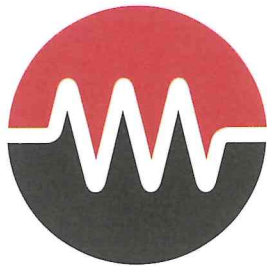


Chattahoochee Riverkeeper, Inc.

Audits of Financial Statements

December 31, 2016 and 2015



J. Lunsford, CPA

Providing All Your Accounting Needs Since 2002

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, 2016 and 2015, and the related statements of activities, and cash flows for the year ended December 31, 2016, 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, 2015 and in my report dated November 15, 2016, 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 of 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, 2016 and 2015 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

July 26, 2017



Keeping Watch Over Our Waters

Statements of Financial Position - December 31, 2016 and 2015

The accompanying notes are an integral part of these financial statements

	2016	2015
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 1,502,739	\$ 1,748,522
Gift Cards	9,366	5,469
Accounts Receivable	-	-
Capacity Campaign Receivable	199,500	182,500
Grants and Contracts Receivable	20,000	68,001
Investments	2,735,017	2,563,339
Total Current Assets	4,466,622	4,567,831
Property and Equipment		
Office Equipment	223,096	209,474
Water Equipment/Boats	469,938	443,841
Vehicles	171,973	94,383
Leasehold Improvements - Lagrange	13,041	13,041
Accumulated Depreciation	(582,828)	(516,961)
Net Property and Equipment	295,220	243,778
Total Assets	\$ 4,761,842	\$ 4,811,609
	2016	2015
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 22,588	\$ 15,906
Unearned Membership Dues	10,705	21,410
Total Current Liabilities	33,293	37,316
Net Assets		
Unrestricted	3,690,852	3,463,139
Temporarily Restricted	1,037,697	1,311,144
Total Net Assets	4,728,549	4,774,283
Total Liabilities and Net Assets	\$ 4,761,842	\$ 4,811,599



Keeping Watch Over Our Waters

Statement of Activities - For the Year Ended December 31 2016 With Comparative Information For December 31, 2015

The accompanying notes are an integral part of these financial statements

	Unrestricted 12/31/2016	Temporarily Restricted 12/31/2016	Total 12/31/2016	12/31/2015
Support Revenues and Reclassifications				
Membership/Contributions	\$ 419,010	\$ -	\$ 419,010	\$ 491,795
Interest and Dividends	155,451	-	155,451	183,478
Foundation Grants	196,445	174,900	371,345	607,334
Corporate and Government Support	428,191	68,000	496,191	413,858
Capacity Campaign		434,750	434,750	1,190,800
Legal	-	-	-	75,913
Non Cash Donated Services	184,711	-	184,711	310,457
Realized/Unrealized Gain (Loss) on Investments	49,523	-	49,523	(208,442)
Net Assets Released from Restrictions	951,097	(951,097)	-	-
Total Support, Revenues and Reclassifications	2,384,428	(273,447)	2,110,981	3,065,193
Expenditures				
Programs				
Programs, Including Grants	1,708,864	-	1,708,864	1,581,095
Non Cash Donated Services	184,711	-	184,711	310,457
Total Programs Expenditures	1,893,575	-	1,893,575	1,891,552
Other				
Administrative	179,648	-	179,648	115,131
Fund Raising	83,492	-	83,492	92,480
Total Other Expenditures	263,140	-	263,140	207,611
Total Expenditures	2,156,715	-	2,156,715	2,099,163
Change in Net Assets	227,713	(273,447)	(45,734)	966,030
Net Assets at the Beginning of the Year	3,463,139	1,311,144	4,774,283	3,808,253
Net Assets at the End of the Year	\$ 3,690,852	\$ 1,037,697	\$ 4,728,549	\$ 4,774,283



