

BAILEY CPA, LLC

Abby Bailey, CPA, CFE

132 N. 1st Ave. Yakima, WA 98902

abby@baileycpallc.com

509.833.1179

Yakima Basin Fish & Wildlife Recovery Board

Financial Statements and Independent Auditor's Report

June 30, 2020 and 2019

Yakima Basin Fish & Wildlife Recovery Board

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INDEPENDENT AUDITOR'S REPORT

Yakima Basin Fish & Wildlife Recovery Board
Yakima, Washington

Report on the Financial Statements

I have audited the accompanying financial statements of Yakima Basin Fish & Wildlife Recovery Board, which comprise the statement of financial position as of June 30, 2020 and 2019, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Bailey CPA, LLC

October 2, 2020

Yakima Basin Fish & Wildlife Recovery Board

Statement of Financial Position

June 30, 2020 and 2019

	2020	2019
Assets		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 21,002	\$ 4,588
Prepaid expenses	2,469	4,797
Accounts receivable	19,294	17,945
Total Current Assets	<u>42,765</u>	<u>27,330</u>
<i>Property and Equipment</i>		
Machinery and equipment	44,121	39,694
Less accumulated depreciation	(32,792)	(30,678)
Net Property and Equipment	<u>11,329</u>	<u>9,016</u>
Total Assets	<u>\$ 54,094</u>	<u>\$ 36,346</u>
Liabilities and Net Assets		
<i>Current Liabilities</i>		
Accounts payable	\$ 5,856	\$ 7,145
Accrued expenses	18,391	17,331
Refundable advances	12,062	-
Line of credit	33	-
Total Liabilities	<u>36,342</u>	<u>24,476</u>
<i>Net Assets</i>		
Without donor restrictions	13,751	11,870
With donor restrictions	4,001	-
Total Net Assets	<u>17,752</u>	<u>11,870</u>
Total Liabilities and Net Assets	<u>\$ 54,094</u>	<u>\$ 36,346</u>

Yakima Basin Fish & Wildlife Recovery Board
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Washington State Recreation and Conservation Office Grant	\$ 271,183	\$ -	\$ 271,183
Department of Ecology Grant	25,251	-	25,251
Bureau of Land Management Grant	8,963	-	8,963
Program income	11,358	4,001	15,359
Reimbursed expenses	3,840	-	3,840
Total revenue	<u>320,595</u>	<u>4,001</u>	<u>324,596</u>
Expenses			
Program	244,114	-	244,114
General and Administrative	64,395	-	64,395
Fundraising	9,882	-	9,882
Total expenses	<u>318,391</u>	<u>-</u>	<u>318,391</u>
Excess of Revenue Over Expenses	2,204	4,001	6,205
Other Income (Expenses):			
Interest expense	(327)	-	(327)
Interest income	4	-	4
Total other income (expenses)	<u>(323)</u>	<u>-</u>	<u>(323)</u>
Change in Net Assets	1,881	4,001	5,882
Net Assets, Beginning of Year	11,870	-	11,870
Net Assets, End of Year	<u>\$ 13,751</u>	<u>\$ 4,001</u>	<u>\$ 17,752</u>

Yakima Basin Fish & Wildlife Recovery Board
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Washington State Recreation and Conservation Office Grant	\$ 243,258	\$ -	\$ 243,258
Bureau of Land Management Grant	78,345	-	78,345
Program income	12,449	-	12,449
Reimbursed expenses	3,840	-	3,840
Total revenue	<u>337,892</u>	<u>-</u>	<u>337,892</u>
Expenses			
Program	269,533	-	269,533
General and Administrative	55,540	-	55,540
Fundraising	9,414	-	9,414
Total expenses	<u>334,487</u>	<u>-</u>	<u>334,487</u>
Excess of Revenue Over Expenses	3,405	-	3,405
Other Income (Expenses):			
Interest expense	(296)	-	(296)
Miscellaneous income	2,108	-	2,108
Interest income	3	-	3
Total other income (expenses)	<u>1,815</u>	<u>-</u>	<u>1,815</u>
Change in Net Assets	5,220	-	5,220
Net Assets, Beginning of Year	6,650	-	6,650
Net Assets, End of Year	<u>\$ 11,870</u>	<u>\$ -</u>	<u>\$ 11,870</u>

