

**COALITION FOR THE UPPER  
SOUTH PLATTE**

**Financial Statements**

**For the Year Ended December 31, 2009**

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INDEPENDENT AUDITORS' REPORT

Board of Directors  
Coalition for the Upper South Platte  
Lake George, Colorado

We have audited the accompanying statement of financial position of the Coalition for the Upper South Platte as of December 31, 2009, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the Organization's December 31, 2008 financial statements and in our report dated August 21, 2009, we expressed an unqualified opinion on those financial statements.

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

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

*Waugh & Goodwin, LLP*

April 2, 2010

COALITION FOR THE UPPER SOUTH PLATTE  
Statement of Financial Position  
December 31, 2009  
(With Comparative Amounts for 2008)

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 8,848	\$ 8,479
Accounts receivable	721	
Grants receivable	45,093	27,750
Prepaid expenses	<u>2,480</u>	<u>2,480</u>
Total current assets	57,142	38,709
PROPERTY AND EQUIPMENT:		
Land	12,150	12,150
Building	122,850	122,850
Program vehicle	36,520	36,520
Equipment	32,144	30,808
Less accumulated depreciation	<u>(86,871)</u>	<u>(78,330)</u>
Property and equipment - net	<u>116,793</u>	<u>123,998</u>
TOTAL ASSETS	<u>\$ 173,935</u>	<u>\$ 162,707</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 15,155	\$ 381
Accrued liabilities	28,579	6,716
Deferred revenue		11,687
Current portion of note payable	<u>4,139</u>	<u>3,858</u>
Total current liabilities	47,873	22,642
NOTE PAYABLE	<u>100,183</u>	<u>103,711</u>
Total liabilities	148,056	126,353
NET ASSETS:		
Unrestricted	<u>25,879</u>	<u>36,354</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 173,935</u>	<u>\$ 162,707</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2009  
(With Comparative Amounts for 2008)

	<u>2009</u>	<u>2008</u>
REVENUE:		
Government grants	\$ 490,967	\$ 127,757
Donated professional services	175,951	93,539
Contributions	49,551	57,875
Program fees	25,935	17,409
Foundation and corporate grants	17,900	17,900
Other revenue	4,363	2,660
Special events income	4,815	
Gifts in-kind		<u>3,200</u>
Total revenue	<u>769,482</u>	<u>320,340</u>
EXPENSES:		
Program services:		
Fuel mitigation	303,756	109,366
Forest health and restoration	285,868	121,774
River restoration	30,637	9,117
Mine reclamation	22,522	
Noxious weeds	20,852	13,435
Trails	14,342	15,604
Environmental education program	10,757	32,597
Carbon		<u>4,418</u>
Total program services	<u>688,734</u>	<u>306,311</u>
Supporting services:		
General and administrative	84,470	36,337
Financial development	<u>6,753</u>	<u>3,708</u>
Total supporting services	<u>91,223</u>	<u>40,045</u>
Total expenses	<u>779,957</u>	<u>346,356</u>
CHANGE IN NET ASSETS	(10,475)	(26,016)
NET ASSETS, beginning of year	<u>36,354</u>	<u>62,370</u>
NET ASSETS, end of year	<u>\$ 25,879</u>	<u>\$ 36,354</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE  
Statement of Functional Expenses  
For the Year Ended December 31, 2009

	Fuel Mitigation	Forest Health and Restoration	River Restoration	Mine Reclamation	Noxious Weeds	Trails	Environmental Education Program	Total Program Services	General & Administrative	Financial Development	Totals
Advertising	\$ 797	\$	\$	\$	\$	\$	\$	\$ 797	\$ 87	\$	\$ 884
Contract & professional services	142,994	15,211	27,441		1,560	1,560	1,170	189,936	7,800	390	198,126
Depreciation		8,541						8,541			8,541
Donated time & materials	57,184	86,568		22,522	6,510			172,784		3,167	175,951
Equipment maintenance & repair	4,790	2,920						7,710	342		8,052
Matching funds		48,000						48,000			48,000
Insurance	2,614	3,642	93		373	373	280	7,375	1,867	93	9,335
Interest expense	1,762	2,454	63		252	252	189	4,972	1,258	63	6,293
Miscellaneous expenses	2,459	3,425	88		351	351	263	6,937	2,137	88	9,162
Occupancy	3,850							3,850			3,850
Books, subscriptions, reference	540	753	19		77	77	58	1,524	386	19	1,929
Office supplies	4,615	6,429	166		659	659	495	13,023	3,297	166	16,486
Payroll taxes	5,844	8,140	209		835	835	626	16,489	4,174	209	20,872
Personnel expenses	68,263	95,080	2,438		9,752	9,752	7,314	192,599	48,760	2,438	243,797
Professional development									431		431
Postage & shipping	461	642	16		66	66	49	1,300	329	16	1,645
Printing & duplicating									3,327		3,327
Professional fees									4,399		4,399
Property maintenance	707	984	25		101	101	76	1,994	505	25	2,524
Publications & subscriptions									350		350
Real estate taxes									53		53
Small equipment	4,543							4,543	2,706		7,249
Telecommunications	1,353	1,884	49		193	193	145	3,817	967	49	4,833
Trash	12	17			2	2	1	34	9		43
Travel & meetings	465	477	12		49	49	37	1,089	926	12	2,027
Utilities	503	701	18		72	72	54	1,420	360	18	1,798
	<u>\$ 303,756</u>	<u>\$ 285,868</u>	<u>\$ 30,637</u>	<u>\$ 22,522</u>	<u>\$ 20,852</u>	<u>\$ 14,342</u>	<u>\$ 10,757</u>	<u>\$ 688,734</u>	<u>\$ 84,470</u>	<u>\$ 6,753</u>	<u>\$ 779,957</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE  
Statement of Cash Flows  
For the Year Ended December 31, 2009  
(With Comparative Amounts for 2008)

