit corporation, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 Trust for Conservation Innovation DBA Multiplier as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

As discussed in Note 2 to the financial statements, Trust for Conservation Innovation DBA Multiplier adopted the new accounting guidance required by accounting principles generally accepted in the United States of America and changed its classification of net assets and enhanced its disclosures about net assets and liquidity in Notes 8 and 10. The change in accounting principle has been applied retrospectively to the prior period presented. Our opinion is not modified with respect to this matter.

### Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued a report dated June 27, 2019 on our consideration of Trust for Conservation Innovation DBA Multiplier's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Trust for Conservation Innovation DBA Multiplier's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Trust for Conservation Innovation DBA Multiplier's internal control over financial reporting and compliance.

June 27, 2019

*Lindquist, von Husen and Joyce LLP*

TRUST FOR CONSERVATION INNOVATION DBA MULTIPLIER

(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Current assets:		
Cash	\$ 354,724	\$ 280,532
Investments (Note 4)	9,457,845	7,742,382
Receivables:		
Grants and pledges (Note 3)	1,450,464	2,163,188
Contracts	296,161	155,763
Other	17,538	39,907
Interest receivable (Note 5)	2,039	-
Notes receivable – current portion (Note 5)	202,776	-
Prepaid expenses and other assets	144,737	92,337
Total current assets	11,926,284	10,474,109
Grants receivable – net of current portion (Note 3)	200,000	178,334
Notes receivable – net of current portion (Note 5)	2,020,739	-
Property and equipment – net (Note 6)	4,381	6,572
Deposits	9,467	9,467
Total assets	<u>\$ 14,160,871</u>	<u>\$ 10,668,482</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 753,942	\$ 366,212
Accrued compensation	288,038	239,733
Deferred revenue	47,698	15,670
Interest payable (Note 7)	2,039	-
Note payable – current portion (Note 7)	202,776	-
Total current liabilities	1,294,493	621,615
Note payable – net of current portion (Note 7)	2,020,739	-
Total liabilities	<u>3,315,232</u>	<u>621,615</u>
Net assets:		
Without donor restrictions:		
Available for operations	2,259,101	2,234,717
Designated for supported projects	753,824	567,169
Total net assets without donor restrictions	3,012,925	2,801,886
With donor restrictions (Note 8)	7,832,714	7,244,981
Total net assets	<u>10,845,639</u>	<u>10,046,867</u>
Total liabilities and net assets	<u>\$ 14,160,871</u>	<u>\$ 10,668,482</u>

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

TRUST FOR CONSERVATION INNOVATION DBA MULTIPLIER

(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Support and revenue:						
Foundation grants (Note 8)	\$ -	\$ 11,667,076	\$ 11,667,076	\$ -	\$ 10,892,322	\$ 10,892,322
Contributions (Note 8)	5	4,674,842	4,674,847	-	5,904,795	5,904,795
In-kind service contributions (Note 12)	-	89,286	89,286	-	231,985	231,985
Government contracts	822,603	-	822,603	863,117	-	863,117
Fee-for-service contracts	604,124	-	604,124	230,971	-	230,971
Investment return (Note 4)	60,403	-	60,403	24,483	-	24,483
Interest income (Note 5)	13,135	-	13,135	-	-	-
Other revenue	356,673	-	356,673	308,593	-	308,593
Net assets released from restrictions:						
Fulfillment of purpose restrictions or time lapsed (Note 8)	15,843,471	(15,843,471)	-	15,770,339	(15,770,339)	-
Total support and revenue	17,700,414	587,733	18,288,147	17,197,503	1,258,763	18,456,266
Expenses:						
Program services	15,228,538	-	15,228,538	15,022,342	-	15,022,342
Supportive services:						
Management and general	1,460,518	-	1,460,518	1,276,264	-	1,276,264
Fundraising	800,319	-	800,319	545,963	-	545,963
Total expenses	17,489,375	-	17,489,375	16,844,569	-	16,844,569
Change in net assets	211,039	587,733	798,772	352,934	1,258,763	1,611,697
Net assets, beginning of year	2,801,886	7,244,981	10,046,867	2,448,952	5,986,218	8,435,170
Net assets, end of year	\$ 3,012,925	\$ 7,832,714	\$ 10,845,639	\$ 2,801,886	\$ 7,244,981	\$ 10,046,867

