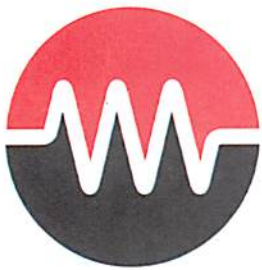


Chattahoochee Riverkeeper, Inc.

Audits of Financial Statements

December 31, 2015 and 2014



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, 2015 and 2014, and the related statements of activities, and cash flows for the year ended December 31, 2015, 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, 2014 and in my report dated May 19, 2015, 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, 2015 and 2014 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

November 15, 2016



Keeping Watch Over Our Waters

Statements of Financial Position - December 31, 2015 and 2014

The accompanying notes are an integral part of these financial statements

	2015	2014
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 1,748,522	\$ 929,214
Gift Cards	5,469	3,795
Accounts Receivable	-	2,445
Capacity Campaign Receivable	182,500	-
Grants and Contracts Receivable	68,001	180,542
Investments	2,563,339	2,595,249
Total Current Assets	4,567,831	3,711,245
Property and Equipment		
Office Equipment	209,474	187,672
Water Equipment/Boats	443,831	421,325
Vehicles	94,383	54,339
Leasehold Improvements - Lagrange	13,041	13,041
Accumulated Depreciation	(516,961)	(472,039)
Net Property and Equipment	243,768	204,338
Total Assets	\$ 4,811,599	\$ 3,915,583
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 15,906	\$ 75,215
Unearned Membership Dues	21,410	32,115
Total Current Liabilities	37,316	107,330
Net Assets		
Unrestricted	3,463,139	3,453,411
Temporarily Restricted	1,311,144	354,842
Total Net Assets	4,774,283	3,808,253
Total Liabilities and Net Assets	\$ 4,811,599	\$ 3,915,583



Keeping Watch Over Our Waters

Statement of Activities - For the Year Ended December 31 2015 With Comparative Information For December 31, 2014

The accompanying notes are an integral part of these financial statements

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>12/31/2014</u>
Support Revenues and Reclassifications				
Membership/Contributions	\$ 491,795		\$ 491,795	\$ 548,968
Interest and Dividends	183,478	-	183,478	161,009
Foundation Grants	482,834	124,500	607,334	764,500
Corporate and Government Support	355,858	58,000	413,858	503,300
Capacity Campaign		1,190,800	1,190,800	-
Legal	75,913	-	75,913	7,500
Non Cash Donated Services	310,457	-	310,457	189,149
Realized/Unrealized Gain (Loss) on Investments	(208,442)	-	(208,442)	29,661
Net Assets Released from Restrictions	416,998	(416,998)	-	-
Total Support, Revenues and Reclassifications	<u>2,108,891</u>	<u>956,302</u>	<u>3,065,193</u>	<u>2,204,087</u>
Expenditures				
Programs				
Programs, Including Grants	1,581,095	-	1,581,095	1,407,554
Non Cash Donated Services	310,457	-	310,457	189,149
Total Programs Expenditures	<u>1,891,552</u>	<u>-</u>	<u>1,891,552</u>	<u>1,596,703</u>
Other				
Administrative	115,131	-	115,131	136,489
Fund Raising	92,480	-	92,480	89,651
Total Other Expenditures	<u>207,611</u>	<u>-</u>	<u>207,611</u>	<u>226,140</u>
Total Expenditures	<u>2,099,163</u>	<u>-</u>	<u>2,099,163</u>	<u>1,822,843</u>
Change in Net Assets	9,728	956,302	966,030	381,244
Net Assets at the Beginning of the Year	3,453,411	354,842	3,808,253	3,427,009
Net Assets at the End of the Year	<u>\$ 3,463,139</u>	<u>\$ 1,311,144</u>	<u>\$ 4,774,283</u>	<u>\$ 3,808,253</u>



Keeping Watch Over Our Waters

Statements of Cash Flows - December 31, 2015 and 2014

The accompanying notes are an integral part of these financial statements

	2015	2014
Cash Flows From Operating Activities		
Change in Net Assets	\$ 966,030	\$ 381,244
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	44,922	37,596
Realized/Unrealized (Gains) Losses on Investments	208,442	(29,661)
Change in Grants and Contracts Receivable	112,541	(105,366)
Change in Gift Cards	(1,674)	(3,795)
Change in Accounts Receivable	2,445	(2,445)
Change in Capacity Campaign Receivable	(182,500)	-
Change in Accounts Payable and Accrued Expenses	(59,309)	65,956
Change in Unearned Membership Dues	(10,705)	(10,705)
Net Cash Provided By Operating Activities	<u>1,080,192</u>	<u>332,824</u>
Cash Flows From Investing Activities		
Purchase of Investment Securities	(271,511)	(279,943)
Sale of Investment Securities	95,230	114,109
Purchases of Furniture and Equipment	(84,603)	(101,841)
Net Cash Provided By Investing Activities	<u>(260,884)</u>	<u>(267,675)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	819,308	65,149
Cash and Cash Equivalents as of the Beginning of Year	<u>929,214</u>	<u>864,065</u>
Cash and Cash Equivalents as of the End of Year	<u><u>\$ 1,748,522</u></u>	<u><u>\$ 929,214</u></u>



Keeping Watch Over Our Waters

Notes to Financial Statements - December 31, 2015 and 2014

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 lakes, 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 2015 or 2014.

