



**COALITION FOR THE UPPER  
SOUTH PLATTE**

**Financial Statements  
For the Year Ended December 31, 2019**

## TABLE OF CONTENTS

Independent Auditor's Report . . . . .	1
Statement of Financial Position . . . . .	3
Statement of Activities and Changes in Net Assets . . . . .	4
Statement of Functional Expenses . . . . .	5
Statement of Cash Flows . . . . .	6
Notes to Financial Statements . . . . .	7

INDEPENDENT AUDITOR'S REPORT

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

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, 2019, 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, 2019, 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 2018 financial statements, and our report dated September 20, 2019, 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, 2018, 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 2019, Coalition for the Upper South Platte adopted Accounting Standards Update (ASU) 2014-09, *(Topic 606): Revenue from Contracts with Customers*, ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments-Overall (Subtopic 825-10)*, and ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. Our opinion is not modified with respect to these matters.

*Waugh & Goodwin, LLP*

Colorado Springs, Colorado  
September 24, 2020

COALITION FOR THE UPPER SOUTH PLATTE  
Statement of Financial Position  
December 31, 2019  
(With Comparative Amounts for 2018)

	<u>ASSETS</u>	
	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 108,989	\$ 213,304
Accounts receivable, net	842	2,567
Due from related parties	891	1,949
Grants receivable	291,993	316,853
Inventory	2,404	2,404
Prepaid expenses		<u>3,887</u>
Total current assets	<u>405,119</u>	<u>540,964</u>
<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>(375,021)</u>	<u>(338,610)</u>
Property and equipment - net	<u>105,950</u>	<u>142,361</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 511,069</u></u>	<u><u>\$ 683,325</u></u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 72,338	\$ 122,721
Due to related parties	15,740	
Accrued liabilities		
Line of credit payable	60,908	57,208
Note payable - related party		10,000
Current portion of note payable	<u>8,226</u>	<u>7,709</u>
Total current liabilities	157,212	197,638
<b>NOTE PAYABLE</b>	<u>33,463</u>	<u>41,727</u>
Total liabilities	190,675	239,365
<b>NET ASSETS:</b>		
Without donor restrictions	320,394	279,620
With donor restrictions		<u>164,340</u>
Total net assets	<u>320,394</u>	<u>443,960</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 511,069</u></u>	<u><u>\$ 683,325</u></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, 2019  
(With Comparative Totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Totals	2018 Totals
<b>REVENUE:</b>				
Government grants and contracts	\$ 882,701	\$	\$ 882,701	\$ 1,235,135
Program fees	231,400		231,400	177,004
Foundation and corporate grants	167,054		167,054	150,086
Donated professional services	75,582		75,582	129,975
Contributions	25,616		25,616	27,394
Other revenue	4,415		4,415	136
Donated materials and equipment use				1,132
Satisfied program restrictions	<u>164,340</u>	<u>(164,340)</u>		
Total revenue	1,551,108	(164,340)	1,386,768	1,720,862
<b>EXPENSES:</b>				
Program services:				
Forest health, fuels mitigation, and emergency management	1,024,101		1,024,101	891,585
Habitat and invasive species	113,015		113,015	231,894
Monitoring, assessment, and planning	67,685		67,685	121,341
Program operations	51,803		51,803	56,514
Recreation	39,013		39,013	48,432
Conservation and sustainability	13,870		13,870	41,092
Program outreach and environmental education	<u>7,566</u>		<u>7,566</u>	<u>10,375</u>
Total program services	1,317,053		1,317,053	1,401,233
Supporting services:				
General and administrative	181,872		181,872	180,007
Financial development	<u>11,409</u>		<u>11,409</u>	<u>22,469</u>
Total supporting services	<u>193,281</u>		<u>193,281</u>	<u>202,476</u>
Total expenses	<u>1,510,334</u>		<u>1,510,334</u>	<u>1,603,709</u>
CHANGE IN NET ASSETS	40,774	(164,340)	(123,566)	117,153
NET ASSETS, beginning of year	<u>279,620</u>	<u>164,340</u>	<u>443,960</u>	<u>326,807</u>
NET ASSETS, end of year	<u>\$ 320,394</u>	<u>\$</u>	<u>\$ 320,394</u>	<u>\$ 443,960</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE  
Statement of Functional Expenses  
For the Year Ended December 31, 2019  
(With Comparative Totals for 2018)

