

MULTIPLIER
(FORMERLY TRUST FOR
CONSERVATION INNOVATION)
(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

YEARS ENDED DECEMBER 31, 2019 AND 2018

MULTIPLIER
(FORMERLY TRUST FOR CONSERVATION INNOVATION)
(A California Nonprofit Public Benefit Corporation)
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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JAMES M. KRAFT
S. SCOTT SEAMANDS
ALEXIS H. WONG
CHARLOTTE SIEW-KUN TAY
CATHY L. HWANG
RITA B. DELA CRUZ
STANLEY WOO
SCOTT K. SMITH

CRISANTO S. FRANCISCO
JOE F. HUIE

To the Board of Directors
Multiplier (formerly Trust for Conservation Innovation)
Oakland, California

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Multiplier (formerly Trust for Conservation Innovation), a California nonprofit public benefit corporation, which comprise the statements of financial position as of December 31, 2019 and 2018, 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 Multiplier (formerly Trust for Conservation Innovation) as of December 31, 2019 and 2018, 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, Multiplier (formerly Trust for Conservation Innovation) adopted the new accounting guidance required by accounting principles generally accepted in the United States of America and enhanced its revenue recognition policy for contributions and contracts. The change in accounting principle has been applied on a modified prospective basis, commencing as of and for the year ended December 31, 2019. 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 August 12, 2020 on our consideration of 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 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 Multiplier's internal control over financial reporting and compliance.

Lindquist, von Hoven and Joyce LLP

August 12, 2020

MULTIPLIER
(FORMERLY TRUST FOR CONSERVATION INNOVATION)
(A California Nonprofit Public Benefit Corporation)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

| | 2019 | 2018 |
|---|---------------|---------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 384,279 | \$ 354,724 |
| Investments (Note 4) | 14,086,296 | 9,457,845 |
| Receivables: | | |
| Grants and pledges (Note 3) | 2,754,529 | 1,450,464 |
| Contracts | 179,478 | 296,161 |
| Other | 23,913 | 17,538 |
| Interest receivable (Note 5) | 9,730 | 2,039 |
| Notes receivable – current portion (Note 5) | 266,967 | 202,776 |
| Prepaid expenses and other assets | 135,549 | 144,737 |
| Total current assets | 17,840,741 | 11,926,284 |
| Grants receivable – net of current portion (Note 3) | 1,793,060 | 200,000 |
| Notes receivable – net of current portion (Note 5) | 3,140,474 | 2,020,739 |
| Property and equipment – net | 2,191 | 4,381 |
| Ground lease acquisition costs (Note 13) | 133,538 | - |
| Deposits | 9,467 | 9,467 |
| Total assets | \$ 22,919,471 | \$ 14,160,871 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 855,013 | \$ 753,942 |
| Accrued compensation | 351,314 | 288,038 |
| Deferred revenue | 63,597 | 47,698 |
| Interest payable (Note 6) | 27,738 | 2,039 |
| Note payable – current portion (Note 6) | 327,357 | 202,776 |
| Total current liabilities | 1,625,019 | 1,294,493 |
| Note payable – net of current portion (Note 6) | 2,940,474 | 2,020,739 |
| Total liabilities | 4,565,493 | 3,315,232 |
| Net assets: | | |
| Without donor restrictions: | | |
| Available for operations | 2,722,155 | 2,259,101 |
| Designated for supported projects | 952,807 | 753,824 |
| Total net assets without donor restrictions | 3,674,962 | 3,012,925 |
| With donor restrictions (Note 7) | 14,679,016 | 7,832,714 |
| Total net assets | 18,353,978 | 10,845,639 |
| Total liabilities and net assets | \$ 22,919,471 | \$ 14,160,871 |