Keeping Watch Over Our Waters

Statements of Cash Flows - December 31, 2016 and 2015

The accompanying notes are an integral part of these financial statements

	2016	2015
Cash Flows From Operating Activities		
Change in Net Assets	\$ (45,734)	\$ 966,030
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	65,867	44,922
Realized/Unrealized (Gains) Losses on Investments	(49,523)	208,442
Change in Grants and Contracts Receivable	48,001	112,541
Change in Gift Cards	(3,897)	(1,674)
Change in Accounts Receivable	-	2,445
Change in Capacity Campaign Receivable	(17,000)	(182,500)
Change in Accounts Payable and Accrued Expenses	6,682	(59,309)
Change in Unearned Membership Dues	(10,705)	(10,705)
Net Cash (Used) Provided By Operating Activities	(6,309)	1,080,192
Cash Flows From Investing Activities		
Purchase of Investment Securities	(632,841)	(271,511)
Sale of Investment Securities	510,686	95,230
Purchases of Furniture and Equipment	(117,319)	(84,603)
Net Cash Used By Investing Activities	(239,474)	(260,884)
Net Increase (Decrease) in Cash and Cash Equivalents	(245,783)	819,308
Cash and Cash Equivalents as of the Beginning of Year	1,748,522	929,214
Cash and Cash Equivalents as of the End of Year	\$ 1,502,739	\$ 1,748,522



Keeping Watch Over Our Waters

Notes to Financial Statements - December 31, 2016 and 2015

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 2016 or 2015.

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
2016		
Charles Stewart Mott Foundation	Capacity Campaign	\$ 315,000
Turner Foundation	Unrestricted\Water Quality	\$ 220,000
Coca-Cola Company	Water Quantity	\$ 50,000
Kendeda	Outreach/Monitoring/Education	\$ 90,000
The Sapelo Foundation	Water Quality	\$ 40,000
Alice Richards Charitable Fund	Monitoring/Floating Classroom	\$ 30,000
Hampshire Foundation	Water Quality	\$ 30,000
Thomas G Woolford	Capacity Campaign	\$ 30,000
2015		
Cox Foundation	Capacity/Monitoring/Unrestricted	\$ 405,000
Woodruff Foundation	Capacity Campaign	\$ 320,000
Turner Foundation	Unrestricted\Water Quality	\$ 260,000
Kendeda	Capacity Campaign	\$ 200,000
HBB	Capacity Campaign	\$ 75,000
Coca-Cola Company	Water Quantity\Unrestricted\Outreach	\$ 56,279
Aveda	Unrestricted	\$ 53,726
Vasser Woolley	Capacity Campaign	\$ 50,000
Noonan	Capacity Campaign\Unrestricted	\$ 50,000
The Sapelo Foundation	Water Quantity\Outreach	\$ 36,999
Glover	Capacity Campaign	\$ 30,000
Parsonson	Capacity Campaign	\$ 30,000



Keeping Watch Over Our Waters

Notes to Financial Statements - December 31, 2016 and 2015

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 in total. Through 2016 the Riverkeeper has raised \$1,625,550, which is shown as temporarily restricted support in the accompanying financial statements. Through this same period the Riverkeeper has spent \$719,453 of the funds raised. The Riverkeeper's increase in Net Assets of \$966,030 in 2015 was due in large part to Capacity Campaign funds raised in advance of the planned year of expenditure. In 2016, the Riverkeeper raised \$434,750 and expended \$419,122 in Capacity Campaign funds. These Capacity Campaign expenditures have been allocated among the programs and events benefited as noted in Note 13 - Functional Allocation of Expenses and for the purchase of \$117,319 and \$84,603 of property and equipment in 2016 & 2015, respectively

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, 2016 and 2015 amounted to \$65,867 and \$44,922, 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, 2017.

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, 2016 and 2015

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, 2015, 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 \$184,711 and \$310,457 for the years ended December 31, 2016 and 2015.

Note 5: Investments

Investments are summarized as follows:

	December 31, 2016		December 31, 2015	
	Cost	Fair Value	Cost	Fair Value
Equity Funds	\$ 1,834,534	\$ 1,931,763	\$ 1,554,433	\$ 1,574,009
Bond Funds & Individual Bonds	586,930	527,708	498,097	491,547
Blended Funds & Individual Stocks	275,546	275,546	517,436	497,783
	<u>\$ 2,697,010</u>	<u>\$ 2,735,017</u>	<u>\$ 2,569,966</u>	<u>\$ 2,563,339</u>

Realized/Unrealized gain on investments consists of the following:

	December 31 2016	December 31 2015
Realized Gain (Loss)	\$ 41,347	\$ (204,315)
Unrealized Gain (Loss)	8,176	(4,127)
	<u>\$ 49,523</u>	<u>\$ (208,442)</u>

Note 6: Concentration of Credit Risk

During 2016, 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, 2016 and 2015

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, 2017	66,569
December 31, 2018	68,566
December 31, 2019	70,623
December 31, 2020	11,828
Total	\$ 217,586

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, 2016 through January 31, 2017. Future minimum lease payments under the lease are as follows:

<u>Year Ended</u>	<u>Lease Payment</u>
December 31, 2016	202
Total	\$ 202

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 July 26, 2017 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, 2016 and 2015

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 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, 2016.

