

ROGUE RIVER WATERSHED COUNCIL

AUDIT REPORT

For the Year Ended

December 31, 2019

RICHARD W. BREWSTER, CPA, PC

CERTIFIED PUBLIC ACCOUNTANT
MEDFORD

ROGUE RIVER WATERSHED COUNCIL

December 31, 2019

BOARD OF DIRECTORS

Name

Keith Emerson
Chairman

Terry Ruitter
Vice Chairman

Jack Williams
Secretary

Bela Toledo
Treasurer

Bob Hunter

Tom Dover

Ray Tharp

Bob Jones

Susan Maiyo

Dave Grosjacques

OTHER INFORMATION

Brian Barr, Executive Director
Registered Agent

89 Alder St.
Central Point, OR 97502

ROGUE RIVER WATERSHED COUNCIL
For the Year Ended December 31, 2019

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RICHARD W. BREWSTER, CPA, PC

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

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MEDFORD, OREGON 97504
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Board of Directors
Rogue River Watershed Council
89 Alder Street
Central Point, Oregon 97502

I have audited the accompanying financial statements of Rogue River Watershed Council (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, schedule of 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.

Auditor's 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 of 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 auditor's 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 Rogue River Watershed Council as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Richard W. Brewster
Certified Public Accountant
June 04, 2020

ROGUE RIVER WATERSHED COUNCIL
Statement of Financial Position
December 31, 2019

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	128,109
Accounts receivable		112,818
Prepaid expenses		13,925
Total current assets		<u>254,852</u>

EQUIPMENT

Field equipment		39,444
Office equipment		11,588
Less accumulated depreciation		(41,754)
Net cost of equipment		<u>9,278</u>

TOTAL ASSETS	\$	<u>264,130</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	4,720
Payroll payable		13,770
Vacation liability		10,237
Employee reimbursements		1,959
Total current liabilities		<u>30,686</u>

Total liabilities		<u>30,686</u>
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NET ASSETS

Net assets without donor restrictions	90,977
Net assets with donor restrictions	<u>142,467</u>

Total net assets	<u>233,444</u>
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TOTAL LIABILITIES AND NET ASSETS	\$	<u>264,130</u>
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See notes to financial statements.

ROGUE RIVER WATERSHED COUNCIL
Statement of Activities
For the year ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions/other	\$ 14,812	\$ -	\$ 14,812
Grants		846,684	846,684
Event revenue net of expense		26,425	26,425
Net assets released from restrictions			
Satisfaction of program restrictions	836,578	(836,578)	-
Total revenue	<u>851,390</u>	<u>36,531</u>	<u>887,921</u>
Total support and revenue	<u>851,390</u>	<u>36,531</u>	<u>887,921</u>
EXPENSES			
Programs	722,596		722,596
Support services			
Operation	139,152		139,152
Fundraising	12,770		12,770
Total expenses	<u>874,518</u>	<u>-</u>	<u>874,518</u>
CHANGE IN NET ASSETS	(23,128)	36,531	13,403
NET ASSETS AT BEGINNING OF YEAR	<u>114,105</u>	<u>105,936</u>	<u>220,041</u>
NET ASSETS AT END OF YEAR	<u>\$ 90,977</u>	<u>\$ 142,467</u>	<u>\$ 233,444</u>

See notes to financial statements.

ROGUE RIVER WATERSHED COUNCIL
Schedule of Functional Expenses
For the year ended December 31, 2019

EXPENSES	Supporting Services			Total
	Programs	Operation	Fundraising	
Staff Wages	\$ 173,734	\$ 93,761	\$ 8,273	\$ 275,768
Employer taxes	15,403	8,313	733	24,449
Work comp insurance	723	390	34	1,148
Health insurance	25,661	13,849	1,222	40,732
Employer retirement contribution	5,049	2,725	240	8,014
Total Personnel Costs	220,570	119,038	10,503	350,111
Contracted services	454,434	540		454,974
Accounting		1,150		1,150
Materials	11,840	4,907	820	17,567
Payroll service fee		1,508		1,508
Dues, fees & membership	15	1,261		1,276
Banking & credit - Pay Pal		418	264	681
Insurance - D&O, liab		1,917		1,917
Occupancy	5,545	2,993	264	8,802
Cell phones	999	1,441		2,440
Contributions to others	2,510			2,510
Meetings	521	215		737
Project permits	1,124			1,124
Printing	5,964	45	513	6,522
Media & marketing	2,623		45	2,669
Software	528	229		757
Conference & training	671	1,424	255	2,350
Mileage & travel	5,027	1,998	54	7,078
Meals	15	69	52	137
Depreciation expense	10,208			10,208
TOTAL EXPENSES	\$ 722,596	\$ 139,152	\$ 12,770	\$ 874,518
Percent of total	83%	16%	1%	100%

See notes to financial statements.

