



Gary McGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

Rogue River Watershed Council

Financial Statements and Other Information
as of and for the Year Ended December 31, 2021
and Independent Accountants' Compilation Report

ROGUE RIVER WATERSHED COUNCIL

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

*The Board of Directors
Rogue River Watershed Council:*

Management is responsible for the accompanying financial statements of the Rogue River Watershed Council, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States. We have performed a compilation engagement in accordance with *Statements on Standards for Accounting and Review Services*, promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Summarized Comparative Information

The accompanying summarized 2020 financial statements of the Rogue River Watershed Council were compiled by other accountants whose report dated March 23, 2021, stated that they did not audit or review the 2020 financial statements and did not express an opinion, a conclusion, nor provide any assurance on those financial statements.



March 2, 2022

ROGUE RIVER WATERSHED COUNCIL
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021
(WITH COMPARATIVE AMOUNTS FOR 2020)

	2021	2020
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Assets:		
Cash and cash equivalents	\$ 126,727	126,572
Grants receivable <i>(note 4)</i>	438,419	144,326
Prepaid expenses and deposits	3,817	7,345
Equipment <i>(note 5)</i>	3,599	2,298
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Total assets	\$ 572,562	280,541
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Liabilities:		
Accounts payable and accrued expenses	242,163	37,580
Accrued compensated absences	10,706	7,866
Deferred grant advances <i>(note 6)</i>	99,265	52,899
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Total liabilities	352,134	98,345
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Net assets:		
Without donor restrictions:		
Available for programs and general operations	159,249	104,645
Board designated fund <i>(note 7)</i>	5,419	51,497
Net investment in capital assets	3,599	2,298
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Total without donor restrictions	168,267	158,440
With donor restrictions <i>(note 8)</i>	52,161	23,756
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Total net assets	220,428	182,196
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Commitments and contingencies <i>(notes 13, 14, and 18)</i>		
Total liabilities and net assets	\$ 572,562	280,541
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See independent accountants' compilation report and accompanying notes to financial statements.

ROGUE RIVER WATERSHED COUNCIL

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020
	Without donor restrictions	With donor restrictions	Total	
Revenues, gains, and other support:				
Government grants	\$ 82,056	790,390	872,446	710,768
Other contributions and grants	9,504	269,984	279,488	43,435
Paycheck Protection Program grant (<i>note 9</i>)	–	72,937	72,937	–
In-kind contributions (<i>note 10</i>)	90,572	–	90,572	40,008
Special events, net of direct costs of \$0 in 2021 and \$1,650 in 2020	28,209	–	28,209	23,135
Other revenue	1,132	–	1,132	166
Total revenues and gains	211,473	1,133,311	1,344,784	817,512
Net assets released from restrictions (<i>note 11</i>)	1,104,906	(1,104,906)	–	–
Total revenues, gains, and other support	1,316,379	28,405	1,344,784	817,512
Expenses (<i>note 12</i>):				
Program services	1,167,219	–	1,167,219	728,620
Management and general	119,954	–	119,954	128,020
Fundraising	19,379	–	19,379	12,120
Total expenses	1,306,552	–	1,306,552	868,760
Increase (decrease) in net assets	9,827	28,405	38,232	(51,248)
Net assets at beginning of year	158,440	23,756	182,196	233,444
Net assets at end of year	\$ 168,267	52,161	220,428	182,196

See independent accountants' compilation report and accompanying notes to financial statements.

ROGUE RIVER WATERSHED COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021					Total program services	Supporting services			Total	2020
	Program services				Total program services		Management and general	Fund- raising	Total		
	Stream restoration	Water Quality improvement	Engagement	Monitoring		Total program services	Management and general	Fund- raising	Total	Total	2020
Salaries and related expenses	\$ 128,160	42,720	77,673	19,418	267,971	103,305	17,088	120,393	388,364	377,736	
Contracted services	765,574	84,760	13,253	420	864,007	699	—	699	864,706	381,769	
Materials and permits	7,114	230	693	900	8,937	221	40	261	9,198	55,319	
Professional services	—	—	—	—	—	6,021	—	6,021	6,021	14,188	
Occupancy	2,767	922	1,677	419	5,785	2,230	369	2,599	8,384	8,636	
Office expenses	1,071	975	1,237	—	3,283	3,266	1,315	4,581	7,864	10,014	
Advertising and promotion	—	—	—	—	—	—	388	388	388	2,040	
Travel expenses	6,938	143	333	267	7,681	106	99	205	7,886	4,828	
Meetings and training	—	152	793	—	945	220	12	232	1,177	1,533	
Insurance	—	—	—	—	—	1,968	—	1,968	1,968	1,947	
Dues, fees, and memberships	65	—	—	—	65	1,918	68	1,986	2,051	1,838	
Contributions to others	7,000	—	—	—	7,000	—	—	—	7,000	2,000	
Depreciation	—	—	—	1,545	1,545	—	—	—	1,545	6,912	
Total expenses	\$ 918,689	129,902	95,659	22,969	1,167,219	119,954	19,379	139,333	1,306,552	868,760	

See independent accountants' compilation report and accompanying notes to financial statements.

