

**COALITION FOR THE UPPER
SOUTH PLATTE**

Financial Statements

For the Year Ended December 31, 2011

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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, 2011, 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 Corporation'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 Corporation's December 31, 2010 financial statements and in our report dated June 17, 2011, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Coalition for the Upper South Platte as of December 31, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2012, on our consideration of Coalition for the Upper South Platte'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 *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Coalition for the Upper South Platte as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Waugh & Goodwin, LLP

February 15, 2012

COALITION FOR THE UPPER SOUTH PLATTE
Statement of Financial Position
December 31, 2011
(With Comparative Amounts for 2010)

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 423,310	\$ 96,674
Accounts receivable	22,648	612
Grants receivable	28,728	83,276
Prepaid expenses	<u>2,480</u>	<u>2,480</u>
Total current assets	477,166	183,042
PROPERTY AND EQUIPMENT:		
Land	12,150	12,150
Building	122,850	122,850
Program vehicle	36,520	36,520
Equipment	45,386	45,386
Less accumulated depreciation	<u>(101,204)</u>	<u>(93,181)</u>
Property and equipment - net	<u>115,702</u>	<u>123,725</u>
TOTAL ASSETS	<u>\$ 592,868</u>	<u>\$ 306,767</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 26,304	\$ 18,463
Accrued liabilities	13,341	18,350
Deferred revenue		220
Current portion of note payable	<u>4,712</u>	<u>4,416</u>
Total current liabilities	44,357	41,449
NOTE PAYABLE	<u>87,486</u>	<u>95,137</u>
Total liabilities	131,843	136,586
NET ASSETS:		
Unrestricted	45,208	83,147
Temporarily restricted	<u>415,817</u>	<u>87,034</u>
Total net assets	<u>461,025</u>	<u>170,181</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 592,868</u>	<u>\$ 306,767</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, 2011
(With Comparative Amounts for 2010)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2011 Totals</u>	<u>2010 Totals</u>
REVENUE:				
Government grants	\$ 1,310,852	\$ 512,000	\$ 1,822,852	\$ 1,166,394
Donated professional services	195,405		195,405	196,702
Program fees	99,133		99,133	29,212
Contributions	70,337		70,337	56,271
Foundation and corporate grants	5,000		5,000	42,974
Other revenue	8,229		8,229	13,268
Special events income	2,396	7,000	9,396	6,971
Satisfied program restrictions	<u>190,217</u>	<u>(190,217)</u>		
Total revenue	1,881,569	328,783	2,210,352	1,511,792
EXPENSES:				
Program services:				
Fuel mitigation	907,853		907,853	703,930
River restoration	506,311		506,311	306,495
Mining assess	108,648		108,648	33,829
Forest health and restoration	91,857		91,857	145,754
Carbon/energy	40,405		40,405	9,758
Environmental education program	33,698		33,698	2,868
Trails	26,883		26,883	1,723
Program outreach	22,484		22,484	5,756
Firefighting	11,483		11,483	4,953
Noxious weeds	<u>11,463</u>		<u>11,463</u>	<u>57,882</u>
Total program services	1,761,085		1,761,085	1,272,948
Supporting services:				
General and administrative	145,289		145,289	94,542
Financial development	<u>13,134</u>		<u>13,134</u>	
Total supporting services	<u>158,423</u>		<u>158,423</u>	<u>94,542</u>
Total expenses	<u>1,919,508</u>		<u>1,919,508</u>	<u>1,367,490</u>
CHANGE IN NET ASSETS	(37,939)	328,783	290,844	144,302
NET ASSETS, beginning of year	<u>83,147</u>	<u>87,034</u>	<u>170,181</u>	<u>25,879</u>
NET ASSETS, end of year	<u>\$ 45,208</u>	<u>\$ 415,817</u>	<u>\$ 461,025</u>	<u>\$ 170,181</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE
Statement of Functional Expenses
For the Year Ended December 31, 2011

