

**AMERICAN RIVERS, INC.**

AUDITED FINANCIAL STATEMENTS  
AND  
FEDERAL AWARDS

For the years ended June 30, 2015 and 2014

# AMERICAN RIVERS, INC.

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## REPORT OF INDEPENDENT AUDITORS

The Board of Directors  
American Rivers, Inc.  
Washington, DC

We have audited the accompanying financial statements of American Rivers, Inc. (American Rivers), which comprise the statements of financial position as of June 30, 2015 and 2014, 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. 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 American Rivers as of June 30, 2015 and 2014, 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.

## Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2015, on our consideration of American Rivers' 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 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 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 American Rivers' internal control over financial reporting and compliance.

WHY LLP

Columbia, Maryland  
October 19, 2015

**AMERICAN RIVERS**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 5,397,750	\$ 3,656,884
Investments (Notes 2 and 3)	2,904,863	2,843,318
Accounts receivable (Note 2):		
Billed	306,779	405,930
Unbilled	1,081,538	680,714
Grants and pledges receivable (Notes 2 and 7)	4,615,224	3,887,412
Prepaid expenses and other current assets	210,381	255,995
Property and equipment (Note 8)	61,851	120,513
	<u>\$ 14,578,386</u>	<u>\$ 11,850,766</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,151,722	\$ 722,905
Accrued salaries and related benefits	508,122	287,856
Refundable advances	126,104	82,493
Charitable gift annuities (Notes 3 and 14)	150,261	156,642
Deferred rent (Note 11)	290,483	86,892
Deposits payable	2,816	2,816
	<u>2,229,508</u>	<u>1,339,604</u>
 <b>NET ASSETS</b>		
Unrestricted		
Undesignated	378,635	252,075
Board designated - Reserve Fund	761,123	760,848
Total unrestricted net assets	<u>1,139,758</u>	<u>1,012,923</u>
Temporarily restricted (Note 4)	9,384,172	7,773,295
Permanently restricted (Note 6)	1,824,948	1,724,944
	<u>12,348,878</u>	<u>10,511,162</u>
	<u>\$ 14,578,386</u>	<u>\$ 11,850,766</u>

**AMERICAN RIVERS**  
**STATEMENTS OF ACTIVITIES**  
For the years ended June 30, 2015 and 2014

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue, Gains and Other Support</b>				
Membership	\$ 849,696	\$ -	\$ -	\$ 849,696
Contributions	2,241,342	401,730	100,000	2,743,072
Corporate donations	178,410	151,620	-	330,030
Foundation grants	387,881	7,590,112	-	7,977,993
Program service contracts	182,541	-	-	182,541
Federal grants (Notes 16 and 17)	2,310,983	-	-	2,310,983
Federal fee for service contracts	8,663	-	-	8,663
Other grants	576,998	112,693	-	689,691
Interest and dividends	13,472	30,888	4	44,364
Other	147,662	69,553	-	217,215
Realized gain on sales of investments (Note 3)	27,869	62,222	-	90,091
Net assets released from restrictions (Note 5)	6,770,732	(6,770,732)	-	-
Total revenue, gains and other support	<u>13,696,249</u>	<u>1,648,086</u>	<u>100,004</u>	<u>15,444,339</u>
<b>Expenses</b>				
Program services:				
River Restoration	4,148,795	-	-	4,148,795
Federal River Management	2,863,169	-	-	2,863,169
Clean Water Supply	1,896,846	-	-	1,896,846
River Protection	1,189,185	-	-	1,189,185
Total program services	<u>10,097,995</u>	<u>-</u>	<u>-</u>	<u>10,097,995</u>
Supporting services:				
Fundraising	1,989,549	-	-	1,989,549
Management and general	1,439,241	-	-	1,439,241
Total supporting services	<u>3,428,790</u>	<u>-</u>	<u>-</u>	<u>3,428,790</u>
Total expenses	<u>13,526,785</u>	<u>-</u>	<u>-</u>	<u>13,526,785</u>
Changes in net assets before other items	169,464	1,648,086	100,004	1,917,554
<b>Other Items</b>				
Unrealized gain (loss) on investments (Note 3)	(32,879)	(37,209)	-	(70,088)
Change in value of split-interest agreements	(9,750)	-	-	(9,750)
<b>Change in Net Assets</b>	126,835	1,610,877	100,004	1,837,716
<b>Net Assets, Beginning</b>	1,012,923	7,773,295	1,724,944	10,511,162
<b>Net Assets, Ending</b>	<u>\$ 1,139,758</u>	<u>\$ 9,384,172</u>	<u>\$ 1,824,948</u>	<u>\$ 12,348,878</u>

See notes to financial statements.

