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**CALIFORNIA RICELAND WATERBIRD FOUNDATION**  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT ACCOUNTANT'S REVIEW REPORT  
FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

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**CALIFORNIA RICELAND WATERBIRD FOUNDATION**  
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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
California Riceland Waterbird Foundation  
Sacramento, California

We have reviewed the accompanying financial statements of California Riceland Waterbird Foundation (a nonprofit organization), which comprise the statements of financial position as of August 31, 2018 and 2017, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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'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.

### Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

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

A handwritten signature in blue ink that reads "Mann Urrutia Nelson CPAs".

Sacramento, California  
January 11, 2019

**CALIFORNIA RICELAND WATERBIRD FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF AUGUST 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	\$ <u>75,022</u>	\$ <u>21,166</u>
<b>Total Assets</b>	<b>\$ <u>75,022</u></b>	<b>\$ <u>21,166</u></b>
<b><u>NET ASSETS</u></b>		
<b>Net Assets</b>		
Unrestricted	\$ <u>75,022</u>	<u>21,166</u>
<b>Total Net Assets</b>	<b>\$ <u>75,022</u></b>	<b><u>21,166</u></b>

See accompanying notes and independent accountant's review report.

**CALIFORNIA RICELAND WATERBIRD FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>Support and Revenues</b>		
Contributions	\$ 54,730	\$ 49,907
Pledges	<u>37,200</u>	<u>38,200</u>
<b>Total Support and Revenue</b>	<u>91,930</u>	<u>88,107</u>
<b>Expenses</b>		
Administrative expenses	32,411	28,654
Bank charges	111	63
Conservation incentive payments	-	36,000
Foundation website	-	2,060
Professional fees	<u>5,552</u>	<u>4,268</u>
<b>Total Expenses</b>	<u>38,074</u>	<u>71,045</u>
<b>Change in Net Assets</b>	53,856	17,062
<b>Net Assets - Beginning of year</b>	<u>21,166</u>	<u>4,104</u>
<b>Net Assets - Ending of year</b>	<u>\$ 75,022</u>	<u>\$ 21,166</u>

See accompanying notes and independent accountant's review report.

**CALIFORNIA RICELAND WATERBIRD FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Increase in net assets	\$ 53,856	\$ 17,062
<b>Net Increase in Cash and Cash Equivalents</b>	<u>53,856</u>	<u>17,062</u>
<b>Cash and Cash Equivalents - Beginning of year</b>	<u>21,166</u>	<u>4,104</u>
<b>Cash and Cash Equivalents - End of year</b>	<u><u>\$ 75,022</u></u>	<u><u>\$ 21,166</u></u>

See accompanying notes and independent accountant's review report.

**CALIFORNIA RICELAND WATERBIRD FOUNDATION**  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2018 AND 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Nature of Activities

California Riceland Waterbird Foundation (the Foundation) is a non-profit public benefit corporation, organized under the laws of the State of California for the purpose of enhancing the ecological value of California rice fields to help sustain the millions of waterbirds in the Pacific Flyway for future generations. The Foundation is a partnership between rice farmers and waterbird conservation groups for the long-term preservation of habitat for waterbirds in California's Sacramento Valley. This close relationship between the Foundation and the California Rice Commission brings a significant number of California rice growers to the table who are willing to alter their farming practices for the benefit of waterbirds. In addition, cooperative contributions from many waterbird conservation partners bring forward key technical expertise to ensure that projects will successfully result in desired beneficial waterbird conservation objectives.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations and are available for general operations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a 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.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation.

The Foundation does not have any permanently restricted or temporarily restricted net assets.

Cash and Cash Equivalents

The Foundation considers all highly liquid temporary investments with original maturities of three months or less to be cash equivalents for the purpose of the statement of cash flows.

Revenue Recognition

All contributions are considered available for the Foundation's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

**CALIFORNIA RICELAND WATERBIRD FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2018 AND 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

In-kind Contributions and Contributed Services

In-kind contributions are reflected as contributions at their estimated fair value at the date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Foundation recognizes the fair value of contributed services if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. Contributions of tangible assets are recorded at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities.

Income Taxes

The Foundation qualifies for exemption from income taxes under provision Section 501 (c)(3) of the Internal Revenue Code and Sections 23701 (d) of the California Corporations Code. Accordingly, there is no provision for income taxes recorded in the financial statements. As required by the Income Tax Topic of FASB ASC 740, the Foundation recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. The Foundation does not believe its financial statements include any uncertain tax positions.

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 were evaluated through January 11, 2019, which is the date the financial statements were available to be issued.