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

TRUST FOR CONSERVATION INNOVATION DBA MULTIPLIER

(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018							
	<i>Program Services</i>					<i>Supportive Services</i>		
	<i>Healthy Planet and People</i>	<i>Resilient Communities</i>	<i>Sustainable, Equitable Economies</i>	<i>Secure Natural Resources</i>	<i>Total Program</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>Total</i>
Grants and contributions	\$ 4,069,924	\$ 77,000	\$ 180,819	\$ 292,662	\$ 4,620,405	\$ -	\$ -	\$ 4,620,405
Occupancy	25,013	10,024	33,218	71,699	139,954	129,195	-	269,149
Other expense	24,702	7,717	8,638	67,137	108,194	53,622	12,586	174,402
Personnel	900,461	643,267	1,573,926	687,100	3,804,754	987,691	417,635	5,210,080
Professional services	470,806	2,179,118	1,067,075	1,375,661	5,092,660	184,565	184,387	5,461,612
Supplies and equipment	35,234	56,106	88,633	245,411	425,384	94,872	21,651	541,907
Travel, conferences, and meetings	308,567	195,682	235,451	282,161	1,021,861	10,573	164,060	1,196,494
Depreciation	-	-	2,191	-	2,191	-	-	2,191
Interest expense (Note 7)	-	-	13,135	-	13,135	-	-	13,135
Total expenses	\$ 5,834,707	\$ 3,168,914	\$ 3,203,086	\$ 3,021,831	\$ 15,228,538	\$ 1,460,518	\$ 800,319	\$ 17,489,375

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

TRUST FOR CONSERVATION INNOVATION DBA MULTIPLIER

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STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2018 AND 2017

2017

	<i>Program Services</i>					<i>Supportive Services</i>		<i>Total</i>
	<i>Healthy Planet and People</i>	<i>Resilient Communities</i>	<i>Sustainable, Equitable Economies</i>	<i>Secure Natural Resources</i>	<i>Total Program</i>	<i>Management and General</i>	<i>Fundraising</i>	
Grants and contributions	\$ 4,718,395	\$ 39,244	\$ 208,922	\$ 236,394	\$ 5,202,955	\$ -	\$ -	\$ 5,202,955
Occupancy	19,634	16,050	29,012	31,931	96,627	99,815	-	196,442
Other expense	19,549	6,505	6,875	60,654	93,583	59,855	14,066	167,504
Personnel	656,261	945,832	1,492,999	696,179	3,791,271	887,979	223,349	4,902,599
Professional services	312,557	1,749,083	773,735	1,421,342	4,256,717	137,743	95,141	4,489,601
Supplies and equipment	29,716	67,173	155,731	104,121	356,741	79,779	7,098	443,618
Travel, conferences, and meetings	240,392	216,628	418,302	349,126	1,224,448	11,093	206,309	1,441,850
Depreciation	-	-	-	-	-	-	-	-
Interest expense (Note 7)	-	-	-	-	-	-	-	-
Total expenses	\$ 5,996,504	\$ 3,040,515	\$ 3,085,576	\$ 2,899,747	\$ 15,022,342	\$ 1,276,264	\$ 545,963	\$ 16,844,569

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



TRUST FOR CONSERVATION INNOVATION DBA MULTIPLIER

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STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 798,772	\$ 1,611,697
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,191	-
Donated stocks	(30,269)	(52,322)
Unrealized gain on investments	(3,093)	-
Transfer of inventories	-	45,158
(Increase) decrease in assets:		
Grants and pledges receivable	691,058	(159,699)
Contracts receivable	(140,398)	(61,657)
Other receivable	22,369	3,646
Interest receivable	(2,039)	-
Prepaid expenses and other assets	(52,400)	(8,948)
Deposits	-	9,335
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	387,730	(44,762)
Accrued compensation	48,305	84,031
Deferred revenue	32,028	(6,839)
Interest payable	2,039	-
Net cash provided by operating activities	1,756,293	1,419,640
Cash flows from investing activities:		
Purchases of marketable securities	(9,179,744)	(5,451,050)
Proceeds from sales and redemption of marketable securities	7,497,643	3,900,000
Purchases of property and equipment	-	(6,572)
Notes receivable disbursed	(2,243,971)	-
Collection of notes receivable	20,456	-
Net cash used in investing activities	(3,905,616)	(1,557,622)
Cash flows from financing activities:		
Proceeds from loan payable	2,243,971	-
Repayment of loan payable	(20,456)	-
Net cash provided by financing activities	2,223,515	-
Net increase (decrease) in cash	74,192	(137,982)
Cash, beginning of year	280,532	418,514
Cash, end of year	\$ 354,724	\$ 280,532
Supplementary information:		
Cash paid for interest	\$ 11,096	\$ -

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

TRUST FOR CONSERVATION INNOVATION DBA MULTIPLIER

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

Trust for Conservation Innovation DBA Multiplier (Multiplier) was incorporated in California in October 2001 as a nonprofit public benefit corporation for the purpose of developing and supporting environmental projects seeking to transform public and private enterprises into sustainable operations that conserve and protect the environment for the benefit of the public. Multiplier's administrative office is located in Oakland, California. Multiplier supports a wide variety of local, regional, national and international initiatives. Multiplier's projects and programs are listed in Note 16.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Accounting Method

Multiplier uses the accrual method of accounting, which recognizes income in the period earned and expenses when incurred, regardless of the timing of payments.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

Multiplier reports information regarding its financial position and activities according to two classes of net assets, as applicable: net assets without donor restrictions and net assets with donor restrictions.

