



**CALIFORNIA WATERFOWL ASSOCIATION
CONSOLIDATED FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED**

MARCH 31, 2021 AND 2020

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CALIFORNIA WATERFOWL ASSOCIATION

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James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
California Waterfowl Association
Roseville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the California Waterfowl Association and Subsidiaries (the "Association"), which comprise the consolidated statements of financial position as of March 31, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the California Waterfowl Association and the Subsidiaries as of March 31, 2021 and 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Period Consolidated Financial Statements Audited by a Predecessor Auditor

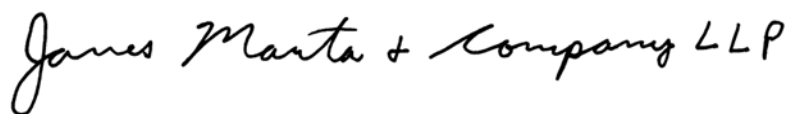
The consolidated financial statements of California Waterfowl Association, for the year ended March 31, 2020, were audited by the predecessor auditor, Crowe LLP, who expressed an unmodified opinion on those statements on January 11, 2021.

Other Information

Our audit was performed for the purpose of forming an opinion on the consolidated financial statements of California Waterfowl Association taken as a whole. The accompanying Schedule of Expenditures of Federal Awards as required by the July 2021 edition of Title 2 U.S. Code of Federal regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), as listed in the table of contents, are presented for purposes of additional analysis, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2021 on our consideration of California Waterfowl Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California Waterfowl Association's internal control over financial reporting and compliance.



James Marta & Company LLP
Certified Public Accountants
Sacramento, California
September 10, 2021

FINANCIAL STATEMENTS

CALIFORNIA WATERFOWL ASSOCIATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2021 AND 2020

	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,287,606	\$ 1,635,360
Accounts receivable	2,085,236	1,517,450
Investment securities	14,640,138	11,109,356
Inventory	755,301	1,132,580
Prepaid expenses and other assets	212,828	183,038
Total Current Assets	20,981,109	15,577,784
Property and equipment, net	16,255,858	14,694,695
Other non-current assets	2,853,359	2,398,486
Life membership and sponsorship pledges, net of allowance	361,489	328,847
Total Assets	\$ 40,451,815	\$ 32,999,812
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 181,512	\$ 145,686
Accrued liabilities	629,834	600,995
Deferred revenue	188,942	199,165
Mortgage and loans payable	160,000	-
Land improvement payable	156,648	272,807
Total Current Liabilities	1,316,936	1,218,653
Net Assets:		
Without donor restrictions	38,133,206	26,924,854
With donor restrictions	1,001,673	4,856,305
Total Net Assets	39,134,879	31,781,159
Total Liabilities and Net Assets	\$ 40,451,815	\$ 32,999,812

CALIFORNIA WATERFOWL ASSOCIATION
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED MARCH 31, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Contributions:			
Fundraising events	\$ 1,811,367	\$ -	\$ 1,811,367
Donations and grants	6,480,879	-	6,480,879
Life membership and sponsorships	70,639	-	70,639
Membership dues	112,564	-	112,564
Revenues:			
Fundraising events	1,423,944	-	1,423,944
Donations and grants	360,262	-	360,262
State grants and contracts	3,716,179	-	3,716,179
Federal agency grants	1,725,999	-	1,725,999
Duck stamps	63,472	-	63,472
Life membership and sponsorships	59,555	-	59,555
Membership dues	56,016	-	56,016
Investment income	444,309	27,040	471,349
Realized and unrealized losses on investment	3,384,709	-	3,384,709
Other income	316,983	-	316,983
Net assets transferred or released from restrictions	3,881,672	(3,881,672)	-
Total revenues and support	<u>23,908,549</u>	<u>(3,854,632)</u>	<u>20,053,917</u>
EXPENSES:			
Direct fundraising expenses	<u>1,792,181</u>	<u>-</u>	<u>1,792,181</u>
Program expenses:			
Waterfowl and wetlands projects	6,163,376	-	6,163,376
Membership services and education	2,169,217	-	2,169,217
Governmental affairs	477,628	-	477,628
Other	205,669	-	205,669
Total program expenses	<u>9,015,890</u>	<u>-</u>	<u>9,015,890</u>
Supporting services expenses:			
Fundraising and membership development	1,412,049	-	1,412,049
General and Administrative	480,077	-	480,077
Total supporting services expenses	<u>1,892,126</u>	<u>-</u>	<u>1,892,126</u>
Total expenses	<u>12,700,197</u>	<u>-</u>	<u>12,700,197</u>
INCREASE (DECREASE) IN NET ASSETS	\$ 11,208,352	\$ (3,854,632)	\$ 7,353,720
Net assets, beginning of year	<u>26,924,854</u>	<u>4,856,305</u>	<u>31,781,159</u>
Net assets, end of year	<u>\$ 38,133,206</u>	<u>\$ 1,001,673</u>	<u>\$ 39,134,879</u>