Future Accounting Pronouncements

*ASU 2016-02 - Leases (Topic 842)*

Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with a term of more than 12 months. Unlike current GAAP, which requires only capital leases to be recognized on the balance sheet, ASU No. 2016-02 will require both operating and finance leases to be recognized on the balance sheet. Additionally, the ASU will require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases, including qualitative and quantitative requirements. The new requirements are effective for the Foundation's August 31, 2021 year end. Management has not yet determined the impact of this accounting standard on the Foundation's operations or cash flows.



**CALIFORNIA RICELAND WATERBIRD FOUNDATION**  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2018 AND 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*ASU 2016-14 - Not-for-Profit Entities (Topic 958) Presentation of Financial Statements.*

The purpose of this standard is to improve and simplify the manner in which a not-for-profit entity (NFP) classifies its net assets, as well as the information that it presents in financial statements and notes concerning liquidity, financial performance, and cash flows. ASU No. 2016-14 amends the requirements for financial statements and notes in Topic 958, Not-for-Profit Entities, and requires an NFP to, among other things, (1) present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than for the currently required three classes (i.e., an NFP will report amounts for both net assets with donor restrictions and net assets without donor restrictions, as well as the currently required amount for total net assets); (2) present on the face of the statement of activities the amount of the change in each of the two classes of net assets referenced above, rather than that of the currently required three classes (i.e., an NFP would continue to report the currently required amount of the change in total net assets for the period); and (3) continue to present on the face of the statement of cash flows the net amount for operating cash flows, using either the direct or the indirect method of reporting, but no longer require the presentation or disclosure of the indirect method (reconciliation) if using the direct method. The new requirements are effective for the Foundation's August 31, 2019 year end. Management has not yet determined the impact of this accounting standard on the Foundation's operations or cash flows.

*ASU 2016-18 - Statement of Cash Flows (Topic 230) Restricted Cash*

This standard addresses the diversity in practice that exists regarding the classification and the presentation of changes in restricted cash on the statement of cash flows under Topic 230, *Statement of Cash Flows*. The standard requires cash flow statements to explain the changes during a reporting period of the totals for cash, cash equivalents, restricted cash and restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and the end-of-period total amounts set forth on the statement of cash flows. The amendments in this ASU do not provide a definition of restricted cash or restricted cash equivalents. The new requirements are effective for the Foundation's August 31, 2020 year end. Management has not yet determined the impact of this accounting standard on the Foundation's operations or cash flows.

*ASU 2018-08 – Not-for-Profit Entities (Topic 958) Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.*

The purpose of this standard is to clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The amendments clarify how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred on the basis of the following: (1) A resource provider (including a foundation, a government agency, or other) is not synonymous with the general public. A benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider. (2) Execution of a resource provider's mission or the positive sentiment from acting as a donor does not constitute commensurate value received by a resource provider for purposes of determining whether a transfer of assets is a contribution or an exchange. The amendments in this update likely will result in more grants and contracts being accounted for as either contributions or conditional contributions than observed in practice under current guidance. For transactions in which the Foundation is a resource recipient, the new requirements are effective for the Foundation's August 31, 2020 year end. For transactions in which the Foundation is a resource provider, the new requirements are effective for the Foundation's August 31, 2021 year end. Early adoption is permitted. Management has not yet determined the impact of this accounting standard on the Foundation's operations or cash flows.

**NOTE 2: CASH AND CASH EQUIVALENTS**

The Foundation maintains its cash balances at one financial institution. As of August 31, 2018, and 2017, the Foundation's total bank balances were \$75,022 and \$21,166, respectively, all of which was insured. The Foundation's book balances as of August 31, 2018 and 2017 totaled \$75,022 and \$21,166, respectively.

**CALIFORNIA RICELAND WATERBIRD FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2018 AND 2017**

**NOTE 3: CONCENTRATIONS**

The Foundation's revenues consisted mainly of contributions and pledges. For the year ended August 31, 2018, one agency accounted for 22% of total revenues. For the year ended August 31, 2017, one agency accounted for 24% of total revenues.

**NOTE 4: CONTRIBUTED SERVICES RECEIVED FROM RELATED PARTY**

For each of the years ended August 31, 2018 and 2017, the Foundation recognized revenue and related expense of \$19,815 for contributed administrative and general services provided by the California Rice Commission (CRC), a related party. For the years ended August 31, 2018 and 2017, the Foundation recognized revenue and related expenses of 18,098 and \$11,642, respectively, for Foundation costs paid for by CRC.