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

MULTIPLIER
(FORMERLY TRUST FOR CONSERVATION INNOVATION)
(A California Nonprofit Public Benefit Corporation)
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2019 AND 2018

| | 2019 | | | 2018 | | |
|---|---|--|---------------|---|--|---------------|
| | <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 7) | \$ - | \$ 18,826,413 | \$ 18,826,413 | \$ - | \$ 11,667,076 | \$ 11,667,076 |
| Contributions (Note 7) | - | 1,425,608 | 1,425,608 | 5 | 4,674,842 | 4,674,847 |
| In-kind contributions (Note 9) | - | 127,525 | 127,525 | - | 89,286 | 89,286 |
| Government contracts | 473,486 | - | 473,486 | 822,603 | - | 822,603 |
| Fee-for-service contracts | 694,319 | - | 694,319 | 604,124 | - | 604,124 |
| Investment return (Note 4) | 158,650 | - | 158,650 | 60,403 | - | 60,403 |
| Interest income (Note 5) | 71,892 | - | 71,892 | 13,135 | - | 13,135 |
| Other revenue | 357,392 | - | 357,392 | 356,673 | - | 356,673 |
| Net assets released from restrictions: | | | | | | |
| Fulfillment of purpose restrictions or time lapsed (Note 7) | 13,533,244 | (13,533,244) | - | 15,843,471 | (15,843,471) | - |
| Total support and revenue | 15,288,983 | 6,846,302 | 22,135,285 | 17,700,414 | 587,733 | 18,288,147 |
| Expenses: | | | | | | |
| Program services | 12,503,612 | - | 12,503,612 | 15,228,538 | - | 15,228,538 |
| Supportive services: | | | | | | |
| Management and general | 1,447,483 | - | 1,447,483 | 1,460,518 | - | 1,460,518 |
| Fundraising | 675,851 | - | 675,851 | 800,319 | - | 800,319 |
| Total expenses | 14,626,946 | - | 14,626,946 | 17,489,375 | - | 17,489,375 |
| Change in net assets | 662,037 | 6,846,302 | 7,508,339 | 211,039 | 587,733 | 798,772 |
| Net assets, beginning of year | 3,012,925 | 7,832,714 | 10,845,639 | 2,801,886 | 7,244,981 | 10,046,867 |
| Net assets, end of year | \$ 3,674,962 | \$ 14,679,016 | \$ 18,353,978 | \$ 3,012,925 | \$ 7,832,714 | \$ 10,845,639 |

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

MULTIPLIER
(FORMERLY TRUST FOR CONSERVATION INNOVATION)
(A California Nonprofit Public Benefit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2019 AND 2018

| | 2019 | | | | | | | | |
|-----------------------------------|---------------------------|-----------------------|----------------------------------|--------------------------|---------------|------------------------|---------------------|---------------|--|
| | Program Services | | | | | | Supportive Services | | |
| | Healthy Planet and People | Resilient Communities | Sustainable, Equitable Economies | Secure Natural Resources | Total Program | Management and General | Fundraising | Total | |
| Grants and contributions | \$ 26,784 | \$ 130,500 | \$ 129,070 | \$ 532,320 | \$ 818,674 | \$ - | \$ - | \$ 818,674 | |
| Personnel | 1,069,880 | 424,911 | 2,139,671 | 1,694,060 | 5,328,522 | 1,061,087 | 349,824 | 6,739,433 | |
| Professional services | 503,547 | 162,924 | 1,054,022 | 2,336,468 | 4,056,961 | 95,838 | 177,736 | 4,330,535 | |
| Occupancy (Note 12) | 38,745 | 2,000 | 37,764 | 173,882 | 252,391 | 151,954 | - | 404,345 | |
| Other expense | 83,248 | 1,481 | 40,322 | 74,835 | 199,886 | 54,260 | 16,845 | 270,991 | |
| Supplies and equipment | 40,339 | 27,249 | 141,794 | 423,133 | 632,515 | 73,458 | 9,421 | 715,394 | |
| Travel, conferences, and meetings | 254,154 | 30,937 | 429,771 | 425,719 | 1,140,581 | 10,886 | 122,025 | 1,273,492 | |
| Depreciation | - | - | 2,190 | - | 2,190 | - | - | 2,190 | |
| Interest expense (Note 6) | - | - | 71,892 | - | 71,892 | - | - | 71,892 | |
| Total expenses | \$ 2,016,697 | \$ 780,002 | \$ 4,046,496 | \$ 5,660,417 | \$ 12,503,612 | \$ 1,447,483 | \$ 675,851 | \$ 14,626,946 | |

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

MULTIPLIER
(FORMERLY TRUST FOR CONSERVATION INNOVATION)
(A California Nonprofit Public Benefit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2019 AND 2018

| | 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 |
| 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 |
| Occupancy (Note 12) | 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 |
| 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 6) | - | - | 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.