Yakima Basin Fish & Wildlife Recovery Board
Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services	General and Administrative	Fundraising	Total
Expenses				
Advertising	393	150	22	\$ 565
Computer support	3,583	1,368	198	5,149
Depreciation	1,471	562	81	2,114
Dues and subscriptions	2,470	944	137	3,551
Employee benefits	22,525	8,601	1,246	32,372
Employee payroll taxes	8,784	3,354	486	12,624
Insurance	2,227	850	123	3,200
Miscellaneous	517	197	29	743
Office rent	22,311	8,520	1,234	32,065
Office supplies	2,265	865	125	3,255
Printing and reproduction	734	280	41	1,055
Professional fees	-	3,079	-	3,079
Program expenses	41,881	-	-	41,881
Seminar registration fees	723	-	-	723
Travel	5,539	739	1,108	7,386
Utilities	5,961	2,276	330	8,567
Wages	122,730	32,610	4,722	160,062
Total expenses	<u>\$ 244,114</u>	<u>\$ 64,395</u>	<u>\$ 9,882</u>	<u>\$ 318,391</u>

Yakima Basin Fish & Wildlife Recovery Board
Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services	General and Administrative	Fundraising	Total
Expenses				
Computer support	\$ 231	\$ 81	\$ 13	\$ 325
Depreciation	1,256	443	74	1,773
Dues and subscriptions	1,823	642	107	2,572
Employee benefits	21,688	7,643	1,269	30,600
Employee payroll taxes	7,811	2,753	457	11,021
Insurance	1,949	687	114	2,750
Miscellaneous	470	166	28	664
Office rent	16,841	5,934	985	23,760
Office supplies	2,812	991	165	3,968
Printing and reproduction	911	321	53	1,285
Professional fees	8,729	5,820	-	14,549
Program expenses	82,680	-	-	82,680
Repairs and maintenance	214	76	13	303
Seminar registration fees	787	-	-	787
Travel	6,507	868	1,302	8,677
Utilities	4,257	1,500	249	6,006
Wages	110,567	27,615	4,585	142,767
Total expenses	<u>\$ 269,533</u>	<u>\$ 55,540</u>	<u>\$ 9,414</u>	<u>\$ 334,487</u>

Yakima Basin Fish & Wildlife Recovery Board

Statement of Cash Flows

Year Ended June 30, 2020 and 2019

	2020	2019
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows From Operating Activities:		
Cash received from public support and revenue	\$ 335,309	\$ 333,069
Cash paid to suppliers and employees	(314,178)	(340,917)
Interest received	4	3
Interest paid	(327)	(296)
<i>Net cash used by operating activities</i>	<u>20,808</u>	<u>(8,141)</u>
Cash Flows From Investing Activities:		
Additions to property and equipment	(4,427)	(2,095)
Proceeds from sale of equipment	-	-
<i>Net cash used by investing activities</i>	<u>(4,427)</u>	<u>(2,095)</u>
<i>Cash Flows From Financing Activities:</i>		
Payments on line of credit	33	-
Net cash used by financing activities	33	-
Net Decrease in Cash and Cash Equivalents	16,414	(10,236)
Cash and Cash Equivalents, Beginning of Year	4,588	14,824
Cash and Cash Equivalents, End of year	<u>\$ 21,002</u>	<u>\$ 4,588</u>

Reconciliation of Change in Net Assets to Net Cash

Used by Operating Activities

Change in net assets	\$ 5,882	\$ 5,220
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Adjustments to reconcile change in net assets to net cash used by operating activities:

Depreciation	2,114	1,773
<i>Decrease (increase) in operating assets</i>		
Accounts receivable	(1,349)	(6,931)
Prepaid expenses	2,328	141
<i>Increase (decrease) in operating liabilities</i>		
Accounts payable	(1,289)	(9,095)
Accrued expenses	1,060	751
Deferred revenue	12,062	-
Total adjustments	<u>14,926</u>	<u>(13,361)</u>
Net cash used by operating activities	<u>\$ 20,808</u>	<u>\$ (8,141)</u>

Yakima Basin Fish & Wildlife Recovery Board

Notes to Financial Statements

June 30, 2020 and 2019

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 collaborative, economically sound efforts that bring together diverse resources to promote wise management of the Yakima River Basin.