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

CALIFORNIA WATERFOWL ASSOCIATION
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED MARCH 31, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Contributions:			
Fundraising events	\$ 3,273,765	\$ -	\$ 3,273,765
Donations and grants	889,728	1,840,533	2,730,261
Life membership and sponsorships	170,232	-	170,232
Membership dues	98,426	-	98,426
Revenues:			
Fundraising events	2,421,618	-	2,421,618
Donations and grants	429,951	-	429,951
State and federal agency grants and contracts	5,549,117	-	5,549,117
Duck stamps	52,258	-	52,258
Life membership and sponsorships	60,110	-	60,110
Membership dues	54,145	-	54,145
Investment income	338,993	23,216	362,209
Realized and unrealized losses on investment	(1,211,599)	78,349	(1,133,250)
Other income	371,560	-	371,560
Net assets transferred or released from restrictions	2,018,517	(2,018,517)	-
Total revenues and support	<u>14,516,821</u>	<u>(76,419)</u>	<u>14,440,402</u>
EXPENSES:			
Direct fundraising expenses	<u>3,567,533</u>	<u>-</u>	<u>3,567,533</u>
Program expenses:			
Waterfowl and wetlands projects	5,967,467	-	5,967,467
Membership services and education	2,784,192	-	2,784,192
Governmental affairs	626,979	-	626,979
Other	256,361	-	256,361
Total program expenses	<u>9,634,999</u>	<u>-</u>	<u>9,634,999</u>
Supporting services expenses:			
Fundraising and membership development	1,806,675	-	1,806,675
General and Administrative	525,043	-	525,043
Total supporting services expenses	<u>2,331,718</u>	<u>-</u>	<u>2,331,718</u>
Total expenses	<u>15,534,250</u>	<u>-</u>	<u>15,534,250</u>
INCREASE (DECREASE) IN NET ASSETS	\$ (1,017,429)	\$ (76,419)	\$ (1,093,848)
Net assets, beginning of year	<u>27,942,283</u>	<u>4,932,724</u>	<u>32,875,007</u>
Net assets, end of year	<u>\$ 26,924,854</u>	<u>\$ 4,856,305</u>	<u>\$ 31,781,159</u>

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

CALIFORNIA WATERFOWL ASSOCIATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED MARCH 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 7,353,720	\$ (1,093,848)
Adjustments to reconcile net cash used by operating activities:		
Realized and unrealized (gain) loss on investments	(3,933,655)	219,337
Depreciation	192,849	1,133,250
Loss (gain) on disposal of property and equipment	43	-
Contributed property and equipment, capitalized	-	(380,415)
(Increase) decrease in:		
Accounts receivable	(567,786)	(317,080)
Inventory	377,279	(230,244)
Prepaid expenses and other assets	(29,790)	55,558
Donation of property and equipment	(125,808)	(96,614)
Other non-current asset	(454,873)	277,807
Life membership and sponsorships pledges	(32,642)	(11,657)
Discount on life membership and sponsorship pledges	-	(13,704)
Increase (decrease) in:		
Accounts payable, accrued expenses, deferred revenue and land improvement payable	(61,717)	428,149
Net Cash Provided (used) by operating activities	2,717,620	(29,461)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investment securities	2,754,064	599,230
Purchase of investment securities	(2,351,191)	(1,571,942)
Purchase of property and equipment	(1,628,247)	(239,077)
Net Cash Provided (used) by Investing Activities	(1,225,374)	(1,211,789)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	160,000	-
Contributions restricted for long-term investment	-	380,415
Net Cash Provided (used) by investing activities	160,000	380,415
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,652,246	(860,835)
CASH AND CASH EQUIVALENTS, Beginning of Year	1,635,360	2,496,195
CASH AND CASH EQUIVALENTS, End of Year	\$ 3,287,606	\$ 1,635,360
Supplemental disclosure of non-cash activities		
Donation of property and equipment	\$ 125,808	\$ 96,614

CALIFORNIA WATERFOWL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED MARCH 31, 2021 AND 2020

NOTE 1 – ORGANIZATION AND PROGRAMS

California Waterfowl Association (the Association) is a nonprofit organization with primary purpose is to grow California's waterfowl population, wetlands and hunter-conservation communities. The Association carries out its mission through waterfowl and wetlands programs, education and governmental affairs. The Association receives funds to further this mission primarily through membership dues, grants, donations, and fundraising events. In addition, the Association contracts with government agencies and private parties to perform services for the benefit of California's waterfowl and wetlands. The following LLC's are all wholly owned by the Association as the sole member of each LLC. Collectively, California Waterfowl Association and Subsidiaries are referred to as the "Association".

CWA Administration Property, LLC was formed to hold and conduct the administration of the Blue Oaks property.

The Association has formed LLC's for the purpose of holding and conducting the administration of several real estate properties. The LLC's include Denverton, Grizzly Ranch, Goose Lake, Tumblin Lake, San Slough, Butte Creek Island Ranch.

The Association envisions a California with thriving waterfowl populations, vibrant wetland ecosystems and respected hunting communities. To assist in accomplishing this mission, the Association has acquired lands that can be developed and maintained as wetlands and uplands in order to protect the annual life cycle needs of North American waterfowl, and to limit public access so that the balance of the ecosystem remains undisturbed.

CWA Foundation was formed to further the purposes and objectives of the California Waterfowl Association. CWA Foundation's financial statements are consolidated into the Association's financial statements.

In February 2015 the Association received a donation for an 80 percent interest in Ellis Island Farms, Inc. (the "Farm"), which is more commonly known as Quimby Island. The island consists primarily of unimproved land, however, the other assets of the Farm consist of investment securities and various real property that support operations. As no farming activities are conducted, the operations of the Farm consist solely of maintaining and conserving the property as supported by income generated from investment securities and expenditures of the Association. Those activities are recorded in the statement of activities of the Association consistent with their other activities and changes in net assets. The Association's interest in the Farm is recorded in the statement of financial position as other non-current assets.

