



**COALITION FOR THE UPPER  
SOUTH PLATTE**

**Financial Statements  
For the Year Ended December 31, 2018**

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INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of Coalition for the Upper South Platte (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coalition for the Upper South Platte as of December 31, 2018, 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.

### **Report on Summarized Comparative Information**

We have previously audited Coalition for the Upper South Platte's 2017 financial statements, and our report dated June 4, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Emphasis of Matter**

As described in Note A to the financial statements, in 2018, Coalition for the Upper South Platte adopted Accounting Standards Update (ASU) 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. Our opinion is not modified with respect to this matter.

*Waugh & Goodwin, LLP*

Colorado Springs, Colorado  
September 20, 2019

COALITION FOR THE UPPER SOUTH PLATTE  
Statement of Financial Position  
December 31, 2018  
(With Comparative Amounts for 2017)

	<u>ASSETS</u>	
	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 213,304	\$ 74,652
Accounts receivable, net	2,567	12,578
Due from COCO	1,949	337
Grants receivable	316,853	94,148
Inventory	2,404	4,437
Prepaid expenses	<u>3,887</u>	<u>3,387</u>
Total current assets	540,964	189,539
<b>PROPERTY AND EQUIPMENT:</b>		
Land	12,150	12,150
Building	122,850	122,850
Program vehicles	147,420	147,420
Equipment	18,515	18,515
Trailers and heavy equipment	180,036	180,036
Less accumulated depreciation	<u>(338,610)</u>	<u>(283,130)</u>
Property and equipment - net	142,361	197,841
<b>OTHER ASSETS:</b>		
Mineral interests	<u>                    </u>	<u>140,000</u>
Total other assets	<u>                    </u>	<u>140,000</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 683,325</u></b>	<b><u>\$ 527,380</u></b>
<u>LIABILITIES AND NET ASSETS</u>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 122,721	\$ 66,491
Due to COCO		4,675
Accrued liabilities		17,706
Line of credit payable	57,208	
Note payable - related party	10,000	55,000
Current portion of note payable	<u>7,709</u>	<u>6,641</u>
Total current liabilities	197,638	150,513
<b>NOTE PAYABLE</b>	<u>41,727</u>	<u>50,060</u>
Total liabilities	239,365	200,573
<b>NET ASSETS:</b>		
Without donor restrictions	279,620	181,813
With donor restrictions	<u>164,340</u>	<u>144,994</u>
Total net assets	<u>443,960</u>	<u>326,807</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 683,325</u></b>	<b><u>\$ 527,380</u></b>

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, 2018  
(With Comparative Totals for 2017)

	Without Donor Restrictions	With Donor Restrictions	2018 Totals	2017 Totals
<b>REVENUE:</b>				
Government grants and contracts	\$ 930,941	\$ 304,194	\$ 1,235,135	\$ 758,690
Program fees	177,004		177,004	110,799
Foundation and corporate grants	150,086		150,086	163,515
Donated professional services	129,975		129,975	78,214
Contributions	27,394		27,394	23,787
Donated materials and equipment use	1,132		1,132	13,287
Other revenue	136		136	10,500
Special events income				889
Satisfied program restrictions	<u>284,848</u>	<u>(284,848)</u>		
Total revenue	1,701,516	19,346	1,720,862	1,159,681
<b>EXPENSES:</b>				
Program services:				
Forest health, fuels mitigation, and emergency management	891,585		891,585	690,083
Habitat and invasive species	231,894		231,894	271,252
Monitoring, assessment, and planning	121,341		121,341	123,554
Program operations	56,514		56,514	94,953
Recreation	48,432		48,432	11,715
Conservation and sustainability	41,092		41,092	
Program outreach and environmental education	<u>10,375</u>		<u>10,375</u>	<u>22,894</u>
Total program services	1,401,233		1,401,233	1,214,451
Supporting services:				
General and administrative	180,007		180,007	160,889
Financial development	<u>22,469</u>		<u>22,469</u>	<u>58,460</u>
Total supporting services	<u>202,476</u>		<u>202,476</u>	<u>219,349</u>
Total expenses	<u>1,603,709</u>		<u>1,603,709</u>	<u>1,433,800</u>
CHANGE IN NET ASSETS	97,807	19,346	117,153	(274,119)
NET ASSETS, beginning of year	<u>181,813</u>	<u>144,994</u>	<u>326,807</u>	<u>600,926</u>
NET ASSETS, end of year	<u>\$ 279,620</u>	<u>\$ 164,340</u>	<u>\$ 443,960</u>	<u>\$ 326,807</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE  
Statement of Functional Expenses  
For the Year Ended December 31, 2018  
(With Comparative Totals for 2017)

