

Upper Chattahoochee Riverkeeper, Inc.

Audit of Financial Statements

December 31, 2009 and 2008

BACH, JAMES, MANSOUR, & COMPANY, P.C.

Certified Public Accountants



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Independent Auditor's Report

To the Board of Directors
Upper Chattahoochee Riverkeeper, Inc.

We have audited the accompanying statement of financial position of Upper Chattahoochee Riverkeeper, Inc., (a nonprofit organization), as of December 31, 2009 and 2008 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Upper Chattahoochee Riverkeeper, Inc. as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Bach James Mansour & Co., P.C.

Kennesaw, Georgia
April 30, 2010



Keeping Watch Over Our Waters

Statements of Financial Position - December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 1,157,418	\$ 1,137,220
Accounts Receivable	5,295	4,777
Grants and Contracts Receivable	477,683	425,183
Investments	1,188,848	962,182
	<u>2,829,244</u>	<u>2,529,362</u>
Property and Equipment		
Office Equipment	170,350	154,261
Water Equipment	256,331	251,911
Vehicles	52,563	22,616
Accumulated Depreciation	<u>(251,289)</u>	<u>(203,216)</u>
	<u>227,955</u>	<u>225,572</u>
Total Assets	<u>\$ 3,057,199</u>	<u>\$ 2,754,934</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 9,728	\$ 8,343
Unearned Membership Dues	59,615	56,017
	<u>69,343</u>	<u>64,360</u>
Net Assets		
Unrestricted	2,705,244	2,499,331
Temporarily Restricted	282,612	191,243
	<u>2,987,856</u>	<u>2,690,574</u>
Total Liabilities and Net Assets	<u>\$ 3,057,199</u>	<u>\$ 2,754,934</u>

The accompanying notes are an integral part of these financial statements.



Keeping Watch Over Our Waters

Statement of Activities - December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support Revenues and Reclassifications			
Memberships/Contributions	\$ 368,601	\$ 17,635	\$ 386,236
Interest and Dividends	32,747	-	32,747
Foundation Grants	300,000	188,000	488,000
Corporate and Government Support	315,762	8,000	323,762
Donated Assets	4,420	-	4,420
Non Cash Donated Services	131,627	-	131,627
Realized/Unrealized Gain on Investments	198,120	-	198,120
Net Assets Released from Restrictions	122,266	(122,266)	-
Total Public Support, Revenues and Reclassifications	<u>1,473,543</u>	<u>91,369</u>	<u>1,564,912</u>
Expenditures			
Programs			
Programs, Including Grants	982,096	-	982,096
Non Cash Donated Services	131,627	-	131,627
Total Programs Expenditures	<u>1,113,723</u>	<u>-</u>	<u>1,113,723</u>
Administrative	77,159	-	77,159
Fund Raising	76,748	-	76,748
Total Other Expenses	<u>153,907</u>	<u>-</u>	<u>153,907</u>
Change in Net Assets	205,913	91,369	297,282
Net Assets as of December 31, 2008	<u>2,499,331</u>	<u>191,243</u>	<u>2,690,574</u>
Net Assets as of December 31, 2009	<u><u>\$ 2,705,244</u></u>	<u><u>\$ 282,612</u></u>	<u><u>\$ 2,987,856</u></u>

The accompanying notes are an integral part of these financial statements.



Keeping Watch Over Our Waters

Statement of Activities - December 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support Revenues and Reclassifications			
Memberships/Contributions	\$ 333,046	\$ 150,000	\$ 483,046
Interest and Dividends	73,185	-	73,185
Foundation Grants	669,486	35,000	704,486
Corporate and Government Support	305,792	5,000	310,792
Donated Assets	6,305	-	6,305
Non Cash Donated Services	236,313	-	236,313
Realized/Unrealized Gain on Investments	(473,457)	-	(473,457)
Net Assets Released from Restrictions	232,187	(232,187)	-
Total Public Support, Revenues and Reclassifications	<u>1,382,857</u>	<u>(42,187)</u>	<u>1,340,670</u>
Expenditures			
Programs			
Programs, Including Grants	1,011,024	-	1,011,024
Non Cash Donated Services	236,313	-	236,313
Total Programs Expenditures	<u>1,247,337</u>	<u>-</u>	<u>1,247,337</u>
Administrative	125,760	-	125,760
Fund Raising	100,253	-	100,253
Total Other Expenses	<u>226,013</u>	<u>-</u>	<u>226,013</u>
Change in Net Assets	<u>(90,493)</u>	<u>(42,187)</u>	<u>(132,680)</u>
Net Assets as of December 31, 2007	<u>2,589,824</u>	<u>233,430</u>	<u>2,823,254</u>
Net Assets as of December 31, 2008	<u>\$ 2,499,331</u>	<u>\$ 191,243</u>	<u>\$ 2,690,574</u>

The accompanying notes are an integral part of these financial statements.



Keeping Watch Over Our Waters

Statements of Cash Flows - December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 297,282	\$ (132,680)
Adjustments To Reconcile Change in Net Assets		
To Net Cash Provided by Operating Activities:		
Donated Assets	-	(6,305)
Depreciation	48,073	43,380
Realized/Unrealized (Gains) Losses on Investments	(198,120)	473,457
Realized Gain on Disposal of Assets	-	-
Change in Grants and Contracts Receivable	(52,500)	(271,921)
Change in Accounts Receivable	(518)	(3,764)
Change in Accounts Payable and Accrued Expenses	1,385	(25,635)
Change in Unearned Membership Dues	3,598	(656)
	<u>99,200</u>	<u>75,876</u>
Net Cash Provided by Operating Activities	<u>99,200</u>	<u>75,876</u>
Cash Flows From Investing Activities:		
Purchase of Investment Securities	(507,853)	(132,197)
Sale of Investment Securities	481,367	80,992
Purchases of Furniture and Equipment	(48,096)	(27,329)
	<u>(74,582)</u>	<u>(78,534)</u>
Net Cash Used by Investing Activities	<u>(74,582)</u>	<u>(78,534)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	24,618	(2,658)
Cash and Cash Equivalents as of the Beginning of Year	<u>1,137,220</u>	<u>1,139,878</u>
Cash and Cash Equivalents as of the End of Year	<u>\$ 1,161,838</u>	<u>\$ 1,137,220</u>

The accompanying notes are an integral part of these financial statements.