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of California Waterfowl Association and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Basis of Presentation: The Association presents its consolidated financial statements on the basis of without donor restrictions and with donor restrictions. The accompanying financial statements are presented on the accrual basis of accounting.

Accounting Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions 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

CALIFORNIA WATERFOWL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED MARCH 31, 2021 AND 2020

amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Donations Received: Donations received are measured at their fair value and reported as an increase in net assets. The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statements of Activities as net assets released from restrictions.

Transactions with Related Parties: Inventory, property and equipment may be purchased from members of the Board of Directors of the Association. Management believes these transactions are not significant to the Association's financial position, operations or cash flow.

Cash, Cash Equivalents and Investments: Cash and cash equivalents includes highly liquid investments with remaining terms to maturity of three months or less at the date of acquisition. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At March 31, 2021, the Association had deposits with carrying amounts of \$3,287,606 and bank balances of \$3,343,077. Insured balances totaled \$500,000 and uninsured balances totaled \$2,843,077. At March 31, 2020, the Association had deposits with carrying amounts of \$1,442,030 and bank balances of \$1,536,784. Insured balances totaled \$521,487 and uninsured balances totaled \$1,015,297.

The Association carries its investments at estimated fair value based on quoted share values for equity securities and for mutual funds. Changes in estimated fair values are recognized as gains or losses in the statement of activities and changes in net assets as part of realized and unrealized gain (loss) on investments. For investments held by a broker who is a member of the Securities Investor Protection Corporation, the cash is insured up to \$250,000. At March 31, 2021, the Association had deposits with carrying amounts and account balances of \$154,291 all of which was insured at March 31, 2021. At March 31, 2020, the Association had deposits with carrying amounts and account balances of \$193,330 all of which was insured at March 31, 2020.

Concentrations of Credit Risk: Financial instruments that potentially subject the Association to credit risk consist primarily of cash, cash equivalents, accounts receivable and investments. The Association maintains cash and cash equivalents and investments with major financial institutions. At times, the amount of cash may exceed the maximum amount insured by the Federal Deposit Insurance Corporation. However, the Association performs periodic evaluations of the relative credit standing of these institutions. In addition, the Association seeks to maintain a diversified investment portfolio as a means of reducing risk and volatility while generating reasonable rates of returns on those investment securities.

Accounts Receivable: Accounts receivable consist of amounts due from grant activities, fundraising and receivables generated from the normal course of business. Management has determined that all amounts carried as receivables are collectible and, therefore, no allowance for doubtful accounts has been established. Historically, substantially all accounts receivable have been collected as they become due. The Association does not assess interest on outstanding receivable balances.

CALIFORNIA WATERFOWL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED MARCH 31, 2021 AND 2020

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory: Inventory is stated at the lower of average cost or net realizable value. Shipping costs are capitalized with respect to ending inventories. Donated inventories are recorded at fair value at the date of donation and periodically reviewed for impairment. Fair value is based on appraisals and any subsequent write-downs are charged against program expenses.

Property and Equipment: Property and equipment is stated at cost. Depreciation is computed on the straight-line basis over the estimated useful life of the asset, generally 3 to 40 years. The Association performs a review of long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Life Membership and Sponsorship Pledges: Life membership and sponsorship pledges represent installment payments due after one year from life members and sponsors. Amounts due within one year are included as current accounts receivable. Management estimates an allowance for doubtful accounts based on historical averages for non-payment related to level of membership and payments remaining.

Land Improvement Payable: Land improvement payable represents payables to vendors for services related to land improvements on wetland projects.

Income Taxes: California Waterfowl Association has been granted tax-exempt status by the Internal Revenue Service pursuant to code section 501(c)(3) and also by the California Revenue and Tax Code Section 23701e. Accordingly, no provision for income taxes has been included in the accompanying financial statements. However, the Association files, when necessary, unrelated business income tax returns. The subsidiaries of the Association are not tax-exempt entities but are considered pass-thru entities for tax purposes which are subject to certain minimum tax payments of \$800 each in the state of California.

The Association and its subsidiaries have accounted for uncertainty in income taxes through the use of a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50 percent likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The effect of applying this model and the resulting identification of uncertain tax positions, if any, were not considered significant for financial reporting purposes. Management does not anticipate any changes in unrecognized tax benefits or modeling of those benefits in the next twelve months.

The Association would recognize any interest accrued and penalties related to unrecognized tax benefits in tax expense. During the years ended March 31, 2021 and 2020, the Association did not recognize any interest or penalties. The Association is subject to filing of U.S. Federal and California informational returns. Tax returns remain subject to examination in the U.S. Federal jurisdiction for three years after the return is filed and for four years by the California jurisdiction. There are currently no tax years under examination.

CALIFORNIA WATERFOWL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED MARCH 31, 2021 AND 2020

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition: The contribution portion of fundraising events, donations and grants and membership dues are recognized when they are received or unconditionally pledged. The contribution portion of life memberships and sponsorships are recognized in full when commitments are received from life members and sponsors at the discounted present value over the life of the memberships.

Contributions of cash and other assets are reported as with donor restrictions support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is accomplished net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as amounts released from restrictions.

Donor-restricted contributions, whose restrictions are met in the same reporting period as the contributions, are included as contributions with donor restrictions and net assets released from restrictions in that period.