- Net assets without donor restrictions include those assets over which the Board of Directors has discretionary control in carrying out the operations of Multiplier.
- Net assets with donor restrictions include those assets subject to donor restrictions and for which the applicable restrictions were not met as of the end of the current reporting period. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. When a donor restriction expires – that is, when a stipulated time restrictions ends or purpose restriction is accomplished – net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as *net assets released from restrictions*. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. Multiplier has no net assets with non-expiring donor restrictions as of December 31, 2018 and 2017.

Temporarily restricted net assets presented at December 31, 2017 has been reclassified as net assets with donor restrictions. Unrestricted net assets presented at December 31, 2017 has been reclassified as net assets without donor restrictions.

Revenue Recognition

Contributions are recognized as revenue when they are unconditionally communicated. Grants represent contributions if grantors receive no value in exchange for the assets transferred. Contributions received are recorded at their fair value as support without donor restrictions or support with donor restrictions depending on the absence or existence of donor imposed restrictions, as applicable.

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Multiplier reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulation that limits the use of the donated assets. When a restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Multiplier reports gifts of fixed assets as support without donor restrictions unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Multiplier reports expirations of donor restrictions when donated or acquired long-lived assets are placed in service.

Government contracts, which are funded on a reimbursement basis, are shown as unrestricted revenue.

Unconditional promises to give are recognized as contributions revenue in the period when pledges are committed. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Multiplier receives various volunteer services throughout the year. Only those donated services that meet the criteria for recognition under accounting principles generally accepted in the United States of America are recognized in the statements of activities.

Cash

Cash is defined as cash in demand deposit accounts as well as cash on hand. For purposes of the statements of cash flows, Multiplier considers all funds in bank accounts to be cash. Funds in any brokerage accounts, including cash and money market funds, which represent part of the investment portfolio, are reported as investments but not as cash equivalents.

Accounts Receivable

Grants and contracts receivable within one year are recorded at net realizable value. Grants receivable expected to be received in future years are recorded at present value of their estimated cash flows. No allowance for uncollectible accounts has been provided since the receivables are all deemed to be collectible.

Pledges receivable are recorded as support when pledge is unconditional. All pledges are valued at the estimated fair present value at December 31, 2018 and are deemed fully collectible. Accordingly, no allowance for uncollectible pledges has been provided.

Notes Receivable

Notes receivable represent financial assistance provided to qualified program participants. Loans are stated at unpaid principal balances and are all secured by collaterals identified in the loan agreements.

All notes receivable are deemed fully collectible based on management's assessment of borrowers' current credit worthiness. In the event of nonpayment, Multiplier has the right to defer or forgive the note, which will trigger automatic deferral or forgiveness of corresponding note payable. Accordingly, no estimated credit losses are deemed necessary as of December 31, 2018.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Investments

Investments consist of cash, money market funds and treasury bills, and are reported at fair value in the statements of financial position. Realized and unrealized gains and losses on investments are included as investment return in the statements of activities. Investment income and gains or losses are reflected as increases or decreases in the net assets without donor restrictions if the restrictions are met (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the investment income and gains or losses are recognized.

Fair Value Measurements

Under accounting principles generally accepted in the United States of America, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date.

Accounting principles generally accepted in the United States of America establish a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of Multiplier. Unobservable inputs, if any, reflects Multiplier's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that Multiplier has the ability to access at measurement date. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on significant inputs that are observable, either directly or indirectly or quoted prices in markets that are not active, that is, markets in which there are few transactions, the prices are not current or price quotations vary substantially either over time or among market makers.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from investment to investment and is affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed.

Property and Equipment

Property and equipment are stated at cost of acquisition. Contributed property and equipment are recorded at their estimated fair market values at the date of donation. The costs of maintenance and repairs are expensed as incurred while significant renewals and betterments are capitalized. Multiplier capitalizes acquisitions of property and equipment with a cost and/or basis in excess of \$5,000. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which is generally three to five years.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Deferred Revenue

Deferred revenue includes advance payments for contracts and rent, and prepaid membership fees.

Income Taxes

Multiplier is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and the related California code sections.

Multiplier 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. Multiplier's federal and state information returns for the years 2014 through 2017 are subject to examination by regulatory agencies, generally for three years and four years after they were filed for federal and state, respectively.

Functional Expenses Allocation

The costs of providing program services and supportive services have been summarized on a functional basis in the statements of activities and statements of functional expenses. Multiplier charges directly identifiable expenses to programs and supportive services. One employee's salary and benefit plan costs have been allocated among the program services and supporting services based on time incurred.

