
TUOLUMNE RIVER PRESERVATION TRUST

FINANCIAL STATEMENTS

December 31, 2017

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2016)

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

TUOLUMNE RIVER PRESERVATION TRUST

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Tuolumne River Preservation Trust
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of Tuolumne River Preservation Trust, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tuolumne River Preservation Trust as of December 31, 2017, 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.

Report on Summarized Comparative Information

We have previously audited the Tuolumne River Preservation Trust's December 31, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 14, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Croody & Lameda CPAs LLP

Oakland, California

September 9, 2018

TUOLUMNE RIVER PRESERVATION TRUST

Statement of Financial Position

December 31, 2017

(With Comparative Totals as of December 31, 2016)

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 569,631	\$ 500,580
Grants and accounts receivable	239,288	173,070
Pass-through receivable (Note 12)	793,967	15,168
Prepaid expenses	7,848	12,902
Total current assets	<u>1,610,734</u>	<u>701,720</u>
Property and equipment, net (Note 3)	11,851	16,181
Deposit	<u>3,325</u>	<u>3,325</u>
Total Assets	<u>\$ 1,625,910</u>	<u>\$ 721,226</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 109,482	\$ 51,888
Pass-through payable (Note 12)	793,914	15,168
Accrued vacation	20,324	11,393
Total Liabilities	<u>923,720</u>	<u>78,449</u>
Commitments and Contingencies (Notes 4 and 5)		
Net Assets		
Unrestricted (Note 6)	440,933	387,589
Temporarily restricted (Note 7)	<u>261,257</u>	<u>255,188</u>
Total Net Assets	<u>702,190</u>	<u>642,777</u>
Total Liabilities and Net Assets	<u>\$ 1,625,910</u>	<u>\$ 721,226</u>

See Notes to the Financial Statements

TUOLUMNE RIVER PRESERVATION TRUST

Statement of Activities
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

	Unrestricted	Temporarily Restricted	Total	
			2017	2016
Support and Revenue				
Foundation grants	\$ 85,677	\$ 398,950	\$ 484,627	\$ 426,950
Government grants	350,873		350,873	396,645
Donations	98,282	34,969	133,251	232,590
Special event, net (Note 8)	102,661		102,661	55,527
In-kind contributions			-	7,558
Other	101		101	3,237
Net assets released from donor restrictions (Note 7)	427,850	(427,850)	-	-
Total Support and Revenue	1,065,444	6,069	1,071,513	1,122,507
Expenses				
Program				
Bay Area	178,795		178,795	210,212
Central Valley	277,488		277,488	309,086
Sierra Nevada	249,409		249,409	226,591
Fiscal Projects	11,598		11,598	2,735
Total Program	717,290		717,290	748,624
Management and general	163,232		163,232	174,965
Fundraising	131,578		131,578	131,934
Total Expenses	1,012,100	-	1,012,100	1,055,523
Change in Net Assets	53,344	6,069	59,413	66,984
Net Assets, beginning of year	387,589	255,188	642,777	575,793
Net Assets, end of year	\$ 440,933	\$ 261,257	\$ 702,190	\$ 642,777

See Notes to the Financial Statements

TUOLUMNE RIVER PRESERVATION TRUST

Statement of Cash Flows
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets	\$ 59,413	\$ 66,984
Depreciation	4,330	1,280
Donated property	-	(6,000)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Changes in assets and liabilities:		
Grants and accounts receivable	(845,017)	(5,372)
Prepaid expenses	5,054	(8,873)
Accounts payable and accrued expenses	836,340	(40,886)
Accrued vacation	8,931	(4,991)
Net cash provided (used) by operating activities	<u>69,051</u>	<u>2,142</u>
Cash flows from investing activities		
Purchase of fixed assets	-	(11,461)
Net cash provided (used) by investing activities	<u>-</u>	<u>(11,461)</u>
Net change in cash and cash equivalents	69,051	(9,319)
Cash and cash equivalents, beginning of year	<u>500,580</u>	<u>509,899</u>
Cash and cash equivalents, end of year	<u>\$ 569,631</u>	<u>\$ 500,580</u>