Certain properties held by the Association may conduct farming operations. Revenues from farming operations are recorded in the period earned. For the periods ending March 31, 2021 and 2020 revenues from farming operations were not considered significant for financial reporting purposes.

The other revenue portion of fundraising events, donations and grants, state and federal agency grants and contracts, life memberships and sponsorships and membership dues are recognized as follows:

- Fundraising event revenues are recognized based on the estimated fair value of the benefits given to the donors when received.
- State and federal agency grant and contract revenues are recognized as the qualifying expenses are incurred.
- Life membership and life sponsor revenues are recognized based on the fair value of the benefits given to the life members as the life members reach the next level of memberships.

Net Assets: The Association classified its net assets as without donor restrictions and with donor restrictions.

Without donor restrictions - Net assets that are not subject to externally imposed donor restrictions are considered without donor restrictions. Net assets without donor restrictions may be designated for use by the Board of Directors. Such designations limit the area of the Association's operations for which expenditures of designated net assets may be made.

With donor restrictions - Net assets subject to externally imposed restrictions that can be fulfilled by the actions of the Association or the passage of time.

The Association's endowments consist of eight donor-restricted endowment funds established for the purpose of supporting the Hamilton Ranch, Saddleback Ranch, Conaway Ranch, Notch Ranch, High Ridge Ranch, Chickahominy Creek Ranch 5, Chickahominy Creek Ranch 4, and Cordelia Slough Preserve. Net assets associated with endowment funds, including funds designated by the Board of

CALIFORNIA WATERFOWL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED MARCH 31, 2021 AND 2020

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Association have interpreted the California Uniform Prudent Management of Institution Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. UPMIFA was enacted in California on September 30, 2008 with an effective date of January 1, 2009. As a result of this interpretation, the Association classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment, if any, made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Association follows the adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the program supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the Association must hold in perpetuity.

The investment objective is to optimize earnings on all invested funds, while maintaining the preservation of capital. Risk will be minimized by investing in high quality fixed income instruments. To the extent that corporate obligations are purchased, those purchases will be diversified in terms of issuer and industry sector.

Functional Expense Allocations: Allocations of general and administrative expenses are made to the various Association activities based upon employee service hours and program utilization.

Contributed Services: A substantial number of individuals volunteer time to coordinate and run the Association's events as well as to assist in its general operations. These contributed services of volunteers are not reflected in the financial statements as they do not meet the criteria for recording contributed services.

Reclassifications: Certain reclassifications have been made to the 2021 consolidated financial statements in order to conform to the current fiscal year presentation. The reclassifications had no impact on previously reported net assets.

NOTE 3 -INVESTMENT SECURITIES

The Association maintained \$14,640,138 and \$11,109,356 in mutual fund investments at March 31, 2021 and 2020, respectively.

The following presents information about the Association's assets and liabilities measured at fair value on a recurring basis as of March 31, 2021 and 2020, and indicates the fair value hierarchy of the valuation techniques utilized by the Association to determine such fair value based on the hierarchy:

CALIFORNIA WATERFOWL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED MARCH 31, 2021 AND 2020

NOTE 3 - INVESTMENT SECURITIES (Continued)

Level 1 - Quoted market prices or identical instruments traded in active exchange markets.

Level 2 - Significant other observable inputs such as quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs that reflect a reporting entity's own assumptions about the methods that market participants would use in pricing an asset or liability.

The Association is required or permitted to record the following assets at fair value on a recurring basis:

**Fair Value Measurements
at March 31, 2021**

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds:				
Equities	\$ 14,074,285	\$ 14,074,285	\$ -	\$ -
U.S. Treasury Bonds	193,617	-	193,617	-
Corporate Bonds	257,724	-	257,724	-
Federal Agency securities	22,208	-	22,208	-
Municipal Bonds	84,329	-	84,329	-
Mortgage Pools	1,718	-	1,718	-
Money Market Funds	6,257	-	6,257	-
Total	<u>\$ 14,640,138</u>	<u>\$ 14,074,285</u>	<u>\$ 565,853</u>	<u>\$ -</u>

**Fair Value Measurements
at March 31, 2020**

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds:				
Equities	\$ 6,378,688	\$ 6,378,688	\$ -	\$ -
U.S. Treasury Bonds	202,839	-	202,839	-
Corporate Bonds	4,398,671	-	4,398,671	-
Federal Agency securities	129,158	-	129,158	-
Total	<u>\$ 11,109,356</u>	<u>\$ 6,378,688</u>	<u>\$ 4,730,668</u>	<u>\$ -</u>

The fair value of level 1 investment securities equals quoted market prices. Fair value for the Level 2 investment securities was provided by a third-party pricing source which generally uses models or matches to price these types of investments. The significantly input used to determine valuation for these types of assets, listed in approximate order of priority for use when available, include benchmark yields, reported trades, broker/dealer quotes, issuer spreads and reference data including market research publications. There were no changes in valuation techniques used during the years ended March 31, 2021 and 2020.

CALIFORNIA WATERFOWL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED MARCH 31, 2021 AND 2020

NOTE 4 -PROPERTY AND EQUIPMENT

Property and equipment at March 31 consist of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 14,024,710	\$ 12,277,239
Building	2,077,674	2,077,673
Equipment	1,127,818	1,127,510
Furniture and Fixtures	120,778	120,778
Vehicles	512,777	567,085
Computer and software	<u>142,118</u>	<u>148,321</u>
	18,005,875	16,318,606
Less accumulated depreciation	<u>(1,750,017)</u>	<u>(1,623,911)</u>
Total Non-depreciable Capital Assets	<u>\$ 16,255,858</u>	<u>\$ 14,694,695</u>

Depreciation expense was \$192,849 and \$219,337 for the years ended March 31, 2020 and 2020, respectively.