Subsequent Events

Management has evaluated subsequent events through June 27, 2019, the date on which the financial statements were available to be issued.

Reclassification

Certain amounts previously reported in the 2017 financial statements were reclassified to conform to the 2018 presentation for comparative purposes.

**NOTE 3 – GRANTS AND PLEDGES RECEIVABLE**

Grants and pledges receivable at December 31, 2018 and 2017 were expected to be collected in the following periods:

	2018	2017
In one year or less	\$ 1,450,464	\$ 2,163,188
Between one to five years	200,000	178,334
Total	<u>\$ 1,650,464</u>	<u>\$ 2,341,522</u>

At the time of reporting, management believed that all grants and pledges receivable were collectible and the recorded value of the grants and pledges receivable beyond one year would not have material difference from their present value of future discounted cash flow. Therefore, the accompanying statements do not provide for risk premium discount or allowance for uncollectible receivables.

At December 31, 2018 and 2017, approximately 67% and 57% respectively, of the total grants and pledges receivable were from four private foundations and donors.

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**NOTE 4 – INVESTMENTS**

Multiplier held the following investments at fair value in a brokerage account at December 31, 2018 and 2017:

	2018			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Government Money Market Funds <sup>(1)</sup>	\$ 7,445,619	\$ -	\$ -	\$ 7,455,619
US Treasury Bills	2,002,226	-	-	2,002,226
Total	<u>\$ 9,457,845</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,457,845</u>

	2017			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Government Money Market Funds <sup>(1)</sup>	\$ 7,742,382	\$ -	\$ -	\$ 7,742,382
Total	<u>\$ 7,742,382</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,742,382</u>

<sup>(1)</sup> These include cash of \$275,008 and \$630,000 at December 31, 2018 and 2017, respectively.

The investment return for 2018 and 2017 consisted of the following:

	2018	2017
Interest and dividend income	\$ 57,353	\$ 21,255
Net realized gain (loss) from sale of securities	(43)	3,228
Unrealized gain	<u>3,093</u>	<u>-</u>
Total	<u>\$ 60,403</u>	<u>\$ 24,483</u>

**NOTE 5 – NOTES RECEIVABLE**

Multiplier executed notes receivable and related promissory notes in 2018. Notes receivable, secured by fishery permits and other collaterals as specified in the loan agreements, are summarized as follows:

	2018	
	<i>Interest Receivable</i>	<i>Principal</i>
Cape Cod Commercial Fishermen's Alliance, Inc., in the original amount of \$1,000,000, bears 4% simple interest. Payments of principal and interest due quarterly in the amount of \$30,456, in accordance with a 10-year amortization schedule, with all outstanding principal and interest due by September 2028. Interest income was \$11,096 in 2018.	\$ -	\$ 979,544

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	
	<i>Interest Receivable</i>	<i>Principal</i>
Gulf of Mexico Fishery Quota Holdings LLC, in the original amount of \$1,243,971, bears 1% simple interest. Payments of principal and interest due semi-annually in the amount of \$65,516, in accordance with a 10-year amortization schedule, with all outstanding principal and interest due by September 2028. Interest income was \$2,039 in 2018.	2,039	1,243,971
Total	2,039	2,223,515
Less: current portion	(2,039)	(202,776)
Noncurrent portion	\$ -	\$ 2,020,739

Multiplier evaluates notes receivable based on the following credit quality indicators: collateral and viability. All notes receivable are collateralized and the borrowers are deemed sustainable. There are no past due note receivable balances as of December 31, 2018.

**NOTE 6 – PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2018 and 2017 consisted of the following:

	2018	2017
Furniture and equipment	\$ 26,881	\$ 26,881
Accumulated depreciation	(22,500)	(20,309)
Total	\$ 4,381	\$ 6,572

**NOTE 7 – NOTES PAYABLE**

In September 2018, Multiplier entered into a loan commitment agreement with Silicon Valley Community Foundation (SVCF) in an amount not to exceed \$4,166,167. This agreement was entered into in connection with Multiplier's Catch Together program.

