

# **SOUTH YUBA RIVER CITIZENS LEAGUE**

Financial Statements  
for the Years Ended  
June 30, 2022 and 2021  
and Additional Information  
for the Year Ended  
June 30, 2022  
with  
Independent Auditors' Report

# SOUTH YUBA REVIEW CITIZENS LEAGUE

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## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the accompanying financial statements of South Yuba River Citizens League (the "Organization"), a non-profit organization, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

### Basis for Opinion

We conducted our audit in accordance with 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of South Yuba River Citizens League and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management 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; 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 South Yuba River Citizens League's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our 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 auditors' report that includes our 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 generally accepted auditing standards and *Government Auditing Standards* 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- 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 South Yuba River Citizens League'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about South Yuba River Citizens League's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

## **Supplementary Information**

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, 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 schedule of expenditures of federal awards 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 November 8, 2022 on our consideration of the South Yuba River Citizens 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 the South Yuba River Citizens League's internal control over financial reporting and compliance.

Champion Smith Besaw + Kercher LLP

November 8, 2022

**SOUTH YUBA RIVER CITIZENS LEAGUE**

**STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 229,154	\$ 380,889
Restricted cash	524,354	292,640
Grants receivable	833,041	403,676
Other receivables	77,719	101,931
Inventory	3,563	3,399
Prepaid expenses	7,864	3,594
Total current assets	<u>1,675,695</u>	<u>1,186,129</u>
PROPERTY, PLANT AND EQUIPMENT, net	<u>1,026,224</u>	<u>927,223</u>
	<u><u>\$ 2,701,919</u></u>	<u><u>\$ 2,113,352</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Current portion long-term debt	\$ 29,350	\$ 15,005
Accounts payable	523,984	288,593
Accrued liabilities	102,840	93,893
Contract advances	498,854	233,225
Total current liabilities	<u>1,155,028</u>	<u>630,716</u>
LONG-TERM DEBT	681,139	655,306
<b>NET ASSETS:</b>		
Without donor restriction:		
Designated by the Board for scholarships	25,500	28,362
Undesignated	840,252	798,968
Total net assets	<u>865,752</u>	<u>827,330</u>
	<u><u>\$ 2,701,919</u></u>	<u><u>\$ 2,113,352</u></u>

See notes to financial statements.

**SOUTH YUBA RIVER CITIZENS LEAGUE**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTION:		
PROGRAM REVENUES:		
Government grants	\$ 2,185,490	\$ 1,645,192
Non-government grants	548,353	195,595
Program service fees	244,551	248,082
Membership dues	69,657	64,368
Contributions of non-financial assets	102,597	25,305
Net assets released from restrictions	-	71,000
Total program revenues	<u>3,150,648</u>	<u>2,249,542</u>
OPERATING EXPENSES:		
Program services	3,413,292	2,647,089
Management & general	489,172	353,178
Fundraising	144,327	157,329
Total operating expenses	<u>4,046,791</u>	<u>3,157,596</u>
EXCESS OF OPERATING EXPENSES OVER PROGRAM REVENUES	(896,143)	(908,054)
OTHER SUPPORT:		
Donations	481,908	351,415
Investment income	118	127
Fundraising income	269,572	247,939
Sale of merchandise & concessions	5,893	6,547
Rental income	25,136	5,524
Debt forgiveness income (Note 8)	-	244,300
Other income	151,938	359,911
Total other support	<u>934,565</u>	<u>1,215,763</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTION	38,422	307,709
CHANGES IN NET ASSETS WITH DONOR RESTRICTION		
PROGRAM REVENUES:		
NET ASSETS RELEASED FROM RESTRICTIONS	<u>-</u>	<u>(71,000)</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTION	<u>-</u>	<u>(71,000)</u>
CHANGES IN NET ASSETS	38,422	236,709
NET ASSETS, BEGINNING OF YEAR	<u>827,330</u>	<u>590,621</u>
NET ASSETS, END OF YEAR	<u><u>\$ 865,752</u></u>	<u><u>\$ 827,330</u></u>

See notes to financial statements.