NOTE 5 -OTHER NON-CURRENT ASSETS

At March 31, 2021 and 2020, other non-current assets represented the Association's 80 percent interest in Ellis Island Farms, Inc., located on Quimby Island, California. The composition of the other non-current assets includes:

	<u>2021</u>	<u>2020</u>
Land and buildings, at appraised value, net of depreciation	\$ 983,857	\$ 1,042,861
Equipment, at appraised value, net of depreciation	165,125	154,899
Cash and investment securities, at fair value	<u>2,396,830</u>	<u>1,947,917</u>
	3,545,812	3,145,677
Less accrued expenses	(10,233)	(147,570)
Less minority interest	<u>(682,220)</u>	<u>(599,621)</u>
Total Non-depreciable Capital Assets	<u>\$ 2,853,359</u>	<u>\$ 2,398,486</u>

CALIFORNIA WATERFOWL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED MARCH 31, 2021 AND 2020

NOTE 6 – LIFE MEMBERSHIP AND SPONSORSHIP PLEDGES

Life membership and sponsorship pledges at March 31 consist of the following:

	<u>2021</u>	<u>2020</u>
Due within one year (included in accounts receivable)	<u>\$ 123,291</u>	<u>\$ 110,096</u>
Due beyond one year		
One to five years	\$ 226,507	\$ 253,543
More than five years	23,794	24,006
Allowance	-	(45,000)
Discount to present value	<u>(12,103)</u>	<u>(13,798)</u>
	<u>\$ 361,489</u>	<u>\$ 328,847</u>

NOTE 7 – LIQUIDITY AND AVAILABILITY

The Association's financial assets available within one year of the statement of financial position date for general expenditure are as follows as of March 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 3,287,606	\$ 1,635,360
Accounts receivable	2,085,236	1,517,450
Investment securities	<u>14,640,138</u>	<u>11,109,356</u>
Total financial assets, at year end	<u>20,012,980</u>	<u>14,262,166</u>
Less assets with donor restrictions:	<u>(1,001,673)</u>	<u>(4,856,305)</u>
Total financial assets available for general expenditures within one year	<u>\$ 19,011,307</u>	<u>\$ 9,405,861</u>

As part of the Association's liquidity management, the Association invests its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The Association has \$19,011,307 of financial assets available within one year of the balance sheets date to meet cash needs for general expenditure. None of the financial assets re subject to contractual restrictions that make them unavailable for general expenditure within one year of the balanced sheet date. The Association has a goal to maintain financial assets, which consist of cash and cash equivalents, to meet three months of normal operating expenses.

CALIFORNIA WATERFOWL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED MARCH 31, 2021 AND 2020

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

During the year ended March 31, 2021 and 2020, net assets with donor restrictions that were released from restrictions total \$3,881,672 and \$2,018,517, respectively, due to the satisfaction of donor restriction. Net assets were released for the following purposes:

	<u>2021</u>	<u>2020</u>
Waterfowl and wetland programs	\$ 1,341,208	\$ 885,625
Youth and education program	2,296,328	862,088
Government affairs	210,757	195,325
Other	<u>33,379</u>	<u>75,479</u>
Total net assets released from restriction	<u>\$ 3,881,672</u>	<u>\$ 2,018,517</u>

Endowment Net Assets: For the year ended March 31, 2021, gifts are \$33,468, were added to the endowment funds. The principal contribution of \$33,468 in aggregate are to remain intact as a permanent endowment and only the amounts earned as investment income can be expended for monitoring the related easements. For the year ended March 31, 2020, gifts of 380,415 were added to endowment funds. The principal contribution of \$380,415 in aggregate are to remain intact as a permanent endowment and only the amounts earned as investment income can be expended for monitoring the related easements.

Changes in endowment net assets for the fiscal years ended March 31, 2021 and 2020 consist if the following:

Activity by net asset class:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, April 1, 2020	\$ -	\$ 868,461	\$ 868,461
Change in fair value of investments and investment income	-	283,427	283,427
Contributions	-	33,468	33,468
Funds used for donor-intended purpose	-	<u>(4,495)</u>	<u>(4,495)</u>
Balance, March 31, 2021	<u>\$ -</u>	<u>\$ 1,180,861</u>	<u>\$1,180,861</u>
Balance, April 1, 2019	\$ -	\$ 412,075	\$ 412,075
Change in fair value of investments and investment income	-	78,349	78,349
Contributions	-	380,415	380,415
Funds used for donor-intended purpose	-	<u>(2,378)</u>	<u>(2,378)</u>
Balance, March 31, 2020	<u>\$ -</u>	<u>\$ 868,461</u>	<u>\$ 868,461</u>

CALIFORNIA WATERFOWL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED MARCH 31, 2021 AND 2020

NOTE 9 – FUNCTIONAL EXPENSE ALLOCATION

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation in a reasonable basis that is consistently applied. Expenses, such as salaries and benefits, travel, entertainment an meeting expenses, depreciation, depletion and amortization, and occupancy are allocated among supporting administrative expenses and program administrative expenses based on employer ratios and estimates of time and effort made by the Association’s management.

