



**FRIENDS OF THE COLORADO RIVER
FOUNDATION, INC.**
(Doing Business As Colorado River Alliance)

Financial Statements
(With Independent Auditors' Report
Thereon)

June 30, 2014 and 2013



PMB Helin Donovan
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
of the Friends of the Colorado River Foundation, Inc.
(d/b/a Colorado River Alliance)

We have audited the accompanying financial statements of the Friends of the Colorado River Foundation, Inc. d/b/a the Colorado River Alliance (the "Organization"), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years 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.

Auditor's Responsibility

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 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 the Organization as of June 30, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on page 10 is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

PMB HELIN DONOVAN, LLP

PMB Helin Donovan, LLP

December 16, 2014
Austin, Texas

FRIENDS OF THE COLORADO RIVER FOUNDATION, INC.

Statements of Financial Position

As of June 30, 2014 and 2013

Assets	2014	2013
Cash and cash equivalents	\$ 291,467	\$ 224,693
Contributions receivable, net	3,817	108,817
Prepaid expenses	17,789	10,871
Property and equipment, net	158,154	1,740
Total assets	<u>\$ 471,227</u>	<u>\$ 346,121</u>
 Liabilities and Net Assets		
Accounts payable	\$ 20,802	\$ 3,691
Accrued expenses	8,426	6,812
Total liabilities	<u>29,228</u>	<u>10,503</u>
 Net assets		
Unrestricted	6,035	98,664
Temporarily restricted	435,964	236,954
Permanently restricted	-	-
Total net assets	<u>441,999</u>	<u>335,618</u>
 Total liabilities and net assets	 <u>\$ 471,227</u>	 <u>\$ 346,121</u>

See accompanying notes and independent auditors' report.

FRIENDS OF THE COLORADO RIVER FOUNDATION, INC.

Statement of Activities

Year Ended June 30, 2014

With Summarized Totals for Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2014 Total</u>	<u>2013 Total</u>
Revenues					
Contributions	\$ 168,760	\$ 27,622	\$ -	\$ 196,382	\$ 249,125
Grants	-	139,241	-	139,241	124,600
Events	150,297	176,969	-	327,266	156,787
Investment income	-	-	-	0	267
Net assets released from restrictions	144,822	(144,822)	-	-	-
Total revenues	<u>463,879</u>	<u>199,010</u>	<u>-</u>	<u>662,889</u>	<u>530,779</u>
Expenses					
Program services	368,650	-	-	368,650	329,690
Fundraising	115,572	-	-	115,572	113,482
Management and general	72,286	-	-	72,286	32,688
Total expenses	<u>556,508</u>	<u>-</u>	<u>-</u>	<u>556,508</u>	<u>475,860</u>
Change in net assets	(92,629)	199,010	-	106,381	54,919
Net assets at beginning of year	98,664	236,954	-	335,618	280,699
Net assets at end of year	<u>\$ 6,035</u>	<u>\$ 435,964</u>	<u>\$ -</u>	<u>\$ 441,999</u>	<u>\$ 335,618</u>

See accompanying notes and independent auditors' report.

FRIENDS OF THE COLORADO RIVER FOUNDATION, INC.

Statement of Activities

Year Ended June 30, 2013

With Summarized Totals for Year Ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2013 Total</u>	<u>2012 Total</u>
Revenues					
Contributions	\$ 156,873	\$ 92,252	\$ -	\$ 249,125	\$ 200,094
Grants	-	124,600	-	124,600	54,000
Events	138,945	17,842	-	156,787	124,734
Investment income	267	-	-	267	282
Net assets released from restrictions	181,551	(181,551)	-	-	-
Total revenues	<u>477,636</u>	<u>53,143</u>	<u>-</u>	<u>530,779</u>	<u>379,110</u>
Expenses					
Program services:	329,690	-	-	329,690	346,580
Fundraising	113,482	-	-	113,482	111,798
Management and general	32,688	-	-	32,688	18,118
Total expenses	<u>475,860</u>	<u>-</u>	<u>-</u>	<u>475,860</u>	<u>476,496</u>
Change in net assets	1,776	53,143	-	54,919	(97,386)
Net assets at beginning of year	96,888	183,811	-	280,699	378,085
Net assets at end of year	<u>\$ 98,664</u>	<u>\$ 236,954</u>	<u>\$ -</u>	<u>\$ 335,618</u>	<u>\$ 280,699</u>

See accompanying notes and independent auditors' report.

FRIENDS OF THE COLORADO RIVER FOUNDATION, INC.