	Forest Health, Fuels Mitigation, & Emergency Management	Habitat & Invasive Species	Monitoring, Assessment, & Planning	Program Operations	Recreation	Conservation & Sustainability
Banking & credit card fees	\$	\$	\$	\$	\$	\$
Books, reference & software				212		
Communications	12,352	1,204	803	2,945	347	411
Conference & meetings			21	100		
Contract & professional services	621,595	40,638	13,400	986		1,389
Depreciation	24,650	2,403	1,602	2,330	692	328
Donation					12,000	
Equipment operations & rental	26,398	3,007	2,673	8,372	776	91
Insurance				10,393		
Materials & supplies	986	1,772	2,518	1,043	145	
Miscellaneous expenses	2,520			66		
Occupancy	11			650		1,706
Office expenses	2,763	379	470	507		
Other administrative expenses	28,568	1,309	197			
Program management salaries, benefits & contracted services	293,388	60,410	44,341	23,210	24,563	9,789
Travel	10,870	1,893	1,660	989	490	156
	<u>\$ 1,024,101</u>	<u>\$ 113,015</u>	<u>\$ 67,685</u>	<u>\$ 51,803</u>	<u>\$ 39,013</u>	<u>\$ 13,870</u>

	Program Outreach & Environmental Education	Total Program Services	General & Administrative	Financial Development	2019 Totals	2018 Totals
Banking & credit card fees	\$	\$	\$ 8,277	\$	\$ 8,277	\$ 4,900
Books, reference & software		212	7,481		7,693	7,108
Communications	118	18,180	1,709	146	20,035	16,914
Conference & meetings		121	612		733	905
Contract & professional services		678,008	10,333		688,341	619,655
Depreciation	182	32,187	3,933	291	36,411	55,480
Donation	4,788	16,788			16,788	160,000
Equipment operations & rental		41,317	9,534		50,851	32,838
Insurance		10,393	3,237		13,630	8,378
Materials & supplies	15	6,479			6,479	43,349
Miscellaneous expenses		2,586	169		2,755	3,780
Occupancy		2,367	5,099		7,466	5,876
Office expenses	642	4,761	8,211		12,972	13,245
Other administrative expenses		30,074			30,074	
Program management salaries, benefits & contracted services	1,376	457,077	121,257	10,808	589,142	613,431
Travel	445	16,503	2,020	164	18,687	17,850
	<u>\$ 7,566</u>	<u>\$ 1,317,053</u>	<u>\$ 181,872</u>	<u>\$ 11,409</u>	<u>\$ 1,510,334</u>	<u>\$ 1,603,709</u>

See Notes to Financial Statements



COALITION FOR THE UPPER SOUTH PLATTE  
Statement of Cash Flows  
For the Year Ended December 31, 2019  
(With Comparative Amounts for 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (123,566)	\$ 117,153
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	36,411	55,480
Non-cash donation of mineral rights		140,000
Change in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable, net	1,725	10,011
Due from related parties	1,058	(1,612)
Grants receivable	24,860	(222,705)
Inventory		2,033
Prepaid expenses	3,887	(500)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(50,383)	38,524
Due to related parties	<u>15,740</u>	<u>(4,675)</u>
Total adjustments	<u>33,298</u>	<u>16,556</u>
Net cash provided (used) by operating activities	(90,268)	133,709
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	57,208	55,000
Principal payments on notes payable	<u>(71,255)</u>	<u>(50,057)</u>
Net cash provided (used) by financing activities	<u>(14,047)</u>	<u>4,943</u>
NET INCREASE (DECREASE) IN CASH	(104,315)	138,652
CASH AND CASH EQUIVALENTS, beginning of year	<u>213,304</u>	<u>74,652</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 108,989</u>	<u>\$ 213,304</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE  
Notes to Financial Statements  
For the Year Ended December 31, 2019

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 January 1, 2019, the Corporation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), (ASU 2014-09) and FASB ASU 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08). These two ASUs were adopted together as of January 1, 2019, because they both establish standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. Adopting one ASU without the other would leave the accounting for some ongoing grants and contracts unresolved. ASU 2014-09 was adopted retrospectively for all periods presented. Accordingly, there is no effect on net assets in connection with implementation of the two ASUs.

## Notes to Financial Statements

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

#### Accounting Standards Update - continued

On January 1, 2019, the Corporation also adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, and subsequently issued related ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments-Overall (Subtopic 825-10)*, and elected early adoption for ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. These standards amend certain aspects of accounting and disclosure requirements for financial instruments, including the requirement that equity investments with readily determinable fair values are to be measured at fair value with any changes in fair value recognized in the statement of changes in net assets. The standards were adopted using the modified retrospective method and there is no effect on net assets with the implementation of the three ASUs.

#### Cash and Cash Equivalents

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

#### 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 \$0 and \$1,242 was necessary at December 31, 2019 and 2018, respectively.