During the years ended June 30, 2020 and 2019, approximately 93% and 73%, respectively 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 \$2,114 and \$1,773, respectively, for the years ended June 30, 2020 and 2019.

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, 2020 and 2019.

Net Assets – Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Yakima Basin Fish & Wildlife Recovery Board

Notes to Financial Statements

June 30, 2020 and 2019

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

Summary of Significant Accounting Policies (continued)

Net Assets (continued)

Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or based on a particular use. Restrictions may be met by the passage of time or actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise required to be included in donor-restricted net assets by the donor or by applicable state law.

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.

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 October 2, 2020, which is the date the financial statements were available to be issued.

Note 2 – Refundable Advances

The Organization periodically receives funds in advance from the Washington State Recreation and Conservation Office (RCO), which are restricted by the contract for specified uses. Upon utilization of an advance the Organization provides an accounting to the RCO of the funds spent, and at the end of the contract period (June 30, 2021), must return any unspent funds. At June 30, 2020 the Organization held \$12,062 of unspent funds that had been advanced from RCO.

Note 3 – Net Assets with Donor Restrictions

During the year-ended June 30, 2020 the Organization was scheduled to host an in-person consortium. Due to the events described in Note 9 the event was held in a virtual format, with the in-person portion being rescheduled to a later date. At June 30, 2020 \$4,001 of sponsorships and registration fees were received and restricted for future events, trainings and workshops, with the in-person portions being rescheduled to later dates.

There were \$-0- net assets with donor restrictions at June 30, 2019.

Yakima Basin Fish & Wildlife Recovery Board

Notes to Financial Statements

June 30, 2020 and 2019

Note 4 – Operating Line of Credit

The Organization has a revolving line of credit of \$45,000. The line had an outstanding balance of \$33 and \$-0- at June 30, 2020 and 2019, respectively. Interest payments are due monthly at an interest rate of 6.25%. The credit line is unsecured.

Note 5 – 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 years ended June 30, 2020 and 2019 were \$4,425 and \$4,277.

Note 6 – 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.

Note 7 – Operating Lease

The Organization entered into an operating lease for its office space in October of 2013. The lease was renewed in January of 2018 and goes through June of 2023, with two two-year renewals available. Monthly payments are \$2,205 for the initial two years, \$2,305 for 2020 – 2021, and \$2,405 for 2021 – 2023. The organization did not have to start paying for common area maintenance (CAM) expenses until the year ended June 30, 2020. Rent expense, including CAM expenses were \$32,065 and \$23,760 for the year ended June 30, 2020 and 2019, respectively.

Note 8 – Liquidity

In general, the Organization does not have cash of more than 30 days of operating expenses. This is due to the nature of the Organization's grants and contracts, which requires their draw down to be based on current and approaching cash flow requirements.

At June 30, 2020 and 2019, the Organization had \$21,002 and \$4,588, respectively, of cash available to meet needs for general expenditures. These funds are not subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the Organization in the next 12 months.

To meet immediate cash flow requirements the Organization is allowed to request advances from their granting agency. In addition, they have \$45,000 available to meet operating needs through a revolving line of credit with Solarity Credit Union as described in Note 3.

Note 9 – Subsequent Events

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 16, 2020, the Governor of Washington State ordered the closure of the physical location of every "non-essential" business for what may be an extended period of time. There has been no immediate impact to operations beyond minimizing the contact employees and our facilities have with the public. Future potential impacts may include continued disruptions or restrictions on our employees' ability to work and impairment of our ability to proceed with projects we are currently engaged with. The future effects of these issues are unknown.