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
2015		
Turner Foundation	Unrestricted\Water Quality	\$ 260,000
Kendeda	Capacity Campaign	\$ 200,000
Woodruff Foundation	Capacity Campaign	\$ 320,000
Cox Foundation	Capacity/Monitoring/Unrestricted	\$ 405,000
Vasser Woolley	Capacity Campaign	\$ 50,000
The Sapelo Foundation	Water Quantity\Outreach	\$ 36,999
Glover	Capacity Campaign	\$ 30,000
Coca-Cola Company	Water Quantity\Unrestricted\Outreach	\$ 56,279
HBB	Capacity Campaign	\$ 75,000
Noonan	Capacity Campaign\Unrestricted	\$ 50,000
Aveda	Unrestricted	\$ 53,726
Parsonson	Capacity Campaign	\$ 30,000
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



Keeping Watch Over Our Waters

Notes to Financial Statements - December 31, 2015 and 2014

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.

In 2015, Chattahoochee Riverkeeper launched its Capacity Building Campaign to raise funds to expand the organization's existing programs and where beneficial develop new programs. The Capacity Campaign fund raising efforts run through December 31, 2017 with a goal of raising \$2 million. As of December 31, 2015 the Riverkeeper has raised \$1,190,800, which is shown as temporarily restricted support revenue in the accompanying financial statements. The Riverkeeper continues to raise funds to meet its \$2 million goal, while beginning also expending Capacity Campaign funds to expand certain of its programs.

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, 2015 and 2014 amounted to \$44,922 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.



Keeping Watch Over Our Waters

Notes to Financial Statements - December 31, 2015 and 2014

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, 2014, 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 \$310,457 and \$189,149 for the years ended December 31, 2015 and 2014.

Note 5: Investments

Investments are summarized as follows:

	December 31, 2015		December 31, 2014	
	Cost	Fair Value	Cost	Fair Value
Equity Funds	\$ 1,554,433	\$ 1,574,009	\$ 1,381,623	\$ 1,567,748
Bond Funds & Individual Bonds	498,097	491,547	482,512	497,687
Blended Funds & Individual Stocks	517,436	497,783	536,142	529,814
	<u>\$ 2,569,966</u>	<u>\$ 2,563,339</u>	<u>\$ 2,400,277</u>	<u>\$ 2,595,249</u>

Realized/Unrealized gain on investments consists of the following:

	December 31 2015	December 31 2014
Realized Gain (Loss)	\$ (204,315)	\$ 48,907
Unrealized Gain (Loss)	(4,127)	(19,246)
	<u>\$ (208,442)</u>	<u>\$ 29,661</u>

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.



Keeping Watch Over Our Waters

Notes to Financial Statements - December 31, 2015 and 2014

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 its option to renew the lease for an additional 48 months on January 22, 2007 and then again exercised its 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, 2016	64,630
December 31, 2017	66,569
December 31, 2018	68,566
December 31, 2019	70,623
December 31, 2020	11,828
Total	\$ 282,216

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 are as follows:

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

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 November 15, 2016 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.



Keeping Watch Over Our Waters

Notes to Financial Statements - December 31, 2015 and 2014

Note 10: Reserve Fund Policy - continued

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 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, 2015.

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.



Keeping Watch Over Our Waters

Notes to Financial Statements - December 31, 2015 and 2014

Note 13: Functional Allocation of Expenses

2015	Outreach	Water Quantity	Water Quality	Marketing	Total Program	Administrative	Fund Raising	Total Other
Salary & Benefits	\$ 225,034	\$ 134,393	\$ 254,879	\$ 73,270	\$ 687,576	\$ 50,888	\$ 41,737	\$ 92,625
Consulting	222,403	40,631	22,048	91,024	376,106	28,265	6,752	35,017
Capacity Campaign	46,938	224	70,668	-	117,830	409	-	409
Rent/Utilities	37,513	14,153	26,049	7,627	85,342	11,185	5,878	17,063
Supplies	20,307	7,502	45,924	415	74,148	2,649	1,706	4,355
Insurance	30,399	3,962	10,216	2,154	46,731	5,857	1,808	7,665
Depreciation	21,462	9,397	8,744	5,319	44,922	-	-	-
Printing/Copies	8,863	526	4,664	10,243	24,296	1,744	122	1,866
Merchandise	18,952	-	-	-	18,952	-	14,918	14,918
Maintenance	9,962	977	5,845	481	17,265	5,607	374	5,981
Postage/Shipping	5,396	1,250	6,194	4,392	17,232	1,026	1,108	2,134
Subscriptions/Dues/Sponsor	9,657	2,500	450	3,313	15,920	1,730	3,336	5,066
Legal	294	20	14,158	-	14,472	39	-	39
Travel	8,141	1,914	3,364	734	14,153	1,397	39	1,436
Hospitality	6,298	1,422	1,444	1,128	10,292	3,609	132	3,741
Membership/Development	3,013	2,193	2,193	-	7,399	-	14,562	14,562
Conference/Workshop	3,354	793	1,938	-	6,085	30	-	30
Photo/Video	1,051	-	-	100	1,151	19	8	27
Other Expense	357	-	136	-	493	200	-	200
Taxes	402	-	14	-	416	40	-	40
Bank Charges and Merchant Fees	314	-	-	-	314	162	-	162
Gifts	-	-	-	-	-	275	-	275
	<u>\$ 680,110</u>	<u>\$ 221,857</u>	<u>\$ 478,928</u>	<u>\$ 200,200</u>	<u>\$ 1,581,095</u>	<u>\$ 115,131</u>	<u>\$ 92,480</u>	<u>\$ 207,611</u>

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.



Keeping Watch Over Our Waters

Notes to Financial Statements - December 31, 2015 and 2014

Note 13: Functional Allocation of Expenses - continued

2014	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
	<u>\$ 569,945</u>	<u>\$ 216,607</u>	<u>\$ 295,223</u>	<u>\$ 103,746</u>	<u>\$ 1,185,521</u>	<u>\$ 126,917</u>	<u>\$ 92,446</u>	<u>\$ 219,363</u>

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.