ROGUE RIVER WATERSHED COUNCIL
Statement of Cash Flows
For the year ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	<u>\$ 13,403</u>
Add back noncash items:	
Depreciation	10,208
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities	
(Increase) decrease in assets:	
Accounts receivable	(34,756)
Prepaid assets	6,415
Increase (decrease) in liabilities:	
Accounts payable	6,802
Accrued vacation	2,553
Deferred grants	<u>(5,366)</u>
Total adjustments	<u>(14,144)</u>
Net cash provided (used) by operating activities	<u>(741)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(741)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>128,850</u>
CASH AND CASH EQUIVALENTS END OF YEAR	<u><u>\$ 128,109</u></u>

There were no material noncash investing and financing activities.

See notes to financial statements.

ROGUE RIVER WATERSHED COUNCIL
Notes to Financial Statements
December 31, 2019

1. PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Rogue River Watershed Council (RRWC), the "Council", is a not-for-profit organization established under the laws of the State of Oregon in 1995 to promote and implement voluntary cooperative conservation actions

The Council promotes stewardship of the Rogue River by working collaboratively with communities and landowners to develop and carry out voluntary watershed protection, restoration, enhancement, and community engagement activities in the Rogue River watershed.

BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP") and accordingly, reflect all significant receivables, payables, and other liabilities, and recognizes revenues when earned and expenses when incurred. US GAAP requires the Council to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Council. The Council's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Council or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Measure of operations – the statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Council's programmatic watershed engagements. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature, if any.

ROGUE RIVER WATERSHED COUNCIL
Notes to Financial Statements
December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

We consider all cash and highly liquid financial investments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents. The council does not have restricted cash.

CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Council to concentrations of credit risk consist principally of cash. The council maintains its cash in one bank account that, at times, may exceed federally insured limits. The Council has not experienced, nor does it anticipate, any losses with respect to such accounts.

ACCOUNTS RECEIVABLE

Accounts receivable consist of contributions and grants that are expected to be collected within one year.

FIXED ASSETS

Office equipment with a cost of \$2,500 or more is recorded at cost at date of purchase or for donated assets, at fair value at the date of donation. Depreciation is provided using the straight-line method over the five-year estimated useful lives of the assets. Maintenance and repairs are charged to expense as incurred.

CONTRIBUTIONS

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. All donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

ROGUE RIVER WATERSHED COUNCIL
Notes to Financial Statements
December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ADVERTISING COSTS

Advertising costs are expensed as incurred. Advertising costs for the year ended December 31, 2019 was \$2,669.

FUNCTIONAL EXPENSES

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Expenses that can be identified with a specific program and support service were allocated directly according to their natural expenditure classification. Salaries and benefits are allocated by management based on timesheets submitted bi-monthly. Occupancy expenses that are common to several functions were allocated by the same percentage as personnel.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

INCOME TAXES

The Council is exempt from federal income tax under IRC Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Council has no unrelated business income. Accordingly, no provision for income taxes has been made to these financial statements.

2. ECONOMIC DEPENDENCE

Funding for the Council is primarily funded through Federal and State grants.

ROGUE RIVER WATERSHED COUNCIL
Notes to Financial Statements
December 31, 2019

3. LIQUIDITY AND AVAILABILITY OF FUNDS

The following represents the Council's financial assets at December 31, 2019:

	12/31/19
Financial assets at year end:	
Cash and cash equivalents	\$ 128,109
Accounts receivable	112,818
Total financial assets	240,927
Total financial assets available to meet general expenditures within the next 12 months	\$ 240,927

The Council does not have an investment policy. To maintain liquidity cash is held in a checking account. The council does not have a line of credit; although, cash can be accessed through the credit card account up to \$10,000.

4. PREPAID EXPENSES

Prepaid expenses consist of the occupancy lease of \$ 12,800 and insurance coverage for a future period of \$1,126, for a total at December 31, 2019, of \$13,926. The lease has been prepaid through 12/31/2021.

5. FIXED ASSETS

Fixed asset changes during 2019 are as follows:

	Balance 1/1/19	Additions	Subtractions	Balance 12/31/19
Equipment	\$ 51,032	\$ -	\$ -	\$ 51,032
Less accumulated depreciation	(31,546)	(10,208)	-	(41,754)
Net cost	\$ 19,486	\$ (10,208)	\$ -	\$ 9,278

Depreciation expense for the year ended December 31, 2019 was \$10,208.

ROGUE RIVER WATERSHED COUNCIL
Notes to Financial Statements
December 31, 2019

6. NET ASSETS

Net assets with donor restrictions were as follows for the year ended December 31, 2019:

	<u>12/31/19</u>
Specific Purpose	
Programmatic	\$ 93,918
Capacity grants	<u>48,549</u>
Total	<u>\$ 142,467</u>

7. RETIREMENT PLAN

The organization offers a SIMPLE IRA for employees with a matching contribution equal to the salary reduction contributions up to a limit of 3% of annual compensation. Six employees participate in the retirement plan. The employer expense for the year ended December 31, 2019 was 8,014.

8. SUBSEQUENT EVENTS

In the first quarter of 2020, the World Health Organization declared the outbreak of the coronavirus (Covid-19) a world pandemic which continues to spread throughout the United States. As a result of Covid-19 and lock down orders by state governors the state of Oregon economic activity came to a halt which may reduce grant funding available for the Council.

The Council evaluated subsequent events as of June 04, 2020, which is the date of the audit report. The report was available to be issued on June 11, 2020.