The proceeds advanced by Multiplier shall be used to finance Catch Together program related loans as disclosed in Note 5 (Downstream Loans) to qualified program participants (Downstream Borrowers), which shall be evidenced by a promissory note for each loan between Multiplier and the Downstream Borrower.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Multiplier executed notes payable and related promissory notes in 2018. The notes payable, which are not secured and non-recourse, are summarized as follows:

	2018	
	<i>Interest Payable</i>	<i>Principal</i>
Loan received from SVCF for Downstream Loan to Cape Cod Commercial Fishermen's Alliance, Inc., in the original amount of \$1,000,000, bears 4% simple interest. Payments of principal and interest due quarterly in the amount of \$30,456, in accordance with a 10-year amortization schedule, with all outstanding principal and interest due by September 2028. Interest expense was \$11,096 in 2018.	\$ -	\$ 979,544
Loan received from SVCF for Downstream Loan to Gulf of Mexico Fishery Quota Holdings LLC, in the original amount of \$1,243,971, bears 1% simple interest. Payments of principal and interest due semi-annually in the amount of \$65,516, in accordance with a 10-year amortization schedule, with all outstanding principal and interest due by September 2028. Interest expense was \$2,039 in 2018.	2,039	1,243,971
Total	2,039	2,223,515
Less: current portion	(2,039)	(202,776)
Noncurrent portion	\$ -	\$ 2,020,739

Principal payments on notes payable for the next five years are subject to receipts of repayments of Downstream Loans and are estimated as follows:

2019	\$ 202,776
2020	207,374
2021	212,123
2022	217,027
2023	222,093

**NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions represent funds which have not yet been expended for donor-imposed restrictions or time restrictions. Net assets with donor restrictions were available for the following purposes:

	<i>December 31, 2017</i>	<i>Contributions</i>	<i>Releases from Restrictions</i>	<i>December 31, 2018</i>
Healthy Planet and People	\$ 1,804,420	\$ 5,034,419	\$ (5,953,818)	\$ 885,021
Resilient Communities	1,944,735	1,413,755	(2,622,727)	735,763
Sustainable, Equitable Economies	2,425,508	3,627,782	(3,620,511)	2,432,779
Secure Natural Resources	1,070,318	6,355,248	(3,646,415)	3,779,151
Total	\$ 7,244,981	\$ 16,431,204	\$ (15,843,471)	\$ 7,832,714



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YEARS ENDED DECEMBER 31, 2018 AND 2017

	<i>December 31, 2016</i>	<i>Contributions</i>	<i>Releases from Restrictions</i>	<i>December 31, 2017</i>
Healthy Planet and People	\$ 1,960,837	\$ 6,281,739	\$ (6,438,156)	\$ 1,804,420
Resilient Communities	569,215	4,349,564	(2,974,044)	1,944,735
Sustainable, Equitable Economies	1,859,491	3,898,327	(3,332,310)	2,425,508
Secure Natural Resources	1,596,675	2,499,472	(3,025,829)	1,070,318
Total	<u>\$ 5,986,218</u>	<u>\$ 17,029,102</u>	<u>\$ (15,770,339)</u>	<u>\$ 7,244,981</u>

**NOTE 9 – ASSIGNMENT/RETURN OF GRANTS**

Some projects may become an independent nonprofit organization or otherwise separate from Multiplier during the term of an existing grant period. When that occurs, grant funds associated with a project are either transferred to another nonprofit organization or returned to the original funder.

There were no grant funds returned to the funder in 2018 and 2017.

**NOTE 10 – LIQUIDITY AND AVAILABILITY**

Management and general financial assets are available for expenditure, without donor or other restrictions limiting their use, within one year of the balance sheet date.

Program financial assets are designated or restricted for specific projects, and available for project expenditure without donor or other restrictions otherwise limiting their use, within one year of the balance sheet date.

	<i>Management and General</i>	<i>Program</i>	<i>Total</i>
Cash and short-term investments	\$ 2,200,621	\$ 7,611,948	\$ 9,812,569
Current receivables	156	1,766,046	1,766,202
Total	<u>\$ 2,200,777</u>	<u>\$ 9,377,994</u>	<u>\$ 11,578,771</u>

Multiplier has approximately \$2.2 million and \$9.3 million of liquid financial assets available within one year of the balance sheet date to meet cash needs for management and general expenses and program spending, respectively. Liquid financial assets consist of cash, short-term investments, and current receivables. Multiplier maintains at least one year of cash available to support management and general normal operating expenses which were approximately \$1.5 million in 2018. Project spending is controlled and limited to the funds designated for and restricted to each unique project. For liquidity management, Multiplier invests 100% of project cash in government money market funds and invests management and general cash in both government money market and short-term treasury instruments.

**NOTE 11 – RETIREMENT PLAN**

Multiplier has a Simple IRA matching retirement plan which is offered to all employees who meet eligibility requirements. Multiplier contributes a dollar for dollar match up to 3% of the employee's compensation. Employer contributions for 2018 and 2017 were \$110,789 and \$85,950, respectively.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

**NOTE 12 – CONTRIBUTED SERVICES**

Multiplier received contributed services as follows:

<u>Type</u>			
<u>Benefited Project</u>	2018	2017	
<u>Professional Legal Services</u>			
Bay Area Resiliency Competition	\$ -	\$ 4,312	
Catch Together	-	25,000	
Project Equity	15,813	60,000	
WaterNow	44,823	73,000	
<u>Event Services</u>			
ChangeScale	3,700	-	
Kitchen Table Advisors	24,000	37,638	
<u>Other Professional Services</u>			
Animal Agricultural Reform Collaborative	-	3,000	
California Rangeland Conservation Coalition		4,203	
Maven's Notebook	-	8,672	
Piggy Bank	500	-	
Sustaining Our Urban Landscape	450	15,400	
Upper Amazon Conservancy	-	760	
Total	\$ 89,286	\$ 231,985	

**NOTE 13 – CONDITIONAL PROMISES TO GIVE**

Multiplier receives conditional grants that require grantors' approval of progress towards milestones set in the grant agreements. Revenue is recognized upon meeting the condition(s). The following are the conditional grants with balances that had not yet been recognized as revenue at December 31, 2018 and 2017:

<u>Project</u>	<u>Grant(s)</u>	<u>Conditional Balance</u>	
	<u>Awarded</u>	2018	2017
Bay Area Resiliency Competition	\$ 4,663,801	\$ -	\$ 1,000,000
Catch Together	1,483,833	1,075,450	-
ChangeScale	175,000	-	75,000
Conservation Alliance for Seafood Solutions	585,000	250,000	-
Conservation and Community Investment Forum	720,000	180,000	540,000
FieldKit	1,434,997	685,425	-
Global Cool Cities Alliance	250,000	150,000	-
Kitchen Table Advisors	15,000	5,000	10,000

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YEARS ENDED DECEMBER 31, 2018 AND 2017

<i>Project</i>	<i>Grant(s) Awarded</i>	<i>Conditional Balance</i>	
		2018	2017
Marhaver Lab	71,731	7,174	-
Moonshot Partners	1,616,116	899,632	-
Net Gains Alliance	1,877,000	1,527,000	-
Project Equity	398,000	-	67,428
WaterNow	2,222,765	740,000	299,765
Total		<u>\$ 5,519,681</u>	<u>\$ 1,992,193</u>

Multiplier projects may also make conditional grants to other organizations. Grant expense is recognized upon the grantee meeting the condition specified in the award agreement. The following are conditional grants to other organizations made in 2018 and 2017:

<i>Grantee</i>	<i>Grant(s) Awarded</i>	<i>Conditional Balance</i>	
		2018	2017
MarViva Foundation	\$ 325,261	\$ 87,722	\$ 11,896
Total		<u>\$ 87,722</u>	<u>\$ 11,896</u>

**NOTE 14 – OPERATING LEASE COMMITMENTS**

In 2015, Multiplier relocated its main office from San Francisco, California to downtown Oakland, California. The lease is for 64 months and commenced on September 1, 2015 with an option to extend for 60 months upon expiration. The base rent for the new premises started at \$6,267 per month, increasing annually by 3%, plus a share of operating costs and property tax of the building. The rent for the first four months was abated. On May 17, 2017, Multiplier executed an amended lease for the downtown Oakland office to expand the rental space, which calls for an additional monthly rent of \$3,200 commencing July 1, 2017, subject to annual increases of 3% starting September 1, 2017. Multiplier also has several other non-cancellable operating lease arrangements for its facilities and equipment. The space rental expenses under operating lease agreements for 2018 and 2017 totaled \$186,227 and \$137,010, respectively.

The estimated future minimum lease payments for the non-cancellable operating leases are as follows:

	<i>Year Ending December 31,</i>
2019	\$ 156,724
2020	132,386
2021	<u>705</u>
	<u>\$ 289,815</u>

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

**NOTE 15 – CONCENTRATION OF CREDIT RISK**

The cash balances at banks are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 per customer per bank. The securities in the brokerage accounts are protected by Security Investor Protection Corporation (SIPC) for a maximum of \$500,000; moreover, brokerage firms usually carry additional insurance to provide further protection for their customers. Neither SIPC nor the additional coverage protects against losses on investments due to market fluctuations.

Multiplier maintains its cash and investments at two banks and one brokerage firm. Multiplier's brokerage firm provides additional coverage through Lloyd's of London and other London insurers to provide coverage of up to \$150 million per customer, including cash of up to \$1,150,000, which would become available in the event the SIPC limits were exhausted.

Multiplier had \$9,457,845 and \$7,742,382 with one brokerage firm at December 31, 2018 and 2017, respectively. Multiplier has not experienced any losses in its bank and brokerage firm accounts.

**NOTE 16 – MULTIPLIER PROGRAMS AND PROJECTS**

Multiplier provided operational, administrative, programmatic, financial and capacity-building services designed to incubate and accelerate program capacity for 44 and 41 local, regional, national and international projects during 2018 and 2017, respectively. The programs and projects are listed in alphabetical order below:

**Animal Agriculture Reform Collaborative** brings together sustainable farming, environmental, public health, social and economic justice, and animal welfare organizations across the United States to work toward the shared vision of a just, sustainable animal livestock production system.

