

KEEP TRUCKEE MEADOWS BEAUTIFUL

**FINANCIAL STATEMENTS
WITH
INDEPENDENT ACCOUNTANTS'
REVIEW REPORT**

JUNE 30, 2013

KEEP TRUCKEE MEADOWS BEAUTIFUL
JUNE 30, 2013

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5-9
SUPPLEMENTARY INFORMATION	10
Schedule I - Schedule of Functional Expenses	11
Schedule II - Schedule of Public Support, Revenue, and Expenses - Budget to Actual	12



INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Keep Truckee Meadows Beautiful

We have reviewed the accompanying statement of financial position of Keep Truckee Meadows Beautiful (a non-profit organization) as of June 30, 2013, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The information included in the accompanying Schedules I and II is presented only for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

Kohn & Company LLP

Reno, Nevada
August 6, 2014

KEEP TRUCKEE MEADOWS BEAUTIFUL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	121,799
Grants and contributions receivable		<u>49,923</u>
Total current assets		171,722

PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$6,013

-

NONCURRENT ASSETS

Investments held in endowment fund		<u>9,164</u>
------------------------------------	--	--------------

Total assets \$ 180,886

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	4,310
Accrued vacation		<u>3,817</u>
		8,127

NET ASSETS

Unrestricted		
Undesignated		132,762
Temporarily restricted		30,833
Permanently restricted endowment fund		<u>9,164</u>
Total net assets		<u>172,759</u>

Total liabilities and net assets \$ 180,886

See accompanying notes and independent accountants' review report

KEEP TRUCKEE MEADOWS BEAUTIFUL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
PUBLIC SUPPORT, REVENUE, AND RECLASSIFICATIONS				
Public Support				
Grants and contributions	\$ 161,457	\$ 85,683	\$ -	\$ 247,140
In-kind contributions	108,831	-	-	108,831
Fundraising	13,177	-	-	13,177
	<u>283,465</u>	<u>85,683</u>	<u>-</u>	<u>369,148</u>
Revenue				
Interest	22	-	174	196
Reclassifications - satisfaction of donor or time restrictions				
	<u>62,934</u>	<u>(62,518)</u>	<u>(416)</u>	<u>-</u>
Total public support and revenue	346,421	23,165	(242)	369,344
EXPENSES				
Program services	320,953	-	-	320,953
General and administrative	12,141	-	-	12,141
Fundraising	8,627	-	-	8,627
Total expenses	<u>341,721</u>	<u>-</u>	<u>-</u>	<u>341,721</u>
OTHER CHANGES IN NET ASSETS				
Net realized and unrealized gain on investments	<u>-</u>	<u>-</u>	<u>431</u>	<u>431</u>
Change in net assets	4,700	23,165	189	28,054
NET ASSETS, beginning of year	<u>128,062</u>	<u>7,668</u>	<u>8,975</u>	<u>144,705</u>
NET ASSETS, end of year	<u>\$ 132,762</u>	<u>\$ 30,833</u>	<u>\$ 9,164</u>	<u>\$ 172,759</u>

See accompanying notes and independent accountants' review report

KEEP TRUCKEE MEADOWS BEAUTIFUL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATION ACTIVITIES	
Change in net assets	\$ 28,054
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Depreciation	288
Fees charged to endowment, net of reinvested interest	242
Net realized and unrealized gain on investments	(431)
Changes in certain components of working capital	
(Increase) decrease in:	
Grants and pledges receivable	(24,573)
Increase (decrease) in:	
Accounts payable	3,378
Accrued vacation	2,499
Net cash flows from operating activities / net change in cash and cash equivalents	9,457
CASH AND CASH EQUIVALENTS, beginning of year	<u>112,342</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 121,799</u>
NONCASH INVESTING AND FINANCING ACTIVITIES	
None	

See accompanying notes and independent accountants' review report

NOTES TO FINANCIAL STATEMENTS

KEEP TRUCKEE MEADOWS BEAUTIFUL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Keep Truckee Meadows Beautiful (Organization) was started in 1989 and is dedicated to creating a cleaner, more beautiful region through education and active community involvement. The Organization strives to meet its mission by educating and engaging Truckee Meadows' residents in maintaining a clean community through various programs including beautification and education. The Organization's programs are dependent upon public support from grants and contributions. Since 2008, the Organization has achieved 100% Board participation in its fundraising efforts each year.

Basis of Accounting and Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor-imposed restrictions. At June 30, 2013, the Organization has temporarily restricted net assets totaling \$30,833 for various program activities and permanently restricted net assets totaling \$9,164 for an endowment fund.

Cash and Cash Equivalents

Cash and cash equivalents include a general checking account and cash invested in money market funds. For purposes of the statement of cash flows, The Organization considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

Investments

Investments in an investment pool managed by the Community Foundation of Western Nevada are reported at fair value with gains and losses included in the statement of activities in the accompanying financial statements.

Grants and Contributions Receivable

Grants and contributions receivable represent amounts receivable for expenditures incurred or services provided prior to year-end. All receivables are considered fully collectible by management. Therefore, no allowance for doubtful accounts is provided.