See Notes to the Financial Statements

TUOLUMNE RIVER PRESERVATION TRUST

**Statement of Functional Expenses
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

	Program	Management and General	Fundraising	Total	
				2017	2016
Salaries	\$ 374,490	\$ 73,481	\$ 78,041	\$ 526,012	\$ 489,280
Retirement contributions	8,606	1,947	2,142	12,695	6,113
Other employee benefits	31,139	6,140	6,579	43,858	40,132
Payroll taxes	31,131	6,570	6,653	44,354	42,907
Total Personnel	<u>445,366</u>	<u>88,138</u>	<u>93,415</u>	<u>626,919</u>	<u>578,432</u>
Accounting	-	9,450	-	9,450	15,845
Outreach and marketing	-	8,489	-	8,489	7,619
Professional services	187,164	3,180	27	190,371	260,280
Office supplies and expense	19,610	21,735	26,526	67,871	101,824
Occupancy	29,897	5,866	6,230	41,993	40,518
Travel and meetings	23,547	7,010	2,644	33,201	32,753
Depreciation	-	4,330	-	4,330	1,280
Insurance	-	13,664	-	13,664	12,279
Fiscal Projects	11,706	1,370	2,736	15,812	4,693
Total Expenses	<u>\$ 717,290</u>	<u>\$ 163,232</u>	<u>\$ 131,578</u>	<u>\$ 1,012,100</u>	<u>\$ 1,055,523</u>

See Notes to the Financial Statements

TUOLUMNE RIVER PRESERVATION TRUST

Notes to the Financial Statements For the Year Ended December 31, 2017 (With Comparative Totals for the Year Ended December 31, 2016)

NOTE 1: NATURE OF ACTIVITIES

Tuolumne River Preservation Trust (the Organization) is a California nonprofit public benefit corporation, which was organized in 1981 to promote the stewardship of the Tuolumne River and its tributaries to ensure a healthy Watershed.

The Organization's programs include:

Sierra Nevada program - restores the streams, meadows, and forests of the upper Tuolumne watershed and educates the general public about where their water comes from and what they can do to conserve it.

Central Valley program - restores the lower Tuolumne River through policy advocacy to improve flows in the river, through on-the-ground restoration to improve habitat and recreation opportunities, and through k-12 education and general public outreach to ensure that local communities have the knowledge needed to properly steward the river.

Bay Area program - advocates for the City of San Francisco to act as a steward of the Tuolumne River and educates elementary students about where their water comes from and what they can do to conserve it.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

Unrestricted net assets – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets – represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization, other asset enhancements and diminishments subject to the same kinds of stipulations or reclassifications from or to other classes of net assets as a consequence of donor-imposed stipulations. There were no permanently restricted net assets as of December 31, 2017.

TUOLUMNE RIVER PRESERVATION TRUST

Notes to the Financial Statements For the Year Ended December 31, 2017 (With Comparative Totals for the Year Ended December 31, 2016)

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise 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 at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Grants and Accounts Receivable

The Organization considers all grants and accounts receivable to be fully collectible at December 31, 2017. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of December 31, 2017 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the 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.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

TUOLUMNE RIVER PRESERVATION TRUST

**Notes to the Financial Statements
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

Cash Equivalents

The Organization considers money market funds and other highly liquid investments with original maturities of three months or less when purchased that are held in operating accounts to be cash equivalents.

Fair Value Measurements

The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on December 31, 2017.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Property and Equipment

All acquisitions of property and equipment in excess of \$900 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment as follows:

Furniture and equipment	5 years
Boat	5 years
Website	3 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable.

Functional Allocation of Expenses

The costs of providing various programs and other activities 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.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should

TUOLUMNE RIVER PRESERVATION TRUST

**Notes to the Financial Statements
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

be read in conjunction with the Organization's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of September 9, 2018 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	<u>2017</u>	<u>2016</u>
Furniture and equipment	\$ 5,987	\$ 5,987
Boat	6,000	6,000
Website	5,475	5,475
Less accumulated depreciation	<u>(5,611)</u>	<u>(1,281)</u>
Total	<u>\$ 11,851</u>	<u>\$ 16,181</u>

NOTE 4: COMMITMENTS

Operating Leases

The Organization leases office space under leases which expire through April 2021. Future minimum operating lease payments are as follows for the years ending December 31:

