

SOUTH YUBA RIVER CITIZENS LEAGUE

Financial Statements
and Additional Information
For the Years Ended
June 30, 2021 and 2020
with
Independent Auditors' Report

SOUTH YUBA REVIEW CITIZENS LEAGUE

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 – 2
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5 – 6
Statements of Cash Flows	7
Notes to Financial Statements	8 – 14
ADDITIONAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021:	
Schedule of Expenditures of Federal Awards	15
Notes to the Schedule of Expenditures of Federal Awards	16
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	17 – 18
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	19 – 20
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY <i>THE UNIFORM GUIDANCE</i>	21 – 22



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of South Yuba River Citizens League (the "Organization"), a non-profit organization, which comprise the statement of financial position as of June 30, 2021, and the related statements 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 auditors' 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 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 Organization'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 South Yuba River Citizens League as of June 30, 2021, 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.

Prior Period Financial Statements

The financial statements of South Yuba River Citizens League as of June 30, 2020, were audited by other auditors whose report dated February 24, 2021, expressed an unmodified opinion on those statements.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2021, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 December 10, 2021, on our consideration of South Yuba River Citizen League's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the South Yuba River Citizens League's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Yuba River Citizens League's internal control over financial reporting and compliance.

Champion Service Bureau + Kershner LLP

December 10, 2021

SOUTH YUBA RIVER CITIZENS LEAGUE

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 380,889	\$ 414,779
Restricted cash	292,640	329,778
Grants receivable	403,676	309,329
Other receivables	101,931	119,281
Inventory	3,399	3,399
Prepaid expenses	3,594	3,628
Deposits	-	2,500
Total current assets	<u>1,186,129</u>	<u>1,182,694</u>
PROPERTY AND EQUIPMENT, net	<u>927,223</u>	<u>38,603</u>
	<u>\$ 2,113,352</u>	<u>\$ 1,221,297</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion long-term debt	\$ 15,005	\$ -
Paycheck Protection Program loan	-	244,300
Accounts payable	288,593	97,293
Accrued liabilities	93,893	76,663
Contract advances	233,225	212,420
Total current liabilities	<u>630,716</u>	<u>630,676</u>
LONG-TERM DEBT	655,306	-
NET ASSETS:		
With donor restriction	-	71,000
Without donor restriction:		
Designated by the Board for scholarships	28,362	29,362
Undesignated	798,968	490,259
Total net assets without donor restriction	<u>827,330</u>	<u>519,621</u>
Total net assets	<u>827,330</u>	<u>590,621</u>
	<u>\$ 2,113,352</u>	<u>\$ 1,221,297</u>

See notes to financial statements.

SOUTH YUBA RIVER CITIZENS LEAGUE

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
JUNE 30, 2021 AND 2020**

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTION:		
PROGRAM REVENUES:		
Government grants	\$ 1,645,192	\$ 856,325
Non-government grants	195,595	201,178
Program service fees	248,082	305,630
Membership dues	64,368	67,983
In-kind donations	25,305	56,165
Net assets released from restrictions	71,000	10,000
Total program revenues	<u>2,249,542</u>	<u>1,497,281</u>
OPERATING EXPENSES:		
Program services	2,647,089	1,883,060
Management & general	353,178	298,452
Fundraising	157,329	186,799
Total operating expenses	<u>3,157,596</u>	<u>2,368,311</u>
DEFICIT OF REVENUES OVER EXPENSES FROM OPERATIONS	(908,054)	(871,030)
OTHER SUPPORT:		
Donations	351,415	411,024
Investment income	127	446
Fundraising income	247,939	382,728
Sale of merchandise & concessions	6,547	22,461
Rental income	5,524	-
Debt forgiveness income (Note 8)	244,300	-
Other income	359,911	-
Total other support	<u>1,215,763</u>	<u>816,659</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTION	307,709	(54,371)
CHANGES IN NET ASSETS WITH DONOR RESTRICTION		
PROGRAM REVENUES:		
Government grants	-	10,000
Non-government grants	-	10,000
Net assets released from restrictions	(71,000)	(10,000)
Total program revenues	<u>(71,000)</u>	<u>10,000</u>
OTHER SUPPORT:		
Donations	-	50,000
Fundraising income	-	1,000
Total other support	<u>-</u>	<u>51,000</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTION	<u>(71,000)</u>	<u>61,000</u>
CHANGES IN NET ASSETS	236,709	6,629
NET ASSETS, BEGINNING OF YEAR	<u>590,621</u>	<u>583,992</u>
NET ASSETS, END OF YEAR	<u>\$ 827,330</u>	<u>\$ 590,621</u>

See notes to financial statements.