	<u>Forest health, Fuels Mitigation, &amp; Emergency Management</u>	<u>Habitat &amp; Invasive Species</u>	<u>Monitoring, Assessment, &amp; Planning</u>	<u>Program Operations</u>	<u>Recreation</u>	<u>Conservation &amp; Sustainability</u>
Banking & credit card fees	\$	\$	\$	\$	\$	\$
Books, reference & software	120			759		
Communications	8,162	2,447	1,449	1,607	290	467
Conference & meetings	369					35
Contract & professional services	414,712	111,719	63,032	75		30,117
Depreciation	25,736	7,716	4,568	3,249	914	1,472
Donation	160,000					
Equipment operations & rental	15,846	5,393	3,141		1,096	228
Fundraising event						
Insurance				8		
Materials & supplies	2,316	32,980	1,265	3,171	3,526	
Miscellaneous expenses	2,520			655		
Occupancy	2,978	893	529	376	106	170
Office expenses	813	917	164	152		
Program management salaries, benefits & contracted services	252,878	67,016	45,566	46,131	42,186	8,348
Training & development						
Travel	5,135	2,813	1,627	331	314	255
	<u>\$ 891,585</u>	<u>\$ 231,894</u>	<u>\$ 121,341</u>	<u>\$ 56,514</u>	<u>\$ 48,432</u>	<u>\$ 41,092</u>

	Program Outreach & Environmental Education	Total Program Services	General & Administrative	Financial Development	2018 Totals	2017 Totals
Banking & credit card fees	\$	\$	\$ 4,900	\$	\$ 4,900	\$ 3,690
Books, reference & software		879	6,229		7,108	7,888
Communications	64	14,486	2,203	225	16,914	14,064
Conference & meetings		404	501		905	1,466
Contract & professional services		619,655			619,655	417,261
Depreciation	203	43,858	10,911	711	55,480	57,829
Donation		160,000			160,000	
Equipment operations & rental		25,704	7,005	129	32,838	42,441
Fundraising event						10,000
Insurance		8	8,370		8,378	8,854
Materials & supplies	91	43,349			43,349	42,903
Miscellaneous expenses		3,175	585	20	3,780	5,586
Occupancy	24	5,076	718	82	5,876	11,340
Office expenses	391	2,437	10,708	100	13,245	25,448
Program management salaries, benefits & contracted services	9,525	471,650	120,684	21,097	613,431	773,587
Training & development						557
Travel	77	10,552	7,193	105	17,850	10,886
	<u>\$ 10,375</u>	<u>\$ 1,401,233</u>	<u>\$ 180,007</u>	<u>\$ 22,469</u>	<u>\$ 1,603,709</u>	<u>\$ 1,433,800</u>

