

Chattahoochee Riverkeeper, Inc.

Audits of Financial Statements

December 31, 2014 and 2013



J. Lunsford, CPA

Traditional Accounting Services Using Today's Technology

Independent Auditor's Report

To the Board of Directors of
Chattahoochee Riverkeeper, Inc.

I have audited the accompanying financial statements of Chattahoochee Riverkeeper, Inc. (the Riverkeeper). (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014 and 2013, and the related statements of activities, and cash flows for the year ended December 31, 2014, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Organization's financial statements for the year ended December 31, 2013 and in my report dated April 27, 2014, I expressed an unqualified opinion thereon.

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 audits. I conducted my audits 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 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluation 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 Chattahoochee Riverkeeper, Inc. as of December 31, 2014 and 2013 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.

J. Lunsford CPA

May 19, 2015



Statements of Financial Position - December 31, 2014 and 2013

The accompanying notes are an integral part of these financial statements

	2014	2013
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 929,214	\$ 864,065
Gift Cards	3,795	-
Accounts Receivable	2,445	-
Grants and Contracts Receivable	180,542	75,176
Investments	2,595,249	2,399,753
Total Current Assets	3,711,245	3,338,994
Property and Equipment		
Office Equipment	187,672	179,710
Water Equipment/Boats	421,325	327,447
Vehicles	54,339	54,339
Leasehold Improvements - Lagrange	13,041	13,041
Accumulated Depreciation	(472,039)	(434,443)
Net Property and Equipment	204,338	140,094
Total Assets	\$ 3,915,583	\$ 3,479,088
	2014	2013
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 75,215	\$ 9,259
Unearned Membership Dues	32,115	42,820
Total Current Liabilities	107,330	52,079
Net Assets		
Unrestricted	3,453,411	3,290,581
Temporarily Restricted	354,842	136,428
Total Net Assets	3,808,253	3,427,009
Total Liabilities and Net Assets	\$ 3,915,583	\$ 3,479,088



Statement of Activities - For the Year Ended December 31 2014 With Comparative Information For December 31, 2013

The accompanying notes are an integral part of these financial statements

	Unrestricted	Temporarily Restricted	Total	12/31/2013
Support Revenues and Reclassifications				
Membership/Contributions	\$ 548,968		\$ 548,968	\$ 439,868
Interest and Dividends	161,009	-	161,009	97,027
Foundation Grants	361,000	403,500	764,500	549,582
Corporate and Government Support	370,300	133,000	503,300	432,090
Legal	7,500	-	7,500	-
Non Cash Donated Services	189,149	-	189,149	145,945
Realized/Unrealized Gain (Loss) on Investments	29,661	-	29,661	250,038
Net Assets Released from Restrictions	318,086	(318,086)	-	-
Total Support, Revenues and Reclassifications	1,985,673	218,414	2,204,087	1,914,550
Expenditures				
Programs				
Programs, Including Grants	1,407,554	-	1,407,554	1,185,521
Non Cash Donated Services	189,149	-	189,149	145,945
Total Programs Expenditures	1,596,703	-	1,596,703	1,331,466
Other				
Administrative	136,489	-	136,489	126,917
Fund Raising	89,651	-	89,651	92,446
Total Other Expenditures	226,140	-	226,140	219,363
Total Expenditures	1,822,843	-	1,822,843	1,550,829
Change in Net Assets	162,830	218,414	381,244	363,721
Net Assets at the Beginning of the Year	3,290,581	136,428	3,427,009	3,063,288
Net Assets at the End of the Year	\$ 3,453,411	\$ 354,842	\$ 3,808,253	\$ 3,427,009



Statements of Cash Flows - December 31, 2014 and 2013

The accompanying notes are an integral part of these financial statements

	2014	2013
Cash Flows From Operating Activities		
Change in Net Assets	\$ 381,244	\$ 363,721
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	37,596	42,555
Realized/Unrealized (Gains) Losses on Investments	(29,661)	(250,038)
Change in Grants and Contracts Receivable	(105,366)	24,000
Change in Gift Cards	(3,795)	
Change in Accounts Receivable	(2,445)	126
Change in Accounts Payable and Accrued Expenses	65,956	8,348
Change in Unearned Membership Dues	(10,705)	(10,705)
Net Cash Provided By Operating Activities	<u>332,824</u>	<u>178,007</u>
Cash Flows From Investing Activities		
Purchase of Investment Securities	(279,943)	(610,970)
Sale of Investment Securities	114,109	268,606
Purchases of Furniture and Equipment	(101,841)	(5,750)
Net Cash Provided By Investing Activities	<u>(267,675)</u>	<u>(348,114)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	65,149	(170,107)
Cash and Cash Equivalents as of the Beginning of Year	<u>864,065</u>	<u>1,034,172</u>
Cash and Cash Equivalents as of the End of Year	<u>\$ 929,214</u>	<u>\$ 864,065</u>