SOUTH YUBA RIVER CITIZENS LEAGUE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>2021 Total</u>	<u>2020 Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>			
Salaries & wages	\$ 890,870	\$ 140,468	\$ 120,263	\$ 260,731	\$ 1,151,601	\$ 1,110,952
Employee benefits	86,166	5,758	8,079	13,837	100,003	100,526
Payroll taxes	72,432	10,191	9,895	20,086	92,518	88,215
Total salaries & related expenses	<u>1,049,468</u>	<u>156,417</u>	<u>138,237</u>	<u>294,654</u>	<u>1,344,122</u>	<u>1,299,693</u>
Contractor project fees	1,308,943	5,100	-	5,100	1,314,043	453,786
Film festival	66,623	-	-	-	66,623	42,395
Contract services	43,000	823	-	823	43,823	35,796
Office supplies	31,346	3,708	439	4,147	35,493	31,819
Rent	-	35,141	-	35,141	35,141	44,669
Travel	25,556	3,513	-	3,513	29,069	25,310
Computer & technology services	2,836	22,456	-	22,456	25,292	20,113
Insurance	-	20,529	-	20,529	20,529	12,673
Donated services	19,240	-	-	-	19,240	55,915
Bank charges	9,709	1,149	8,037	9,186	18,895	22,719
Printing & copying	7,744	1,945	7,774	9,719	17,463	25,296
Royalties	17,313	-	-	-	17,313	28,437
Legal & professional fees	3,075	10,930	-	10,930	14,005	13,980
Awards & scholarships	13,849	-	-	-	13,849	49,001
Depreciation	-	13,381	-	13,381	13,381	6,882
Postage & shipping	7,456	1,063	2,463	3,526	10,982	11,600
Telephone & communications	3,784	6,952	-	6,952	10,736	9,647
Lab fees	10,614	-	-	-	10,614	13,332
Equipment rental & repairs	625	8,824	-	8,824	9,449	28,387
Dues & subscriptions	1,567	6,959	-	6,959	8,526	11,809
Utilities	-	8,376	-	8,376	8,376	8,837
Interest	-	8,154	-	8,154	8,154	102
Advertising & marketing	8,014	-	-	-	8,014	10,595
Building maintenance	-	7,966	-	7,966	7,966	7,849
Conferences	6,673	-	-	-	6,673	7,865
Taxes, licenses, fees & permits	1,863	4,089	-	4,089	5,952	4,892
Payroll processing fees	-	4,285	-	4,285	4,285	5,845
Small equipment	1,665	757	-	757	2,422	17,081
Merchandise purchases	1,816	-	-	-	1,816	5,708
Catering	1,042	399	-	399	1,441	19,462
Bad debt expense	1,300	-	-	-	1,300	-
Staff professional development	137	390	379	769	906	11,019
Honorarium & speaker fees	600	-	-	-	600	1,145
Meals	92	322	-	322	414	1,804
Facility rental	127	-	-	-	127	17,466
Miscellaneous	1,012	19,550	-	19,550	20,562	5,382
Total expenses	<u>\$ 2,647,089</u>	<u>\$ 353,178</u>	<u>\$ 157,329</u>	<u>\$ 490,957</u>	<u>\$ 3,157,596</u>	<u>\$ 2,368,311</u>

See notes to financial statements.