**2014**

<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
\$ 743,610	\$ -	\$ -	\$ 743,610
1,898,539	329,143	-	2,227,682
138,534	910,830	-	1,049,364
196,641	4,950,813	-	5,147,454
235,751	-	-	235,751
2,274,150	-	-	2,274,150
6,967	-	-	6,967
1,036,096	97,635	-	1,133,731
9,085	36,143	3	45,231
264,802	85,619	-	350,421
7,208	33,826	-	41,034
5,686,466	(5,686,466)	-	-
<u>12,497,849</u>	<u>757,543</u>	<u>3</u>	<u>13,255,395</u>
4,239,709	-	-	4,239,709
2,479,609	-	-	2,479,609
1,252,522	-	-	1,252,522
1,648,230	-	-	1,648,230
<u>9,620,070</u>	<u>-</u>	<u>-</u>	<u>9,620,070</u>
1,741,411	-	-	1,741,411
1,390,518	-	-	1,390,518
<u>3,131,929</u>	<u>-</u>	<u>-</u>	<u>3,131,929</u>
12,751,999	-	-	12,751,999
(254,150)	757,543	3	503,396
17,124	179,779	-	196,903
(14,483)	-	-	(14,483)
(251,509)	937,322	3	685,816
1,264,432	6,835,973	1,724,941	9,825,346
<u>\$ 1,012,923</u>	<u>\$ 7,773,295</u>	<u>\$ 1,724,944</u>	<u>\$ 10,511,162</u>

**AMERICAN RIVERS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended June 30, 2015

	PROGRAM SERVICES				Total Program Services	SUPPORTING SERVICES			TOTAL
	River Restoration	Federal River Management	Clean Water Supply	River Protection		Fundraising	Management and General	Total Supporting Services	
Salaries	\$ 966,346	\$ 1,183,146	\$ 936,185	\$ 676,690	\$ 3,762,367	\$ 1,043,492	\$ 846,432	\$ 1,889,924	\$ 5,652,291
Retirement plan (Note 12)	24,005	29,391	23,272	16,810	93,478	25,922	21,026	46,948	140,426
Other employee benefits	65,830	80,600	63,818	46,099	256,347	71,086	57,662	128,748	385,095
Payroll taxes	72,740	89,060	70,517	50,937	283,254	78,547	63,713	142,260	425,514
Professional services	1,598,901	387,648	233,637	155,675	2,375,861	232,476	40,600	273,076	2,648,937
Professional fundraising fees	-	-	-	-	-	18,287	-	18,287	18,287
Accounting fees	-	-	-	-	-	-	46,000	46,000	46,000
Legal fees	545	156,091	40	-	156,676	-	1,707	1,707	158,383
Donated services & materials (Note 13)	-	-	-	-	-	-	-	-	-
Supplies	16,664	18,617	20,057	12,053	67,391	27,331	14,409	41,740	109,131
Telephone	12,321	10,771	14,066	6,859	44,017	12,070	13,702	25,772	69,789
Postage and mailing	38,233	27,229	18,115	12,106	95,683	97,780	2,413	100,193	195,876
Rent and occupancy	110,975	114,931	99,402	71,302	396,610	124,758	210,256	335,014	731,624
Equipment rental and maintenance	4,714	7,112	3,547	2,584	17,957	6,700	6,788	13,488	31,445
Printing and publications	57,203	41,776	29,777	25,404	154,160	137,558	2,872	140,430	294,590
Travel	95,173	120,412	47,969	67,911	331,465	87,123	14,077	101,200	432,665
Conferences and meetings	29,870	33,426	22,381	16,304	101,981	16,189	45,786	61,975	163,956
Depreciation and amortization	7,849	7,928	7,560	4,412	27,749	8,149	22,764	30,913	58,662
Grants	1,044,316	552,790	304,709	21,879	1,923,694	-	-	-	1,923,694
Other	3,110	2,241	1,794	2,160	9,305	2,081	29,034	31,115	40,420
<b>Total expenses</b>	<b>\$ 4,148,795</b>	<b>\$ 2,863,169</b>	<b>\$ 1,896,846</b>	<b>\$ 1,189,185</b>	<b>\$ 10,097,995</b>	<b>\$ 1,989,549</b>	<b>\$ 1,439,241</b>	<b>\$ 3,428,790</b>	<b>\$ 13,526,785</b>

See notes to financial statements.

