

SOUTH YUBA RIVER CITIZENS LEAGUE

Nevada City, California

**FINANCIAL STATEMENTS WITH
INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

June 30, 2019



HOLLY B. PLADSON

— ♦ Certified Public Accountant ♦ —

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HOLLY B. PLADSON

— ♦ Certified Public Accountant ♦ —

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

I have reviewed 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, 2019, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

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.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

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Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Holly B. Pledson, CPA

Chico, California
January 10, 2020

FINANCIAL SECTION

STATEMENT OF FINANCIAL POSITION

South Yuba River Citizens League

June 30	2019
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 389,437
Restricted cash	170,596
Grants receivable	192,535
Inventory	3,399
Prepaid expenses	2,803
Deposits	2,500
Total Current Assets	761,270
PROPERTY AND EQUIPMENT	
Net of accumulated depreciation	26,610
Total Assets	\$ 787,880
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 19,624
Accrued vacation payable	38,031
Payroll liabilities	16,595
Contract advances	129,638
Total Current Liabilities	203,888
NET ASSETS	
Net Assets Without Donor Restrictions	
Designated by the Board for scholarships	33,362
Undesignated	420,992
Total Net Assets Without Donor Restrictions	454,354
Net Assets With Donor Restrictions	
Donor-restricted assets	129,638
Total Net Assets With Donor Restrictions	129,638
Total Net Assets	583,992
Total Liabilities and Net Assets	\$ 787,880

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, 2019	Without Donor Restrictions	With Donor Restrictions	Total
PROGRAM REVENUE AND OTHER SUPPORT			
PROGRAM REVENUE			
Government grants	\$ 354,760	\$ -	\$ 354,760
Non-government grants	199,821	78,941	278,762
Program service fees	362,219	-	362,219
Membership dues	67,552	-	67,552
In-kind donations	90,778	-	90,778
Net assets released from restrictions	152,480	(152,480)	-
Total Program Revenue	1,227,610	(73,539)	1,154,071
OTHER SUPPORT			
Donations	323,583	30,454	354,037
Investment income	449	-	449
Fundraising income	422,572	-	422,572
Sale of merchandise and concessions	30,294	-	30,294
Total Other Support	776,898	30,454	807,352
Total Program Revenue and Other Support	2,004,508	(43,085)	1,961,423
EXPENSES			
Program services	1,455,269	-	1,455,269
Management and general	256,235	-	256,235
Fundraising	212,505	-	212,505
Total Expenses	1,924,009	-	1,924,009
Change in Net Assets	80,499	(43,085)	37,414
Net Assets - Beginning of Year	373,855	172,723	546,578
Net Assets - End of Year	\$ 454,354	\$ 129,638	\$ 583,992

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	2019
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 37,414
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	5,414
Changes in:	
Grants receivable	59,259
Prepaid expenses	(1,073)
Inventory	643
Accounts payable	(31,719)
Payroll liabilities	16,595
Compensated absences	6,082
Contract advances	(43,085)
Net Cash Provided by Operating Activities	49,530
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of furniture and equipment	(15,272)
Net Cash Used by Investing Activities	(15,272)
Net Increase in Cash	34,258
Cash - Beginning of Year	525,775
Cash - End of Year	\$ 560,033
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid During the Year for:	
Interest Expense	\$ 13

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STATEMENT OF FUNCTIONAL EXPENSES

South Yuba River Citizens League

Year Ended June 30, 2019	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 619,076	\$ 107,600	\$ 119,568	\$ 846,244
Payroll taxes and employee benefits	105,626	12,044	13,702	131,372
Total Compensation	724,702	119,644	133,270	977,616
Advertising and marketing	13,114	-	275	13,389
Awards and scholarships	60,511	370	40	60,921
Bad debt	1,000	-	-	1,000
Bank charges	11,793	906	8,931	21,630
Building maintenance	-	8,217	-	8,217
Catering	20,945	1,757	8,161	30,863
Computer and technology services	2,916	12,389	9,665	24,970
Contract services	31,886	-	2,614	34,500
Contractor project fees	295,766	-	-	295,766
Depreciation	-	5,414	-	5,414
Donated services	68,437	-	22,290	90,727
Dues and subscriptions	3,120	3,162	-	6,282
Equipment rental and repairs	21,193	6,889	1,115	29,197
Facility rental	29,367	-	-	29,367
Film festival	41,519	-	-	41,519
Fundraising	-	-	14,749	14,749
Honorarium and speaker fees	1,254	-	-	1,254
Insurance	616	9,443	-	10,059
Interest	-	13	-	13
Lab fees	3,816	-	-	3,816
Legal and professional fees	7,202	15,514	-	22,716
Merchandise purchases	7,084	-	12	7,096
Miscellaneous	2,167	1,349	132	3,648
Office supplies	23,751	3,860	1,074	28,685
Postage and shipping	15,710	810	3,111	19,631
Printing and copying	16,130	6,728	6,036	28,894
Rent	-	34,345	-	34,345
Royalties	24,815	-	-	24,815
Small equipment	2,166	211	238	2,615
Staff professional development	1,018	1,186	289	2,493
Taxes, licenses, fees and permits	2,411	5,630	245	8,286
Telephone and communications	272	5,763	-	6,035
Travel	20,588	2,929	258	23,775
Utilities	-	9,706	-	9,706
Total Expenses	\$ 1,455,269	\$ 256,235	\$ 212,505	\$ 1,924,009

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 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.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United State 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.

