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Yakima Basin Fish & Wildlife Recovery Board

Financial Statements and
Independent Auditors' Report
June 30, 2015



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 accompanying financial statements of Yakima Basin Fish & Wildlife Recovery Board (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, 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.

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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 Yakima Basin Fish & Wildlife Recovery Board as of June 30, 2015, 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.

Petersen CPAs and Advisors, PLLC

January 14, 2016

Yakima Basin Fish & Wildlife Recovery Board
Statement of Financial Position
June 30, 2015

Assets

Current Assets:

Cash and cash equivalents	\$ 1,232
Prepaid expenses	4,161
Accounts receivable	924
Total current assets	<u>6,317</u>

Property and Equipment:

Machinery and equipment	40,834
Less accumulated depreciation	(22,816)
Total property and equipment	<u>18,018</u>
<i>Total Assets</i>	<u>\$ 24,335</u>

Liabilities and Net Assets

Current Liabilities:

Accounts payable	\$ 1,853
Accrued expenses	12,860
<i>Total Liabilities</i>	<u>14,713</u>

Net Assets:

Unrestricted Net Assets	9,622
Total net assets	<u>9,622</u>
<i>Total Liabilities and Net Assets</i>	<u>\$ 24,335</u>

Yakima Basin Fish & Wildlife Recovery Board
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2015

Revenue:

Washington State Recreation and Conservation Office Grant	\$	330,328
Bureau of Land Management Grant		3,403
Other revenue		937
Total revenue		334,668

Expenses:

Communications		4,165
Computer support		1,998
Depreciation		2,816
Dues and subscriptions		1,489
Employee benefits		45,460
Employee payroll taxes		14,829
Insurance		2,625
Miscellaneous		2,493
Office rent		18,600
Office supplies		3,473
Printing and reproduction		2,545
Professional fees		20,937
Program expenses		3,004
Repairs and maintenance		20
Seminar registration fees		739
Travel		11,236
Utilities		3,674
Wages		201,911
Total expenses		342,014

Excess of Expenses over Revenue (7,346)

Other Income (Expenses):

Interest expense		(235)
Interest income		6
Total other expenses		(229)

Change in Unrestricted Net Assets (7,575)

Unrestricted Net Assets, Beginning of Year 17,197

Unrestricted Net Assets, End of Year \$ 9,622

Yakima Basin Fish & Wildlife Recovery Board
Statement of Cash Flows
Year Ended June 30, 2015

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows From Operating Activities:

Cash received from public support and revenue	\$ 337,859
Cash paid to suppliers and employees	(358,037)
Interest received	6
Interest paid	(235)
Net cash used by operating activities	<u>(20,407)</u>

Cash Flows From Investing Activities:

Additions to property and equipment	(6,261)
Net cash used by investing activities	<u>(6,261)</u>

Cash Flows From Financing Activities:

Payments on line of credit	(150)
Net cash used by financing activities	<u>(150)</u>

Net Decrease in Cash and Cash Equivalents (26,818)

Cash and Cash Equivalents, Beginning of Year 28,050

Cash and Cash Equivalents, End of year \$ 1,232

Reconciliation of Change in Net Assets to Net Cash

Used by Operating Activities:

Change in net assets	\$ <u>(7,575)</u>
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	2,816
Loss of disposal of equipment	4,805
(Increase) decrease in operating assets:	
Accounts receivable	(924)
Prepaid expenses	2,084
Increase in operating liabilities:	
Accounts payable	(6,988)
Accrued expenses	(13,935)
Deferred revenue	(690)
Total adjustments	<u>(12,832)</u>
Net cash used by operating activities	<u><u>\$ (20,407)</u></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, 2015, approximately 98% 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 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.

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 10 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 \$2,816 for the year ended June 30, 2015.

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, 2015.

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, 2015 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 regard to 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 statement of financial position, 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.

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 January 14, 2016, 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 \$0- at June 30, 2015. Interest payments are due monthly at an interest rate of 6.25%. The credit line is unsecured.

Note 3 – Retirement Plan:

The Organization sponsors a Simple IRA. 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 year ended June 30, 2015 were \$5,091.

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, 2015, functional expenses were as follows:

Program	\$ 267,923
Administrative	65,996
Fundraising	8,095
Total	<u>\$ 342,014</u>

Yakima Basin Fish & Wildlife Recovery Board

Notes to Financial Statements

Note 5 – Operating Lease:

The Organization entered into an operating lease for its office space in October of 2013. The term of the lease is through October 31, 2017, upon which time the Organization will have an option to renew for three successive terms of two years each. Monthly payments are \$1,550 a month during each year of the initial two-year term, in the following two-year terms the base rent is increased by 2.5% a year. Rent expense was \$18,600 for the year ended June 30, 2015.