Notes to Financial Statements - December 31, 2014 and 2013

Note 1: Organization and Nature of Activities

Chattahoochee Riverkeeper, Inc. (the "Riverkeeper") is a nonprofit organization whose mission is to advocate and secure the protection and stewardship to the Chattahoochee River, its tributaries and watershed in order to restore and conserve their ecological health for the people, fish and wildlife that depend on the river system. The Riverkeeper uses advocacy, education, communication, monitoring, and legal actions to protect and restore the Chattahoochee River and its watershed.

Note 2: Summary of Significant Accounting Policies

Revenue Recognition

The Riverkeeper considers all gifts of cash and other assets to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Riverkeeper had no permanently restricted net assets in 2014 or 2013.

Public Support and Revenue

Annual membership contributions and amounts raised from public events are available for unrestricted use in the year received. Grants from private foundations are a significant source of the Riverkeeper's funds.

The following represents contributions made of \$30,000 or more and any related restrictions:

Contributor	Restrictions	Grants
2014		
Turner Foundation	Unrestricted	\$ 265,000
Mott Foundation	Policy	\$ 75,000
Harland Foundation	Monitoring/Patrols	\$ 67,000
Cox Foundation	LLALC/Monitoring/Gala	\$ 61,500
EPA	Monitoring	\$ 60,000
The Sapelo Foundation	Monitoring/Patrols/Legislation/Tri-State	\$ 52,000
Callaway Foundation	Outreach	\$ 50,000
Coca-Cola Company	Water Quantity\Unrestricted	\$ 49,908
The Kendeda Fund	LLALC/Monitoring	\$ 40,000
Courts Foundation	Monitoring/Patrols	\$ 34,000
2013		
Turner Foundation	Unrestricted	\$ 265,000
The Sapelo Foundation	Policy	\$ 66,000
SweetWater Brewing Company	Unrestricted	\$ 57,897
The James Cox Foundation	Policy	\$ 50,000
The Kendeda Fund	LLALC/Monitoring	\$ 40,000
Coca-Cola Company	Outreach	\$ 38,869
Colonial Pipeline Company	Unrestricted	\$ 30,000



Notes to Financial Statements - December 31, 2014 and 2013

Note 2: Summary of Significant Accounting Policies - Continued

Public Support and Revenue - Continued

Contributions of donated noncash assets are recorded at their estimated fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. These services are recorded at their estimated fair values in the period received.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the financial statements, the Riverkeeper considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents

Investments

Investments are composed of equity securities, mutual funds and bond funds with readily determinable market values and are carried at their fair market value in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

Property and Equipment

Property and equipment are recorded at cost or fair value for contributed property and equipment and depreciated over the estimated useful lives of three to thirty-nine years using the straight-line method. Depreciation expense for the years ended December 31, 2014 and 2013 amounted to \$37,596 and \$42,555, respectively.

Unearned Membership Dues

Unearned membership dues are being amortized into revenue over a five year period beginning December 31, 2013 and ending December 31, 2018.

Income Taxes

The Riverkeeper is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code.



Notes to Financial Statements - December 31, 2014 and 2013

Note 2: Summary of Significant Accounting Policies - Continued

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America. 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Riverkeeper's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

Note 3: Grants and Accounts Receivable

The Riverkeeper considers all grant and accounts receivable to be collectible and, accordingly, has not recorded a reserve for uncollectible accounts.

Note 4: Donated Services

The Riverkeeper receives a significant amount of donated services from unpaid volunteers who assist in special projects and has recorded donated services and donated services expenditures in the amounts of \$189,149 and \$145,945 for the years ended December 31, 2014 and 2013.

Note 5: Investments

Investments are summarized as follows:

	December 31, 2014		December 31, 2013	
	Cost	Fair Value	Cost	Fair Value
Equity Funds	\$ 1,275,294	\$ 1,429,469	\$ 1,151,070	\$ 1,309,248
Bond Funds & Individual Bonds	588,841	635,966	562,415	603,840
Blended Funds & Individual Stocks	437,052	430,556	428,540	486,665
	<u>\$ 2,301,187</u>	<u>\$ 2,495,991</u>	<u>\$ 2,142,025</u>	<u>\$ 2,399,753</u>

Realized/Unrealized gain on investments consists of the following:

	December 31 2014	December 31 2013
Realized Gain (Loss)	\$ 48,907	\$ 48,446
Unrealized Gain (Loss)	(19,246)	201,592
	<u>\$ 29,661</u>	<u>\$ 250,038</u>



Notes to Financial Statements - December 31, 2014 and 2013

Note 6: Concentration of Credit Risk

During 2014, the Riverkeeper held cash balances in a money market account with a brokerage house and also held cash in FDIC insured accounts which at times exceeded the FDIC insured amount.