Keeping Watch Over Our Waters

Notes to Financial Statements - December 31, 2009 and 2008

Note 1: Organization and Nature of Activities

Upper Chattahoochee Riverkeeper, Inc. (the "Riverkeeper") is a nonprofit organization whose mission is to advocate and secure the protection and stewardship of the Chattahoochee River, its tributaries and watershed, in order to restore and conserve their ecological health for the people and fish and wildlife that depend on the river system. The Riverkeeper uses advocacy, education, research, 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 2009 or 2008.

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:

<u>Contributor</u>	<u>Restrictions</u>	<u>Grant</u>
2009		
Turner Foundation	Unrestricted	\$ 280,500
Charles Stewart Mott FDN	Georgia Water Policy	\$ 40,000
Parsonson Family FDN	Communication Assets	\$ 35,000
Sapelo Foundation	Water Quality	\$ 42,000
RBC	Outreach Campaign	\$ 75,000
2008		
Turner Foundation	Unrestricted	\$ 550,000
Cox Foundation	Unrestricted	\$ 35,000
Debbie & Bert Ellis	Challenge Grant	\$ 100,000
Noonan Foundation	Challenge Grant	\$ 50,000



Keeping Watch Over Our Waters

Notes to Financial Statements - December 31, 2009 and 2008

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 change in net assets.

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 ten years using the straight-line method. Depreciation expense for the years ended December 31, 2009 and 2008 amounted to \$48,073 and \$43,380, respectively.

Unearned Membership Dues

Funds received as annual memberships intended to cover a stated period of time are deferred over such membership periods.

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, 2009 and 2008

Note 2: Summary of Significant Accounting Policies - Continued

Financial Statement Presentation

The Riverkeeper prepares its financial statements based upon SFAS NO. 117, Financial Statements of Not-For-Profit Organizations. As such, the Riverkeeper reports 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) based upon the existence or absence of donor-imposed restrictions.

Note 3: Investments

Investments at December 31, 2009 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>
Equity Mutual Funds	\$ 829,736	\$ 756,522
Bond Mutual Funds & Individual Bonds	176,933	165,315
Blended Mutual Funds & Individual Stocks	<u>271,288</u>	<u>267,011</u>
	<u>\$ 1,277,957</u>	<u>\$ 1,188,848</u>

Investments at December 31, 2008 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>
Equity Mutual Funds	\$ 613,053	\$ 410,393
Bond Mutual Funds & Individual Bonds	339,073	279,270
Blended Mutual Funds & Individual Stocks	<u>352,038</u>	<u>272,519</u>
	<u>\$ 1,304,164</u>	<u>\$ 962,182</u>

Note 4: 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.



Keeping Watch Over Our Waters

Notes to Financial Statements - December 31, 2009 and 2008

Note 5: 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 \$136,047 and \$236,313 for the years ended December 31, 2009 and 2008, respectively.

Note 6: Concentration of Credit Risk for Cash

During 2009, the Riverkeeper had cash balances held 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 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 has one four year option to renew the lease upon expiration at a rate equal to 90% of the fair market value rent for the office space. On January 22, 2007, the Riverkeeper exercised the four year option to renew the lease. The lease amendment extends the lease until February 28, 2011.

Future minimum lease payments under the lease are as follows:

<u>Year Ended</u>	<u>Lease Payment</u>
December 31, 2010	66,539
December 31, 2011	<u>11,141</u>
Total	<u>\$ 77,680</u>

Note 8: Realized/Unrealized Gains

Realized/unrealized gain on investments consists of the following:

	<u>12.31.09</u>	<u>12.31.08</u>
Realized Gain (Loss) on Investments	\$ (89,021)	\$ (29,309)
Unrealized Gain (Loss) on Investments	<u>287,141</u>	<u>(444,148)</u>
	<u>\$ 198,120</u>	<u>\$ (473,457)</u>



Keeping Watch Over Our Waters

Notes to Financial Statements - December 31, 2009 and 2008

Note 9: Related Parties

The Chairman 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 10: Allocation of Indirect Costs

The costs of providing the various programs and events are shown on the Statement of Activities under Expenditures. Accordingly, certain costs have been allocated among the programs and events benefited.

Management charges costs related directly to charitable purposes and programs conducted by the Riverkeeper directly to those charitable purposes and programs.

Management reviews other indirect costs such as rent, utilities, postage and other expenses needed to run the programs or events and allocates the appropriate share of these costs accordingly.

Note 11: 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 at least six months of the Riverkeeper's operating expenses, currently approximating \$600,000 which will be invested pursuant to their 2001 Investment Policy. The Board believes that the Riverkeeper's Investment Policy and Reserve Fund Policy represents their commitment to the current and future sustainability of the Riverkeeper.

Reserve funds will be 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:

1. support of day-to-day operations, if there is a crisis and an emergency cash flow problem,
2. support for a new initiative if an opportunity presents itself, yet there is no time to raise cash to take advantage of the opportunity, and
3. support for an unexpected legal action - either offensive or defense