SOUTH YUBA RIVER CITIZENS LEAGUE

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Supporting Services</u>				<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Salaries & wages	\$ 856,809	\$ 113,415	\$ 140,728	\$ 254,143	\$ 1,110,952
Employee benefits	84,474	3,872	12,180	16,052	100,526
Payroll taxes	68,017	9,287	10,911	20,198	88,215
Total salaries & related expenses	<u>1,009,300</u>	<u>126,574</u>	<u>163,819</u>	<u>290,393</u>	<u>1,299,693</u>
Contractor project fees	450,186	3,600	-	3,600	453,786
Donated services	54,380	-	1,535	1,535	55,915
Awards & scholarships	46,946	2,024	31	2,055	49,001
Rent	-	44,669	-	44,669	44,669
Film festival	42,395	-	-	-	42,395
Contract services	35,796	-	-	-	35,796
Office supplies	25,951	5,467	401	5,868	31,819
Royalties	28,437	-	-	-	28,437
Equipment rental & repairs	23,484	4,778	125	4,903	28,387
Travel	20,991	3,761	558	4,319	25,310
Printing & copying	15,585	3,649	6,062	9,711	25,296
Bank charges	12,632	1,292	8,795	10,087	22,719
Computer & technology services	1,726	18,227	160	18,387	20,113
Catering	17,220	667	1,575	2,242	19,462
Facility rental	17,166	300	-	300	17,466
Small equipment	15,704	227	1,150	1,377	17,081
Legal & professional fees	2,465	10,975	540	11,515	13,980
Lab fees	13,332	-	-	-	13,332
Insurance	672	12,001	-	12,001	12,673
Dues & subscriptions	3,855	7,555	399	7,954	11,809
Postage & shipping	9,929	257	1,414	1,671	11,600
Staff professional development	1,413	9,606	-	9,606	11,019
Advertising & marketing	10,525	-	70	70	10,595
Telephone & communications	4,053	5,594	-	5,594	9,647
Utilities	-	8,837	-	8,837	8,837
Conferences	7,865	-	-	-	7,865
Building maintenance	-	7,849	-	7,849	7,849
Depreciation	-	6,882	-	6,882	6,882
Payroll processing fees	-	5,845	-	5,845	5,845
Merchandise purchases	5,708	-	-	-	5,708
Taxes, licenses, fees & permits	1,584	3,308	-	3,308	4,892
Meals	1,804	-	-	-	1,804
Honorarium & speaker fees	1,145	-	-	-	1,145
Interest	-	102	-	102	102
Miscellaneous	811	4,406	165	4,571	5,382
Total expenses	<u>\$ 1,883,060</u>	<u>\$ 298,452</u>	<u>\$ 186,799</u>	<u>\$ 485,251</u>	<u>\$ 2,368,311</u>

See notes to financial statements.

SOUTH YUBA RIVER CITIZENS LEAGUE

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 236,709	\$ 6,629
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	13,381	6,882
Bad debt expense	1,300	-
Debt forgiveness income (Note 8)	(244,300)	-
Changes in assets and liabilities affecting operating cash flows:		
Grants receivable	(95,647)	(236,075)
Other receivables	17,350	-
Prepaid expenses	34	(825)
Deposits	2,500	-
Accounts payable	191,300	77,669
Accrued liabilities	17,230	22,037
Contract advances	20,805	82,782
Net cash provided by (used in) operating activities	<u>160,662</u>	<u>(40,901)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(902,001)</u>	<u>(18,875)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program Loan (Note 8)	-	244,300
Proceeds from long term debt	675,000	-
Repayment of long term debt	(4,689)	-
Net cash provided by financing activities	<u>670,311</u>	<u>244,300</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(71,028)	184,524
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:		
Beginning of year	<u>744,557</u>	<u>560,033</u>
End of year	<u>\$ 673,529</u>	<u>\$ 744,557</u>
Included in the accompanying statements of financial position:		
Cash and cash equivalents	\$ 380,889	\$ 414,779
Restricted cash	292,640	329,778
Total cash and cash equivalents	<u>\$ 673,529</u>	<u>\$ 744,557</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 7,080</u>	<u>\$ 102</u>

See notes to financial statements.

SOUTH YUBA RIVER CITIZENS LEAGUE

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 31, 2021 AND 2020

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – 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.

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting and according to current accounting standards, which require all nonprofit organizations provide a statement of financial position, a statement of activities, and a statement of cash flows. A separate presentation of expenses by functional classification and expenses by natural classification is also required. Classification of net assets and revenues, expenses, gains, and losses is based on the existence or absence of donor-imposed restrictions. The standards also require that the amounts for each of the two classes of net assets – net assets with donor restriction and net assets without donor restriction be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities and changes in net assets. At June 30, 2021, the Organization only had net assets without donor restrictions. At June 30, 2020, the Organization had both net assets with and without donor restrictions.

Revenue Recognition – The Organization recognizes revenue in accordance with Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers*, which provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those good or services.

Contributions and Grants – The Organization recognizes revenue from contributions in accordance with ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Organization evaluates whether a transfer of assets is (i) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (ii) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under ASU 2014-09. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (i) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised and (ii) a right of return of assets is transferred or a right of release of a promisor’s obligation to transfer assets.