**AMERICAN RIVERS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended June 30, 2014

	PROGRAM SERVICES				Total Program Services	SUPPORTING SERVICES			TOTAL
	River Restoration	Federal River Management	Clean Water Supply	River Protection		Fundraising	Management and General	Total Supporting Services	
Salaries	\$ 1,003,593	\$ 981,061	\$ 716,794	\$ 761,555	\$ 3,463,003	\$ 916,155	\$ 818,892	\$ 1,735,047	\$ 5,198,050
Retirement plan (Note 12)	27,970	27,317	19,962	21,194	96,443	25,540	22,838	48,378	144,821
Other employee benefits	59,145	57,763	42,210	44,815	203,933	54,006	48,292	102,298	306,231
Payroll taxes	74,477	72,738	53,153	56,433	256,801	68,006	60,810	128,816	385,617
Professional services	1,575,494	320,852	163,592	363,396	2,423,334	195,732	65,630	261,362	2,684,696
Professional fundraising fees	-	-	-	-	-	25,181	-	25,181	25,181
Accounting fees	-	-	-	-	-	-	42,575	42,575	42,575
Legal fees	17,802	137,382	-	-	155,184	-	650	650	155,834
Donated services and materials (Note 13)	44,304	-	8,249	10,702	63,255	-	-	-	63,255
Supplies	20,260	15,840	7,451	23,903	67,454	41,231	13,575	54,806	122,260
Telephone	14,227	11,374	10,720	8,897	45,218	10,821	16,045	26,866	72,084
Postage and mailing	30,516	18,469	9,608	12,842	71,435	81,724	2,114	83,838	155,273
Rent and occupancy	105,744	97,437	66,915	105,105	375,201	92,604	174,187	266,791	641,992
Equipment rental and maintenance	7,228	6,964	3,429	6,922	24,543	7,054	15,329	22,383	46,926
Printing and publications	55,596	33,737	19,276	40,009	148,618	110,781	1,568	112,349	260,967
Travel	95,422	80,927	41,587	80,952	298,888	77,302	18,000	95,302	394,190
Conferences and meetings	22,056	20,250	13,266	21,046	76,618	22,778	31,328	54,106	130,724
Depreciation and amortization	10,558	8,479	6,321	6,559	31,917	8,001	34,250	42,251	74,168
Grants	1,073,203	587,028	63,395	82,000	1,805,626	-	-	-	1,805,626
Other	2,114	1,991	6,594	1,900	12,599	4,495	24,435	28,930	41,529
<b>Total expenses</b>	<b>\$ 4,239,709</b>	<b>\$ 2,479,609</b>	<b>\$ 1,252,522</b>	<b>\$ 1,648,230</b>	<b>\$ 9,620,070</b>	<b>\$ 1,741,411</b>	<b>\$ 1,390,518</b>	<b>\$ 3,131,929</b>	<b>\$ 12,751,999</b>

See notes to financial statements.

**AMERICAN RIVERS**  
**STATEMENTS OF CASH FLOWS**  
For the years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,837,716	\$ 685,816
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	58,662	74,168
Unrealized loss (gain) on investments	70,088	(196,903)
Realized gain on sales of investments	(90,091)	(41,034)
Loss on disposal of property and equipment	-	5,894
Net changes in:		
Accounts receivable - billed	99,151	(280,247)
Accounts receivable - unbilled	(400,824)	227,806
Grants and pledges receivable	(727,812)	(96,298)
Prepaid expenses and other current assets	45,614	(26,690)
Accounts payable and accrued expenses	428,817	31,974
Accrued salaries and related benefits	220,266	18,464
Refundable advances	43,611	76,449
Charitable gift annuities	(6,381)	(8,683)
Deferred rent	203,591	(42,775)
Deposits payable	-	(5,050)
Net cash provided by operating activities	<u>1,782,408</u>	<u>422,891</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	-	(65,657)
Proceeds from sale of investments	602,515	203,157
Purchase of investments	(644,057)	(145,236)
Net cash used by investing activities	<u>(41,542)</u>	<u>(7,736)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>1,740,866</b>	<b>415,155</b>
<b>Cash and Cash Equivalents, Beginning</b>	<u>3,656,884</u>	<u>3,241,729</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 5,397,750</u>	<u>\$ 3,656,884</u>
<b>Supplemental disclosure of cash flows information</b>		
Cash paid during the year for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

**AMERICAN RIVERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2015 and 2014**

**NOTE 1 - ORGANIZATION**

American Rivers protects wild rivers, restores damaged rivers, and conserves clean water for people and nature. Since 1973, American Rivers has protected and restored more than 150,000 miles of rivers through advocacy efforts, on-the-ground projects, and an annual America's *Most Endangered Rivers*® campaign. Headquartered in Washington, DC, American Rivers has offices across the country and more than 200,000 members, supporters, and volunteers.

Through our river conservation work we are ensuring clean drinking water supplies, revitalizing fish and wildlife, improving recreation, and leaving a legacy of healthy rivers for future generations.

In 2015 alone, we worked with local communities to remove 30 dams, restored more than 440 miles of river through dam removal or dam reoperation, protected more than 445,000 acres of riverside land, created or sustained more than 525 miles of river through blue trails, protected 140 miles of river as Wild & Scenic, and removed more than 4 million pounds of trash from rivers with the help of more than 85,000 volunteers.

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

**Basis of Accounting**

American Rivers maintains its books and records on the accrual basis of accounting and, accordingly, reflects all significant receivables, payables, and other liabilities.

**Basis of Presentation**

American Rivers is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Restricted and Unrestricted Support and Revenue**

Revenues received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

American Rivers reports revenues as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when some stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

**AMERICAN RIVERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2015 and 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash Equivalents**

American Rivers considers all unrestricted highly liquid investments with an initial maturity of 90 days or less to be cash equivalents. Cash and cash equivalents held by the investment custodian to facilitate investment transactions or for investment are reported as investments in the Statements of Financial Position.

**Accounts Receivable**

American Rivers' accounts receivable consist primarily of progress billings to several state agencies. In addition, there are billings to various corporate sponsors and to other organizations for reimbursable expenditures. These receivables are valued at management's estimate of the amount that will ultimately be collected.

The allowance for doubtful accounts is based on specific identification of uncollectible accounts and American Rivers' historical collection experience. At June 30, 2015 and 2014 management considers all accounts receivable to be fully collectible.

