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Yakima Basin Fish & Wildlife Recovery Board

Financial Statements and Independent Auditor's Report

June 30, 2022 and 2021

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

Opinion

I have audited the accompanying financial statements of Yakima Basin Fish & Wildlife Recovery Board, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in financial position, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Yakima Basin Fish & Wildlife Recovery Board as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Yakima Basin Fish & Wildlife Recovery Board and to meet other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Yakima Basin Fish & Wildlife Recovery Board's ability to continue as a going concern for the period of one year from the date of this report.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Yakima Basin Fish & Wildlife Recovery Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Yakima Basin Fish & Wildlife Recovery Board's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Bailey CPA, LLC

September 19, 2022

Yakima Basin Fish & Wildlife Recovery Board
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 68,919	\$ 4,968
Prepaid expenses	6,935	4,050
Accounts receivable	20,256	34,330
Total Current Assets	<u>96,110</u>	<u>43,348</u>
<i>Property and Equipment</i>		
Machinery and equipment	32,868	29,040
Less accumulated depreciation	(22,639)	(20,418)
Net Property and Equipment	<u>10,229</u>	<u>8,622</u>
<i>Total Assets</i>	<u>\$ 106,339</u>	<u>\$ 51,970</u>
Liabilities and Net Assets		
<i>Current Liabilities</i>		
Accounts payable	\$ 16,215	\$ 15,691
Accrued expenses	30,993	18,958
Refundable advance	39,872	-
Line of credit	104	171
Total Liabilities	<u>87,184</u>	<u>34,820</u>
<i>Net Assets</i>		
Without donor restrictions	17,851	13,371
With donor restrictions	1,304	3,779
Total Net Assets	<u>19,155</u>	<u>17,150</u>
<i>Total Liabilities and Net Assets</i>	<u>\$ 106,339</u>	<u>\$ 51,970</u>

Yakima Basin Fish & Wildlife Recovery Board
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Washington State Recreation and Conservation Office Grant	\$ 353,766	\$ -	\$ 353,766
Department of Ecology Grant	24,928	-	24,928
Bureau of Land Management Grant	77,327	-	77,327
Program income	8,930	-	8,930
Reimbursed expenses	3,520	-	3,520
Released from restriction	2,475	(2,475)	-
Total revenue	<u>470,946</u>	<u>(2,475)</u>	<u>468,471</u>
Expenses			
Program	383,779	-	383,779
General and Administrative	73,748	-	73,748
Fundraising	8,735	-	8,735
Total expenses	<u>466,262</u>	<u>-</u>	<u>466,262</u>
Excess of Revenue Over Expenses	4,684	(2,475)	2,209
Other Income (Expenses):			
Interest expense	(205)	-	(205)
Interest income	1	-	1
Total other income (expenses)	<u>(204)</u>	<u>-</u>	<u>(204)</u>
Change in Net Assets	4,480	(2,475)	2,005
Net Assets, Beginning of Year	<u>13,371</u>	<u>3,779</u>	<u>17,150</u>
Net Assets, End of Year	<u>\$ 17,851</u>	<u>\$ 1,304</u>	<u>\$ 19,155</u>

Yakima Basin Fish & Wildlife Recovery Board
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Washington State Recreation and Conservation Office Grant	\$ 267,914	\$ -	\$ 267,914
Department of Ecology Grant	28,147	-	28,147
Bureau of Land Management Grant	26,393	-	26,393
Program income	4,944	-	4,944
Reimbursed expenses	1,309	-	1,309
Released from restriction	222	(222)	-
Total revenue	<u>328,929</u>	<u>(222)</u>	<u>328,707</u>
Expenses			
Program	256,706	-	256,706
General and Administrative	63,817	-	63,817
Fundraising	8,727	-	8,727
Total expenses	<u>329,250</u>	<u>-</u>	<u>329,250</u>
Excess of Revenue Over Expenses	(321)	(222)	(543)
Other Income (Expenses):			
Interest expense	(60)	-	(60)
Interest income	1	-	1
Total other income (expenses)	<u>(59)</u>	<u>-</u>	<u>(59)</u>
Change in Net Assets	(380)	(222)	(602)
Net Assets, Beginning of Year	13,751	4,001	17,752
Net Assets, End of Year	<u>\$ 13,371</u>	<u>\$ 3,779</u>	<u>\$ 17,150</u>

Yakima Basin Fish & Wildlife Recovery Board
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services	General and Administrative	Fundraising	Total
Expenses				
Computer support	\$ 436	\$ 170	\$ 22	\$ 628
Depreciation	1,542	601	78	2,221
Dues and subscriptions	2,810	1,352	-	4,162
Employee benefits	30,275	11,813	1,537	43,625
Employee payroll taxes	10,230	3,991	519	14,740
Insurance	2,637	1,029	134	3,800
Miscellaneous	315	123	16	454
Office rent	17,819	6,952	904	25,675
Office supplies	1,873	731	95	2,699
Printing and reproduction	2,458	959	125	3,542
Professional fees	75,609	5,000	-	80,609
Program expenses	86,976	-	-	86,976
Seminar registration fees	745	-	-	745
Travel	2,235	248	-	2,483
Utilities	6,301	2,458	320	9,079
Wages	141,518	38,321	4,985	184,824
Total expenses	<u>\$ 383,779</u>	<u>\$ 73,748</u>	<u>\$ 8,735</u>	<u>\$ 466,262</u>