The Riverkeeper has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash.

Note 7: Operating Leases

The Riverkeeper leases certain office space in Atlanta under a noncancellable operating lease. The minimum lease payments are \$3,987 per month at inception of the lease increasing 3% each year during the initial 50 month term of the lease. Pursuant to the lease, the Riverkeeper exercised it's option to renew the lease for an additional 48 months on January 22, 2007 and then again exercised it's option to renew the lease for an additional 48 months on August 12, 2010 which extended the lease term through February 28, 2015 and then again on February 12, 2015 extended the lease term for an additional five year period through February 29, 2020.

Future minimum lease payments under the lease are as follows:

<u>Year Ended</u>	<u>Lease Payment</u>
December 31, 2015	\$ 63,761
December 31, 2016	64,630
December 31, 2017	66,569
December 31, 2018	68,566
December 31, 2019	70,623
December 31, 2020	<u>11,828</u>
Total	<u><u>\$ 345,977</u></u>

The Riverkeeper also leases certain office space in Gainesville, Ga under a noncancellable operating lease. The minimum lease payments are \$202 per month. The lease term is February 1, 2015 through January 31, 2016. Future minimum lease payments under the lease is are as follows:

<u>Year Ended</u>	<u>Lease Payment</u>
December 31, 2015	\$ 2,020
December 31, 2016	<u>404</u>
Total	<u><u>\$ 2,424</u></u>



Notes to Financial Statements - December 31, 2014 and 2013

Note 8: Related Parties

A member of the Board of Directors of the Riverkeeper is also an officer in a Foundation which is classified as a significant contributor to the Riverkeeper.

Note 9: Subsequent Events

The Riverkeeper has evaluated subsequent events through May 19, 2015 which is the date the financial statements were prepared. No subsequent events were identified that required adjustment to or disclosure within the financial statements.

Note 10: Reserve Fund Policy

In 2001, the Board of Directors adopted an investment policy based on long-term and short-term objectives to provide for safekeeping and growth of the organization's accumulated funds. On September 14, 2007 the Board of Directors approved a Reserve Fund equal to \$600,000 of the Riverkeeper's operating expenses which can be invested pursuant to the 2001 Investment Policy. The Board believes that the Riverkeeper's Investment Policy and Reserve Fund Policy represent their commitment to the current and future sustainability of the Riverkeeper.

Reserve funds are accessible for use as operating funds or for capital expenditures only after a review of the need for their use by the Riverkeeper's Finance Committee and a vote of the majority of the members of the Riverkeeper's Board of Directors.

Reasons to access the Reserve Fund include, but are not limited to the following:

1. Support of day-to-day operations, if there is a crisis and an emergency cash flow issue,
2. support for a new initiative if an opportunity presents itself, yet there is not sufficient time to raise the funds to take advantage of the opportunity, and
3. support for an unexpected legal action - either offensive or defensive

Note 11: FIN 48 Disclosure

The Riverkeeper has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-than-likely-than-not be sustained upon examination by taxing authorities. The Riverkeeper has analyzed tax positions taken for filing with the Internal Revenue Service and all state tax jurisdictions where it operates. The Riverkeeper believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Riverkeeper's financial condition, results of operations or cash flows. Accordingly, the Riverkeeper has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2014.



Notes to Financial Statements - December 31, 2014 and 2013

Note 12: Fair Value Measurements

The Riverkeeper reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used are as follows:

Level 1 - Quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2 - Inputs other than quoted market prices that are observable either directly or indirectly

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets in markets that are not active.
- observable inputs other than quoted prices such as interest rates and yield curves; and
- inputs derived or corroborated by observable market data by correlation or by other means.

Level 3 - Unobservable inputs. Used to the extent that observable inputs are unavailable

When available, the Riverkeeper measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. However, Level 1 inputs are not available for all of the assets and liabilities that the Riverkeeper may be required to measure, for example, in-kind contributions. The Riverkeeper primarily uses fair value measures in the area of investments and noncash services.