MULTIPLIER
(FORMERLY TRUST FOR CONSERVATION INNOVATION)
(A California Nonprofit Public Benefit Corporation)
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

| | 2019 | 2018 |
|---|--------------------------|--------------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 7,508,339 | \$ 798,772 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 2,190 | 2,191 |
| Donated stocks | (15,079) | (30,269) |
| Unrealized loss (gain) on investments | 3,093 | (3,093) |
| (Increase) decrease in assets: | | |
| Grants and pledges receivable | (2,897,125) | 691,058 |
| Contracts receivable | 116,683 | (140,398) |
| Other receivable | (6,375) | 22,369 |
| Interest receivable | (7,691) | (2,039) |
| Prepaid expenses and other assets | 9,188 | (52,400) |
| Increase in liabilities: | | |
| Accounts payable and accrued expenses | 101,071 | 387,730 |
| Accrued compensation | 63,276 | 48,305 |
| Deferred revenue | 15,899 | 32,028 |
| Interest payable | 25,699 | 2,039 |
| Net cash provided by operating activities | <u>4,919,168</u> | <u>1,756,293</u> |
| Cash flows from investing activities: | | |
| Purchases of marketable securities | (6,825,644) | (9,179,744) |
| Proceeds from sales and redemption of marketable securities | 2,209,179 | 7,497,643 |
| Notes receivable disbursed | (1,387,500) | (2,243,971) |
| Collection of notes receivable | 203,574 | 20,456 |
| Payments of ground lease acquisition costs | (133,538) | - |
| Net cash used in investing activities | <u>(5,933,929)</u> | <u>(3,905,616)</u> |
| Cash flows from financing activities: | | |
| Proceeds from notes payable | 1,187,500 | 2,243,971 |
| Repayment of notes payable | (143,184) | (20,456) |
| Net cash provided by financing activities | <u>1,044,316</u> | <u>2,223,515</u> |
| Net increase in cash | 29,555 | 74,192 |
| Cash, beginning of year | 354,724 | 280,532 |
| Cash, end of year | <u><u>\$ 384,279</u></u> | <u><u>\$ 354,724</u></u> |
| Supplementary information: | | |
| Cash paid for interest | <u><u>\$ 46,193</u></u> | <u><u>\$ 11,096</u></u> |

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

MULTIPLIER
(FORMERLY TRUST FOR CONSERVATION INNOVATION)
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Trust for Conservation Innovation 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. Trust for Conservation Innovation officially changed its legal name to Multiplier in 2019. 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 15.

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 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*. 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, 2019 and 2018.

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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(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

In 2019, Multiplier adopted the new accounting guidance from Accounting Standard Update 2018-08, Not-for-Profit Entities (Topic 958): *the Scope and Accounting Guidance for Contributions Received and Contributions Made*, as required by accounting principles generally accepted in the United States of America. The accounting guidance clarifies whether transactions are reciprocal or non-reciprocal transactions and whether contributions are conditional. The change was applied on a modified prospective basis to agreements that were entered into or existed but have not yet been recognized in 2019. There was not a material effect on the revenue recognized due to the implementation of this guidance.

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 long-lived 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 are reported as support with donor restrictions and released on a pro-rata basis in accordance with the donor restrictions. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions, and the donor restrictions are deemed fulfilled when the long-lived asset is placed in service, if there are no explicit donor stipulations regarding how long the long-lived assets must be maintained.

Government contracts are disclosed as conditional promises to give until qualified expenses have been incurred for cost reimbursement basis contracts or until the service has been provided and/or other conditions have been met.

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, 2019 and are deemed fully collectible. Accordingly, no allowance for uncollectible pledges has been provided.