**Azul** works to empower Latino leadership for marine conservation by integrating marine conservation as a core priority of the traditional Latino civic leadership infrastructure and by growing marine conservation leadership by people of color.

**Bay Area Resilient by Design** brings together government, community leaders and stakeholders from around the region to address resiliency challenges which affect the neighborhoods, environment and infrastructure in the rapidly changing Bay Area.

**Blue Ridge-Berryessa Partnership** is a collaborative bringing together private landowners, public agencies, nonprofit groups, businesses and the general public to conserve and steward California's upper Putah and Cache Creek Watersheds.

**Building Codes Assistance Project** provides high-level support for energy code adoption across the country by influencing model code development, providing core code adoption and compliance support, and serving as the national hub for energy code support work.

**California Rangeland Conservation Coalition** brings together ranchers, conservationists, and government entities to conserve and enhance the ecological values and economic viability of California's working rangelands. (2017 only)

**Californians for a Healthy & Green Economy (CHANGE)** is a growing coalition of 35+ environmental health and justice, policy, labor, reproductive health, and other public interest organizations who are working to create a better system for regulating toxic chemicals in California.

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**Cassava Virus Action Project** uses genomic technologies to improve the management of Cassava viruses transmitted by the whitefly. Without improvement, these viruses are putting at risk the food and economic security of the 800 million people who rely on Cassava as a source of food or income. (2018 only)

**Catch Together** partners with fishermen and fishing communities to cultivate sustainable seafood impact investments, strengthen fishing communities and support ocean conservation.

**cChange (formerly SeaWeb Asia Pacific)** is dedicated to accelerating ocean conservation in the Asia Pacific region through innovation communications initiatives designed to increase public awareness, advance science-based solutions and mobilize decision makers.

**Change Food** helps individuals change the way they eat by raising public awareness and educating consumers about opportunities to shift the U.S. food supply to a regional, sustainable food system where healthy, nutritious food is accessible by all.

**ChangeScale** supports environmental education organizations in the San Francisco and Monterey Bay Area, to inspire all generations with the capacity to create healthy communities and a healthy planet.

**Columbia Rediviva** aligns electrical and biological energy systems on the Columbia/Snake River, restoring self-sustaining populations of wild salmon while ensuring a robust and clean electrical grid. (2018 only)

**Congo Education Partners** educates future stewards of the Congo rainforest by building the capacity of Djolu Technical College of Rural Development (ISDR-Djolu) in biodiversity conservation, sustainable agriculture, and other rural sciences.

**Conservation Alliance for Seafood Solutions** connects leading conservation groups that work with businesses representing over 80% of the North American grocery and food-service markets with the goal of helping businesses make progress on their commitments to sustainable seafood.

**Conservation and Community Investment Forum** works with partners to advance innovative and direct solutions to accelerate the delivery, replicability and scalability of conservation and sustainable community development successes.

**Envaya** enables grassroots civil society organizations in developing countries to easily create websites, publish their latest news, interact with grantmakers and collaborate with other organizations and people around the world.

**FieldKit** is an open-source software and hardware platform that allows individuals and organizations to collect and share field-based research data, and to tell stories through interactive visualizations, bridging the gap between hard science and storytelling by combining the analysis features of open science frameworks with the public-facing storytelling features of data visualization and map-based interactive platforms. (2018 only)

**Finance for Food** catalyzes an increase in the pace and scale of the transition to a sustainable food system through education and training for sustainable food system entrepreneurs. (2017 only)

**Food Commons** is developing a new physical, financial and organizational infrastructure for localized food economies that are fair, just and sustainable for the health and well-being of our people, our communities, and the planet.

**Global Cool Cities Alliance** is dedicated to advancing policies and actions that reduce excess urban heat in order to promote cool buildings, cool cities, and to mitigate the effects of climate change through global cooling.

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**GMO Science** serves as a core communication platform and educational "hub" for science-based information about the impacts of genetically engineered food crops to human and ecological health.

**Grumeti Community and Wildlife Conservation Fund** contributes to conserving Tanzania's Serengeti ecosystem in partnership with local communities and other stakeholders through ecological conservation and community outreach along the western corridor of Serengeti National Park.

**Gulf Wild Institute** seeks to conserve marine resources through sustainable fishing practices, community education, and research that informs public policy and seafood sustainability. (2017 only)

**Interfaith Sustainable Food Collaborative** is a regional program that connects congregations in Sonoma and Marin counties of California with local farmers and gardeners to increase access to sustainable food and strengthen local economies.

**Junglekeepers** works in collaboration with local Peruvian nongovernmental organizations and indigenous communities to employ preventive and sustainable solutions for the long-term protection of the rainforest ecosystems at the headwaters of the Madre de Dios and Las Piedras rivers.