Yakima Basin Fish & Wildlife Recovery Board
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services	General and Administrative	Fundraising	Total
Expenses				
Advertising	\$ 528	\$ 237	\$ 35	\$ 800
Computer support	2,304	1,036	154	3,494
Depreciation	1,970	886	132	2,988
Dues and subscriptions	1,572	867	-	2,439
Employee benefits	18,629	8,371	1,246	28,246
Employee payroll taxes	7,542	3,389	504	11,435
Insurance	2,309	1,037	154	3,500
Miscellaneous	289	70	19	378
Office rent	16,765	7,534	1,121	25,420
Office supplies	456	205	31	692
Printing and reproduction	1,024	461	69	1,554
Professional fees	27,791	5,000	-	32,791
Program expenses	60,637	-	-	60,637
Seminar registration fees	240	-	-	240
Travel	528	70	105	703
Utilities	5,442	2,445	364	8,251
Wages	108,680	32,209	4,793	145,682
Total expenses	<u>\$ 256,706</u>	<u>\$ 63,817</u>	<u>\$ 8,727</u>	<u>\$ 329,250</u>

Yakima Basin Fish & Wildlife Recovery Board

Statements of Cash Flows

Year Ended June 30, 2022 and 2021

	2022	2021
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows From Operating Activities:		
Cash received from public support and revenue	\$ 522,417	\$ 301,609
Cash paid to suppliers and employees	(454,367)	(317,501)
Interest received	1	1
<i>Net cash provided by (used by) operating activities</i>	<u>67,846</u>	<u>(15,891)</u>
Cash Flows From Investing Activities:		
Additions to property and equipment	(3,828)	(281)
<i>Net cash used by investing activities</i>	<u>(3,828)</u>	<u>(281)</u>
Cash Flows From Financing Activities:		
Proceeds (payments) on line of credit	(67)	138
<i>Net cash (used by) provided by financing activities</i>	<u>(67)</u>	<u>138</u>
Net (Decrease) Increase in Cash and Cash Equivalents	63,951	(16,034)
Cash and Cash Equivalents, Beginning of Year	4,968	21,002
Cash and Cash Equivalents, End of year	<u>\$ 68,919</u>	<u>\$ 4,968</u>

Reconciliation of Change in Net Assets to Net Cash

Used by Operating Activities

Change in net assets	\$ 2,005	\$ (602)
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Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities:

Depreciation	2,221	2,988
<i>Decrease (increase) in operating assets</i>		
Accounts receivable	14,074	(15,036)
Prepaid expenses	(2,885)	(1,581)
<i>Increase (decrease) in operating liabilities</i>		
Accounts payable	524	9,835
Accrued expenses	12,035	567
Refundable advance	39,872	(12,062)
Total adjustments	<u>65,841</u>	<u>(15,289)</u>
<i>Net cash provided by (used by) operating activities</i>	<u>\$ 67,846</u>	<u>\$ (15,891)</u>

Noncash From Investing Activities

During the year-ended June 30, 2021 the Organization donated an unused fully depreciated laptop with an initial cost of \$1,642 to another nonprofit. In addition, the Organization scrapped fully depreciated assets of \$13,720.

Yakima Basin Fish & Wildlife Recovery Board

Notes to Financial Statements

June 30, 2022 and 2021

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, 2022 and 2021, approximately 75% and 82%, 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 the absence or existence of donor-imposed restrictions.

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 \$2,221 and \$2,439, respectively, for the years ended June 30, 2022 and 2021.

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, 2022 and 2021.

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, 2022 and 2021

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.

Refundable advances and revenue recognition – The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

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, 2023), must return any unspent funds. At June 30, 2022 and 2021 the Organization held \$39,872 and \$-0-, respectively of unspent funds that had been advanced from RCO.

Management believes the adoption of Accounting Standards Update (ASU) No. 2014-09 Revenue from Contracts with Customers (Topic 606), as amended improves the usefulness and understandability of the Organization's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

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 September 19, 2022, which is the date the financial statements were available to be issued.

Yakima Basin Fish & Wildlife Recovery Board

Notes to Financial Statements

June 30, 2022 and 2021

Note 2 – Net Assets with Donor Restrictions

During the year-ended June 30, 2021 the Organization was scheduled to host an in-person consortium. Due to the Covid-19 pandemic the event was held in a virtual format, with the in-person portion being rescheduled to a later date. At June 30, 2022 and 2021 \$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. Subsequently the Organization has utilized \$2,475 and \$222 related to this restriction during June 30, 2022 and 2021, respectively, with the remaining \$1,304 restricted for a future event.

Note 3 – Operating Line of Credit

The Organization has a revolving line of credit of \$45,000. The line had an outstanding balance of \$104 and \$171 at June 30, 2022 and 2021, respectively. Interest payments are due monthly at an interest rate of 6.25%. The credit line is unsecured.

Note 4 – 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. Matching contributions for the Simple IRA for the years ended June 30, 2022 and 2021 were \$5,996 and \$3,920.

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. Currently, the lease is \$2,025 a month, and will increase to \$2,505 a month on December 31, 2022. The organization also has to pay for common area maintenance (CAM) expenses. Rent expense, including CAM expenses were \$25,675 and \$25,420 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021, the Organization had \$68,919 and \$4,968, respectively, of cash available to meet needs for general expenditures (including the refundable advance). 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 Wells Fargo as previously described.