ROGUE RIVER WATERSHED COUNCIL

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
Cash flows from operating activities:		
Cash received from grantors, contributors, and others	\$ 1,006,485	838,969
Cash paid to employees and suppliers	(1,003,484)	(840,506)
Net cash provided by (used in) operating activities	3,001	(1,537)
Cash flows from investing activities:		
Capital expenditures	(2,846)	-
Net cash used in investing activities	(2,846)	-
Net increase (decrease) in cash and cash equivalents	155	(1,537)
Cash and cash equivalents at beginning of year	126,572	128,109
Cash and cash equivalents at end of year	\$ 126,727	126,572

See independent accountants' compilation report and accompanying notes to financial statements.

ROGUE RIVER WATERSHED COUNCIL

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

1. Organization

The Rogue River Watershed Council is a private, nonprofit organization established under the laws of the State of Oregon in 1995 to promote and implement voluntary cooperative conservation actions within watersheds.

The Council works to restore instream and streamside habitat, improve water quality, and encourage community members to become stewards of the Rogue River and its tributaries. Aquatic monitoring and science-based decision-making are critical to the Council's restoration planning and actions. The Council covers approximately 1,641,000 acres from the headwaters near Crater Lake to the mouth of Kelsey Creek and encompasses the towns of Grants Pass, Merlin, Shady Cove, Eagle Point, Butte Falls, Central Point, Jacksonville, Phoenix, Talent, Medford, and Ashland.

2. Program Services

During the year ended December 31, 2021, the Council incurred program services expenses in the following major categories:

Stream Restoration – The Council identifies conditions in and along streams that limit habitat quality for fish and wildlife, and water quality. The Council engages with private and public landowners and land managers to discuss these limiting factors, develop approaches to reduce or eliminate the impact, and implement restoration projects to address them. Instream restoration actions including large wood installment and side-channel reconnection help restore natural stream processes. Additionally, aquatic animal passage and movement are improved through prioritized barrier removal and subsequent irrigation system conversion when necessary.

Streamside restoration, including riparian rehabilitation, uses integrated pest management practices to help recover native plant communities, primarily focused on suppressing noxious weeds like Armenian (Himalayan) blackberry and poison hemlock, among others. Additional efforts to encourage native plant survival are included in future stewardship. When necessary, native plant species are planted to contribute shade to the stream and increase slope stability to help prevent erosion. These actions restore natural processes that improve water quality and sustain high-quality aquatic and terrestrial habitats that build a resilient ecosystem and robust fish, plant, and animal populations.

Water Quality Improvement – The Council works to address issues that pollute and warm the streams in our region. The Council has developed a collaborative Water Quality Improvement Program that will help achieve the goal of cleaner water. Specifically, the intent of the program is to address persistent water quality problems that include high temperature, low dissolved oxygen levels, sedimentation, bacteria presence, and nutrient loading.

Projects such as side-channel reconnection, native tree and shrub planting along streams, converting from flood to sprinkler irrigation, and reducing stormwater runoff in urban areas provide water quality benefits including decreased stream bank erosion, increased shading, and decreased nutrient bacteria entering the stream.

Engagement – The Council uses a variety of strategies to communicate and engage with community members about stream processes, functioning, and Council restoration efforts. Engagement strategies include active social media accounts, a regularly updated website, short video productions, and video library, as well as bi-monthly short newsletters and bi-annually lengthier newsletters. Engagement actions supplement and promote the Council's restoration efforts.

Monitoring – The Council uses monitoring information to guide decisions, to determine limiting factors to watershed health on which to concentrate, and to measure the success of the Council’s activities. Currently, the Council monitors water quality parameters in Bear, Little Butte, and Elk Creeks as they relate to a large-scale irrigation system improvement project (WISE).

3. Summary of Significant Accounting Policies

The significant accounting policies followed by the Council are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Basis of Presentation – Net assets, revenues, gains and losses are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Council and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor-imposed stipulations. From time to time, the Council’s Board of Directors may designate a portion of these net assets for particular purposes and objectives.
- *Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that will be met either by actions of the Council and/or the passage of time. These balances represent the unexpended portion of donor-restricted contributions and investment return to be used for specific programs and activities, as directed by the donor.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are also reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. In the opinion of management, such differences, if any, would not be significant.

Cash Equivalents – For purposes of the financial statements, the Council considers all liquid investments having initial maturities of three months or less to be cash equivalents.

Capital Assets and Depreciation – Generally property and equipment in excess of \$2,500 are capitalized, and carried at cost when purchased, and initially at fair market value when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which are generally five years.