	2021			
	Program Expenses	Fundraising and Membership Development	General Administration	Total
Land improvement	\$ 4,301,828	\$ -	\$ -	\$ 4,301,828
Salaries and benefits	2,643,912	674,604	230,776	3,549,292
Direct fundraising expense	-	1,792,181	-	1,792,181
Miscellaneous/other	363,932	573,555	111,476	1,048,963
Outside labor, professional services and fees	431,240	11,257	13,092	455,589
Printing and postage	279,159	10,385	451	289,995
Supplies	205,362	68,753	1,093	275,208
Insurance	115,124	12,759	23,606	151,489
Depreciation	104,138	11,571	77,140	192,849
Utilities	171,741	2,248	1,402	175,391
Software, information, and technology	123,300	19,721	8,225	151,246
Vehicle and equipment expense	177,716	17,506	1,815	197,037
Building and property maintenance	51,801	2,068	2,068	55,937
Lobbying	12,862	-	-	12,862
Marketing	16,628	2,838	-	19,466
Travel expenses	14,230	167	1,316	15,713
Entertainment	2,917	4,617	181	7,715
Property taxes	-	-	7,436	7,436
Total expenses	\$ 9,015,890	\$ 3,204,230	\$ 480,077	\$ 12,700,197

CALIFORNIA WATERFOWL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED MARCH 31, 2021 AND 2020

NOTE 9 – FUNCTIONAL EXPENSE ALLOCATION (Continued)

	2020			Total
	Program Expenses	Fundraising and Membership Development	General Administration	
Salaries and benefits	\$ 2,927,070	\$ 1,205,503	\$ 266,226	\$ 4,398,799
Land improvements	4,340,126	-	-	4,340,126
Professional services	85,883	2,234	24,021	112,138
Occupancy	224,967	10,162	9,088	244,217
Depreciation, depletion and amortization	105,063	29,172	85,102	219,337
Travel, entertainment and meetings	231,002	98,071	5,162	334,235
Office expense	534,296	157,239	35,917	727,452
Information technology	4,578	2,710	-	7,288
Interest and investment income	3,553	708	7,613	11,874
Property taxes	81,044	-	7,976	89,020
Duck stamps	88,968	-	-	88,968
Insurance	139,217	20,546	49,756	209,519
Printing	119,346	-	-	119,346
Outside labor	261,736	68,737	5,364	335,837
Lobbying	50,242	-	-	50,242
Other	437,908	211,593	28,818	678,319
Direct fundraising expenses	-	3,567,533	-	3,567,533
Total expenses	<u>\$ 9,634,999</u>	<u>\$ 5,374,208</u>	<u>\$ 525,043</u>	<u>\$ 15,534,250</u>

NOTE 10 – EMPLOYEE BENEFIT PLAN

In July 2010, the association established a 401(k)-plan covering substantially all employees. The plan provides for discretionary matching and other contributions determined annually. Employees must complete 1,000 hours of service and six months of employment to be eligible to participate. Employer contributions vest over a period of six years. For the years ending March 31, 2021 and 2020, the Association contributed \$92,070 and \$100,403 to the plan respectively.

NOTE 11 – EMPLOYEE BENEFIT PLAN

From time to time, the Association is a party to certain legal proceedings arising out of the ordinary course of business, the outcomes of which individually or in aggregate, in the opinion of the Association's management, would not have material adverse effect of the Association's business, financial position or results of operations.

The Association has received federal and state funds for specific purpose that are subject to review and audit by grantor agencies. Although such audits could result in expenditure disallowances, under terms of grants, it is management opinion that any required reimbursements or future revenue offsets subsequently determined will not have a material effect on the Association's financial statements.

CALIFORNIA WATERFOWL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED MARCH 31, 2021 AND 2020

NOTE 12 – RISKS AND UNCERTAINTIES

As a result of the ongoing COVID-19 pandemic, economic uncertainties have arisen which could have a negative impact on the Association through business disruption or decreases in revenue. The Association's events and trainings have been delayed due to governmental restrictions on large gatherings. Although the disruption is expected to be temporary, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE 13 – SUBSEQUENT EVENTS

The Association has evaluated subsequent events through September 10, 2021 the date on which the financial statements were available to be issued, and no subsequent events have occurred requiring accrual or disclosure.

SUPPLEMENTARY INFORMATION

CALIFORNIA WATERFOWL ASSOCIATION
COMBINING STATEMENT OF FINANCIAL POSITION
MARCH 31, 2021

	<u>California Waterfowl Association</u>	<u>California Waterfowl Foundation</u>	<u>California Waterfowl Admin Property</u>	<u>California Waterfowl Legislative Action Fund</u>	<u>Totals</u>
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 3,263,833	\$ 6,288	\$ 15,676	\$ 1,809	\$ 3,287,606
Accounts receivable	2,088,128	-	(2,892)	-	2,085,236
Investment securities	4,657,587	9,982,551	-	-	14,640,138
Inventory	755,301	-	-	-	755,301
Prepaid expenses and other assets	195,594	3,663	-	13,571	212,828
Total Current Assets	<u>10,960,443</u>	<u>9,992,502</u>	<u>12,784</u>	<u>15,380</u>	<u>20,981,109</u>
Property and equipment, net	16,255,858	-	-	-	16,255,858
Other non-current assets	2,853,359	-	-	-	2,853,359
Life membership and sponsorship pledges, net of allowance	361,489	-	-	-	361,489
Total Assets	<u>\$ 30,431,149</u>	<u>\$ 9,992,502</u>	<u>\$ 12,784</u>	<u>\$ 15,380</u>	<u>\$ 40,451,815</u>
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Accounts payable	\$ 181,512	\$ -	\$ -	\$ -	\$ 181,512
Accrued liabilities	629,834	-	-	-	629,834
Deferred revenue	188,942	-	-	-	188,942
Mortgage and loans payable	160,000	-	-	-	160,000
Land improvement payable	156,648	-	-	-	156,648
Total Current Liabilities	<u>1,316,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,316,936</u>
Total Net Assets:					
Without donor restrictions	28,112,540	9,992,502	12,784	15,380	38,133,206
With donor restrictions	1,001,673	-	-	-	1,001,673
Total Net Assets	<u>29,114,213</u>	<u>9,992,502</u>	<u>12,784</u>	<u>15,380</u>	<u>39,134,879</u>
Total Liabilities and Net Assets	<u>\$ 30,431,149</u>	<u>\$ 9,992,502</u>	<u>\$ 12,784</u>	<u>\$ 15,380</u>	<u>\$ 40,451,815</u>