Unbilled amounts represent costs incurred and estimated fees on contracts for which billings have not yet been presented. Typically, invoices are prepared either monthly or quarterly based on the prior month's or quarter's activities. When billed, these amounts are included in the Statements of Financial Position as accounts receivable - billed.

**Grants and Pledges Receivable**

Grants and pledges receivable represent promises from donors to contribute monies for American Rivers' programs and activities. Grants and pledges are recognized as support when the pledge is made. Grants and pledges made to American Rivers for future contributions expected to be fully collectible are recorded as a receivable and revenue at the present value of such future payments. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Grants and pledges receivables are valued at management's estimate of the amount that will ultimately be collected. The allowance for doubtful pledges is based on specific identification of uncollectible accounts and American Rivers' historical collection experience. At June 30, 2015 and 2014 there was no allowance for doubtful pledges.

**Investments**

Investments are carried at their fair value as of the date of the Statements of Financial Position, which may differ from the amount ultimately realized at the time of sale. Realized and unrealized gains and losses are reflected in the Statements of Activities. The cost of investments sold is determined by the specific identification method.

**AMERICAN RIVERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2015 and 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

American Rivers invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the accompanying financial statements.

**Fair Value Measurements**

American Rivers follows FASB ASC 820, *Fair Value Measurements and Disclosures*, which provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- *Level 1:* Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date (e. g., equity securities traded on the New York Stock Exchange).
- *Level 2:* Level 2 inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (e. g., quoted market prices of similar assets or liabilities in active markets, or quoted market prices for identical or similar assets or liabilities in markets that are not active).
- *Level 3:* Level 3 inputs are unobservable (e. g., a company's own data) and should be used to measure fair value to the extent that observable inputs are not available.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of the observable inputs and minimize the use of the unobservable inputs.

**Property and Equipment**

American Rivers follows the practice of capitalizing, at cost, all expenditures for property, equipment, and improvements to leased space in excess of \$2,500. Property and equipment are depreciated on the straight-line basis over an estimated useful life of three to ten years. Leasehold improvements are amortized on the straight-line basis over the estimated life of the leased space. Depreciation and amortization expense for property and equipment for the years ended June 30, 2015 and 2014 was \$58,662 and \$74,168, respectively.

**AMERICAN RIVERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2015 and 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes**

American Rivers is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, American Rivers is required to report unrelated business income to the Internal Revenue Service and the District of Columbia, as well as pay certain other taxes to local jurisdictions. American Rivers had no unrelated business income tax liability for the years ended June 30, 2015 and 2014.

The income tax positions taken by American Rivers for any years open under the various statutes of limitations are that American Rivers continues to be exempt from income taxes and that they have properly reported unrelated business income that is subject to income taxes. American Rivers believes that there are no tax positions taken or expected to be taken that would significantly increase unrecognized tax liabilities within 12 months of the reporting date. None of American Rivers' federal or state income tax returns are currently under examination.

**Refundable Advances**

Refundable advances represent funds received from state and local governments and fee for service contracts in advance of incurring qualifying expenditures.

**Contributions and Grants**

Contributions and grants are recorded as revenue in the year notification is received from the donor. Contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions, if applicable, and satisfaction of time restrictions. Contributions and grants received in excess of expenses incurred are shown as temporarily restricted net assets.

**Donated Services**

In accordance with generally accepted accounting principles, American Rivers recognizes the value of donated services. For a donated service to be recognized by American Rivers, the service must either create or enhance a non-financial asset or require specialized skills.

**Endowment Funds**

The District of Columbia enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) on July 1, 2008, the provisions of which apply to endowment funds existing on or established after the date of enactment. American Rivers follows FASB ASC 958 relating to endowments effective July 1, 2008. Management has determined that American Rivers' permanently restricted net assets meet the definition of endowment funds under UPMIFA and FASB ASC 958.

**AMERICAN RIVERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended June 30, 2015 and 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of Estimates**

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

**Functional Allocation of Expenses**

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

**Advertising**

American Rivers uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2015 and 2014 was \$6,277 and \$10,511, respectively.

**Reclassification**

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

**NOTE 3 - FAIR VALUE MEASUREMENTS AND INVESTMENTS**

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the years ended June 30, 2015 and 2014, using quoted prices in active markets for identical assets (Level 1); quoted prices in markets that are not active or for significant other observable inputs (Level 2);

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
<u>June 30, 2015</u>			
<u>Assets</u>			
Cash and cash equivalents	\$ 898,402	\$ 898,402	\$ -
Equity mutual funds	1,227,545	1,227,545	-
Fixed income mutual funds	<u>778,916</u>	<u>778,916</u>	<u>-</u>
	<u>\$ 2,904,863</u>	<u>\$ 2,904,863</u>	<u>\$ -</u>

**AMERICAN RIVERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended June 30, 2015 and 2014

**NOTE 3 - FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)**

Liabilities

Liabilities under split interest agreements	<u>\$ 150,261</u>	<u>\$ -</u>	<u>\$ 150,261</u>
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<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
-------------------	----------------	----------------

June 30, 2014

Assets

Cash and cash equivalents	\$ 897,417	\$ 897,417	\$ -
Equity mutual funds	1,210,609	1,210,609	-
Fixed income mutual funds	<u>735,292</u>	<u>735,292</u>	<u>-</u>
	<u>\$ 2,843,318</u>	<u>\$ 2,843,318</u>	<u>\$ -</u>

Liabilities

Liabilities under split interest agreements	<u>\$ 156,642</u>	<u>\$ -</u>	<u>\$ 152,642</u>
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**Measurement Information**

All investments have been valued using a market approach. There have been no changes in valuation techniques and related inputs.