Statements of Cash Flows

Years Ended June 30, 2014 and 2013

Cash flows from operating activities:	<u>2014</u>	<u>2013</u>
Increase in net assets	\$ 106,381	\$ 54,919
Adjustments to reconcile change in net assets to net cash provided by / (used in) operations		
Depreciation on property and equipment	1,160	1,160
Changes in assets and liabilities		
Change in contributions receivable	105,000	(106,285)
Change in prepaid expenses	(6,918)	(4,608)
Change in accounts payable	17,111	(1,683)
Change in accrued expenses	1,614	(4,295)
Net cash provided by (used in) operating activities	<u>224,348</u>	<u>(60,792)</u>
 Cash flows from investing activities:		
Purchase of fixed assets	<u>(157,574)</u>	<u>-</u>
Net cash used in investing activities	<u>(157,574)</u>	<u>-</u>
 Net increase (decrease) in cash and cash equivalents	66,774	(60,792)
Cash and cash equivalents at beginning of year	224,693	285,485
Cash and cash equivalents at end of year	<u>\$ 291,467</u>	<u>\$ 224,693</u>

See accompanying notes and independent auditors' report.

FRIENDS OF THE COLORADO RIVER FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2014 and 2013

(1) Organization and Summary of Significant Accounting Policies

Organization

Friends of Colorado River Foundation, Inc. d/b/a the Colorado River Alliance (the "Organization") was incorporated on March 11, 1992 and was organized as a non-profit organization. The Organization's primary mission is to promote education, protection, and stewardship of the Colorado River in Texas.

Summary of Significant Accounting Policies

(a) Basis of Presentation - The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (GAAP). For financial statement purposes, the Organization distinguishes between contributions of unrestricted assets, temporarily restricted assets and permanently restricted assets.

(b) Net Asset Classification - In accordance with GAAP, the Organization classifies its net assets into three categories as follows:

Permanently Restricted - Net assets subject to donor-imposed stipulations that these funds be maintained permanently as endowments by the Organization.

Temporarily Restricted - Net assets that use of which is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

Unrestricted - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be used for any purpose or designated for specific purposes by action of the board.

(c) Contributions - Contributions received (including unconditional promises to give) are recorded as unrestricted, temporarily restricted, or permanently restricted support in the period pledged depending on the existence and/or nature of any donor restrictions. Conditional promises to give (grants) are recognized as the conditions upon which they depend are substantially met. Promises to give are recognized as revenue only if sufficient evidence exists in the form of verifiable documentation that a promise was made and received.

The Organization reports contributions as restricted support if the support is received with donor stipulations that limit the use of the donated assets. When a donor 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. The Organization reports all temporarily restricted gifts as increases in temporarily restricted net assets, even those in which the Organization meets restrictions in the same reporting period. Donated assets are recorded at their estimated fair values at the date of receipt.

Pledges with maturity dates due within 12 months are recorded at net realizable value, while pledges with maturity dates in subsequent years are recorded at the present value of their net realizable value using a risk free interest rate.

FRIENDS OF THE COLORADO RIVER FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2014 and 2013

(Continued)

- (d) Contributed Goods and Services** - Contributed goods and services are recorded at the fair value of the goods or services received.
- (e) Cash and Cash Equivalents** - Cash and cash equivalents consist of cash in interest bearing checking accounts and money market accounts. The Organization considers all highly liquid investments with a purchased maturity of three months or less, purchased for use primarily in operations, to be cash equivalents.
- (f) Property and Equipment** - Property and equipment purchased for or exceeding \$500 is recorded at cost. Property and equipment are depreciated using the straight-line method over the useful lives of the assets, usually five to seven years. Property and equipment net of depreciation was \$158,154 and \$1,740 at June 30, 2014 and 2013, respectively.
- (g) Functional Allocation of Expenses** - The costs of providing the activities of the Organization have been summarized on a functional basis and allocated in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.
- (h) Concentration of Credit Risk** - Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, and contributions receivable. The cash policy of the Organization limits the amount of credit exposure and requires that cash be placed with high credit quality financial institutions. From time to time bank balances may exceed the FDIC insured limits. For contributions receivable, the Organization performs ongoing credit evaluations of the donor's financial condition.
- (i) Income Taxes** - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except with respect to any unrelated business income. The Organization had no unrelated business income during the year. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is generally no longer subject to tax examinations relating to US federal tax returns for years prior to 2010.
- (j) Fair Value of Financial Instruments** - The carrying value of certain financial instruments, including cash, cash equivalents, accounts payable and accrued expenses, approximate fair value due to the short maturity of these instruments.
- (k) Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

FRIENDS OF THE COLORADO RIVER FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2014 and 2013

(Continued)

(1) Subsequent Events - The Organization evaluates events that occur subsequent to the statement of financial position date of periodic reports, but before financial statements are issued for periods ending on such dates, for possible adjustment to such financial statements or other disclosure. This evaluation generally occurs through the date at which the Organization's financial statements are issued. For the financial statements as of and for the year ending June 30, 2014, this date was December 16, 2014.

(2) Contributions Receivable

Contributions receivable are stated at their realizable value net of a discount on long-term contributions and an allowance for uncollectible contributions. At June 30, 2014 and 2013, the Organization had \$0 and \$0, respectively in allowance for uncollectible receivable balances.