CALIFORNIA WATERFOWL ASSOCIATION

COMBINING STATEMENT OF ACTIVITIES

MARCH 31, 2021

	<u>California Waterfowl Association</u>	<u>California Waterfowl Foundation</u>	<u>California Waterfowl Admin Property</u>	<u>California Waterfowl Legislative Action Fund</u>	<u>Eliminations</u>	<u>Totals</u>
REVENUES AND SUPPORT:						
Contributions:						
Fundraising events	\$ 1,811,367	\$ -	\$ -	\$ -	\$ -	\$ 1,811,367
Donations and grants	6,753,601	293	-	84,254	(357,269)	6,480,879
Life membership and sponsorships	70,639	-	-	-	-	70,639
Membership dues	112,564	-	-	-	-	112,564
Revenues:						
Fundraising events	1,423,944	-	-	-	-	1,423,944
Donations and grants	360,262	-	-	-	-	360,262
State grants and contracts	3,716,179	-	-	-	-	3,716,179
Federal agency grants	1,725,999	-	-	-	-	1,725,999
Duck stamps	63,472	-	-	-	-	63,472
Life membership and sponsorships	59,555	-	-	-	-	59,555
Membership dues	56,016	-	-	-	-	56,016
Investment income	261,052	210,297	-	-	-	471,349
Realized and unrealized losses on investment	920,532	2,464,177	-	-	-	3,384,709
Other income	301,030	-	15,953	-	-	316,983
Net assets transferred/released from restrictions TR	(3,881,672)	-	-	-	-	(3,881,672)
Net assets transferred/released from restrictions UR	3,881,672	-	-	-	-	3,881,672
Total revenues and support	<u>17,636,212</u>	<u>2,674,767</u>	<u>15,953</u>	<u>84,254</u>	<u>(357,269)</u>	<u>20,053,917</u>
EXPENSES:						
Direct fundraising expenses	<u>1,822,181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,000)</u>	<u>1,792,181</u>
Program expenses:						
Waterfowl and wetlands projects	6,163,376	-	-	-	-	6,163,376
Membership services and education	2,146,197	350,289	-	-	(327,269)	2,169,217
Governmental affairs	419,438	-	-	58,190	-	477,628
Other	205,669	-	-	-	-	205,669
Total program expenses	<u>8,934,680</u>	<u>350,289</u>	<u>-</u>	<u>58,190</u>	<u>(327,269)</u>	<u>9,015,890</u>
Supporting services expenses:						
Fundraising and membership development	1,412,049	-	-	-	-	1,412,049
General and Administrative	467,171	5,557	3,169	4,180	-	480,077
Total supporting services expenses	<u>1,879,220</u>	<u>5,557</u>	<u>3,169</u>	<u>4,180</u>	<u>-</u>	<u>1,892,126</u>
Total expenses	<u>12,636,081</u>	<u>355,846</u>	<u>3,169</u>	<u>62,370</u>	<u>(357,269)</u>	<u>12,700,197</u>
INCREASE (DECREASE) IN NET ASSETS	\$ 5,000,131	\$ 2,318,921	\$ 12,784	\$ 21,884	\$ -	\$ 7,353,720
Net assets, beginning of year	<u>24,114,082</u>	<u>7,673,581</u>	<u>-</u>	<u>(6,504)</u>	<u>-</u>	<u>31,781,159</u>
Net assets, end of year	<u>\$ 29,114,213</u>	<u>\$ 9,992,502</u>	<u>\$ 12,784</u>	<u>\$ 15,380</u>	<u>\$ -</u>	<u>\$ 39,134,879</u>

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CALIFORNIA WATERFOWL ASSOCIATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2021