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (10,475)	\$ (26,016)
Adjustments to reconcile change in in net assets to net cash provided (used) by operating activities:		
Depreciation	8,541	14,192
In-kind donation of property		(3,200)
Change in assets and liabilities:		
Increase in grants receivable	(17,343)	4,239
Increase in accounts receivable	(721)	
Increase in accounts payable and accrued liabilities	36,637	(4,293)
Decrease in deferred revenue	<u>(11,687)</u>	<u>11,687</u>
Total adjustments	<u>15,427</u>	<u>22,625</u>
Net cash provided (used) by operating activities	4,952	(3,391)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	<u>(1,336)</u>	<u>          </u>
Net cash used by investing activities	(1,336)	
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	<u>(3,247)</u>	<u>(3,616)</u>
Net cash used by financing activities	<u>(3,247)</u>	<u>(3,616)</u>
NET INCREASE (DECREASE) IN CASH	369	(7,007)
CASH AND CASH EQUIVALENTS, beginning of year	<u>8,479</u>	<u>15,486</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 8,848</u>	<u>\$ 8,479</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE  
Notes to Financial Statements  
For the Year Ended December 31, 2009

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Coalition for the Upper South Platte (the Organization) was originally incorporated in the state of Colorado in July, 1998 under the name Upper South Platte Watershed Protection Association. The Organization was originally established to protect the watershed's ecological health and sustainability by balancing activities in the region and coordinating amongst stakeholders, including regulatory agencies, to identify and recommend water quality management strategies.

The name was changed on March 14, 2004 in order to better reflect the expansion of the mission and funding caused by the Hayman Fire, which burned 137,000 acres during the summer of 2002. The Coalition for the Upper South Platte was called on to play an active role in coordinating and facilitating recovery efforts. The mission has been expanded to include the on-site management of a long-term, large-scale erosion stabilization and ecological restoration program which is being carried out primarily by volunteers. The mission also now includes expanding the public's awareness of issues surrounding the water quality and ecological health of the watershed. The Organization has also implemented an energy efficiency program as part of its strategic plan.

Accounts and Grants Receivable

Accounts and grants receivable are recorded at the amount the Organization expects to collect on balances outstanding at year end. Based on management's assessment of its history with agencies having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year end will be immaterial; accordingly, no allowance for uncollectible accounts is maintained.

Donated Services

The Organization recognizes donated services that create or enhance non-financial assets or that require specialized skills and would typically need to be purchased if not provided by donation. During the years ended December 31, 2009 and 2008, \$175,951 and \$93,539, respectively, was recorded for donated services.



## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Contributions

Contributions are recorded when received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. When a donor restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as satisfied program restrictions. Contributions with donor-imposed restrictions that are met in the same reporting period are reported as unrestricted support.

#### Property and Equipment

Property and equipment are recorded at cost, or at fair market value if donated, and depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which is five to seven years. The Organization's building is being depreciated over an estimated useful life of 27.5 years. Depreciation expense for the years ended December 31, 2009 and 2008 amounted to \$8,541 and \$14,192, respectively.

#### Income Taxes

No provision for income taxes has been made in the accompanying financial statements because the Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986.

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," an Interpretation of FASB Statement No. 109 (FIN 48), that clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Organization's income tax returns. The revised effective date for FIN 48 is years beginning after December 15, 2008; accordingly, the Organization adopted the standard effective January 1, 2009.

The Organization's income tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2005 - 2008. The Organization believes that its operations have been conducted in accordance with its tax-exempt status.

#### Cash and Cash Equivalents

Cash and cash equivalents consist of the Organization's checking and petty cash accounts.

## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Use of 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 that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

#### Functional Allocation of Expenses

The costs of providing 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.

#### Supplemental Cash Flow Disclosures

Cash flows from operating activities reflect interest paid of \$6,293 and \$7,101 for the years ended December 31, 2009 and 2008, respectively.

#### Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 2, 2010, the date that the financial statements were available to be issued.

#### Prior-Year Comparisons

The financial statements include certain prior-year summarized comparative information in total but not by net asset or functional expense class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

Certain reclassifications have been made to the prior-year amounts in order to conform to the current year financial statement format.

Notes to Financial Statements

B. NOTE PAYABLE

On February 24, 2005, the Organization purchased a facility in Lake George, Colorado to house its offices and provide space for equipment storage and maintenance. A note payable was secured in the original amount of \$120,000 to finance a portion of the building. At December 31, 2009 note payable consists of the following:

Note payable to CHFA. This note is secured by a building and requires monthly payments of \$895, including interest at 6.5%, through February, 2025.

\$ 104,322

Less current portion

(4,139)

Long-term portion

\$ 100,183

Future minimum payments for the years ended December 31 are as follows:

2010	\$ 4,139
2011	4,416
2012	4,711
2013	5,027
2014	5,364
Thereafter	80,665