See Notes to Financial Statements



COALITION FOR THE UPPER SOUTH PLATTE  
Statement of Cash Flows  
For the Year Ended December 31, 2018  
(With Comparative Amounts for 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 117,153	\$ (274,119)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	55,480	57,829
Non-cash donation of mineral interests	140,000	
Change in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable, net	10,011	18,182
Due from COCO	(1,612)	244
Grants receivable	(222,705)	158,592
Inventory	2,033	8,278
Prepaid expenses	(500)	291
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	38,524	(87,315)
Due to COCO	(4,675)	(60,207)
Total adjustments	<u>16,556</u>	<u>95,894</u>
Net cash provided (used) by operating activities	133,709	(178,225)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Repayments on note receivable from COCO		30,000
Acquisition of property and equipment		<u>(4,300)</u>
Net cash provided by investing activities		25,700
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	57,208	55,000
Principal payments on notes payable	<u>(52,265)</u>	<u>(7,356)</u>
Net cash provided by financing activities	<u>4,943</u>	<u>47,644</u>
NET INCREASE (DECREASE) IN CASH	138,652	(104,881)
CASH AND CASH EQUIVALENTS, beginning of year	<u>74,652</u>	<u>179,533</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 213,304</u>	<u>\$ 74,652</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE  
Notes to Financial Statements  
For the Year Ended December 31, 2018

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Coalition for the Upper South Platte (the Corporation) was incorporated in the state of Colorado in July 1998. The Corporation 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.

After the Hayman fire in 2002, the Coalition for the Upper South Platte was called on to play an active role in coordinating and facilitating recovery efforts. The Corporation has played an integral part in the recovery efforts due to the Waldo Canyon Fire. 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 Corporation has also implemented an energy efficiency program as part of its strategic plan.

Accounting Standards Update

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Corporation has adjusted the presentation of its financial statements, accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Corporation's financial statements:

- The temporarily restricted and permanently restricted net asset classes, if any existed, have been combined into a single net asset class called net assets with donor restrictions.

## Notes to Financial Statements

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

#### Accounting Standards Update - continued

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements now include a presentation of expenses that describes both the functional nature of the expenses and their natural classification according to the actual usage of resources.
- The financial statements include a new disclosure about liquidity and availability of resources (Note B).

The changes have the following effect on net assets at December 31, 2017:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 181,813	\$
Temporarily restricted net assets	144,994	
Net assets without donor restrictions		181,813
Net assets with donor restrictions		<u>144,994</u>
Total net assets	<u>\$ 326,807</u>	<u>\$ 326,807</u>

In addition, certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

#### Accounts and Grants Receivable

Accounts and grants receivable are recorded at the amount the Corporation 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 an allowance for doubtful accounts of \$1,242 was necessary at both December 31, 2018 and 2017.

## Notes to Financial Statements

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

#### In-kind Contributions - continued

The Corporation records various types of in-kind contributions. Contributed services are recognized if the services create or enhance non-financial assets or require specialized skills and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. During the years ended December 31, 2018 and 2017, \$129,975 and \$78,214, respectively, was recorded for contributed services and \$1,132 and \$13,287, respectively, was recorded for tangible assets.

#### Contributions

Contributions are recorded when received as without donor restrictions, with donor restrictions - temporary in nature, or with donor restrictions - perpetual in nature, depending on the existence or nature of any donor restrictions. When a donor restriction is met, net assets with donor restrictions - temporary in nature are reclassified to net assets without donor restrictions 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 years. The Corporation's building is being depreciated over an estimated useful life of 27.5 years. Depreciation expense for the years ended December 31, 2018 and 2017, amounted to \$55,480 and \$57,829, respectively.

#### Income Taxes

The Corporation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. Accordingly, no income tax provision has been recorded.

The Corporation's form 990, Return of Organization Exempt from Income Tax, is subject to examination by various taxing authorities, generally for three years after the date it was filed. Management of the Corporation believes that it does not have any uncertain tax positions that are material to the financial statements.

## Notes to Financial Statements

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

#### Cash and Cash Equivalents

Cash and cash equivalents consist of the Corporation's checking, money market, and petty cash accounts.

#### Inventory

Inventory is stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method.