<u>Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of the Interior:</u>		
North American Wetlands Conservation Act (NAWCA) Programs:		
Fish and Wildlife Services, NAWCA Grasslands Ecological Area I	15.623	* \$ 331,636
Fish and Wildlife Services, NAWCA Suisan Wetlands Conservation III	15.623	* 224,911
Fish and Wildlife Services, NAWCA San Joaquin Valley Wetland Habitat	15.623	* 146,916
Fish and Wildlife Services, NAWCA NE California Enhancemnets	15.623	* 89,094
Fish and Wildlife Services, NAWCA CA Delta Yolo Basin II	15.623	* 38,801
Fish and Wildlife Services, NAWCA Suisan Wetlands Conservation II	15.623	* 6,239
Fish and Wildlife Services, NAWCA Wetland of Sac Valley III	15.623	* 594,061
Fish and Wildlife Services, NAWCA Look Out Ranch	15.623	* 4,926
Subtotal NAWCA Programs		<u>1,436,584</u>
Partners for Fish and Wildlife Programs:		
Fish and Wildlife Services, Sac Valley Habitat Improvement	15.631	3,749
Fish and Wildlife Services, Delta Central Valley	15.631	8,655
Fish and Wildlife Services, Pacific Flyway Rest & Enh 2	15.631	14,229
Fish and Wildlife Services, Sac Valley Sierra Meadows	15.631	45,804
Fish and Wildlife Services, Sac Valley Sierra Meadows	15.631	24,719
Fish and Wildlife Services, Sac River Watershed Meadows	15.631	963
Fish and Wildlife Services, Sac Valley and Foothills Enhacements	15.631	35,031
Fish and Wildlife Services, Sprig Meadows	15.631	14,892
Subtotal Partners for Fish and Wildlife Programs		<u>148,043</u>
Multistate Conservation Grant:		
Fish and Wildlife Services, Exploring the R3 Needs and Opportunities of female hunters, shooters and archers	15.628	<u>20,392</u>
Migratory Bird Joint Ventures:		
Fish and Wildlife Services, CVJV Implementation Fund	15.637	221
Fish and Wildlife Services, Migratory Bird Joint Ventures	15.637	7,934
Subtotal Migratory Bird Joint Ventures		<u>8,155</u>
Migratory Bird Joint Ventures:		
Fish and Wildlife Services, Service Volunteer at Humboldt 2	15.676	93,205
Fish and Wildlife Services, Service Volunteer at Sac Refuge	15.676	38,644
Subtotal Migratory Bird Joint Ventures		<u>131,849</u>
Total US Department of the Interior		<u>1,745,023</u>
<u>U.S. Department of the Agriculture:</u>		
Direct Programs:		
Wetlands Reserve Program - Technical Assistance	10.931	15,901
Wetlands Reserve Program	10.072	150,188
Total US Department of the Agriculture		<u>166,089</u>
Total Expenditures of Federal Awards		<u>\$ 1,911,112</u>

* Tested as a major program

CALIFORNIA WATERFOWL ASSOCIATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED MARCH 31, 2021

NOTE 1 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards includes federal grant activity of the Association and is presented under the accrual basis of accounting. The July 2021 Edition of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with the Uniform Guidance and state requirements. Therefore, some amounts presented in this schedule may differ from amounts used in the preparation of the general-purpose financial statements. The Association did not elect to use the 10% de minimis cost rate, instead used the federally approved indirect cost negotiated rate.

Revenue:	
Grants and donations:	
Federal grants	\$ 1,726,000
State grants	2,918,004
Private contributions	551,678
	<u>5,195,682</u>
Government agency contracts:	
Federal grants	185,112
Private contributions	61,384
	<u>246,496</u>
Total revenue	<u>\$ 5,442,178</u>
Total Federal Grant	<u>\$ 1,911,112</u>



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

Board of Directors
California Waterfowl Association
Roseville, CA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of California Waterfowl Association, as of and for the year ended March 31, 2021, and the related notes to the consolidated financial statements, which collectively comprise the California Waterfowl Association's basic financial statements, and have issued our report thereon dated September 10, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered California Waterfowl Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the California Waterfowl Association's internal control. Accordingly, we do not express an opinion on the effectiveness of California Waterfowl Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

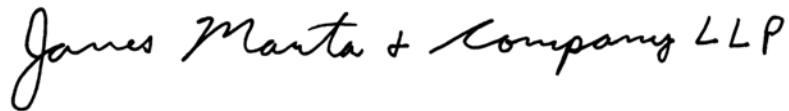
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether California Waterfowl Association's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
September 10, 2021



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
California Waterfowl Association
Roseville, CA

Report on Compliance for Each Major Federal Program

We have audited the California Waterfowl Association's (the "Association") compliance with the types of compliance requirements described in the July 2021 edition of the *OMB Compliance Supplement* that could have a direct and material effect on each of Association's major federal programs for the year ended March 31, 2021. The Association's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Association's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of as required by the July 2021 edition of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Association's compliance.

Opinion on Each Major Federal Program

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2021.

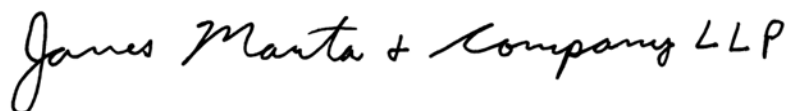
Internal Control Over Compliance

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



James Marta & Company LLP
Certified Public Accountants
Sacramento, California
September 10, 2021

CALIFORNIA WATERFOWL ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2021

Section I – Summary of Audit Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____	Yes	_____	X	No
Significant deficiency(ies) identified?	_____	Yes	_____	X	None reported

Noncompliance material to financial statements noted? _____ Yes _____ X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____	Yes	_____	X	No
Significant deficiency(ies) identified?	_____	Yes	_____	X	None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516(a)? _____ Yes _____ X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
15.623	North American Wetlands Conservation Act (NAWCA) Programs

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? _____ X Yes _____ No

CALIFORNIA WATERFOWL ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2021

Section II: Financial Statement Findings

No matters were reported.

Section II: Federal Awards Findings and Questioned Costs

No matters were reported.

Prior Year Findings and Recommendations

No matters were reported.