The liabilities for split interest agreements are determined by discounting expected future cash flows using interest rates for instruments with similar terms and maturities.

**Investment Income**

Interest and investment income consisted of the following for the year ended June 30:

	<u>2015</u>	<u>2014</u>
Unrealized gain (loss) on investments	\$ (70,088)	\$ 196,903
Realized gain on sales of investments	90,091	41,034
Interest and dividends	<u>44,364</u>	<u>45,231</u>
	<u>\$ 64,367</u>	<u>\$ 283,168</u>

**AMERICAN RIVERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended June 30, 2015 and 2014

**NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at June 30:

	<u>2015</u>	<u>2014</u>
River Restoration	\$ 1,195,143	\$ 1,052,407
Federal River Management	1,887,520	1,278,797
Clean Water Supply	1,147,882	1,194,102
River Protection	559,296	656,975
Climate Change	335,459	670,213
National River Cleanup	135,877	341,386
Endowment Earnings	226,024	252,951
Other/Time Restricted	<u>3,896,971</u>	<u>2,326,464</u>
	<u>\$ 9,384,172</u>	<u>\$ 7,773,295</u>

**NOTE 5 - NET ASSETS RELEASED FROM RESTRICTIONS**

The following temporarily restricted net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors:

	<u>2015</u>	<u>2014</u>
River Restoration	\$ 783,757	\$ 667,414
Federal River Management	2,310,385	2,138,070
Clean Water Supply	1,344,097	920,924
River Protection	967,668	1,089,229
Climate Change	334,754	107,976
National River Cleanup	280,609	151,765
Endowment Earnings	82,792	75,871
Other/Time Restricted	<u>666,670</u>	<u>535,217</u>
	<u>\$ 6,770,732</u>	<u>\$ 5,686,466</u>

**AMERICAN RIVERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended June 30, 2015 and 2014

**NOTE 6 - PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets consist of two permanently restricted funds at June 30:

	<u>2015</u>	<u>2014</u>
Capital Campaign Endowment	\$ 1,776,091	\$ 1,676,091
Gift Endowment	<u>48,857</u>	<u>48,853</u>
	<u>\$ 1,824,948</u>	<u>\$ 1,724,944</u>

American Rivers' endowment consists of donor-restricted endowment funds as noted above. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, American Rivers classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by American Rivers in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, American Rivers considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

All endowment funds are donor-restricted at June 30, 2015 and 2014.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires American Rivers to retain as fund of perpetual duration. There were no deficiencies of this nature reported in unrestricted net assets as of June 30, 2015 and 2014.

American Rivers has adopted investment and spending policies for endowment assets that attempt to generate a long-term, total rate of return (income plus asset appreciation) that will permit real growth in endowment assets, consistent with a moderate level of investment risk.

**AMERICAN RIVERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended June 30, 2015 and 2014

**NOTE 6 - PERMANENTLY RESTRICTED NET ASSETS (Continued)**

To satisfy its long-term rate-of-return objectives, American Rivers relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). American Rivers targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Under the terms of the Gift Endowment, annual distributions shall be limited to 50% of interest earned, and the remainder will be reinvested in the fund growth of principal. Distributions will be used to support general operations of American Rivers at the discretion of the Board of Directors.

Under the terms of the Capital Campaign Endowment, based on the Board of Director's Investment Policy, 5% of the average balance of the endowment for the prior three years will be available for the succeeding year's operations.

The changes in endowment net assets for the years ended June 30, 2015 and 2014 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2013	\$ -	\$ 79,074	\$ 1,724,941	\$ 1,804,015
Investment return:				
Other	-	-	3	3
Net realized and unrealized appreciation (depreciation)	-	<u>249,748</u>	<u>-</u>	<u>249,748</u>
Total investment return	<u>-</u>	<u>249,748</u>	<u>3</u>	<u>249,751</u>
Contributions	-	-	-	-
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(75,871)</u>	<u>-</u>	<u>(75,871)</u>
Endowment net assets, June 30, 2014	<u>\$ -</u>	<u>\$ 252,951</u>	<u>\$ 1,724,944</u>	<u>\$ 1,977,895</u>

**AMERICAN RIVERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended June 30, 2015 and 2014

**NOTE 6 - PERMANENTLY RESTRICTED NET ASSETS (Continued)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2014	\$ -	\$ 252,951	\$ 1,724,944	\$ 1,977,895
Investment return:				
Other	-	-	4	4
Net realized and unrealized appreciation (depreciation)	<u>-</u>	<u>55,901</u>	<u>-</u>	<u>55,901</u>
Total investment return	-	55,901	4	55,905
Contributions	-	-	100,000	100,000
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(82,792)</u>	<u>-</u>	<u>(82,792)</u>
Endowment net assets, June 30, 2015	<u>\$ -</u>	<u>\$ 226,060</u>	<u>\$ 1,824,948</u>	<u>\$ 2,051,008</u>