**SOUTH YUBA RIVER CITIZENS LEAGUE**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2022 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	<b>Supporting Services</b>			<b>Total Supporting Services</b>	<b>2022 Total</b>	<b>2021 Total</b>
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>			
Salaries & wages	\$ 957,691	\$ 173,456	\$ 104,147	\$ 277,603	\$ 1,235,294	\$ 1,151,601
Employee benefits	88,512	28,448	10,582	39,030	127,542	100,003
Payroll taxes	76,384	13,869	8,026	21,895	98,279	92,518
Total salaries & related expenses	<u>1,122,587</u>	<u>215,773</u>	<u>122,755</u>	<u>338,528</u>	<u>1,461,115</u>	<u>1,344,122</u>
Contractor project fees	1,907,011	15,150	-	15,150	1,922,161	1,314,043
Film festival	66,806	-	-	-	66,806	66,623
Contract services	47,563	-	-	-	47,563	43,823
Donated services	46,585	-	-	-	46,585	19,240
Office supplies	30,058	10,475	535	11,010	41,068	35,493
Travel	32,808	5,981	-	5,981	38,789	29,069
Depreciation	-	37,497	-	37,497	37,497	13,381
Legal & professional fees	1,485	35,934	-	35,934	37,419	14,005
Interest	-	31,615	-	31,615	31,615	8,154
Taxes, licenses, fees & permits	17,888	3,827	30	3,857	21,745	5,952
Computer & technology services	5,936	24,826	-	24,826	30,762	25,292
Insurance	-	24,363	-	24,363	24,363	20,529
Printing & copying	11,869	3,649	6,148	9,797	21,666	17,463
Building maintenance	-	19,431	-	19,431	19,431	7,966
Royalties	16,729	-	-	-	16,729	17,313
Advertising & marketing	16,161	-	17	17	16,178	8,014
Bank charges	6,002	1,527	8,454	9,981	15,983	18,895
Awards & scholarships	15,500	-	-	-	15,500	13,849
Lab fees	15,080	-	-	-	15,080	10,614
Utilities	-	14,321	-	14,321	14,321	8,376
Dues & subscriptions	1,622	11,084	14	11,098	12,720	8,526
Bad debt expense	12,528	-	-	-	12,528	1,300
Postage & shipping	8,229	457	2,866	3,323	11,552	10,982
Telephone & communications	3,243	8,236	-	8,236	11,479	10,736
Facility rental	8,741	-	-	-	8,741	127
Catering	3,140	3,105	1,651	4,756	7,896	1,441
Conferences	6,579	-	-	-	6,579	6,673
Equipment rental & repairs	138	2,812	773	3,585	3,723	9,449
Small equipment	1,858	1,491	303	1,794	3,652	2,422
Meals	2,011	1,509	86	1,595	3,606	414
Merchandise purchases	2,689	-	695	695	3,384	1,816
Payroll processing fees	-	2,096	-	2,096	2,096	4,285
Staff professional development	1,475	320	-	320	1,795	906
Honorarium & speaker fees	150	-	-	-	150	600
Rent	-	-	-	-	-	35,141
Miscellaneous	821	13,693	-	13,693	14,514	20,562
Total expenses	<u>\$ 3,413,292</u>	<u>\$ 489,172</u>	<u>\$ 144,327</u>	<u>\$ 633,499</u>	<u>\$ 4,046,791</u>	<u>\$ 3,157,596</u>

See notes to financial statements.