Revenue Recognition – With regard to revenues from grants and contracts, the Council evaluates whether each transfer of assets is (1) an exchange (reciprocal) transaction in which a resource provider receives commensurate value in return for the assets transferred, or (2) a nonreciprocal transfer (a contribution or a grant), where no value is exchanged.

- *Exchange Transactions* – If the transfer of assets is determined to be an exchange transaction, the Council recognizes revenue when or as it satisfies the required performance obligations and transfers the promised good or service to a customer, and when the customer obtains control of that good or service.

- *Contributions and Grants* – If the transfer of assets is determined to be a contribution, the Council evaluates whether the contribution is conditional based upon whether the agreement includes both (1) a barrier that must be overcome to be entitled to the funds and (2) either a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets.
- *Governmental Support* – Activities funded by governments are often carried out for the benefit of the general public, rather than to obtain goods or services for the government’s own use or proprietary benefit. Accordingly, if the primary beneficiary of the activity is the general public, rather than the government itself, the transaction is treated as nonreciprocal (i.e., a contribution).

Grants and Contributions – Grants and contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the commitment is received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions and grants received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions.

Unconditional promises to give with payments due in future periods, are recorded as increases in net assets with donor restrictions at the estimated present value of future cash flows using credit adjusted discount rates which articulate to the collection period of the respective pledge. Such discount rates are not subsequently revised. Amortization of the discount is recorded as additional contribution revenue in subsequent years in the appropriate net asset class.

Contributions and grants receivable are reported net of an allowance for estimated uncollectible promises. Promises to give are written off when deemed uncollectible.

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions of capital assets without donor stipulations concerning the use of such long-lived assets are reported as revenues of the net assets without donor restrictions class. Contributions of cash or other assets to be used to acquire capital assets with such donor stipulations are reported as net assets with donor restrictions; the restrictions are considered to be released at the time of acquisition of such long-lived assets in accordance with donor’s intent.

In-Kind Contributions – Significant services received which create or enhance a non-financial asset or require specialized skills that the organization would have purchased if not donated are recognized in the statement of activities.

In-kind contributions of equipment and other materials are recorded when there is an objective basis upon which to value the contribution and when the contribution is an essential part of the organization’s activities.

Benefits Provided to Donors at Special Events – The Council conducts special fundraising events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of the benefits received by participants at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Council.

Advertising and Promotional Expenses – Advertising and promotional costs are charged to expense as they are incurred.

Concentrations of Credit Risk – The Council’s financial instruments consist primarily of cash equivalent which may subject the organization to concentrations of credit risk as, from time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation. In addition, the market value of securities is dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values.

All checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC for up to \$250,000 for each depositor, for each insured bank, for each account ownership category. At December 31, 2021, the Council did not hold any cash equivalents in excess of the FDIC insured level.

Certain grants receivable also subject the organization to concentrations of credit risk. When necessary, receivables are reported net of an allowance for uncollectible accounts.

Income Taxes – The Council is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and derives its public charity status as an organization described in Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Internal Revenue Code.

Subsequent Events – Subsequent events have been evaluated by management through March 2, 2022, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2020 – The accompanying financial information as of and for the year ended December 31, 2020 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

Other Significant Accounting Policies – Other significant accounting policies are set forth in the financial statements and the following notes.

4. Grants Receivable

Grants receivable consist of unconditional promises totaling \$438,419 expected to be collected within one year.

Conditional Grants and Contracts Receivable

As of December 31, 2021, the Council had been awarded additional grants totaling \$705,058, the receipt of which is conditioned upon incurring specific costs. These awards have not been included in the accompanying financial statements because the associated conditions had not been satisfied as of December 31, 2021.

5. Equipment

A summary of equipment at December 31, 2021 is as follows:

Field equipment	\$ 49,542
Less accumulated depreciation	(45,943)
	\$ 3,599

6. Deferred Grant Advances

Deferred grant advances represent \$99,265 in advance payments received from funders on cost reimbursement grants.

7. Board Designated Net Assets

At December 31, 2021, the Council’s Board of Directors had designated \$5,419 of its net assets without donor restrictions for the following:

Bear Creek Working Group	\$ 2,632
Little Butte Creek Working Group	2,787
	\$ 5,419

8. Net Assets with Donor Restrictions

The following summarizes the Council’s net assets with donor-imposed restrictions as of December 31, 2021:

Expendable net assets restricted for the following purposes:

Restoration	\$	29,055
Water quality		7,805
Other program services		15,301
	\$	52,161

9. Paycheck Protection Program Grant

On March 9, 2021, the Council obtained an unsecured loan from a commercial bank in the amount of \$72,937 pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, and the Economic Aid Act.