**NOTE 7 - GRANTS AND PLEDGES RECEIVABLE**

Grants and pledges receivable reflect commitments made to American Rivers by various donors. Grants for which payments are to be received in future years have been discounted to their present value using the effective interest rate on the date of the original award. Following is a summary of grants receivable, by years, at June 30:

	<u>2015</u>	<u>2014</u>
Receivable in less than one year	\$ 2,931,389	\$ 2,077,843
Receivable in one to five years	1,582,942	1,532,596
Receivable thereafter	<u>196,047</u>	<u>391,832</u>
Total grants and pledges receivable	4,710,378	4,002,271
Discount to net present value	<u>(95,154)</u>	<u>(114,859)</u>
Net grants and pledges receivable	<u>\$ 4,615,224</u>	<u>\$ 3,887,412</u>

**AMERICAN RIVERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended June 30, 2015 and 2014

**NOTE 8 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

	<u>2015</u>	<u>2014</u>
Furniture and equipment	\$ 433,515	\$ 452,684
Leasehold improvements	<u>85,915</u>	<u>85,915</u>
	519,430	538,599
Less: Accumulated depreciation and amortization	<u>(457,579)</u>	<u>(418,086)</u>
	<u>\$ 61,851</u>	<u>\$ 120,513</u>

**NOTE 9 - LINE OF CREDIT**

American Rivers has a bank line of credit in the amount of \$750,000 renewable annually and collateralized by all property, equipment, inventory and receivables. Interest accrues at the bank's prime rate plus 1.75% per annum. There were no outstanding borrowings on the line of credit at June 30, 2015 and 2014.

**NOTE 10 - ALLOCATION OF JOINT COSTS**

During the years ended June 30, 2015 and 2014, American Rivers incurred joint costs of \$291,554 and \$291,786, respectively, for informational material that included fundraising appeals. Of the joint costs, American Rivers allocated \$96,213 and \$107,403 for the years ended June 30, 2015 and 2014, respectively, to fundraising.

**NOTE 11 - COMMITMENTS**

**Operating Leases**

American Rivers signed a lease to occupy office space in Washington, D.C. under an operating lease beginning February 2006 and expiring on January 31, 2016. During January 2015, the lease was renegotiated extending the lease term to October 31, 2026. The leases include periods of rent abatement and escalating rent payments. Beginning February 2007, in addition to base rent, American Rivers was responsible for its proportionate share of the building's operating expenses. American Rivers recognizes the total rent commitment on a straight-line basis over the term of the lease. The difference between the monthly payment and the rent expense recognized for financial statement purposes is recognized as a deferred rent liability in the financial statements.

**AMERICAN RIVERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2015 and 2014**

**NOTE 11 - COMMITMENTS (Continued)**

American Rivers also leases office space at other locations, as well as storage space and miscellaneous furnishings and equipment under various non-cancellable operating leases. Additionally, other office space for certain field offices is leased under month-to-month agreements.

As of June 30 2015, future minimum lease payments for all noncancellable operating leases are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2016	\$ 503,627
2017	609,022
2018	522,492
2019	466,019
2020	474,191
2021 and thereafter	<u>3,329,089</u>
	<u>\$ 5,904,440</u>

Rental expense for the years ended June 30, 2015 and 2014 totaled \$688,119 and \$579,801, respectively.

**NOTE 12 - EMPLOYEE RETIREMENT PLAN**

American Rivers sponsors a Section 403(b) tax-deferred annuity plan covering all employees. The plan participants are 100% vested upon entering the plan. Employees may participate in the plan immediately upon employment and become eligible for employer contributions after completing one full year of service. Under the terms of the plan, American Rivers makes quarterly contributions of three percent of each participant's quarterly compensation, and may also contribute up to an additional two percent of compensation based on the level of an employee's voluntary contribution, if any. Contributions by American Rivers to the plan totaled \$140,426 and \$144,821, for the years ended June 30, 2015 and 2014, respectively.

**NOTE 13 - DONATED SERVICES**

Donated services consist of advertising services recognized as support with an offsetting expense in the accompanying Statements of Activities. Donated services for the years ended June 30, 2015 and 2014, were \$-0- and \$63,255, respectively.

**AMERICAN RIVERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2015 and 2014**

**NOTE 14 - CHARITABLE GIFT ANNUITIES**

American Rivers is the beneficiary of several split interest agreements. American Rivers' interest in these split interest agreements is reported as a contribution in the year received at its net present value. At June 30, 2015 and 2014, the total assets held under split interest agreements were \$287,071 and \$296,915, respectively, at fair value, and are included in investments on the Statements of Financial Position. The value of the gift annuity liabilities at June 30, 2015 and 2014 was \$150,261 and \$156,642, respectively.

**NOTE 15 - CONTINGENCY**

American Rivers receives funds from federal grants, which are subject to government audit. Such audits may result in disallowances and a request for a return of funds to the Federal government. Based on prior experience, American Rivers believes disallowances, if any, will be immaterial. Independent audits in accordance with the provisions of OMB Circular A-133 have been completed through the year ended June 30, 2015.