MULTIPLIER
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(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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 any corresponding note payable. Accordingly, no estimated credit losses are deemed necessary as of December 31, 2019 and 2018.

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.

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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.

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 2015 through 2018 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 August 12, 2020, the date on which the financial statements were available to be issued.

MULTIPLIER
(FORMERLY TRUST FOR CONSERVATION INNOVATION)
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 3 – GRANTS AND PLEDGES RECEIVABLE

Grants and pledges receivable at December 31, 2019 and 2018 were expected to be collected in the following periods:

| | 2019 | 2018 |
|---------------------------|---------------------|---------------------|
| In one year or less | \$ 2,754,529 | \$ 1,450,464 |
| Between one to five years | 1,793,060 | 200,000 |
| Total | <u>\$ 4,547,589</u> | <u>\$ 1,650,464</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, 2019, approximately 63% of total grants and pledges receivable were from two private foundations and donors. At December 31, 2018, approximately 67% of the total grants and pledges receivable were from four private foundations and donors.

NOTE 4 – INVESTMENTS

Multiplier held the following investments at fair value in a brokerage account at December 31, 2019 and 2018:

| | 2019 | | | |
|--|----------------------|----------------|----------------|----------------------|
| | <i>Level 1</i> | <i>Level 2</i> | <i>Level 3</i> | <i>Total</i> |
| Government Money Market Funds ⁽¹⁾ | \$ 14,086,296 | \$ - | \$ - | \$ 14,086,296 |
| Total | <u>\$ 14,086,296</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 14,086,296</u> |

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

⁽¹⁾ These include cash of \$2,080,041 and \$275,008 at December 31, 2019 and 2018, respectively.

MULTIPLIER
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The investment return for 2019 and 2018 consisted of the following:

| | 2019 | 2018 |
|--|-------------------|------------------|
| Interest and dividend income | \$ 161,898 | \$ 57,353 |
| Net realized gain (loss) from sale of securities | (155) | (43) |
| Unrealized gain | (3,093) | 3,093 |
| Total | <u>\$ 158,650</u> | <u>\$ 60,403</u> |

NOTE 5 – NOTES RECEIVABLE

Multiplier executed notes receivable and related promissory notes in 2019 and 2018. Notes receivable, secured by fishery permits and other collaterals as specified in the loan agreements, are summarized as follows:

| | 2019 | | 2018 | |
|--|--------------------------------|------------------|--------------------------------|------------------|
| | <i>Interest Receivable</i> | <i>Principal</i> | <i>Interest Receivable</i> | <i>Principal</i> |
| Local Fish Fund2 LLC, with Alaska Sustainable Fisheries Trust, Inc. as its sole member and manager, in the maximum amount of \$750,000 bears 1% simple interest during 2019 and 2020, and 2% simple interest thereafter. Interest payments are due annually, commencing December 31, 2019. Annual principal payments are due in the amount of any funds remaining in the Downstream Borrowers deposit control account after payment of Downstream Borrower's fixed expenses and reserving the \$15,000 minimum balance. Final payment is due on December 31, 2026 for the amount of any principal outstanding and any accrued interest thereon. Interest income was \$3,807 in 2019. | \$ 3,807 | \$ 487,500 | \$ - | \$ - |
| Alaska Sustainable Fisheries Trust, Inc., in the original amount of \$700,000 bears interest at 3%. Annual principal and interest installments are due on December 31 st of each year in such amounts as determined by lender, in its sole and absolute discretion, based upon an outline of payments/disbursements as detailed in the loan agreement with all outstanding principal and interest due by September 2028. Interest income was \$18,008 in 2019. | - | 639,610 | - | - |