Revenue from grants is recognized to the extent of incurred expenses, up to the grant or contract ceiling. Any excess of expenses incurred over cash received is recorded as a grant receivable; any excess of cash received over expenses incurred is recorded as contract advances (deferred revenue) and restricted cash. Any of the funding sources may, at its discretion, request reimbursement for expenses, return of funds, or both, as a result of noncompliance by the Organization with the terms of the grants or contracts.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions, including unconditional promises to give, are reported as revenue when received. The Organization also distinguishes between contributions received that increase net assets with donor restriction and net assets without donor restriction, and requires recognition of the expiration of donor-imposed restrictions in the period in which the restrictions expire.

Program Services Fees – Program services fees primarily consist of Film Festival and Film Festival On Tour revenues, as well as education program revenues. The Organization recognizes revenue when the event takes place.

Membership Dues – The Organization recognizes revenue from memberships ratably over the annual membership term.

In-Kind Donations – In-kind donations primarily consist of donated advertising, underwriting, services, goods and gear, and are recorded in the financial statements when they are specifically identifiable and can be objectively valued. Total in-kind donations amounted to approximately \$25,000 and \$56,000 for the years ended June 30, 2021 and 2020, respectively.

Fundraising Income – The Organization records special event and fundraiser revenues equal to the fair value of direct benefits to donors.

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. The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes its is not exposed to any significant credit risk with regards to its cash.

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 retain 5-10% of the funds as retention until all of the grant work is completed. At June 30, 2021 and 2020, no allowance for doubtful accounts was deemed necessary, as management considers all grants receivable outstanding fully collectible.

Other receivables – Other receivables consist primarily of receivables related to the Organization's On Tour Program. The On Tour Program is offered to communities world-wide to screen environmental films, hosts filmmakers, and provide workshops. All amounts outstanding are deemed fully collectible.

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

Property and Equipment – Property and equipment is stated at cost or fair market value at the date of purchase or donation. Depreciation is provided over the estimated useful life of the assets using the straight-line method (5 - 39 years). Donations of property and equipment are recorded as contributions at their appraised or estimated fair value. It is the Organization's policy to capitalize property and equipment valued over \$500 with a useful life in excess of one year.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations of Credit Risk – Grant revenues from two governmental agencies comprise approximately 58% of total grant revenues and 47% of total programs revenues for the year ended June 30, 2021. Grant revenues from four governmental agencies comprise approximately 79% of total grant revenues and 45% of total program revenues for the year ended June 30, 2020.

The majority of the grants receivable are from governmental agencies. Two and three grantors accounted for approximately 64% and 68% of the outstanding grants receivable at June 30, 2021 and 2020, respectively. Historically, the Organization has collected amounts due in the subsequent year.

Functional Expenses – Expenses are presented by the natural expense classifications by program and support area for the years ended June 30, 2021 and 2020. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on specific identification, allocation of time spent, or management estimates.

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.

Advertising – Advertising costs are expensed in the period in which the advertising takes place. Advertising expense amounted to approximately \$8,000 and \$11,000 for the years ended June 30, 2021 and 2020, respectively.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events – Management of the Organization has evaluated the effects of all subsequent events through December 10, 2021, the date which the financial statements were available to be issued, to determine if events or transactions occurring through that date require potential adjustment or disclosure in the financial statements.

Reclassifications – Certain reclassifications were made to the 2020 financial statements to conform to the 2021 presentation.

2. LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statements of financial position, comprise approximately the following:

	2021	2020
Cash and cash equivalents	\$ 381,000	\$ 415,000
Grants receivable	404,000	309,000
Other receivables	<u>102,000</u>	<u>119,000</u>
	<u>\$ 887,000</u>	<u>\$ 843,000</u>

2. LIQUIDITY (continued)

As described further in Note 6, the Organization also has a line of credit available through a financial institution, for borrowing up to \$100,000, which could be drawn upon in the event of an unanticipated liquidity need.

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

3. GRANTS RECEIVABLE

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

	2021	2020
California Department of Conservation	\$ 33,695	\$ 31,282
California Department of Fish and Wildlife	160,492	106,684
CBEC, Inc.	10,906	19,166
Sierra Nevada Conservancy	19,995	61,718
US Fish and Wildlife	98,703	48,744
US Forest Service	26,376	18,423
Wildlife Conservation Board	34,788	14,887
Yuba Water Agency	6,013	4,675
Other	12,708	3,750
	<u>\$ 403,676</u>	<u>\$ 309,329</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2021	2020
Furniture, fixtures & equipment	\$ 9,523	\$ 9,523
Computers & software	30,924	28,923
Leasehold improvements	14,032	14,032
Vehicles	10,000	10,000
Building	900,000	-
	<u>964,479</u>	<u>62,478</u>
Less accumulated depreciation	37,256	23,875
	<u>\$ 927,223</u>	<u>\$ 38,603</u>

Depreciation expense for the years ended June 30, 2021 and 2020, amounted to \$13,381 and \$6,882, respectively.