**NOTE 16 - CONCENTRATIONS**

Approximately 15% and 17% of total revenue is attributed to grants from the federal government for the years ended June 30, 2015 and 2014, respectively.

American Rivers' cash deposits exceeded the Federal Deposit Insurance Corporation limits at various times during the fiscal years ended June 30, 2015 and 2014.

**NOTE 17 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 19, 2015, which is the date the financial statements are available to be issued.

**OMB CIRCULAR A-133  
SUPPLEMENTARY INFORMATION**

**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***

**REPORT OF INDEPENDENT AUDITORS**

The Board of Directors  
American Rivers, Inc.  
Washington, DC

We have audited, in accordance with the 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, the financial statements of American Rivers, Inc. (American Rivers), which comprise the statement of financial position as of June 30, 2015, 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 October 19, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered American Rivers' 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 American Rivers' internal control. Accordingly, we do not express an opinion on the effectiveness of the American Rivers' 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 American Rivers' 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

UHY LLP

Columbia, Maryland  
October 19, 2015

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

### REPORT OF INDEPENDENT AUDITORS

The Board of Directors  
American Rivers, Inc.  
Washington, DC

#### Report on Compliance for Each Major Federal Program

We have audited American Rivers' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of American Rivers' major federal programs for the year ended June 30, 2015. American Rivers' major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

#### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of American Rivers' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about American Rivers' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of American Rivers' compliance.

#### Opinion on Each Major Federal Program

In our opinion, American Rivers complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

## Report on Internal Control Over Compliance

Management of American Rivers is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to above. In planning and performing our audit of compliance, we considered American Rivers' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of American Rivers' internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

UHY LLP

Columbia, Maryland  
October 19, 2015

**AMERICAN RIVERS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended June 30, 2015

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Commerce:</b>			
National Oceanic and Atmospheric Administration - Restoration of Migratory Fish Habitat Through Stream Barrier Removal	11.463	N/A	\$ 224,545
National Oceanic and Atmospheric Administration - Restoration of Alosines and American Eel in the Patapsco River Valley	11.463	N/A	<u>647,537</u>
Subtotal Direct Programs			872,082
Pass-Through Programs from:			
California Department of Fish & Game - San Gregorio Assessing Instream Flows	11.438	P1130409	10,640
Universtiy of Toledo - Green Stormwater Infrastructure	11.417	F-2015-78	6,589
Ecotrust - Evans Creek Dam Removal and Channel Restoration	11.463	1401-E-OR-NB	<u>47,842</u>
Subtotal Pass-Through Programs			<u>65,071</u>
<b>Total U.S. Department of Commerce:</b>			<b><u>937,153</u></b>
<b>U.S. Environmental Protection Agency:</b>			
Revitalizing the Potomac Highlands	66.050	N/A	583,050
Pass-Through Programs from:			
Friends of Marsh Creek Watershed Improving Water Quality in the Marsh Creek Watershed	66.440	00T81801	4,374
National Fish and Wildlife Foundation Chesapeake Bay Community-Based Herring Restoration	66.466	0603.14.045316	23,652
Chesapeake Bay Trust - Green Streets Grant Program	66.466	12437	24,865
Pennsylvania Fish and Boat Commission Heistand Sawmill Dam	66.466	2014-0508.01, 4100066893	26,202
Town of Centreville, Maryland Centreville Dam	66.466	2010EPA135	3,543
Alliance for the Chesapeake - Building Green Infrastructure in Blair County, Pennsylvania	66.466	12437	<u>16,493</u>
Subtotal Pass-Through Programs			<u>99,129</u>
<b>Total U.S. Environmental Protection Agency:</b>			<b><u>682,179</u></b>

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Agriculture:</b>			
Natural Resources Conservation Service The Center Valley Exchange - A Market Based Approach to Integrate Agriculture and Habitat	10.912	N/A	105,623
U.S Forest Service Prioritizing Meadow Restoration for Eagle Lake Rainbow Trout	10.683	N/A	27,847
U.S Forest Service Tahoe National Forest		N/A	<u>10,000</u>
Subtotal Direct Programs			143,470
Pass-Through Programs from:			
California Trout - Golden Trout Meadow Inventory on the Inyo National Forest	10.683	2010USF132	4,520
National Fish and Wildlife Foundation Indian Valley Restoration	10.683	FA.A058	6,486
National Fish and Wildlife Foundation - Meadow Restoration Through Indigenous Fire Management	10.683	0103.12.034840	<u>13,691</u>
Subtotal Pass-Through Programs			<u>24,697</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>168,167</u></b>
<b>U.S. Department of Interior:</b>			
U.S. Fish and Wildlife Service - NFHAP Removal of Sunray and an Unnamed Dam on the Conewango Creek, Warren County, PA	15.608	N/A	40,000
U.S. Fish and Wildlife Service - Kladder Dam & Unnamed Dam Removals, UNT Frankstown Branch, Hollidaysburg PA	15.608	N/A	25,000
U.S. Fish and Wildlife Service Evans Creek Dam Removal	15.631	N/A	13,970
U.S. Fish and Wildlife Service Aquatic Connectivity and Flood Resilience in Maryland	15.677	N/A	23,961
U.S. Fish and Wildlife Service Potomac Industrial Dam Removal Project, Potomac River, Cumberland, MD	15.608	N/A	41,634
U.S. Fish and Wildlife Service Centreville Dam Removal, Gravel Run, Centreville, Maryland	15.608	N/A	5,000
U.S. Fish and Wildlife Service Aquatic Connectivity and Flood Resilience in Maryland	15.677	N/A	30,631
U.S. Fish and Wildlife Service Economies of Scale; Design and Permitting Meadow Restoration	15.663	N/A	22,751
National Park Service - Waccamaw River Blue Trail	15.943	N/A	12,457
National Park Service - River Conservation Blue Trail	15.954	N/A	9,557
U.S. Forest Service Browns Run Watershed Restoration Project	15.unknown	N/A	<u>23,137</u>
Subtotal Direct Programs			248,098