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| | 2019 | | 2018 | |
|---|--------------------------------|------------------|--------------------------------|------------------|
| | <i>Interest Receivable</i> | <i>Principal</i> | <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 are 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 \$37,934 and \$11,096 in 2019 and 2018, respectively. | - | 895,656 | - | 979,544 |
| Gulf of Mexico Fishery Quota Holdings LLC, in the original amount of \$1,243,971, bears 1% simple interest. Payments of principal and interest are 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 \$12,143 and \$2,039 in 2019 and 2018, respectively. | 5,923 | 1,184,675 | 2,039 | 1,243,971 |
| One Skip, LLC, in the original amount of \$200,000 bears zero interest, with outstanding principal due by March 2026. The lender may forgive 50% of the principal balance of the Loan upon receipt of loan forgiveness requests from the borrower that include documentation of loan forgiveness benchmarks specified in the loan agreement. | - | 200,000 | - | - |
| Total | 9,730 | 3,407,441 | 2,039 | 2,223,515 |
| Less: current portion | (9,730) | (266,967) | (2,039) | (202,776) |
| Noncurrent portion | \$ - | \$ 3,140,474 | \$ - | \$ 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 was one past due note receivable as of December 31, 2019, which was paid subsequent to year end. There were no past due note receivable balances as of December 31, 2018.

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NOTE 6 – 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 are used to finance Catch Together program related loans as disclosed in Note 5 (Downstream Loans) to qualified program participants (Downstream Borrowers), and are evidenced by a promissory note for each loan between Multiplier and the Downstream Borrower.

Multiplier executed notes payable and related promissory notes in 2019 and 2018. The notes payable, which are not secured and non-recourse, are summarized as follows:

| | 2019 | | 2018 | |
|---|-------------------------|------------------|-------------------------|------------------|
| | <i>Interest Payable</i> | <i>Principal</i> | <i>Interest Payable</i> | <i>Principal</i> |
| Loan received from SVCF for Downstream | | | | |
| Loan to Local Fish Fund2 LLC, with Alaska Sustainable Fisheries Trust, Inc. as its sole member and manager, in the amount of \$487,500 ⁽¹⁾ , bears 1% simple interest during 2019 and 2020, and 2% simple interest thereafter. Interest payments are due annually, commencing January 14, 2020. Annual principal payments are due in the amount of any funds remaining in the Downstream Borrowers deposit control account after payment of Downstream Borrower's fixed expenses and reserving the \$15,000 minimum balance. A final payment is due on February 15, 2027 for the amount of any principal outstanding and any accrued interest thereon. Interest expense was \$3,807 in 2019. | \$ 3,807 | \$ 487,500 | \$ - | \$ - |
| Loan received from SVCF for Downstream | | | | |
| Loan to Alaska Sustainable Fisheries Trust, Inc., in the original amount of \$700,000, bears interest at 3%. Annual installments of principal and interest are due on the 10 th business day after the end of each year commencing January 14, 2020, based upon cash balance available after the payment priorities outlined in the loan agreement. All outstanding principal and interest are due by September 2028. Interest expense was \$18,008 in 2019. | 18,008 | 700,000 | - | - |

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| | 2019 | | 2018 | |
|--|-------------------------|------------------|-------------------------|------------------|
| | <i>Interest Payable</i> | <i>Principal</i> | <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 are 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 \$37,934 and \$11,096 in 2019 and 2018, respectively. | - | 895,656 | - | 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 are 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 \$12,143 and \$2,039 in 2019 and 2018, respectively. | 5,923 | 1,184,675 | 2,039 | 1,243,971 |
| Total | 27,738 | 3,267,831 | 2,039 | 2,223,515 |
| Less: current portion | (27,738) | (327,357) | (2,039) | (202,776) |
| Noncurrent portion | \$ - | \$ 2,940,474 | \$ - | \$ 2,020,739 |

- (1) During 2020, a second note payable was received from SVCF in the amount of \$262,500 for disbursement of the balance of \$750,000 loan to Local Fish Fund2, LLC, with Alaska Sustainable Fisheries Trust as its sole member and manager, with the same terms as the first disbursement, outlined above.

