

**SOUTH YUBA RIVER
CITIZENS LEAGUE**

Nevada City, California

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

June 30, 2016

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HOLLY B. PLADSON

— ♦ Certified Public Accountant ♦ —

INDEPENDENT AUDITOR'S REPORT

To Board of Directors
(SYRCL) South Yuba River Citizens League
Nevada City, California

I have audited the accompanying financial statements of South Yuba River Citizens League (the Organization, a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statement of activities and changes in net assets, functional expenses, and cash flows, for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 of the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Holly B. Pledson, CPA

Chico, California
August 25, 2017

FINANCIAL SECTION

STATEMENT OF FINANCIAL POSITION

South Yuba River Citizens League

June 30	2016
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 64,119
Restricted cash	213,775
Grants receivable	189,653
Inventory	422
Prepaid expenses	628
Deposits	2,500
Total Current Assets	471,097
PROPERTY AND EQUIPMENT	
Net of accumulated depreciation	11,558
Total Assets	\$ 482,655
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 93,808
Accrued vacation payable	32,993
Payroll liabilities	215
Contract advances	161,676
Total Current Liabilities	288,692
NET ASSETS	
Unrestricted, undesignated	(19,812)
Unrestricted, board designated	24,854
Temporarily restricted	188,921
Total Net Assets	193,963
Total Liabilities and Net Assets	\$ 482,655

The accompanying notes and independent accountant's review report are an integral part of these financial statements.

**STATEMENT OF ACTIVITIES AND
CHANGES IN NET ASSETS**

South Yuba River Citizens League

Year Ended June 30, 2016	Unrestricted	Temporarily Restricted	Total
PROGRAM REVENUE AND OTHER SUPPORT			
PROGRAM REVENUE			
Government grants	\$ 144,926	\$ -	\$ 144,926
Non-government grants	378,497	127,393	505,890
Program service fees	173,967	-	173,967
Membership dues	63,896	-	63,896
In-kind donations	119,007	-	119,007
Total Program Revenue	880,293	127,393	1,007,686
OTHER SUPPORT			
Donations	265,259	8,425	273,684
Investment income	199	35	234
Fundraising income	372,046	-	372,046
Sponsorships			
Sale of merchandise and concessions	18,324	-	18,324
Settlement	-	-	-
Other income	-	856	856
Total Other Support	655,828	9,316	665,144
Total Program Revenue and Other Support	1,536,121	136,709	1,672,830
EXPENSES			
Program services	1,286,177	4,000	1,290,177
Management and general	362,370	-	362,370
Fundraising	49,452	-	49,452
Total Expenses	1,697,999	4,000	1,701,999
Change in Net Assets	(161,878)	132,709	(29,169)
Net Assets Released from Restrictions	63,996	(63,996)	-
Net Assets - Beginning of Year	102,924	120,208	223,132
Net Assets - End of Year	\$ 5,042	\$ 188,921	\$ 193,963

The accompanying notes and independent accountant's review report are an integral part of these financial statements.

STATEMENT OF CASH FLOWS*South Yuba River Citizens League*

Year Ended June 30	2016
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (29,169)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	3,810
Changes in:	
Grants receivable	(110,572)
Accounts payable	18,910
Payroll liabilities	215
Compensated absences	8,482
Contract advances	78,061
Net Cash Used by Operating Activities	(30,263)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of furniture and equipment	(10,000)
Net Cash Used by Investing Activities	(10,000)
Net Decrease in Cash	(40,263)
Cash - Beginning of Year	318,157
Cash - End of Year	\$ 277,894
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid During the Year for:	
Interest Expense	\$ -

The accompanying notes and independent accountant's review report are an integral part of these financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES

South Yuba River Citizens League

Year Ended June 30, 2016	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 499,583	\$ 194,215	\$ 9,440	\$ 703,238
Payroll taxes and employee benefits	73,862	33,463	1,095	108,420
Total Compensation	573,445	227,678	10,535	811,658
Advertising and marketing	11,282	643	206	12,131
Awards and scholarships	8,156	112	-	8,268
Bad debt	50	-	-	50
Bank charges	4,831	4,750	477	10,058
Building maintenance	-	6,539	-	6,539
Catering	25,091	4,359	406	29,856
Computer and technology services	1,332	5,598	-	6,930
Contract services	30,450	-	300	30,750
Contractor project fees	313,693	365	-	314,058
Depreciation	-	3,810	-	3,810
Donated services	89,609	-	19,398	109,007
Donor benefit expense	585	1,775	-	2,360
Dues and subscriptions	953	4,014	-	4,967
Equipment rental and repairs	16,098	497	1,565	18,160
Facility rental	18,757	395	750	19,902
Film festival	33,910	-	-	33,910
Fundraising	-	-	13,190	13,190
Grants to other organizations	21,234	-	-	21,234
Insurance	759	8,541	-	9,300
Meals	1,272	1,962	-	3,234
Merchandise purchases	5,061	798	24	5,883
Miscellaneous	4,633	2,913	-	7,546
Office supplies	42,095	7,969	1,558	51,622
Payroll processing fees	-	3,946	-	3,946
Postage and shipping	10,726	6,495	476	17,697
Printing and copying	17,615	9,186	78	26,879
Rent	-	31,549	-	31,549
Royalties	25,548	-	-	25,548
Small equipment	2,160	2,767	-	4,927
Taxes, licenses, fees and permits	5,145	941	360	6,446
Telephone and communications	-	13,457	-	13,457
Travel	19,144	1,992	129	21,265
Utilities	-	8,656	-	8,656
Web hosting and development	6,543	663	-	7,206
Total Expenses	\$ 1,290,177	\$ 362,370	\$ 49,452	\$ 1,701,999

The accompanying notes and independent accountant's review report are an integral part of these financial statements.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities (SYRCL) South Yuba River Citizens League (the Organization) was incorporated in 1983, in the state of California as a nonprofit organization as defined under Section 501(c)(3) of the Internal Revenue Code. The purpose of the Organization is to unite the community to protect and restore the Yuba River watershed. To that end, the Organization provides a River Science Program for riparian habitat rehabilitation, meadow restoration, invasive species removal, water quality monitoring, and watershed education. The Organization also hosts a Wild and Scenic Film Festival annually and a year-round On Tour Program that benefits over 150 communities world-wide to screen environmental films, hosts filmmakers, and provide workshops. The Organization provides extensive public education programs to schools throughout the watershed and organizes an annual River Cleanup to pick up trash along the banks of the Yuba River. In addition, the Organization educates and informs the public about emerging threats to Yuba River watershed and engages in key public processes on behalf of its membership.

Funds to operate the programs are received primarily from non-governmental grants, program service fees, and public donations.

Basis of Accounting The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles, and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation The Organization 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. Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. The Organization had no permanently restricted net assets on June 30, 2016.

Use of Estimates The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents The Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Promises to Give Contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions or grants that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions or grants are recognized. All other donor-restricted contributions and grants are reported as increases in temporarily or permanently restricted net assets depending on the nature and timing of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

Grants Receivable Grants receivable represent amounts due from governmental and non-governmental grant fund sources. Losses on uncollectible grants receivable are recognized when such losses are known or indicated. Management considers all accounts fully collectible.

Property and Equipment It is the Organization's policy to capitalize property and equipment valued over \$500 with a useful life in excess of one year. Property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their appraised or estimated fair value.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Planned major maintenance is accounted for using the direct expense method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period.

Concentrations of Credit Risk Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash balances and grants receivable.

The Organization maintains its cash balances primarily at three financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. At times, the Organization's balances exceed the insured amount.