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Interior:</b>			
Pass-Through Programs from:			
Trout Unlimited Lahontan Cutthroat Trout and Meadow Restoration in Walker	15.508	43024	22,115
National Fish and Wildlife Foundation Middle Martis Restoration	15.508	0204.14.043681	151,566
National Fish and Wildlife Foundation Increasing Community & Ecological Resiliency by Removing a Patapsco River Fish Barrier	15.153	43834	18,952
Ecotrust - Evans Creek Dam Removal and Channel Restoration	15.231	1401-E-OR-NB	11,000
Pennsylvania Fish and Boat Commission Kladder/Frankstown	15.608	2014-0418-04, 4100066752	30,000
National Fish and Wildlife Foundation Meadow Restoration through Indigenous Fire Management	15.663	40460	27,317
National Fish and Wildlife Foundation Prioritizing Meadow Restoration for Eagle Lake Rainbow Trout	15.663	41529	<u>14,435</u>
Subtotal Pass-Through Programs			<u>275,385</u>
<b>Total U.S. Department of Interior</b>			<b><u>523,483</u></b>
<b>TOTAL FEDERAL EXPENDITURES</b>			<b><u>\$ 2,310,982</u></b>

See accompanying notes to schedule of expenditures of federal awards.

**AMERICAN RIVERS, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the year ended June 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This schedule relates only to the federal grant programs administered by American Rivers. It should be read in conjunction with American Rivers' primary financial statements and the notes thereto. The programs are subject to the accounting policies and procedures of American Rivers which conform to accounting principles generally accepted in the United States of America.

Federal awards are received from the U.S. Department of Commerce, U.S. Environmental Protection Agency, U.S. Department of Agriculture and U.S. Department of Interior. Revenue is recognized when earned, based on meeting the legal or contractual requirements of the funding source.

Expenditures of grant funds are to be made for the purposes specified by the grantor. Expenditures are subject to audit by the grantor.

**NOTE 2 - BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual method of accounting, which is described in Note 2 to American Rivers' basic financial statements.

**NOTE 3 - SUBRECIPIENTS**

Of the expenditures of federal awards presented in the Schedule of Expenditures of Federal Awards, American Rivers provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amounts Provided to Subrecipients</u>
<b>U.S. Department of Commerce</b>		
Habitat Conservation - Restoration of Migratory Fish Habitat Through Stream Barrier Removal	11.463	\$ 165,727
Ecotrust- Evans Creek Dam Removal and Channel Restoration	11.463	<u>33,351</u>
Subtotal U.S. Department of Commerce		\$ 199,078

**AMERICAN RIVERS, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the year ended June 30, 2015**

**NOTE 3 - SUBRECIPIENTS (Continued)**

**U.S. Environmental Protection Agency**

Revitalizing the Potomac Highlands	66.050	\$ 562,625
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**U.S. Department of Agriculture**

National Fish and Wildlife Foundation - Indian Valley Restoration	10.683	3,945
National Fish and Wildlife Foundation - Meadow Restoration Through Indigenous Fire Management	10.683	10,758
US Forest Service: Prioritizing Meadow Restoration for Eagle Lake Rainbow Trout	10.683	<u>8,000</u>
Subtotal U.S. Department of Agriculture		22,703

**U.S. Department of Interior**

National Fish and Wildlife Foundation - Meadow Restoration Through Indigenous Fire Management	15.663	16,442
National Fish and Wildlife Foundation - Middle Martis Restoration	15.508	<u>80,900</u>
Subtotal U.S. Department of Interior		<u>97,342</u>

<b>Total Amounts Provided to Subrecipients</b>		<b><u>\$ 881,748</u></b>
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**AMERICAN RIVERS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the year ended June 30, 2015**

**A. SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses an unmodified opinion on the basic financial statements of American Rivers.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of American Rivers, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for American Rivers expresses an unmodified opinion.
6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs were the U.S. Department of Commerce, Habitat Conservation, CFDA number 11.463 and the U.S. Environmental Protection Agency, Potomac Highlands Implementation Grants, CFDA No. 66.050.
8. The threshold for distinguishing between Type A and Type B programs was \$300,000.
9. American Rivers qualified as a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

NONE

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**

NONE

**AMERICAN RIVERS, INC.**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**For the year ended June 30, 2015**

There were no prior findings.