5. CONTRACT ADVANCES

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

	2021	2020
Upper Rose Bar – Bella Vista	\$ 11,178	\$ 26,971
Van Norden – Martis Fund	15,194	15,194
Van Norden – Truckee Donnor Land Trust	45,156	46,187
Yuba Water Agency	71,568	124,068
Legal Funds	18,196	-
Nevada County	30,000	-
Invasive Weeds NFF	10,000	-
Forest Health Funds	15,802	-
NFF Map – Loney	1,740	-
Field Science - YOLO Loney	6,175	-
Earthwatch	4,000	-
Jones Bar Monitoring	4,216	-
	<u>\$ 233,225</u>	<u>\$ 212,420</u>

6. LINE OF CREDIT

The Organization has available an unsecured line of credit arrangement with a bank which allows for borrowings up to \$100,000. Borrowings bear interest at 4.50%. There were no outstanding borrowings under this arrangement at both June 30, 2021 and 2020.

7. LONG-TERM DEBT

Long-term debt consisted of the following at June 30, 2021:

Mortgage note payable to a bank in monthly installments of \$3,777, including interest at 4.50% through February 2031, with a final payment of \$495,325 due in March 2031. The note is secured by the related real property.	\$ 670,311
Less current portion	<u>15,005</u>
Long-term portion	<u>\$ 655,306</u>

Principal maturities of long-term debt for the years subsequent to June 30, 2021 are as follows:

2022	\$ 15,005
2023	15,705
2024	16,357
2025	17,198
2026	18,000
Thereafter	588,046

The Organization is required to meet certain covenants pursuant to its long-term debt obligation. The Organization was in compliance with such covenants as of June 30, 2021.

8. PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization received a loan in the amount of \$244,300, at a fixed rate of 1.00% payable over two years, pursuant to the Paycheck Protection Program (“PPP”) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), enacted on March 27, 2020. Under the terms of the PPP, if the proceeds were used for eligible costs, the loan could be forgiven in its entirety. The Organization used the proceeds from the loan for eligible costs, consisting of payroll costs, health benefits, and other eligible costs during the covered period.

On March 26, 2021, the Organization was approved for full loan forgiveness by the Small Business Administration. Debt forgiveness income in the amount of \$244,300 has been recorded as other income on the statement of activities and changes in net assets for the year ended June 30, 2021.

9. LEASES

The Organization has office space that was previously leased through a third party for monthly rental payments of approximately \$3,800 in 2021 and 2020. The lease was terminated when the Organization purchased the building in March 2021. Total rent expense under the agreement was approximately \$35,000 and \$45,000 for the years ended June 30, 2021 and 2020, respectively.

10. RETIREMENT PLAN

The Organization offers a retirement plan to its employees, and acts as the administrator to the retirement plan (the “Plan”). Any employee who is 21 years of age or older and has worked for the Organization for 30 days is eligible to enroll in the Plan on the first day of the calendar month following the meeting of the eligibility criteria. The Organization may make contributions to the Plan on behalf of the employees. The Organization did not make any contributions to the Plan for the years ended June 30, 2021 and 2020.

11. COMMITMENTS AND CONTINGENCIES

From time to time, the Organization is involved in legal proceedings relating to claims arising out of its operations in the normal course of business. The Organization does not believe that it is party to any proceedings at the present time that could have a material adverse effect on the business, financial condition, results of operations, or cash flows of the Organization.

12. COVID-19 PANDEMIC

In March 2020, the COVID-19 pandemic outbreak began to affect the region in which the Organization operates. As a result of the outbreak, the Governor of the State of California ordered all non-essential business to be shut down immediately. Under this order, the Organization was able to continue operations remotely. However, many of the Organization’s fundraising events were cancelled or modified due to the ongoing pandemic. In an effort to aid in cash flow, the Organization received a loan through the Small Business Administration Payroll Protection Program as described further in Note 8.