The majority of the grants receivable are from non-governmental agencies. Historically, the Organization has collected amounts due in the subsequent year. No allowance for non-collection was recorded at June 30, 2016, as all balances are expected to be collectible in one year or less.

Fair Value of Financial Instruments Unless otherwise indicated, the fair values of all reported assets and liabilities, which represent financial instruments, approximate the carrying values of such assets.

Fair Value Measurements In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for measuring fair value. Financial accounting standards defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques utilized to determine fair value are consistently applied. The three tiers of inputs used for fair value measurements are as follows:

- Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities.
- Level 2: Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets.
- Level 3: Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies, and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

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

Income Taxes The Organization, a voluntary health and welfare organization, is exempt from federal and state income taxes under Section 501(c)(3) of the *Internal Revenue Code* and Section 23701(d) of the *California Revenue and Taxation Code*. There is no unrelated taxable income, and accordingly there is no provision for income taxes in these financial statements. The Organization files information returns with the federal and state governments, which are open for examination by the authorities for three years after filing.

Contributed Services A substantial number of unpaid volunteers have made significant contributions of their time to the Organization. These services were not recognized as contributions in the financial statements as they did not meet the criteria of Accounting Standards Codification No. 958.

Inventory Inventory is stated at the lower of cost or market under the first-in, first-out method of accounting.

Advertising The Organization charges advertising costs to expense as incurred.

Compensated Absences Employees of the Organization are entitled to be paid for unused vacation days, depending on job classification, length of service, and other factors. Employees who terminate their employment during the year are entitled to receive payment for any unused vacation at the date of termination. The Organization accrues a liability for vacation at fiscal year-end.

Subsequent Events Subsequent events have been evaluated through August 25, 2017, which is the date the financial statements were available to be issued.

2. GRANTS RECEIVABLE

The grants receivable are unconditional and due within one year. Grants receivable consisted of the following at June 30:

	2016
California Department of Fish and Wildlife	\$ 19,019
CBEC, Inc.	2,311
El Dorado County Water Agency	22,809
National Fish and Wildlife	87,405
Sierra Fund	45,674
US Fish and Wildlife	1,758
US Forrest Service	3,004
YCWA - River Management Team	7,131
Other	542
Total Grants Receivable	\$ 189,653

3. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of June 30:

	2016
Furniture, fixtures, and equipment	\$ 4,234
Computers and software	42,020
Vehicles	10,000
Subtotal	56,254
Accumulated depreciation	(44,696)
Property and Equipment - Net	\$ 11,558

Total depreciation expense for the year ended June 30, 2016 was \$3,810.

4. CONTRACT ADVANCES

The following is a summary of the Organization's contract advances as of June 30:

	2016
Cal Trans	\$ 25,916
River Science	13,153
Truckee Donnor Land Trust	122,607
Total Contract Advances	\$ 161,676

5. LINE OF CREDIT

The following is a summary of the Organization's outstanding line of credit:

June 30, 2016	Interest	Credit Limit	Balance
Tri Counties Bank	4.50%	\$ 100,000	\$ -

This line of credit is a revolving credit and is typically paid off in full each month.

6. OPERATING LEASE

The Organization has an operating lease for office space from August 1, 2015 through July 31, 2016. The lease can be extended for an additional three years from August 1, 2016 through July 31, 2019. On August 1, 2019, the Organization has the option to renew the lease again for an additional five years. The initial lease on August 1, 2015 was for \$2,500 per month. Each year on August 1, the rent shall be adjusted according to the most recently published increase in the U.S. Consumer Price Index. Rent shall not increase by more than 3% annually. The following is a summary of future minimum lease payments:

<u>Year Ended June 30</u>	
2017	\$ 32,460
2018	32,460
2019	<u>2,705</u>
Total Future Minimum Lease Payments	<u>\$ 67,625</u>

7. SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 25, 2017, which is the date the financial statements were available to be issued.

In July 2016, the Organization exercised its option to extend the operating lease of office space until July 31, 2019.