(3) In-Kind Donations

In-kind donations recorded as contribution revenue consisted of the following for the years ended June 30, 2014 and 2013, respectively:

	<u>2014</u>	<u>2013</u>
Silent auction items	\$ 48,547	\$ 47,870
Office space	7,500	7,500
Accounting and consulting services	10,563	20,979
Software	1,776	-
Printing and processing	-	150
Special events-services and facilities	13,138	8,929
Total	<u>\$ 81,524</u>	<u>\$ 85,428</u>

(4) Temporarily Restricted Net Assets

The part of the net assets of a not-for-profit organization resulting from contributions whose use by the Organization is limited by donor-imposed restrictions that either expire by passage of time or the purpose of which is fulfilled are considered temporarily restricted net assets.

Temporarily restricted net assets consisted of the following for the years ended June 30, 2014 and 2013, respectively:

	<u>2014</u>	<u>2013</u>
HHW Project	\$ 89,890	\$ 98,178
Mediation Center and Barstow Speaker Series	24,716	22,293
Red Bud Center	-	5,162
Bastrop Children's Education	3,255	3,255
Mobile Classroom	311,599	100,706
Other	6,504	7,360
Total	<u>\$ 435,964</u>	<u>\$ 236,954</u>

FRIENDS OF THE COLORADO RIVER FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2014 and 2013

(Continued)

(5) Joint Costs

During the years ended June 30, 2014 and 2013, the Organization incurred joint costs of \$90,987 and \$92,643, respectively, for expenses related to program events that included fundraising appeals. The Organization allocated \$89,567 and \$41,086 to programs expense and \$1,420 and \$51,557 to fundraising expense, for the years ended June 30, 2014 and 2013, respectively.

(6) Lease Commitments

The Organization currently leases office space under an operating lease through May 31, 2014. During the years ended June 30, 2014 and 2013, the landlord donated the office space. This donation was recorded in contribution revenue and occupancy expense at \$7,500 for the years ended June 30, 2014 and 2013.

(7) Retirement Plan

The Organization has a defined contribution retirement plan for the benefit of its employees. The plan provides for both employer and employee contributions. Employer contributions made to the plan were \$4,409 and \$4,155 for the years ended June 30, 2014 and 2013, respectively.

(8) Concentrations

For the year ended June 30, 2014 one funder represented approximately 25% of the Organization's revenue.

(9) Related Parties

Friends of the Colorado River Endowment, Inc. (the "Endowment") was incorporated on May 6, 1999 as a non-profit organization. The primary purpose of the Endowment is to hold and invest donations, and distribute income to or for the benefit of the Lower Colorado River Authority. The Organization had no transactions with the Endowment during the years ended June 30, 2014 and 2013.

Several of the Organization's board members are executives at companies that are major donors of the Organization, contributing \$194,212 and \$23,500 for the years ended June 30, 2014 and 2013. Other board members contributed in-kind donations of \$29,000 and \$35,200, and cash contributions of \$13,830 and \$23,500, for the years ended June 30, 2014 and 2013, respectively.

FRIENDS OF THE COLORADO RIVER FOUNDATION, INC.
Supplemental Schedule - Statement of Functional Expenses For the Years Ended
June 30, 2014 and 2013

	<u>Program Services</u>		<u>Fundraising</u>		<u>Management and General</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Salaries	\$ 130,638	\$ 98,860	\$ 23,265	\$ 18,536	\$ 25,054	\$ 6,179	\$ 178,957	\$ 123,575
Events	12,669	14,742	56,017	58,135	-	-	68,686	72,877
In-kind	59,512	68,342	10,598	12,815	11,414	4,271	81,524	85,428
Professional services	98,472	71,495	17,537	13,404	18,886	4,469	134,895	89,368
Insurance - medical	7,906	11,234	1,408	2,106	1,517	702	10,831	14,042
Payroll taxes	10,180	7,985	1,813	1,497	1,953	499	13,946	9,981
Meals and travel	17,405	14,841	375	153	404	51	18,184	15,045
Retirement plan contribution	3,298	3,324	588	623	633	208	4,519	4,155
Bank fees	2,130	4,793	380	899	409	300	2,919	5,992
Meeting expenses	5,689	8,665	1,013	1,625	1,091	542	7,793	10,832
Insurance - general	2,266	2,372	404	445	435	148	3,105	2,965
Printing	6,221	4,672	211	287	227	96	6,659	5,055
Office supplies	3,809	5,860	362	662	389	221	4,560	6,743
Dues and subscriptions	715	2,159	128	405	138	135	981	2,699
Computers	2,437	3,438	434	645	468	215	3,339	4,298
Postage	933	650	167	122	179	41	1,279	813
Telephone	438	995	176	187	190	62	804	1,244
Marketing	987	1,532	78	287	84	96	1,149	1,915
Bad debt	-	-	-	-	-	-	-	-
Fund release	-	-	-	-	8,289	14,239	8,289	14,239
Depreciation	847	929	151	174	162	57	1,160	1,160
Miscellaneous	2,098	2,802	467	475	364	157	2,929	3,434
Total	<u>\$ 368,650</u>	<u>\$ 329,690</u>	<u>\$ 115,572</u>	<u>\$ 113,482</u>	<u>72,286</u>	<u>\$ 32,688</u>	<u>\$ 556,508</u>	<u>\$ 475,860</u>

See accompanying notes and independent auditors' report.