Property and Equipment

The Organization's policy is to capitalize property and equipment with an estimated useful life in excess of one year and a value of \$1,000 or more. Such property and equipment is recorded at cost or at the estimated fair value at the date of gift if donated. Gifts of property and equipment are reported as unrestricted unless specific donor stipulations specify how the donated assets must be used. Depreciation is provided for in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on a straight-line basis. At June 30, 2013, the Organization has equipment totaling \$6,013 that is fully depreciated.

Endowment Fund

The Organization maintains an endowment fund at the Community Foundation of Western Nevada (Community Foundation). The contributed funds are to be held in perpetuity solely for the benefit of the Organization. The value of the beneficial interest in the assets held at the Community Foundation is reflected in other assets in the accompanying statement of financial position.

KEEP TRUCKEE MEADOWS BEAUTIFUL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Materials and Services

The Organization records donated assets at the fair market value at the date of the donation. If a reasonable appraisal by a qualified appraiser is not available, the asset is recorded at the best available estimate of fair market value at the date of receipt. The Organization is also required to recognize the donation of services if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Services requiring specialized skills are those provided by accountants, architects, carpenters, doctors, electricians, lawyers, nurses, plumbers, teachers and other professionals and craftsmen.

The members of the Board of Directors have donated a significant amount of services; however, the services donated do not meet the criteria for recognition as defined above. Accordingly, the financial statements do not reflect the value of these services.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon various subjective factors, including an estimate of the employees' time spent in each activity.

Federal Income Taxes

The Organization is a nonprofit organization, exempt from federal income tax under Internal Revenue Code Section 501(c)(3). Therefore, no provision for income taxes is included in the accompanying financial statements. However, the Organization is subject to taxes on unrelated business income. The Internal Revenue Service classifies the Organization as an organization other than a private foundation. Tax positions to consider include, but are not limited to:

- Classification of program services and administrative
- Characterization of its activities as related or unrelated to its tax exempt purpose

It is the Organization's tax position that it has not engaged in any activities that would jeopardize its exempt status nor has it engaged in activities that would result in unrelated business income tax.

Although the Organization has not been notified of any pending Internal Revenue Service (IRS) examinations, its returns are subject to examination within a three year statute of limitations. At June 30, 2013, the 2009 through the current period returns are subject to examination by the IRS.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through August 6, 2014, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

NOTE 2 - INVESTMENTS

Accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair

KEEP TRUCKEE MEADOWS BEAUTIFUL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

NOTE 2 - INVESTMENTS (Continued)

value of its investments. When available, The Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs would be used only when Level 1 or Level 2 inputs are not available. The Organization has no investments that are valued using Level 1 or 2 inputs at June 30, 2013.

Level 3 Fair Value Measurements

The fair value of pooled investments is provided by the investment manager in quarterly statements. Detailed investment holding are not provided. At June 30, 2013, the pooled investments totaled \$9,164.

Following is a summary of the changes in investment valued using Level 3 inputs for the year ended June 30, 2013:

Beginning Balance	\$ 8,975
Interest	174
Fees	(416)
Unrealized gain	431
Ending balance	<u>\$ 9,164</u>

NOTE 3 - CONCENTRATION OF CREDIT RISK

Cash on deposit is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 with each bank. The Organization's cash balances did not exceed the insurance limits at June 30, 2013.

NOTE 4 - RETIREMENT PLAN

Effective July 1, 2012, the Organization established a Simplified Employee Pension retirement plan (the Plan). All individuals who have attained the age of twenty-one and have met certain service requirements in at least three of the immediately preceding five years are eligible to participate. The Plan does not include employees covered under a collective bargaining agreement, certain nonresident aliens, and employees whose total compensation during the year is less than \$450. The Organization provides for a 3% contribution for eligible employees. The Organization's contributions totaled \$2,061 for the year ended June 30, 2013.

NOTE 5 - CONTRIBUTED MATERIALS AND SERVICES

The Organization receives in-kind contributions to support its planting and clean-up efforts. Such contributions are reflected in the accompanying statement of activities at the estimated fair value of the materials and services received. In addition, the Organization's programs are significantly dependent upon the support provided by volunteers. Approximately 4,200 volunteers provided 14,000 hours of direct service during the year ended June 30, 2013. The Independent Sector has estimated the value of volunteer services in Nevada to be \$19 per hour, including employer paid payroll taxes. However, no amount is reflected in the accompanying financial statements because the services do not meet the criteria for recognition as set forth in Note 1. If these services were included revenue and program expenses would increase by approximately \$266,000.

NOTE 6 - LEASE COMMITMENT

The Organization entered into a lease agreement with Washoe County, Nevada for office space in Reno, Nevada through December 31, 2012 and two renewal terms of one year each. The agreement may be terminated by either party with ninety days written notice. Washoe County recognizes the benefit of the volunteer services that are provided by Keep Truckee Meadows Beautiful in maintaining public lands and parks, and has offered the office property to the Organization rent-free for the term of the lease as long as the Organization continues to operate as a public charity in good standing in the state of Nevada.