**SOUTH YUBA RIVER CITIZENS LEAGUE**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Supporting Services</b>				<b>Total</b>
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Supporting Services</b>	
Salaries & wages	\$ 890,870	\$ 140,468	\$ 120,263	\$ 260,731	\$ 1,151,601
Employee benefits	86,166	5,758	8,079	13,837	100,003
Payroll taxes	72,432	10,191	9,895	20,086	92,518
Total salaries & related expenses	1,049,468	156,417	138,237	294,654	1,344,122
Contractor project fees	1,308,943	5,100	-	5,100	1,314,043
Film festival	66,623	-	-	-	66,623
Contract services	43,000	823	-	823	43,823
Office supplies	31,346	3,708	439	4,147	35,493
Rent	-	35,141	-	35,141	35,141
Travel	25,556	3,513	-	3,513	29,069
Computer & technology services	2,836	22,456	-	22,456	25,292
Insurance	-	20,529	-	20,529	20,529
Donated services	19,240	-	-	-	19,240
Bank charges	9,709	1,149	8,037	9,186	18,895
Printing & copying	7,744	1,945	7,774	9,719	17,463
Royalties	17,313	-	-	-	17,313
Legal & professional fees	3,075	10,930	-	10,930	14,005
Awards & scholarships	13,849	-	-	-	13,849
Depreciation	-	13,381	-	13,381	13,381
Postage & shipping	7,456	1,063	2,463	3,526	10,982
Telephone & communications	3,784	6,952	-	6,952	10,736
Lab fees	10,614	-	-	-	10,614
Equipment rental & repairs	625	8,824	-	8,824	9,449
Dues & subscriptions	1,567	6,959	-	6,959	8,526
Utilities	-	8,376	-	8,376	8,376
Interest	-	8,154	-	8,154	8,154
Advertising & marketing	8,014	-	-	-	8,014
Building maintenance	-	7,966	-	7,966	7,966
Conferences	6,673	-	-	-	6,673
Taxes, licenses, fees & permits	1,863	4,089	-	4,089	5,952
Payroll processing fees	-	4,285	-	4,285	4,285
Small equipment	1,665	757	-	757	2,422
Merchandise purchases	1,816	-	-	-	1,816
Catering	1,042	399	-	399	1,441
Bad debt expense	1,300	-	-	-	1,300
Staff professional development	137	390	379	769	906
Honorarium & speaker fees	600	-	-	-	600
Meals	92	322	-	322	414
Facility rental	127	-	-	-	127
Miscellaneous	1,012	19,550	-	19,550	20,562
Total expenses	<u>\$ 2,647,089</u>	<u>\$ 353,178</u>	<u>\$ 157,329</u>	<u>\$ 510,507</u>	<u>\$ 3,157,596</u>

See notes to financial statements.

**SOUTH YUBA RIVER CITIZENS LEAGUE**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 38,422	\$ 236,709
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	37,497	13,381
Bad debt expense	12,528	1,300
Debt forgiveness income (Note 8)	-	(244,300)
Donated property, plant and equipment	(41,908)	-
Changes in assets and liabilities affecting operating cash flows:		
Grants receivable	(429,455)	(95,647)
Other receivables	11,774	17,350
Inventory	(164)	-
Prepaid expenses	(4,270)	34
Deposits	-	2,500
Accounts payable	235,391	191,300
Accrued liabilities	8,947	17,230
Contract advances	265,629	20,805
Net cash provided by operating activities	<u>134,391</u>	<u>160,662</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property, plant and equipment	<u>(94,590)</u>	<u>(902,001)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from long-term debt	60,000	675,000
Repayment of long-term debt	(19,822)	(4,689)
Net cash provided by financing activities	<u>40,178</u>	<u>670,311</u>
 <b>NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	 79,979	 (71,028)
 <b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:</b>		
Beginning of year	<u>673,529</u>	<u>744,557</u>
 End of year	 <u>\$ 753,508</u>	 <u>\$ 673,529</u>
 Included in the accompanying statements of financial position:		
Cash and cash equivalents	\$ 229,154	\$ 380,889
Restricted cash	<u>524,354</u>	<u>292,640</u>
Total cash and cash equivalents	<u>\$ 753,508</u>	<u>\$ 673,529</u>
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid for interest	<u>\$ 31,496</u>	<u>\$ 7,080</u>

See notes to financial statements.

## SOUTH YUBA RIVER CITIZENS LEAGUE

### NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 31, 2022 AND 2021

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#### 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 changes in net assets, 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, 2022 and 2021, the Organization only had net assets without donor restrictions.

**Donated Goods and Services** – Effective July 1, 2021, the Organization adopted FASB Accounting Standards Update (“ASU”) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement activities and changes in net assets, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

The Organization recognizes contributions of nonfinancial assets if the goods and services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recognizes contributions of nonfinancial assets as revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

**Revenue Recognition** – The Organization recognizes revenue in accordance with 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.

**Donated Goods and Services** – Donated goods and services are recognized in accordance with ASU 2020-07 as described above.

## 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

*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 determined to be exchange transactions 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.

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.

*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 it 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, 2022 and 2021, 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.