The Council considers the PPP “loan” to be a conditional government grant, with a right-of return in the form of an obligation to be repaid if a barrier to entitlement is not met. The barrier is that PPP loan funds must be used to maintain compensation costs and employee headcount, and certain other qualifying expenses (mortgage interest, rent and utilities) incurred following receipt of the funds. Accordingly, it accounts for the proceeds of the PPP, and its use of the proceeds, under ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*.

During the year ended December 31, 2021, the Council recognized \$72,937 as grant revenue as it incurred the necessary qualifying expenses and as the barriers to entitlement were satisfied.

Prior to year-end, full forgiveness of the loan was approved by the Small Business Administration (SBA).

10. In-Kind Contribution

Significant services received that create or enhance a nonfinancial asset or require specialized skills that the Council would have purchased if not donated are recognized in the statement of activities. In-kind contributions of supplies and materials and the free use of facilities are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of the organization’s activities.

During the year ended December 31, 2021, the Council recorded \$90,572 in in-kind program related professional services.

11. Net Assets Released from Restrictions

During the year ended December 31, 2021, the Council incurred \$1,104,906 in expenses in satisfaction of the restricted purposes specified on contributions by donors, or satisfied the restrictions by the occurrence of other events.

12. Expenses

The costs of providing the various programs and activities of the Council have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the organization, and therefore require allocation on a reasonable basis that is applied consistently. Those expenses include salaries and wages, benefits, and payroll taxes, which are allocated on the basis of time and efforts. Occupancy, office expenses, and other expenses, are allocated on the basis of estimates to the activities that are most directly benefited.

13. Retirement Plan

During the year ended December 31, 2021, the Council provided its employees with a SIMPLE IRA plan. The Council makes annual matching contribution up to 3% of the annual compensation of each participant. Employees may make voluntary contributions to the plan on a pre-tax basis up to the limits allowed by law. Employees select from several investment options within the IRA. Contributions from both employees and the Council vest as accrued. Contributions by the Council to the plan totaled \$9,045 for the year ended December 31, 2021.

14. Contingencies

Amounts received or receivable under the Council's grants from governmental agencies are subject to audit and adjustment by the grantor agencies. Any expenditures or claims disallowed as a result of such audits would become a liability of the Council's net assets without donor restrictions. In the opinion of the Council's management, any adjustments that might result from such audits would not be material to the organization's overall financial statements.

15. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure within one year of the statement of financial position date comprise the following at December 31, 2021:

Cash and cash equivalents	\$ 126,727
Grants receivable	438,419
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	\$ 566,146

As part of its liquidity management, the Council has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

16. Statement of Cash Flows Reconciliation

The following presents a reconciliation of the increase in net assets (as reported on the statement of activities) to net cash provided by operating activities (as reported on the statement of cash flows):

Increase in net assets	\$ 38,232
	<hr/>
<i>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</i>	
Depreciation	1,545
<i>Net changes in:</i>	
Grants receivable	(294,093)
Prepaid expenses and deposits	3,528
Accounts payable and accrued expenses	204,583
Accrued compensated absences	2,840
Deferred grant advances	46,366
	<hr/>
Total adjustments	(35,231)
	<hr/>
Net cash provided by operating activities	\$ 3,001

17. Reclassification of 2020 Comparative Totals

Certain 2020 amounts presented herein have been reclassified to conform to the 2021 presentation.

18. Coronavirus Pandemic

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) spread to the U.S and, on March 11, 2020, was characterized by the World Health Organization as a pandemic. Multiple jurisdictions in the U.S., including Oregon, declared a public health state of emergency, ordering the public to stay at home, closing specified businesses, and requiring social distancing measures for most public and private facilities. As a result, the Council shifted to working entirely remotely, including holding all meetings and events virtually. In order to mitigate the resulting losses of revenues, the Council obtained a Paycheck Protection Program Grant under the CARES Act. See note 9.

It is anticipated that the effects of these events will continue for some time, including continuing disruptions to, or restrictions on, our employees' ability to work and on the ability of our patrons, customers and other constituents to fully participate in our programs and continue their current level of financial support to the organization. Future financial impacts on the organization are not readily determinable.

The Council continues to take measures to adapt the delivery of its programming in order to keep its employees and constituents safe, as well as facilitate ongoing availability of its services, and execution of its mission.



ROGUE RIVER WATERSHED COUNCIL
GOVERNING BOARD AND MANAGEMENT

Board of Directors – 2021

Terry L Ruiter, *Chair*

Jack Williams, *Vice Chair*

Phylis McIntosh, *Secretary*

Bela Toledo, *Treasurer*

Keith Emerson

Dave Grosjacques

Bob Hunter

Bob Jones

Peter Mazzini

Ray Tharp

Management

Brian Barr, *Executive Director*

ROGUE RIVER WATERSHED COUNCIL
INQUIRIES AND OTHER INFORMATION

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