Note 13: Functional Allocation of Expenses

2014	Outreach	Water Quantity	Water Quality	Marketing	Total Program	Administrative	Fund Raising	Total Other
Salary & Benefits	\$ 233,995	\$ 150,700	\$ 251,259	\$ 79,138	\$ 715,092	\$ 99,231	\$ 60,150	\$ 159,381
Consulting	265,391	24,180	16,242	34,539	340,352	6,954	6,492	13,446
Rent/Utilities	36,291	15,648	24,474	7,724	84,137	11,240	6,733	17,973
Supplies	12,495	4,173	40,707	579	57,954	3,504	246	3,750
Insurance	27,945	3,217	9,227	1,609	41,998	4,542	1,396	5,938
Depreciation	17,962	7,865	7,318	4,451	37,596	-	-	-
Travel	8,050	4,757	7,331	653	20,791	1,438	43	1,481
Maintenance	11,063	1,037	6,032	518	18,650	763	461	1,224
Postage/Shipping	6,002	1,477	5,436	2,939	15,854	1,201	1,147	2,348
Printing/Copies	9,338	1,363	2,354	2,222	15,277	722	1,344	2,066
Legal	716	-	12,414	-	13,130	115	-	115
Subscriptions/Dues/Sponsor	7,289	2,247	117	2,538	12,191	1,117	644	1,761
Hospitality	8,171	716	810	732	10,429	2,200	-	2,200
Merchandise	10,155	-	-	-	10,155	-	-	-
Conference/Workshop	3,059	75	3,405	500	7,039	-	-	-
Membership/Development	1,214	1,116	1,116	-	3,446	-	10,974	10,974
Photo/Video	1,547	-	250	34	1,831	-	-	-
Taxes	361	47	486	24	918	30	21	51
Gifts	500	-	-	214	714	1,882	-	1,882
Bank Charges and Merchant Fees	-	-	-	-	-	1,550	-	1,550
	\$ 661,544	\$ 218,618	\$ 388,978	\$ 138,414	\$ 1,407,554	\$ 136,489	\$ 89,651	\$ 226,140

The costs of providing the various programs and events are shown on the statement of activities under expenditures. Accordingly, certain costs, as shown above, have been allocated among the programs and events benefited. Management charges costs related directly to programs conducted by the Riverkeeper directly to those programs. Management reviews other indirect costs such as rent, utilities, postage and other expenses required to run the programs or events and allocates the appropriate share of these costs accordingly.



Note 13: Functional Allocation of Expenses - continued

2013	Outreach	Water Quantity	Water Quality	Marketing	Total Program	Administrative	Fund Raising	Total Other
Salary & Benefits	\$ 221,687	\$ 146,742	\$ 196,677	\$ 69,429	\$ 634,535	\$ 74,402	\$ 64,305	\$ 138,707
Consulting	177,701	27,175	19,735	4,793	229,404	18,046	3,715	21,761
Rent/Utilities	40,992	16,369	17,807	8,492	83,660	11,580	8,802	20,382
Supplies	15,007	276	27,547	354	43,184	2,403	172	2,575
Insurance	30,643	4,283	7,828	2,239	44,993	4,711	2,239	6,950
Depreciation	20,331	8,902	8,283	5,039	42,555	-	-	-
Travel	5,051	4,152	4,028	201	13,432	2,298	62	2,360
Maintenance	13,448	1,054	5,243	549	20,294	871	549	1,420
Postage/Shipping	5,375	1,289	4,449	3,215	14,328	3,307	1,071	4,378
Printing/Copies	5,557	676	837	8,096	15,166	890	535	1,425
Legal	-	320	-	-	320	459	-	459
Subscriptions/Dues/Sponsor	3,337	1,835	329	330	5,831	305	245	550
Hospitality	5,528	220	501	754	7,003	1,245	189	1,434
Merchandise	22,307	-	-	255	22,562	-	-	-
Conference/Workshop	158	2,990	1,610	-	4,758	2,403	361	2,764
Membership/Development	324	324	324	-	972	-	984	984
Photo/Video	1,765	-	-	-	1,765	-	525	525
Taxes	467	-	25	-	492	340	367	707
Bank Charges and Merchant Fees	-	-	-	-	-	2,968	8,325	11,293
Stationery	267	-	-	-	267	-	-	-
Office Expense	-	-	-	-	-	222	-	222
Hiring Costs	-	-	-	-	-	467	-	467
	\$ 569,945	\$ 216,607	\$ 295,223	\$ 103,746	\$ 1,185,521	\$ 126,917	\$ 92,446	\$ 219,363

The costs of providing the various programs and events are shown on the statement of activities under expenditures. Accordingly, certain costs, as shown above, have been allocated among the programs and events benefited. Management charges costs related directly to programs conducted by the Riverkeeper directly to those programs. Management reviews other indirect costs such as rent, utilities, postage and other expenses required to run the programs or events and allocates the appropriate share of these costs accordingly.