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, 2016 and 2015

Note 13: Functional Allocation of Expenses

2016	Outreach	Water Quantity	Water Quality	Marketing	Total Program	Administrative	Fund Raising	Total Other
Salary & Benefits	\$ 235,340	\$ 160,550	\$ 291,788	\$ 79,883	\$ 767,561	\$ 74,741	\$ 49,893	\$ 124,634
Consulting	210,677	33,735	36,092	27,224	307,728	20,951	5,551	26,502
Capacity Campaign	125,246	10,553	99,960	10,467	246,226	34,376	954	35,330
Rent/Utilities	34,678	15,695	30,554	8,137	89,064	11,601	5,349	16,950
Supplies	12,911	17,070	37,668	386	68,035	7,294	64	7,358
Insurance	27,391	5,755	16,571	3,017	52,734	2,895	2,781	5,676
Depreciation	31,468	13,780	12,820	7,799	65,867	-	-	-
Printing/Copies	5,509	517	437	8,872	15,335	2,360	3,504	5,864
Merchandise	512	-	-	-	512	-	-	-
Maintenance	9,892	1,382	4,410	511	16,195	2,315	292	2,607
Postage/Shipping	7,368	643	3,891	4,423	16,325	4,216	1,514	5,730
Subscriptions/Dues/Sponsor	7,953	2,350	217	2,771	13,291	460	169	629
Legal	151	20	170	-	341	565	-	565
Travel	3,346	1,619	5,391	450	10,806	2,558	14	2,572
Hospitality	8,717	440	1,258	950	11,365	3,503	40	3,543
Membership/Development	3,393	3,528	3,528	107	10,556	262	10,867	11,129
Conference/Workshop	1,491	3,345	1,840	358	7,034	2,472	-	2,472
Photo/Video	697	-	3,769	200	4,666	-	-	-
Other Expense	84	-	2,560	-	2,644	280	-	280
Taxes	499	-	1,155	-	1,654	925	-	925
Bank Charges and Merchant Fees	143	81	159	42	425	7,718	2,500	10,218
Gifts	500	-	-	-	500	156	-	156
	<u>\$ 727,966</u>	<u>\$ 271,063</u>	<u>\$ 554,238</u>	<u>\$ 155,597</u>	<u>\$ 1,708,864</u>	<u>\$ 179,648</u>	<u>\$ 83,492</u>	<u>\$ 263,140</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, 2016 and 2015

Note 13: Functional Allocation of Expenses - continued

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	14,143	26,049	7,627	85,332	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	-	-	-
Travel	8,141	1,914	3,364	734	14,153	1,397	39	1,436
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
Printing/Copies	8,863	526	4,664	10,243	24,296	1,744	122	1,866
Legal	294	20	14,158	-	14,472	39	-	39
Subscriptions/Dues/Sponsor	9,657	2,500	450	3,313	15,920	1,730	3,336	5,066
Hospitality	6,298	1,422	1,444	1,128	10,292	3,609	132	3,741
Merchandise	18,952	-	-	-	18,952	-	14,918	14,918
Conference/Workshop	3,354	793	1,938	-	6,085	30	-	30
Membership/Development	3,013	2,193	2,193	-	7,399	-	14,562	14,562
Photo/Video	1,051	-	-	100	1,151	19	8	27
Taxes	402	-	14	-	416	40	-	40
Bank Charges and Merchant Fees	314	-	-	-	314	162	-	162
Other Expense	357	-	136	-	493	200	-	200
Gifts	-	-	-	-	-	275	-	275
	<u>\$ 680,110</u>	<u>\$ 221,847</u>	<u>\$ 478,928</u>	<u>\$ 200,200</u>	<u>\$ 1,581,085</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.