Principal payments for Local Fish Fund2 LLC and Alaska Sustainable Fisheries Trust, Inc. are based upon the payment priorities outlined in the loan agreements, which is a contingency that cannot be reasonably estimated. Principal payments on notes payable for the next five years are subject to receipts of repayments of Downstream Loans and are estimated as follows.

| | |
|------|------------|
| 2020 | \$ 327,357 |
| 2021 | 212,123 |
| 2022 | 217,027 |
| 2023 | 222,093 |
| 2024 | 227,328 |

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NOTE 7 – 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, 2018</i> | <i>Contributions</i> | <i>Releases from Restrictions</i> | <i>December 31, 2019</i> |
|----------------------------------|------------------------------|----------------------|---------------------------------------|------------------------------|
| Healthy Planet and People | \$ 885,021 | \$ 4,547,678 | \$ (2,084,107) | \$ 3,348,592 |
| Resilient Communities | 735,763 | 722,111 | (715,629) | 742,245 |
| Sustainable, Equitable Economies | 2,432,779 | 7,353,329 | (4,649,296) | 5,136,812 |
| Secure Natural Resources | 3,779,151 | 7,756,428 | (6,084,212) | 5,451,367 |
| Total | <u>\$ 7,832,714</u> | <u>\$ 20,379,546</u> | <u>\$ (13,533,244)</u> | <u>\$ 14,679,016</u> |

| | <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 | <u>\$ 7,244,981</u> | <u>\$ 16,431,204</u> | <u>\$ (15,843,471)</u> | <u>\$ 7,832,714</u> |

NOTE 8 – 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 2019 and 2018.

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NOTE 9 – IN-KIND CONTRIBUTIONS

Multiplier received contributed equipment and services as follows:

| <u>Type</u> <u>Benefited Project</u> | 2019 | 2018 |
|---|-------------------|------------------|
| <u>Professional Legal Services</u> | | |
| Project Equity | \$ - | \$ 15,813 |
| WaterNow | 47,429 | 44,823 |
| <u>Event Services</u> | | |
| ChangeScale | - | 3,700 |
| Kitchen Table Advisors | 42,000 | 24,000 |
| <u>Other Professional Services</u> | | |
| Piggy Bank | - | 500 |
| Sustaining Our Urban Landscape | 700 | 450 |
| WaterNow | 1,996 | - |
| <u>Equipment</u> | | |
| Kitchen Table Advisors | 22,203 | - |
| Sustaining Our Urban Landscape | 13,197 | - |
| Total | <u>\$ 127,525</u> | <u>\$ 89,286</u> |

NOTE 10 – 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, 2019 and 2018:

| <u>Project</u> | <u>Grant Awarded</u> | <u>Conditional Balance</u> | |
|---|----------------------|----------------------------|---------------------|
| | | 2019 | 2018 |
| Catch Together | \$ 1,483,833 | \$ 667,066 | \$ 1,075,450 |
| Conservation Alliance for Seafood Solutions | 585,000 | - | 250,000 |
| Conservation and Community Investment Forum | 1,370,000 | 350,000 | 180,000 |
| FieldKit | 1,434,997 | - | 685,425 |
| Global Cool Cities Alliance | 250,000 | 50,000 | 150,000 |
| Kitchen Table Advisors | 15,000 | - | 5,000 |
| Marhaver Lab | 71,731 | - | 7,174 |
| Moonshot Partners | 1,616,116 | - | 899,632 |
| Multiplier CORE | 720,000 | 350,000 | - |
| Net Gains Alliance | 1,877,000 | 877,000 | 1,527,000 |
| Project Equity | 6,810,000 | 5,145,000 | - |
| WaterNow | 2,198,000 | 500,000 | 740,000 |
| Total | | <u>\$ 7,939,066</u> | <u>\$ 5,519,681</u> |

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| <i>Awarding Agency</i> | <i>Grant Awarded</i> | <i>Conditional Balance</i> | |
|--|----------------------|----------------------------|---------|
| | | 2019 | |
| United States Department of Agriculture | \$ 446,209 | \$ | 445,428 |
| New York State Energy Research & Development Authority | 47,817 | | 43,677 |
| California Department of Food and Agriculture | 84,000 | | 36,809 |
| City and County of San Francisco | 60,500 | | 19,704 |
| County of Los Angeles | 30,000 | | 10,770 |
| County of San Mateo | 67,052 | | 19,438 |
| Santa Clara Valley Water District | 50,000 | | 13,554 |
| Total | | \$ | 589,380 |

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 2019 and 2018:

| <i>Grantee</i> | <i>Grants Awarded</i> | <i>Conditional Balance</i> | |
|--------------------|-----------------------|----------------------------|-----------|
| | | 2019 | 2018 |
| MarViva Foundation | \$ 362,091 | \$ 90,240 | \$ 87,722 |
| Total | | \$ 90,240 | \$ 87,722 |

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 2019 and 2018 were \$119,815 and \$110,789, respectively.