## 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

**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 \$2,000 with a useful life in excess of one year.

**Concentrations of Credit Risk** – Grant revenues from three agencies comprise approximately 59% of total grant revenues, and 52% of total programs revenues for the year ended June 30, 2022. Grant revenues from two governmental agencies comprise approximately 58% of total grant revenues and 47% of total program revenues for the year ended June 30, 2021.

The majority of the grants receivable are from governmental agencies. Five and two grantors accounted for approximately 96% and 64% of the outstanding grants receivable at June 30, 2022 and 2021, 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, 2022 and 2021. 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 \$16,000 and \$8,000 for the years ended June 30, 2022 and 2021, 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 November 8, 2022, 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.

## 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 at June 30:

	2022	2021
Cash and cash equivalents	\$ 229,000	\$ 381,000
Grants receivable	833,000	404,000
Other receivables	<u>78,000</u>	<u>102,000</u>
	<u>\$ 1,140,000</u>	<u>\$ 887,000</u>

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:

	2022	2021
California Department of Fish and Wildlife	\$ 188,288	\$ 160,492
US Fish and Wildlife	182,088	98,703
Yuba Water Agency	174,424	6,013
US Forest Service	139,196	26,376
Wildlife Conservation Board	115,735	34,788
National Fish and Wildlife Foundation	13,076	-
CBEC, Inc.	8,197	10,906
California Department of Conservation	-	33,695
Sierra Nevada Conservancy	-	19,995
Other	<u>12,037</u>	<u>12,708</u>
	<u>\$ 833,041</u>	<u>\$ 403,676</u>

#### 4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following at June 30:

	2022	2021
Furniture, fixtures & equipment	\$ 19,223	\$ 9,523
Computers & software	30,924	30,924
Vehicles	31,122	10,000
Building	900,000	900,000
Building improvements	<u>119,708</u>	<u>14,032</u>
	1,100,977	964,479
Less accumulated depreciation	<u>74,753</u>	<u>37,256</u>
	<u>\$ 1,026,224</u>	<u>\$ 927,223</u>

Depreciation expense for the years ended June 30, 2022 and 2021, amounted to \$37,497 and \$13,381, respectively.

#### 5. CONTRACT ADVANCES

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

	2022	2021
Van Norden – Martis Fund	\$ 297,090	\$ 15,194
Yuba Water Agency	65,437	71,568
Resources Legacy Funds – Growing Green	33,335	-
Nevada County	30,000	30,000
Nevada County Resiliency Grant	27,882	-
Earthwatch	18,632	4,000
Forest Health Funds	16,478	15,802
California State Parks Foundation	10,000	-
Legal Funds	-	18,196
Van Norden – Truckee Donnor Land Trust	-	45,156
Upper Rose Bar – Bella Vista	-	11,178
Invasive Weeds NFF	-	10,000
Field Science - YOLO Loney	-	6,175
Jones Bar Monitoring	-	4,216
NFF Map – Loney	-	1,740
	<u>\$ 498,854</u>	<u>\$ 233,225</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, 2022 and 2021.

## 7. LONG-TERM DEBT

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

	2022	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.	\$ 655,254	\$ 670,311
Note payable to a bank in monthly installments of \$1,447, including interest at 7.25% through March 2026.	<u>55,235</u>	<u>-</u>
	710,489	670,311
Less current portion	<u>29,350</u>	<u>15,005</u>
Long-term portion	<u>\$ 681,139</u>	<u>\$ 655,306</u>

Principal maturities of long-term debt for the years subsequent to June 30, 2022 are as follows:

2023	\$ 29,350
2024	31,032
2025	32,997
2026	29,114
2027	18,838
Thereafter	569,158

The Organization is required to meet certain non-financial covenants pursuant to its long-term debt obligations. The Organization was in compliance with such covenants as of June 30, 2022.

## 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 was recorded as other income on the statement of activities and changes in net assets for the year ended June 30, 2021.

## 9. 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.

## 9. RETIREMENT PLAN (continued)

Beginning in August 2021, the Organization contributed 100% of the first 2% of the employee's contributions. Contributions by the Organization to the retirement plan for the year ended June 30, 2022 were approximately \$15,600 and are recorded as a component of employee benefits on the statement of functional expenses for the year ended June 30, 2022. The Organization did not make any contributions to the Plan for the year ended June 30, 2021.

