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Yakima Basin Fish & Wildlife Recovery Board

Financial Statements and
Independent Auditors' Reports
June 30, 2011



Yakima Basin Fish & Wildlife Recovery Board

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INDEPENDENT AUDITORS' REPORT

Yakima Basin Fish & Wildlife Recovery Board
Yakima, Washington

We have audited the statement of financial position of Yakima Basin Fish & Wildlife Recovery Board (a nonprofit organization) as of June 30, 2011, and the related statement of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yakima Basin Fish & Wildlife Recovery Board as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Petersen CPAs + Advisors, PLLC

September 23, 2011

Yakima Basin Fish & Wildlife Recovery Board
Statement of Financial Position
June 30, 2011

Assets

Current Assets:

Cash and cash equivalents	\$ -
Accounts receivable, net of allowance for doubtful accounts	35,577
Total current assets	<u>35,577</u>

Property and Equipment:

Machinery and equipment	46,110
Less accumulated depreciation	(19,484)
Total property and equipment	<u>26,626</u>
	<u>\$ 62,203</u>

Liabilities and Net Assets

Current Liabilities:

Accounts payable	17,784
Accrued expenses	12,566
Checks written in excess of bank balance	7,053
Line of credit	150
	<u>37,553</u>

Net Assets:

Unrestricted Fund Balance	24,650
Total net assets	<u>24,650</u>
	<u>\$ 62,203</u>

Yakima Basin Fish & Wildlife Recovery Board
Statement of Activities and Changes in Net Assets
June 30, 2011

<i>Revenue:</i>	
Washington State Recreation and Conservation Office Grant	<u>\$ 385,927</u>
<i>Expenses:</i>	
Advertising	2,525
Communications	4,699
Computer support	2,441
Depreciation expense	2,768
Dues and subscriptions	849
Employee benefits	35,417
Employee payroll taxes	16,896
Insurance	2,309
Miscellaneous	1,758
Office rent	18,600
Office supplies	5,451
Printing and reproduction	4,348
Professional fees	59,465
Seminar registration fees	1,662
Travel	5,886
Utilities	4,984
Wages	<u>209,670</u>
Total expenses	<u>379,728</u>
<i>Excess Revenue over Expenses</i>	6,199
<i>Other Income (Expenses):</i>	
Interest expense	(302)
Interest income	53
Other income	194
Total other expenses	<u>(55)</u>
<i>Change in Unrestricted Net Assets</i>	6,144
<i>Unrestricted Net Assets, Beginning of Year</i>	<u>18,506</u>
<i>Unrestricted Net Assets, End of Year</i>	<u><u>\$ 24,650</u></u>

See accompanying notes to the financial statements.

Yakima Basin Fish & Wildlife Recovery Board
Statement of Cash Flows
June 30, 2011

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities:

Cash received from public support and revenue	\$ 331,453
Cash paid to suppliers and employees	(365,448)
Interest received	53
Interest paid	(302)
Net cash used by operating activities	<u>(34,244)</u>

Cash Flows used by Investing Activities:

Additions to property and equipment	(8,912)
Net cash used by investing activities	<u>(8,912)</u>

Cash Flows from Financing Activities:

Borrowings from line of credit	150
Checks written in excess of bank balance	7,053
Net cash provided by financing activities	<u>7,203</u>

Net Decrease in Cash and Cash Equivalents (35,953)

Cash and Cash Equivalents, Beginning of Year 35,953

Cash and Cash Equivalents, End of year \$ -

Reconciliation of Change in Net Assets to Net Cash

Used by Operating Activities:

Changes in net assets	\$ 6,144
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	2,768
Increase in operating assets:	
Accounts receivable	(35,577)
Increase (decrease) in operating liabilities:	
Accounts payable	4,562
Accrued expenses and payroll taxes	6,950
Deferred revenue	(19,091)
Total adjustments	<u>(40,388)</u>
Net cash used by operating activities	<u>\$ (34,244)</u>

Yakima Basin Fish & Wildlife Recovery Board

Notes to Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies:

Organization:

Yakima Basin Fish & Wildlife Recovery Board (the Organization), a Washington State not-for-profit organization, was formed April 5, 2006. The mission of the Organization is to restore sustainable and harvestable populations of salmon, steelhead, bull trout and other at-risk fish and wildlife species through the collaborative, economically sensitive efforts, combined resources, and wise resource management of the Yakima River Basin.