12. COVID-19 PANDEMIC (continued)

As of the date of this report, the pandemic continues in the U.S. and globally. The impact, if any on the future operations of the Organization is uncertain at this time. No provision for losses has been made in the accompanying financial statements.

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SOUTH YUBA RIVER CITIZENS LEAGUE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR PROGRAM TITLE (1a)	Federal CFDA Number (1b)	Agency or Pass-Through Number	Federal Expenditures (1c)
United States Department of Agriculture (USDA)			
Partnership Agreements	10.699	-	\$ 7,500
Partnership Agreements	10.699	-	34,869
Partnership Agreements	10.699	-	290
Partnership Agreements	10.699	-	750
Partnership Agreements	10.699	-	25,639
Stewardship Agreements	10.701	-	51,127
United States Department of the Interior (DOI)			
Central Valley Project Improvement Act (CVPIA)	15.648	-	<u>689,854</u>
Total Federal Awards (1d)			<u><u>\$ 810,029</u></u>

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

SOUTH YUBA RIVER CITIZENS LEAGUE

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of South Yuba River Citizens League under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of South Yuba River Citizens League, it is not intended to and does not present the financial position, changes in net assets, or cash flows of South Yuba River Citizens League. The following notes were identified on the Schedule:

- (a) Includes all federal award programs of South Yuba River Citizens League.
- (b) Source: Catalog of Federal Domestic Assistance.
- (c) Prepared under accounting principles generally accepted in the United States of America (“GAAP”) and includes all federal award programs.
- (d) A reconciliation to the financial statements is available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the GAAP basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

South Yuba River Citizens League has a negotiated indirect cost rate of 20.08% under the Uniform Guidance.

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SOUTH YUBA RIVER CITIZENS LEAGUE

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Part I – Summary of Auditors’ Results

1. The independent auditors’ report expresses an unmodified opinion on the financial statements of South Yuba River Citizens League.
2. No control deficiencies were disclosed during the audit of the financial statements of South Yuba River Citizens League.
3. No instances of noncompliance material to the financial statements of South Yuba River Citizens League were disclosed during the audit.
4. No control deficiencies were disclosed during the audit of internal control over major Federal award programs of South Yuba River Citizens League.
5. The independent auditors’ report on compliance for the major Federal award programs for South Yuba River Citizens League expresses an unmodified opinion on all major Federal programs.
6. The audit disclosed no findings and questioned costs required to be reported by the *Uniform Guidance*.
7. The programs tested as a major program included:

Name of Federal Programs	CFDA Number
Central Valley Project Improvement Act (CVPIA)	15.648

8. The threshold for distinguishing Type A and Type B programs was \$750,000.
9. South Yuba River Citizens League was determined to be a high-risk auditee.

Part II – Financial Statements Audit

1. Significant Deficiencies – No matters were identified as reportable.
2. Material Weaknesses – No matters were identified as reportable.
3. Instances of Noncompliance – No matters were identified as reportable.

(Continued)

SOUTH YUBA RIVER CITIZENS LEAGUE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Part III – Major Federal Award Findings and Questioned Costs

1. Significant Deficiencies – No matters were identified as reportable.
2. Material Weaknesses – No matters were identified as reportable.
3. Instances of Noncompliance – No matters were identified as reportable.

(Concluded)

**INDEPENDENT AUDITORS' 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***

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

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 South Yuba River Citizens League, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered South Yuba River Citizens League's internal control over financial reporting (internal control) as a basis for designing 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 South Yuba River Citizens League's internal control. Accordingly, we do not express an opinion on the effectiveness of South Yuba River Citizens League's internal control.

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

Our consideration of the 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 South Yuba River Citizens League's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 South Yuba River Citizens League'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.

Champion Snare Beran + Kercher LLP

December 10, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*

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

Report on Compliance for each Major Federal Program

We have audited South Yuba River Citizens League's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on South Yuba River Citizens League's major federal program for the year ended June 30, 2021. South Yuba River Citizens League's major federal program is 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 federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for South Yuba River Citizens League's major federal program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 South Yuba River Citizens League's 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 the major federal program. However, our audit does not provide a legal determination of South Yuba River Citizens League's compliance.

Opinion on Each Major Federal Program

In our opinion, South Yuba River Citizens League complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of South Yuba River Citizens League is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered South Yuba River Citizens League's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 South Yuba River Citizens League's 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Champion Smart Business + Kershner LLP

December 10, 2021