NOTE 12 – OPERATING LEASE COMMITMENTS

Office Leases

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 2019 and 2018 totaled \$176,928 and \$186,227, respectively.

Multiplier also incurred other rental expenditures that were under either month to month or other temporary arrangements during 2019 and 2018 totaled \$223,550 and \$82,087, respectively.

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

| | <i>Year Ending December 31,</i> |
|------|---------------------------------|
| 2020 | \$ 166,034 |
| 2021 | 705 |
| | <u>\$ 166,739</u> |

Ground Lease

On March 13, 2019, Multiplier entered into a ground lease agreement with the owner of a farm located in Myrtle, Missouri for the purpose of pig farming. As a condition of the lease, Multiplier paid for the construction of a building totaling \$133,358. Multiplier can use the improvements for the pig farming purpose; however, the title of the improvements remains with the landlord during the lease term. Therefore, Multiplier recorded the costs of constructing the improvements as ground lease acquisition costs which will be amortizing over the term of the lease. Multiplier is responsible for maintaining the land and improvements during the lease term. The lease for land will commence upon the day the Piggy Bank farm is ready for operations and expire on the sixth anniversary of the commencement date. The base rent will be \$25,000 for the first year, increasing annually by 3%. The first year's rent payment will be abated.

The estimated future minimum lease payments for the ground lease obligation is contingent upon the commencement of Piggy Bank farm operations, and therefore estimated future minimum lease payments cannot be reasonably estimated.

NOTE 13 – 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 statement of financial position 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 statement of financial position date.

| | 2019 | | | 2018 | | |
|---------------------------------|-----------------------------------|---------------------|---------------------|-----------------------------------|---------------------|---------------------|
| | <i>Management and General</i> | <i>Program</i> | <i>Total</i> | <i>Management and General</i> | <i>Program</i> | <i>Total</i> |
| Cash and short-term investments | \$ 2,591,259 | \$11,879,316 | \$14,470,575 | \$ 2,200,621 | \$ 7,611,948 | \$ 9,812,569 |
| Current receivables | - | 2,967,650 | 2,967,650 | 156 | 1,766,046 | 1,766,202 |
| Total | <u>\$ 2,591,259</u> | <u>\$14,846,966</u> | <u>\$17,438,225</u> | <u>\$ 2,200,777</u> | <u>\$ 9,377,994</u> | <u>\$11,578,771</u> |

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Multiplier has liquid financial assets available within one year of the statements of financial position date to meet cash needs for management and general expenses and program spending. 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 \$1.4 million and \$1.5 million in 2019 and 2018, respectively. 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 14 – 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 \$14,086,296 and \$9,457,845 with one brokerage firm at December 31, 2019 and 2018, respectively. Multiplier has not experienced any losses in its bank and brokerage firm accounts.

NOTE 15 – MULTIPLIER PROGRAMS AND PROJECTS

Multiplier provided operational, administrative, programmatic, financial and capacity-building services designed to incubate and accelerate program capacity for 49 and 43 local, regional, national and international projects during 2019 and 2018, 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.

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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. (2018 only)

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.

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. (2018 only)

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.

Climate Resilience Fund mobilizes resources to support resilience and sustainability outcomes in communities across the U.S and for the natural systems on which they depend. (2019 only)

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.

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.