## 10. 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.

## 11. DONATED GOODS AND SERVICES

The Organization's financial statements include the following donated goods and services for the years ended June 30:

	2022	2021
Roof and solar panels	\$ 41,908	\$ -
Program goods	30,375	6,810
Advertising	11,710	6,980
Royalties	5,760	-
Consulting	5,308	-
Hotel rooms	5,000	1,800
Sponsorships	1,000	-
Conference fees	925	-
Food	611	150
Underwriting match	-	3,500
Other	-	6,065
	<u>\$ 102,597</u>	<u>\$ 25,305</u>

*Donated goods* – Contributed roof and solar panels received by the Organization were recorded as contributions of non-financial assets revenue, with a corresponding increase to property, plant and equipment, and reported as expense when depreciated. The contributed roof and solar panels are valued based upon estimates of fair market or wholesale values that would be paid if purchasing the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor.

Donated supplies for programs, hotel rooms, sponsorships, conference fees and food are provided to the Organization to help defray the costs of those goods and services that would otherwise have been purchased. Contributed supplies are valued and reported at the estimated fair value in the financial statements based on current market rates for similar hotel rooms, services and supplies, etc.

**11. DONATED GOODS AND SERVICES (continued)**

*Donated services* – The Organization receives free advertising print, radio and digital advertisements that serve as platforms to market and brand its mission. The donated advertisements are recognized as contributions of non-financial assets revenue at fair value, with a corresponding expense allocated to the programs benefitted, as they are delivered to the public. The valuation of these advertisements is provided by the service provider, who estimates the fair value based on the date, time and market in which each is displayed.

In addition, the Organization receives donated consulting services and royalties that would typically be purchased if not provided as a contribution of non-financial assets. These services, which require specialized skills, are recognized as contributions of non-financial assets revenue at fair value when the services are rendered. The estimated fair value of these professional services is provided by the service provider, who estimates the fair value based on the date, time and market in which each service is rendered.

Volunteers perform a variety of tasks throughout the year, principally in operations of the Organization and fund-raising activities. The value of this contributed time is not reflected in these financial statements because it is not susceptible to objective measurement or valuation.

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**SOUTH YUBA RIVER CITIZENS LEAGUE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

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<b>FEDERAL GRANTOR PROGRAM TITLE (1a)</b>	<b>Federal CFDA Number (1b)</b>	<b>Agency or Pass-Through Number</b>	<b>Federal Expenditures (1c)(1e)</b>
<b>United States Department of Agriculture (USDA)</b>			
Partnership Agreements	10.699	-	\$ 145,523
Partnership Agreements	10.699	-	71,462
Partnership Agreements	10.699	-	6,250
Partnership Agreements	10.699	-	4,360
Stewardship Agreements	10.701	-	40,565
<b>United States Department of the Interior (DOI)</b>			
Central Valley Project Improvement Act (CVPIA)	15.648	-	494,585
Cooperative Watershed Management	15.554	-	<u>20,503</u>
<b>Total Federal Awards (1d)</b>			<u><u>\$ 783,248</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, 2022**

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**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, 2022. 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.
- (e) There were no funds passed through sub-recipients during the year ended June 30, 2022.

**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 20.52% under the Uniform Guidance.

\* \* \* \* \*

**SOUTH YUBA RIVER CITIZENS LEAGUE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**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:

<b>Name of Federal Programs</b>	<b>CFDA Number</b>
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, 2022**

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**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)



Charles W. Chiampou, CPA, JD  
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**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 (a non-profit organization), which comprise the statement of financial position as of June 30, 2022, 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 November 8, 2022.

**Report on 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 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 or significant deficiencies may exist that were not identified.

**Report on 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 Service Bureau + Kercher LLP

November 8, 2022



Charles W. Chiampou, CPA, JD  
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**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**

***Opinion on Each Major Federal Program***

We have audited South Yuba River Citizens League's compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of South Yuba River Citizens League and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of South Yuba River Citizens League's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to South Yuba River Citizens League's federal programs.

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on South Yuba River Citizens League's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about South Yuba River Citizens League's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 South Yuba River Citizens League's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of South Yuba River Citizens League's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 South Yuba River Citizens League's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Srini Besaw + Keshan LLP

November 8, 2022

**SOUTH YUBA RIVER CITIZENS LEAGUE**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022**

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No prior audit findings were noted for the June 30, 2021 audit.