Grants receivable represent receivables from contracts with customers. Receivables from contracts with customers at the beginning and end of 2019 were \$316,853 and \$291,993, respectively.

Unrecorded conditional grants receivable were \$964,155 as of December 31, 2019.

## Notes to Financial Statements

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

#### Inventory

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

#### 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, 2019 and 2018, amounted to \$36,411 and \$55,480, respectively.

#### In-kind Contributions

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, 2019 and 2018, \$75,582 and \$129,975, respectively, was recorded for contributed services and \$0 and \$1,132, 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.

#### Grants and Contracts

Grants and contract revenue result from agreements, typically with government agencies, corporations, or foundations, that fund specific activities of the Corporation.

## Notes to Financial Statements

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

#### Grants and Contracts - continued

The grants and contracts are of two primary types: conditional contributions and contracts with customers. An agreement is a conditional contribution if its primary purpose is to enable the Corporation to provide a service to, or conduct research for, the water quality and ecological health of the watershed or the general public rather than to serve the direct needs of the granting or contracting party. In other words, the agreement is a conditional contribution if any benefit to the granting or contracting party is indirect and insubstantial as compared to the public benefit. In contrast, if the grant or contract provides a benefit directly to the granting or contracting party, the agreement is a contract with a customer. All of the Corporation's grants and contracts at December 31, 2019 were considered conditional contributions.

#### Revenue from Contracts with Customers

*Program fees* - The Corporation receives revenue from program fees. Revenue is recognized when the performance obligation is met, which is at the time of the event.

#### 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.

#### 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.

## 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.

#### 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 \$2,989 and \$3,472 for the years ended December 31, 2019 and 2018, respectively. No income taxes were paid either year.

#### 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, 2018, from which the summarized information was derived.

#### Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through September 24, 2020, the date that the financial statements were available to be issued.

### 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:

Notes to Financial Statements

B. LIQUIDITY AND AVAILABILITY OF RESOURCES - Continued

	<u>2019</u>
Financial assets at year-end:	
Cash and cash equivalents	\$ 108,989
Grants receivable	291,993
Accounts receivable	<u>1,733</u>
Total financial assets available within one year	<u>\$ 402,715</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 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, 2019, 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 July 2024.	\$ 41,689
Less current portion	<u>(8,226)</u>
Long-term portion	<u>\$ 33,463</u>

Notes to Financial Statements

D. NOTES PAYABLE - Continued

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

2020	\$	8,226
2021		8,777
2022		9,364
2023		9,992
2024		5,330

E. LINE OF CREDIT

During the year ended December 31, 2019, 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 2.74% and expires October 6, 2021. The line of credit is collateralized by certain assets of the Corporation. At December 31, 2019, the balance outstanding on the line of credit was \$60,908.

F. NET ASSETS WITH DONOR RESTRICTIONS - TEMPORARY IN NATURE

There were no net assets with donor restrictions at December 31, 2019.

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the year ended December 31, 2019, net assets were released for the following purposes:

Horse Creek Watershed	\$	<u>164,340</u>
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G. RELATED PARTIES

During the years ended December 31, 2019 and 2018, the Corporation had trade receivables due from Coalitions & Collaboratives, Inc. (COCO) in the amount of \$882 and \$1,949, respectively, and trade payables due to COCO in the amount of \$15,740 and \$0, respectively.

The Corporation and COCO share five employees 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.



## Notes to Financial Statements

### G. RELATED PARTIES - Continued

During the years ended December 31, 2019 and 2018, the Corporation was invoiced \$504,502 and \$468,996, respectively, for management fees and insurance.

During the years ended December 31, 2019 and 2018, the Corporation had trade receivables due from Arkansas River Watershed Collaborative (ARWC) in the amount of \$9 and \$0, respectively, and no trade payables for either year.

The Corporation and ARWC share four employees.

During the year ended December 31, 2017, the Executive Director made non-interest bearing loans to the Corporation. As of December 31, 2019 and 2018, the balance outstanding on the loan was \$0 and \$10,000, respectively.

### H. SUBSEQUENT EVENT

Subsequent to year end, the outbreak of COVID-19 (coronavirus) has been recognized as a pandemic by the World Health Organization, and the outbreak has become increasingly widespread in the United States. The COVID-19 (coronavirus) outbreak has had a notable impact on general economic conditions, including but not limited to the temporary closures of many businesses, "shelter in place" and other governmental regulations and job losses. The extent to which the COVID-19 (coronavirus) outbreak will affect the operations, collections or financial results of the Corporation is uncertain.