KEEP TRUCKEE MEADOWS BEAUTIFUL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

NOTE 7 - RELATED PARTY TRANSACTIONS

The Organization set up a retirement program with a broker who is also a past President and current board member of the Organization. The Board member recused himself from all discussions pertaining to this issue, beyond providing the plan information requested by the Board members necessary to make a decision, and did not vote on this matter. The Organization's staff and Board members investigated many options in the marketplace and ensured that the plan was competitive and was in the best interest of the employees.

NOTE 8 - ENDOWMENT

The Organization has funds had at the Community Foundation of Nevada that have been designated by the donor as a permanent endowment. The endowment is established for reserves for future operations of the Organization. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported as unrestricted, temporarily restricted and permanently restricted net assets based solely on the existence or absence of donor-imposed restrictions. The Organization only has permanently restricted endowments at June 30, 2013.

Following is a summary of the changes in endowment fund permanently restricted net assets for the year ended June 30, 2014:

Endowment net assets, beginning of year	\$ 8,975
Investment return, net of fees	189
Cotributions	-
Appropriations for expenditures	-
Ending balance	\$ <u>9,164</u>

Return Objectives and Risk Parameters

The Organization has not adopted an investment policy for endowment assets, however it has invested in a community foundation that has established investment strategies.

Strategies Employed for Achieving Objectives

The Organization's primary objectives of the fund are to provide support for the Organization in the long-term and investments in the community foundation are monitored for that purpose.

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The intent of the Board is that the principal of the endowment funds will not be withdrawn and that the income from the fund will be utilized as needed for operating purposes.

SUPPLEMENTARY INFORMATION

KEEP TRUCKEE MEADOWS BEAUTIFUL
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Personnel costs				
Salaries and wages	\$ 115,819	\$ 6,809	\$ 1,533	\$ 124,161
Payroll taxes	12,663	782	176	13,621
Employee benefits	12,866	811	191	13,868
	<u>141,348</u>	<u>8,402</u>	<u>1,900</u>	<u>151,650</u>
Insurance	1,628	322	72	2,022
Program expenses	23,459	-	-	23,459
Volunteer	10,234	9	2	10,245
Public education	9,787	-	-	9,787
Dues and subscriptions	2,043	70	516	2,629
Office supplies and equipment	1,864	172	25	2,061
Printing and postage	9,777	173	39	9,989
Professional fees				-
Accounting and tax	1,979	125	115	2,219
Other	-	2,098	5,850	7,948
Repairs and maintenance	2,854	245	55	3,154
Telephone and internet	2,355	237	53	2,645
Training	1,505	-	-	1,505
Travel	3,289	-	-	3,289
In-kind program activities	108,831	-	-	108,831
Depreciation	-	288	-	288
	<u>\$ 320,953</u>	<u>\$ 12,141</u>	<u>\$ 8,627</u>	<u>\$ 341,721</u>

See independent accountants' review report

KEEP TRUCKEE MEADOWS BEAUTIFUL
SCHEDULE OF PUBLIC SUPPORT, REVENUE, AND EXPENSES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
PUBLIC SUPPORT AND REVENUE			
Public Support			
Grants and contributions	\$ 207,817	\$ 247,140	\$ 39,323
Contributions in-kind	-	108,831	108,831
Fundraising	<u>31,250</u>	<u>13,177</u>	<u>(18,073)</u>
	239,067	369,148	130,081
Revenue			
Interest	<u>200</u>	<u>196</u>	<u>(4)</u>
Total public support and revenue	239,267	369,344	130,077
EXPENSES			
Personnel costs			
Salaries and wages	119,482	124,161	(4,679)
Payroll taxes	12,153	13,621	(1,468)
Employee benefits	<u>20,532</u>	<u>13,868</u>	<u>6,664</u>
	152,167	151,650	517
Insurance	2,100	2,022	78
Program expenses	19,100	23,459	(4,359)
Volunteer	7,050	10,245	(3,195)
Public education	25,000	9,787	15,213
Dues and subscriptions	1,065	2,629	(1,564)
Office supplies and equipment	3,800	2,061	1,739
Printing and postage	7,400	9,989	(2,589)
Professional fees			
Accounting and tax	2,050	2,219	(169)
Other	4,400	7,948	(3,548)
Repairs and maintenance	2,260	3,154	(894)
Telephone and internet	3,000	2,645	355
Training	2,275	1,505	770
Travel	3,600	3,289	311
In-kind program activities	-	108,831	(108,831)
Depreciation	<u>-</u>	<u>288</u>	<u>(288)</u>
Total expenses	235,267	341,721	(106,454)
OTHER CHANGES IN NET ASSETS			
Net realized and unrealized gain on investments	<u>-</u>	<u>431</u>	<u>431</u>
Change in net assets	\$ <u>4,000</u>	\$ <u>28,054</u>	\$ <u>24,054</u>

See independent accountants' review report