Doris Duke Conservation Scholars Program provides an experiential conservation training program for undergraduates who are interested in careers in conservation and in promoting diversity, equity, and inclusion in the conservation field. (2019 only)

Employment Equity Network transforms communities of color using Opportunity Zone capital by assembling an emerging network of investors of color and women, along with other nontraditional investors, entrepreneurs, long-time business and property owners, professionals, and community and philanthropic leaders. (2019 only)

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.

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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.

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.

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. (2018 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.

Intertidal Agency (formerly the databranch) increases data collection, system design, and data analysis that works across institutional silos and engages the public in stewardship of natural resources.

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.

MarViva Foundation is a regional non-governmental organization based in Costa Rica, Panama, and Colombia that 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.

Mobius supports leaders to put the well-being of humanity at the center of technology, and is part of a growing movement towards more ethical and humane tech. (2019 only)

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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.

National Science Policy Network catalyzes the engagement of early career scientists and engineers in policy making by training the next generation of leaders, fostering community and advocating for the role of science in policy. (2019 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.

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.

Project Equity fosters economic resiliency with low-income communities and a sustainable economy that works for all.

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 profit opportunities for farmers.

Rogue Water Lab revolutionizes how the water industry communicates by providing the inspiration, tools and resources, and opportunities for engagement for water communicators. (2019 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.

Sea Pact is a pre-competitive alliance of leading North American seafood businesses, who have joined together to advance environmentally sustainable fisheries and aquaculture practices and provide the building blocks for a long term and sustainable seafood industry. (2019 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.

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.

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 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.

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Working Circle Proactive Stewardship develops and supports the implementation of strategies that support working ranch sustainability with the presence of predators on shared landscapes while addressing the related social dynamics. (2019 only)

Working Land Conservation works to balance human-use of working lands with conservation objectives by bringing science to collaborative partnerships that maintain ecosystems, improve water quality and build relationships among working lands stakeholders. (2019 only)

Youth-Plan Learn Act Now (Y-Plan) helps young people become agents of change in their communities through involvement in projects focused on improving public transportation, access to green space, public art and civic space, healthy eating and active living, and more.

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.

NOTE 16 – SUBSEQUENT EVENTS

The emergence and spread of the coronavirus (COVID-19) during 2020 has affected businesses and economic activities in the U.S. and beyond. The extent of the operational and financial impact of COVID-19 on Multiplier's projects will vary with the unique circumstances and business models of the projects in the portfolio. Future developments including the duration and spread of the outbreak and the effects on public events, funding sources, service providers, supply chains and other operational practices are all uncertain and cannot be determined at this time.

Due to the uncertainty of the current economic conditions, Multiplier applied for and received loan funds totaling \$1,286,400 from the Paycheck Protection Program, a program authorized under the CARES Act, to support ongoing operations and to retain workers and maintain payroll. Loan funds are fully guaranteed by the Small Business Administration and eligible for forgiveness if used on eligible costs for the covered period after the loan disbursements and meet the requirements for maintaining staff and compensation levels. Any unforgiven funds will be due by April 2022 and subject to annual interest of 1%.

During 2020, two notes receivable were executed as part of the Sustainable Fisheries Impact Fund (SSIF) in relation to One Skip, LLC and CV. Talaud Ikan Mandiri for a total amount of \$425,000, bearing simple interest ranging from 0% to 1% annually, with maturity dates ranging from March 30, 2025 to March 15, 2027. Principal amounts of SSIF notes receivable may be partially forgiven upon receipt of loan forgiveness requests from the borrower which include the documentation of loan forgiveness benchmarks specified in loan agreements.



Board of Directors
Multiplier (formerly Trust for Conservation Innovation)
Oakland, California

JAMES M. KRAFT
S. SCOTT SEAMANDS
ALEXIS H. WONG
CHARLOTTE SIEW-KUN TAY
CATHY L. HWANG
RITA B. DELA CRUZ
STANLEY WOO
SCOTT K. SMITH

CRISANTO S. FRANCISCO
JOE F. HUIE

**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 Multiplier (formerly Trust for Conservation Innovation), which comprise the statement of financial position as of December 31, 2019, 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 August 12, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 Multiplier's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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.

Lindquist, von Husen and Joyce LLP

August 12, 2020