2018	\$ 16,072
2019	17,444
2020	17,968
2021	<u>6,048</u>
Total	<u>\$ 57,532</u>

Rent for the years ended December 31, 2017 and 2016 was \$39,740 and \$39,485, respectively

NOTE 5: CONTINGENCIES

Grants

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has determined that the grants are compatible with the objectives of the Organization. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

TUOLUMNE RIVER PRESERVATION TRUST

**Notes to the Financial Statements
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

Conservation Easements

As of December 31, 2017 conservation easements managed by the Organization consisted of the following:

- Dos Rios Ranch: Approximately 1,603 acres near the Tuolumne River located in Stanislaus County, California.
- Hidden Valley Ranch: Approximately 497 acres near the Tuolumne River located in Stanislaus County, California.

The Organization has a fiduciary responsibility to preserve the conservation easements, and this responsibility may result in future costs to the Organization for monitoring, management or enforcement of the terms of the related easements.

NOTE 6: UNRESTRICTED NET ASSETS

Unrestricted net assets consisted of the following as of December 31:

	<u>2017</u>	<u>2016</u>
Undesignated	\$ 315,933	\$ 312,589
Board designated reserve	<u>125,000</u>	<u>75,000</u>
Total	<u>\$ 440,933</u>	<u>\$ 387,589</u>

NOTE 7: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available as follows as of December 31:

	<u>2017</u>	<u>2016</u>
Bay Area Program	\$ 61,870	\$ 10,273
Central Valley Program	183,666	153,000
Sierra Nevada Program	3,716	90,001
Fiscal projects	<u>12,005</u>	<u>1,914</u>
Total	<u>\$ 261,257</u>	<u>\$ 255,188</u>

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows during the years ended December 31:

	<u>2017</u>	<u>2016</u>
Bay Area Program	\$ 167,881	\$ 96,092
Central Valley Program	184,089	105,473
Sierra Nevada Program	64,103	239,415
Fiscal projects	<u>11,777</u>	<u>2,086</u>
Total	<u>\$ 427,850</u>	<u>\$ 443,066</u>

NOTE 8: SPECIAL EVENT

The Organization held an annual special fundraising event during the year. Income from the Organization's event consisted of the following for the years ended December 31:

TUOLUMNE RIVER PRESERVATION TRUST

**Notes to the Financial Statements
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

	<u>2017</u>	<u>2016</u>
Admissions	\$ 12,602	\$ 4,650
Donations and sponsorships	115,619	71,403
Less: cost of direct donor benefit	<u>(25,560)</u>	<u>(20,526)</u>
Total	<u>\$ 102,661</u>	<u>\$ 55,527</u>

NOTE 9: CONCENTRATION

Government Funding and Receivables

The Organization receives a significant portion of its support from the federal government and various county and local governmental bodies. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's program and activities. Approximately 96% of receivables outstanding as of December 31, 2017 were from government funders.

NOTE 10: RETIREMENT PLAN

The Organization offers a Savings Incentive Match Plan for Employees Individual Retirement Account (SIMPLE IRA). For eligible employees, the Organization matches up to 3% of the employees' salary. Contributions were \$12,695 and \$6,113 for the years ended December 31, 2017 and 2016, respectively.

NOTE 11: CONDITIONAL PROMISE TO GIVE

In addition to the amounts recognized on the financial statements the Organization received an additional conditional promise to give of \$50,000 during the year ended December 31, 2017. Receipt of funds under the grant is conditioned on the Organization's success meeting certain program performance and reporting objectives. The Organization's policy is to defer recognition of such amounts until the conditions necessary to recognize such grant funds have been met.

NOTE 12: PASS-THROUGH ACTIVITY AND COLLABORATIVE PAYABLES

The Organization serves as the lead fiscal agent for a number of grants in which funds have been earmarked for partner organizations. In addition to the activity reflected on the Organization's financials, an additional \$862,593 and \$53,883 was accounted for on a pass-through basis reflecting the activity of the partners for the years ended December 31, 2017 and 2016, respectively.

Funds payable to partners are contingent on payment by the funder. As of December 31, 2017 and 2016, \$793,914 and \$15,168 remained payable to collaborative partners, respectively.