During the year ended June 30, 2011, approximately 100% of revenues received came from the Washington State Recreation and Conservation Office.

Summary of Significant Accounting Policies:

Cash and cash equivalents – For purposes of the statement of cash flows, the Organization considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents.

Basis of accounting – The Organization's financial statements have been prepared on the accrual basis of accounting. Under this method of accounting revenues are recognized when earned and expenses are recognized when incurred.

Basis of presentation – Financial statement presentation follows the U.S. generally accepted accounting principles promulgated by the Financial Accounting Standards Board. Under those principles, 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.

Accounts receivable – The Organization's accounts receivable are carried at original invoice amount less an estimate for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts using historical experience applied to the aging of accounts. Receivables are written off when deemed uncollectible. Management determined that an allowance for doubtful accounts was not necessary as of June 30, 2011.

Property and equipment – It is the Organization's policy to capitalize property and equipment over \$200. Purchased property and equipment is capitalized at cost and depreciated on a straight-line basis over estimated useful lives of 5 to 40 years. Major expenditures for property and those which substantially increase useful lives over certain thresholds, are capitalized. Routine repairs and maintenance are expensed as incurred. Depreciation expense was \$2,768 for the year ended June 30, 2011.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

The Organization records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets. Management reviews and analyzes fixed assets for potential impairment on an annual basis and no impairment was determined by management at June 30, 2011.

Net assets – The Organization reports 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. At June 30, 2011 the Organization did not hold any temporarily or permanently restricted net assets.

Revenue recognition – Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

Yakima Basin Fish & Wildlife Recovery Board

Notes to Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies (continued):

Income Taxes – The Organization has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

The Organization follows the guidance of the Financial Accounting Standards Board with regards to the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return, as well as guidance on de-recognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, disclosure, and transition. Management has evaluated the Organization’s tax positions and concluded the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Advertising –Advertising costs are expensed as incurred. Advertising costs were \$2,525 for the year ended June 30, 2011.

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent events – Subsequent events were evaluated through September 23, 2011, which is the date the financial statements were available to be issued.

Note 2 – Operating Line of Credit:

The Organization has a revolving line of credit of \$45,000. The line had an outstanding balance of \$150 at June 30, 2011. Interest payments on the credit line are due monthly at an interest rate of 6.25%. The credit line is unsecured. The credit line expires May 31, 2012.

Note 3 – Retirement Plan:

The Organization established a Simple IRA October of 2008. All permanent staff members working at least 20 hours a week are eligible to participate. Employees may make voluntary contributions up to the maximum allowed by law. The Organization makes a matching contribution up to 3% of the employee’s gross pay after one full year of service. Matching contributions for the Simple IRA for the years ended June 30, 2011 was \$8,202.

Note 4 – Functional Expenses:

Operating expenses directly identifiable with a functional area are charged to that area and, where expenses affect more than one area, they are allocated on the basis of ratios determined by management.

As of June 30, 2011, functional expenses were as follows:

Program	\$ 315,147
Administrative	57,272
Fundraising	7,309
Total	<u>\$ 379,728</u>

Yakima Basin Fish & Wildlife Recovery Board

Notes to Financial Statements

Note 5 – Operating Lease:

The Organization currently leases its office space under an operating lease agreement expiring June 30, 2013. Future commitments under the operating lease are \$18,600 annually. However, the Organization may terminate the lease provided adequate notice is given if the funding levels of the Organization are reduced significantly below the June 30, 2011 funding levels. Rent expense was \$18,600 for the year ended June 30, 2011.