Basis of Presentation Financial statement presentation follows the Financial Accounting Standards Board in its Accounting Standards Codification. Under FASB's Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, the Organization is required to report information regarding its financial position and activities according to two classes of net assets; net assets with donor restrictions and net assets without donor restrictions. Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. The Organization adopted ASU 2016-14 effective for the fiscal year ending June 30, 2019.

Net Assets with Donor Restrictions: 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. These net assets include those that are perpetual in nature, have a purpose restriction, or have a time restriction. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Net Assets without Donor Restrictions: Net assets that are not subject to donor-imposed stipulations. These net assets include net assets designated by the Board of Directors for a specified purpose and undesignated net assets.

Change in Accounting Principles The Organization implemented ASU No. 2016-14 in the current fiscal year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.

The changes have the following effect on net assets as of July 1, 2018:

Net Asset Class	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	\$ 373,855	
Temporarily restricted net assets	172,723	
Permanently restricted net assets	-	
Net assets without donor restrictions		\$ 373,855
Net assets with donor restrictions		172,723
Total Net Assets	\$ 546,578	\$ 546,578

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 net assets without donor restrictions 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 net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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 funding sources. The Organization uses the allowance method with respect to its grants receivable. Management of the Organization closely monitors the outstanding balances at year-end and writes off any balance they believe will not be collected. Losses on uncollectible grants receivable are recognized when such losses are known or indicated. Some grants, including the El Dorado County Water Agency, retain 5% of the funds as retention until all of the grant work is completed. At June 30, 2019, no allowance for doubtful accounts was deemed necessary, as 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. Useful lives are 5 to 15 years for equipment, vehicles and leasehold improvements.

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, 2019, 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.

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

Contributions Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the absence or existence and nature of any donor restrictions.

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 grants. Management is of the opinion that no material liabilities will result from such potential audits.

Functional Allocation of Expenses The costs of providing program services and supporting services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Indirect costs are allocated among program and supporting services based on personnel, space, and other factors.

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.

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 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 January 10, 2020, which is the date the financial statements were available to be issued.

On July 25, 2019, the Organization renewed the lease of their office space for an additional five years, through July 31, 2024 at \$3,800 per month.

2. CASH AND CASH EQUIVALENTS

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

June 30	2019
Cash and cash equivalents	\$ 389,437
Cash restricted by Board for scholarships	33,362
Cash restricted by donors (time restriction)	137,234
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	\$ 560,033

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019 are:

June 30	2019
Financial assets:	
Cash and cash equivalents	\$ 389,437
Cash restricted by Board for scholarships	33,362
Cash restricted by donors (time restriction)	137,234
Grants receivable	192,535
Total Financial Assets	752,568
Less financial assets held to meet donor-imposed restrictions:	
Donor-restricted cash	(137,234)
Less board-designated cash for scholarships	(33,362)
Amount available for general expenditures within one year	581,972

4. GRANTS RECEIVABLE

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

	2019
California Department of Fish and Wildlife	\$ 4,611
El Dorado County Water Agency	22,622
Film festival	94,398
National Fish and Wildlife	20,940
US Forest Service	40,385
Yuba Water Agency	8,711
Other	868
Total Grants Receivable	\$ 192,535

5. PROPERTY AND EQUIPMENT

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

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Furniture, fixtures, and equipment	\$ 8,785	\$ 2,277	\$ (1,539)	\$ 9,523
Computers and software	44,851	4,763	(39,566)	10,048
Leasehold improvements	5,800	8,232	-	14,032
Vehicles	10,000	-	-	10,000
Subtotal	69,436	15,272	(41,105)	43,603
Accumulated depreciation	(52,684)	(5,414)	41,105	(16,993)
Property and Equipment - Net	\$ 16,752	\$ 9,858	\$ -	\$ 26,610

Total depreciation expense for the year ended June 30, 2019 was \$5,414.

6. CONTRACT ADVANCES

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

	2019
Campbell Foundation	\$ 10,000
Earthwatch for Field Science	22,728
Friends of Purdon	5,852
Getty Foundation	10,000
Marin Community Foundation	30,000
Upper Rose Bar - Bella Vista	20,755
Van Norden - Martis Fund	20,646
Van Norden - Truckee Donnor Land Trust	9,657
Total Contract Advances	\$ 129,638

7. DONOR-RESTRICTED NET ASSETS

Net assets with donor restrictions are available for the following purposes or periods:

June 30	2019
Foundations - time restriction	\$ 72,728
Other grants - restricted until projects completed	56,910
Donor-Restricted Net Assets	\$ 129,638

8. LINES OF CREDIT

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

June 30, 2019	Interest	Credit Limit	Balance
Bank of America	23.49%	\$ 25,000	\$ 8,942
Tri Counties Bank	6.50%	100,000	-
Total		\$ 125,000	\$ 8,942

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

9. OPERATING LEASE

The Organization has an operating lease for office space from August 1, 2015 through July 31, 2019. On July 25, 2019, the Organization exercised 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. As of August 1, 2019 the lease amount increased to \$3,800 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	
2020	\$ 44,669
2021	45,600
2022	45,600
2023	45,600
2024	45,600
Thereafter	3,800
Total Future Minimum Lease Payments	\$ 230,869

10. VEHICLE LEASE

The Organization has a vehicle lease from September 29, 2018 through August 29, 2021. Lease payments are \$398 per month. At the end of the lease term, the Organization has the option to purchase the vehicle for \$21,121. The following is a summary of future minimum lease payments:

Year Ended June 30	
2020	\$ 4,778
2021	4,778
2022	796
Total Future Minimum Lease Payments	\$ 10,352

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 10, 2020, which is the date the financial statements were available to be issued.

On July 25, 2019, the Organization renewed the lease of their office space for an additional five years, through July 31, 2024 at \$3,800 per month.