**Kitchen Table Advisors** provides farmers with business and financial advising and helps farmers access the tools, knowledge and resources they need on their path to becoming resilient and viable businesses.

**Locally-Managed Marine Area (LMMA) Network Coordination** provides support to the LMMA Network of practitioners and researchers who share knowledge, skills, and resources to learn collectively how to improve marine management activities and measurably increase conservation impact. (2017 only)

**MarViva Foundation** is based in Costa Rica, Panama, and Colombia and promotes the conservation and sustainable use of marine and coastal resources in the Eastern Tropical Pacific (ETP).

**Marhaver Lab** focuses on the reproduction and growth cycles of the Caribbean's most fragile corals, and the development of new tools to help young corals survive.

**Maven's Notebook: A water, science and policy blog** provides a timely and unbiased free and public source of information about the complicated and controversial details of water flow, water supply, water quality and environmental disputes in California.

**Menlo Spark** joins together businesses, residents, and government to achieve a climate neutral community in Menlo Park, California by the year 2025, serving as a national leader in sustainability and climate action, generating significant local benefits, and serving as an example to similar cities and towns across the country.

**Moonshot Missions** drives improvements to water infrastructure by working with seasoned practitioners to develop simple assessment tools that will identify issues and help customize recommendations based on proven governance, financial and technical approaches that can deliver improved services at lower cost. (2018 only)

**Net Gains Alliance** facilitates the development, implementation and adaptation of robust information management systems to modernize the outdated, fragmented systems that are currently used in the U.S. to manage ocean and marine resources. (2018 only)

**Piggy Bank** provides an open forum for access to information on all heritage breed pigs and to business plans written by other farmers, to benefit the food system.

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**Private Capital for Public Good** is developing and launching a Social Impact Bond that will bring the first environmental pay-for-success instrument, focused on forest resilience, to market. (2017 only)

**Project Equity** drives transitions of socially and environmentally sustainable businesses to employee ownership in order to sustain and foster high quality jobs, workers' voice and agency, professional development, and community wealth building.

**Project Wayfinder** is re-imagining adolescent education, to inspire and empower the next generation with skills, knowledge and confidence to contribute to the betterment of the world.

**RIPE Roadmap** is a policy framework and stakeholder engagement initiative aimed at advancing bipartisan policy to support environmental stewardship and opportunities for farmers. (2018 only)

**Root Solutions** promotes environmental and resource stewardship by developing and disseminating tools that solve environmental challenges at their root – human behavior.

**Sane Energy Project** works to stop the expansion of hydrofracked shale gas and fossil fuel infrastructure and to encourage, instead, a rapid and complete transition to renewable energy and zero fossil fuel dependence.

**Sierra National Monument** strives to bring nature to people by extending nature's reach and ensuring that forests, rivers, deserts and surrounding areas are cared for in the long term and interconnected by migratory corridors so that wildlife and human life can thrive. (2017 only)

**Smart Parks (formerly ShadowView)** gives game parks 24/7 access to real-time information on all wildlife, actors, park assets and activities on their land in an easy-to-use web application which allows rangers to remotely monitor the whole area, and immediately take measures when needed. (2018 only)

**Sustaining Our Urban Landscape (SOUL)** drives a resilient and equitable New Orleans through strengthening the local water and food systems by installing urban forests and green infrastructure.

**the databranch** increases data collection, system design, and data analysis that works across institutional silos and engages the public in stewardship of natural resources.

**Upper Amazon Conservancy** works to protect the biological and cultural diversity of the upper Amazon River in southeastern Peru by building the capacity of local indigenous communities to participate in and benefit from conservation activities.

**WaterNow Alliance** promotes the transition to a resilient and secure water future that preserves the health of the natural world by bringing together business, community leaders, and experts to advance innovation and catalyze action.

**Y-PLAN Partners** offers flexible opportunities to bring Y-PLAN's methodology, of opening traditional avenues of power and decision making to young people and community members who are traditionally marginalized from the decision-making table, into various settings including schools, community organization, and non-profits. (2018 only)

**Zero FoodPrint** helps restaurants become leaders in fighting climate change and achieving carbon neutrality through education and operations analysis, certification, and a mix of carbon offsets and food-related emissions-reductions project.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Trust for Conservation Innovation DBA Multiplier, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2019.

*Internal Control Over Financial Reporting*

In planning and performing our audit of the financial statements, we considered Trust for Conservation Innovation DBA Multiplier's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Trust for Conservation Innovation DBA Multiplier's internal control. Accordingly, we do not express an opinion on the effectiveness of Trust for Conservation Innovation DBA Multiplier's internal control.

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

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



### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Trust for Conservation Innovation DBA Multiplier's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of This Report

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

*Sindquist, von Husen and Joyce LLP*

June 27, 2019