#### 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.

#### 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.

#### Economic Dependency

The Corporation is economically dependent on grants and contracts from several government agencies in order to sustain its operations at current levels.

#### Supplemental Cash Flow Disclosures

Cash flows from operating activities reflect interest paid of \$3,472 and \$5,348 for the years ended December 31, 2018 and 2017, respectively. No income taxes were paid either year.

#### Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through September 20, 2019, the date that the financial statements were available to be issued.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Prior-Year Comparisons

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional expense classification. 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 Corporation's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

B. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Corporation's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2018</u>
Cash and cash equivalents	\$ 213,304
Grants receivable	316,853
Accounts receivable, net	<u>2,567</u>
	532,724
Less assets with donor restrictions:	
Horse Creek Watershed	<u>(164,340)</u>
Financial assets available within one year	<u>\$ 368,384</u>

As described in Note E to the financial statements, the Corporation has a \$100,000 line of credit available to be used for general expenditures. As part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The primary investment objectives of the Corporation are to preserve and protect the Corporation's assets and to provide liquidity for operations.

C. INTEREST IN MINERAL RIGHTS

In 2015, the Corporation received a donation of an undivided interest in approximately 60 mineral acres of mineral rights in Colorado. The value of the mineral rights reflected in the accompanying financial statements was based on appraisals at the time of the gift. This gift was included in the Corporation's net assets with donor restrictions - temporary

## Notes to Financial Statements

### C. INTEREST IN MINERAL RIGHTS - Continued

in nature. During the year ended December 31, 2018, the transfer to the US Forest Service was completed and the charitable donation was recognized as an expense.

### D. NOTES PAYABLE

On February 24, 2005, the Corporation purchased a facility in Lake George, Colorado to house its offices and provide space for equipment storage and maintenance. A note payable was obtained in the original amount of \$120,000 to finance a portion of the building.

At December 31, 2018, 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.	\$ 49,436
Less current portion	<u>(7,709)</u>
Long-term portion	<u>\$ 41,727</u>

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

2019	\$ 7,709
2020	8,226
2021	8,777
2022	9,364
2023	9,992
Thereafter	5,368

### E. LINE OF CREDIT

During the year ended December 31, 2018, the Corporation obtained a line of credit from a local bank. The line of credit is \$100,000, has an interest rate of ZB NA prime plus 3.24% and expires August 24, 2020. The line of credit is collateralized by certain assets of the Corporation. At December 31, 2018, the balance outstanding on the line of credit was \$57,208.

Notes to Financial Statements

F. NET ASSETS WITH DONOR RESTRICTIONS - TEMPORARY IN NATURE

Net assets with donor restrictions - temporary in nature at December 31, 2018, are available for the following purposes:

Horse Creek Watershed	<u>\$ 164,340</u>
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Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the year ended December 31, 2018, net assets were released for the following purposes:

US Forest Service support	\$ 140,000
Horse Creek Watershed	<u>144,848</u>
	<u>\$ 284,848</u>

G. RELATED PARTIES

During the years ended December 31, 2018 and 2017, the Corporation had trade receivables due from Coalitions & Collaboratives, Inc. (COCO) in the amount of \$1,949 and \$337, respectively, and trade payables due to COCO in the amount of \$0 and \$4,675, respectively.

The Corporation and COCO share an Executive Director and three Board Members.

The Corporation pays a monthly management fee to COCO for employee time utilized, as well as the respective payroll taxes and related benefits. COCO invoices the Corporation for their share of general liability and director and officer insurance. During the years ended December 31, 2018 and 2017, the Corporation was invoiced \$468,996 and \$639,408, respectively, for management fees and insurance.

During the year ended December 31, 2017, the Executive Director made non-interest bearing loans to the Corporation. As of December 31, 2018 and 2017, the balance outstanding on the loan was \$10,000 and \$55,000, respectively. Subsequent to year end, the outstanding balance was paid in full.