

SOUTH YUBA RIVER CITIZENS LEAGUE

Nevada City, California

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

June 30, 2018



HOLLY B. PLADSON

— ♦ Certified Public Accountant ♦ —

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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, 2018, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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 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 Organization'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 statement.

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

70 Declaration Drive, Suite 202, Chico, CA 95973

530.342.4002 Phone 1 530.342.4099 Fax

www.hpladsoncpa.com

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, 2018, and the changes to its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Holly B. Pladson, CPA

Chico, California
March 11, 2019

FINANCIAL SECTION

STATEMENT OF FINANCIAL POSITION

South Yuba River Citizens League

June 30	2018
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 300,423
Restricted cash	225,352
Grants receivable	251,794
Inventory	4,042
Prepaid expenses	1,730
Deposits	2,500
Total Current Assets	785,841
PROPERTY AND EQUIPMENT	
Net of accumulated depreciation	16,752
Total Assets	\$ 802,593
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 51,343
Accrued vacation payable	31,949
Contract advances	172,723
Total Current Liabilities	256,015
NET ASSETS	
Unrestricted, undesignated	345,493
Unrestricted, board designated	28,362
Temporarily restricted	172,723
Total Net Assets	546,578
Total Liabilities and Net Assets	\$ 802,593

The accompanying notes 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, 2018	Unrestricted	Temporarily Restricted	Total
PROGRAM REVENUE AND OTHER SUPPORT			
PROGRAM REVENUE			
Government grants	\$ 497,449	\$ -	\$ 497,449
Non-government grants	273,634	146,589	420,223
Program service fees	320,416	-	320,416
Membership dues	72,517	-	72,517
In-kind donations	95,353	-	95,353
Total Program Revenue	1,259,369	146,589	1,405,958
OTHER SUPPORT			
Donations	322,223	-	322,223
Investment income	416	-	416
Fundraising income	411,575	-	411,575
Sale of merchandise and concessions	27,652	-	27,652
Total Other Support	761,866	-	761,866
Total Program Revenue and Other Support	2,021,235	146,589	2,167,824
EXPENSES			
Program services	1,440,376	-	1,440,376
Management and general	233,121	-	233,121
Fundraising	176,939	-	176,939
Total Expenses	1,850,436	-	1,850,436
Change in Net Assets	170,799	146,589	317,388
Net Assets Released from Restrictions	246,376	(246,376)	-
Net Assets - Beginning of Year	(43,320)	272,510	229,190
Net Assets - End of Year	\$ 373,855	\$ 172,723	\$ 546,578

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

STATEMENT OF CASH FLOWS*South Yuba River Citizens League*

Year Ended June 30	2018
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 317,388
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,956
Changes in:	
Grants receivable	(34,370)
Prepaid expenses	(903)
Inventory	(1,070)
Accounts payable	(54,795)
Compensated absences	2,748
Contract advances	(99,787)
Net Cash Provided by Operating Activities	133,167
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of furniture and equipment	(8,907)
Net Cash Used by Investing Activities	(8,907)
Net Increase in Cash	124,260
Cash - Beginning of Year	401,515
Cash - End of Year	\$ 525,775
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid During the Year for:	
Interest Expense	\$ 561

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

STATEMENT OF FUNCTIONAL EXPENSES

South Yuba River Citizens League

Year Ended June 30, 2018	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 475,200	\$ 88,044	\$ 109,947	\$ 673,191
Payroll taxes and employee benefits	82,051	17,236	16,569	115,856
Total Compensation	557,251	105,280	126,516	789,047
Advertising and marketing	13,855	117	127	14,099
Awards and scholarships	35,871	944	108	36,923
Bank charges	12,290	1,006	5,147	18,443
Building maintenance	-	8,286	-	8,286
Catering	19,501	1,469	2,448	23,418
Computer and technology services	173	9,253	-	9,426
Conferences	1,658	-	-	1,658
Contract services	31,500	-	-	31,500
Contractor project fees	490,383	915	-	491,298
Depreciation	-	3,956	-	3,956
Donated services	85,094	-	10,259	95,353
Dues and subscriptions	3,170	2,303	653	6,126
Equipment rental and repairs	18,099	1,701	500	20,300
Facility rental	16,421	-	400	16,821
Film festival	34,189	-	-	34,189
Fundraising	-	-	17,392	17,392
Honorarium and speaker fees	1,386	-	-	1,386
Insurance	900	8,233	-	9,133
Interest	-	561	-	561
Lab fees	4,304	-	-	4,304
Legal and professional fees	3,733	10,225	325	14,283
Meals	1,425	1,530	457	3,412
Merchandise purchases	4,999	-	-	4,999
Miscellaneous	1,211	1,896	165	3,272
Office supplies	19,167	5,393	349	24,909
Payroll processing fees	-	4,210	-	4,210
Postage and shipping	15,343	828	1,532	17,703
Printing and copying	14,096	5,819	5,734	25,649
Staff professional development	145	3,000	197	3,342
Recruitment	1,050	1,736	-	2,786
Rent	-	33,351	-	33,351
Royalties	12,630	-	-	12,630
Taxes, licenses, fees and permits	4,974	3,491	70	8,535
Telephone and communications	287	6,549	-	6,836
Travel	25,987	1,345	125	27,457
Utilities	-	8,458	-	8,458
Web hosting and development	9,284	1,266	4,435	14,985
Total Expenses	\$ 1,440,376	\$ 233,121	\$ 176,939	\$ 1,850,436

The accompanying notes 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.

Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations. At June 30, 2018, the Board of Directors designated \$28,362 of the total unrestricted net assets to be used for designated purposes.

Temporarily Restricted Net Assets: Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets reclassified from restrictions.

Permanently Restricted Net Assets: Net assets that are subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization had no permanently restricted net assets on June 30, 2018.

Use of 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 certain 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 reported period. 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. Useful lives are 3 to 15 years for equipment and leasehold improvements. 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, 2018, 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*. The Organization has not entered into any activities that would jeopardize its tax-exempt status. In addition, 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.

Grant Revenue The Organization receives substantially all of its grant revenues from federal, state, and local government agencies. Grant revenue is recognized as expenses are incurred until the grant ceiling is reached.

Contingencies The Organization receives grants for specific purposes that are subject to review and audit by the funding source. Such audits could result in the funding source's request for reimbursement for expenditures disallowed under the terms and conditions of the contracts. Management is of the opinion that no material liabilities will result from such potential audits.

Advertising The Organization charges advertising costs to expense as incurred.

Accrued Vacation 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.

Retirement Plan The Organization offers a retirement plan to its employees, and acts as the administrator to the retirement plan (the "Plan"). All employees of the Organization are eligible to participate in the Plan on the Plan entry date. The Organization does not make any contributions to the Plan on behalf of the employees.

New Pronouncements In August 2016, the Financial Accounting Standards Board issued ASU No. 2016-14 that will simplify and improve how not-for-profit entities classify net assets as well as the information presented in the financial statements and notes about liquidity, financial performance, and cash flows. This statement will be effective for the year ended June 30, 2019.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) intended to improve financial reporting regarding leasing transactions. The new standard affects all companies and organizations that lease assets. The standard will require organizations to recognize on the statement of financial condition the assets and liabilities for the rights and obligations created by those leases if the lease terms are more than 12 months. The guidance also will require qualitative and quantitative disclosures providing additional information about the amounts recorded in the financial statements. The amendments in this update are effective for the fiscal year ended June 30, 2020.

The Organization is in the process of determining the impact of the implementation of these ASU's.

Subsequent Events Subsequent events have been evaluated through March 11, 2019, 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:

	2018
California Department of Fish and Wildlife	\$ 16,131
CBEC, Inc.	3,832
El Dorado County Water Agency	34,672
Film festival	87,639
National Fish and Wildlife	6,539
Sierra Fund	57,124
US Fish and Wildlife	25,497
US Forrest Service	19,323
Other	1,037
Total Grants Receivable	\$ 251,794

3. PROPERTY AND EQUIPMENT

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

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Furniture, fixtures, and equipment	\$ 5,678	\$ 3,107	\$ -	\$ 8,785
Computers and software	44,851	-	-	44,851
Leasehold improvements	-	5,800	-	5,800
Vehicles	10,000	-	-	10,000
Subtotal	60,529	8,907	-	69,436
Accumulated depreciation	(48,728)	(3,956)	-	(52,684)
Property and Equipment - Net	\$ 11,801	\$ 4,951	\$ -	\$ 16,752

Total depreciation expense for the year ended June 30, 2018 was \$3,956.

4. CONTRACT ADVANCES

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

	2018
Anonymous donor	\$ 12,500
Anonymous River Education	20,000
Bella Vista Grant - Lower Yuba Restoration	25,296
Campbell Foundation	10,000
Conservation Alliance - River Policy Salary	32,000
National Forest Foundation	24,430
Truckee Donnor Land Trust	12,355
Van Norden - Martis Fund	36,142
Total Contract Advances	\$ 172,723

5. LINES OF CREDIT

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

June 30, 2018	Interest	Credit Limit	Balance
Bank of America	22.99%	\$ 25,000	\$ 2,720
Tri Counties Bank	6.00%	100,000	-
Total		\$ 125,000	\$ 2,720

The lines of credit are revolving credit and are typically paid off in full each month. The balance is included in accounts payable.

6. OPERATING LEASE

The Organization has an operating lease for office space from August 1, 2015 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 is 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:

Year Ended June 30	
2019	\$ 33,432
2020	2,786
Total Future Minimum Lease Payments	\$ 36,218

Total rent expense charged to income for the year ended June 30, 2018 was \$33,351.

7. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 11, 2019, which is the date the financial statements were available to be issued.

In September 2018 the Organization entered into a leasing agreement to lease a new vehicle. The lease is for \$398 per month for a period of 36 months. At the end of the lease term the Organization has the option to purchase the vehicle.