	Fuel Mitigation	River Restoration	Mining Assess	Forest Health and Restoration	Carbon/ Energy	Environmental Education Program	Trails	Program Outreach	Firefighting	Noxious Weeds	Total Program Services	General & Administrative	Financial Development	Totals
Advertising	\$ 3,252	\$	\$	\$	\$	\$	\$	\$ 2,044	\$	\$	\$ 5,296	\$	\$	\$ 5,296
Contract & professional services	545,517	370,812	56,360	45,613	5,491	1,758	720	1,394	973	512	1,029,150	9,281	1,226	1,039,657
Depreciation				8,023							8,023			8,023
Donated time & materials	34,294	53,111	16,609	16,082	2,032	16,062	19,658	4,006	1,720	1,309	164,883	30,190	332	195,405
Equipment maintenance & repair	5,884	172	27	1,505	29	15	6	12	8	4	7,662	2,306		9,968
Grants										4,165	4,165			4,165
Insurance	3,745	662	349	214	383	192	79	152	106	56	5,938	1,014	134	7,086
Interest expense	3,962	700	369	227	406	203	84	161	113	60	6,285	1,073	142	7,500
Miscellaneous expenses	4,379	1,527	314	147	430	95	39	262	53	28	7,274	960	577	8,811
Occupancy								40			40			40
Books, subscriptions, reference	656	116	61	37	67	34	14	27	19	10	1,041	2,743	23	3,807
Office supplies	7,028	24,730	2,056	2,883	1,059	224	92	534	124	890	39,620	1,181	156	40,957
Payroll taxes	19,677	2,940	1,822	1,093	2,111	1,058	433	824	585	302	30,845	5,587	738	37,170
Personnel expenses	268,973	49,896	25,081	15,507	27,108	13,580	5,561	11,234	7,517	3,986	428,443	71,695	9,472	509,610
Professional development												2,477		2,477
Postage & shipping	1,643	290	153	94	168	84	35	67	47	25	2,606	445	59	3,110
Printing & duplicating	1,650	292	154	94	169	85	35	67	47	25	2,618	447	59	3,124
Professional fees												7,410		7,410
Property maintenance	1,081	191	101	62	111	55	23	44	31	16	1,715	293	39	2,047
Publications & subscriptions												1,383		1,383
Real estate taxes	40	7	4	2	4	2	1	2	1	1	64	118	1	183
Small equipment	1,291	20	2,344		12	6	2	5	3	2	3,685	2,879	4	6,568
Telecommunications	3,553	628	330	203	364	182	75	144	101	53	5,633	962	127	6,722
Trash	101	18	9	6	10	5	2	4	3	2	160	27	4	191
Travel & meetings	188	33	2,418	11	355	10	4	1,423	5	3	4,450	2,564	7	7,021
Utilities	939	166	87	54	96	48	20	38	27	14	1,489	254	34	1,777
	<u>\$ 907,853</u>	<u>\$ 506,311</u>	<u>\$ 108,648</u>	<u>\$ 91,857</u>	<u>\$ 40,405</u>	<u>\$ 33,698</u>	<u>\$ 26,883</u>	<u>\$ 22,484</u>	<u>\$ 11,483</u>	<u>\$ 11,463</u>	<u>\$ 1,761,085</u>	<u>\$ 145,289</u>	<u>\$ 13,134</u>	<u>\$ 1,919,508</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE
Statement of Cash Flows
For the Year Ended December 31, 2011
(With Comparative Amounts for 2010)

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 290,844	\$ 144,302
Adjustments to reconcile change in in net assets to net cash provided by operating activities:		
Depreciation	8,023	6,310
Change in assets and liabilities:		
Decrease in grants receivable	54,548	(38,183)
Increase in accounts receivable	(22,036)	109
Increase in accounts payable and accrued liabilities	2,832	(6,921)
Decrease in deferred revenue	<u>(220)</u>	<u>220</u>
Total adjustments	<u>43,147</u>	<u>(38,465)</u>
Net cash provided by operating activities	333,991	105,837
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	<u> </u>	<u>(13,242)</u>
Net cash used by investing activities		(13,242)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	<u>(7,355)</u>	<u>(4,769)</u>
Net cash used by financing activities	<u>(7,355)</u>	<u>(4,769)</u>
NET INCREASE IN CASH	326,636	87,826
CASH AND CASH EQUIVALENTS, beginning of year	<u>96,674</u>	<u>8,848</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 423,310</u>	<u>\$ 96,674</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE
Notes to Financial Statements
For the Years Ended December 31, 2011 and 2010

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Coalition for the Upper South Platte (the Corporation) was originally incorporated in the state of Colorado in July, 1998 under the name Upper South Platte Watershed Protection Corporation. 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.

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 Corporation 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 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 realization losses on balances outstanding at year end will be immaterial; accordingly, no allowance for uncollectible accounts is maintained.

Donated Services

The Corporation 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, 2011 and 2010, \$195,405 and \$196,702, 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 Corporation's building is being depreciated over an estimated useful life of 27.5 years. Depreciation expense for the years ended December 31, 2011 and 2010 amounted to \$8,023 and \$6,310, respectively.

Income Taxes

The Financial Accounting Standards Board (FASB) issued FASB ASC 740, "Income Taxes", which clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Corporation's income tax returns.

The Corporation's income tax filings are subject to audit by various taxing authorities. The Corporation's open audit periods are 2008 to 2011. The Corporation 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 Corporation's checking, money market, and petty cash accounts.

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.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 \$7,500 and \$6,072 for the years ended December 31, 2011 and 2010, respectively.

Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through February 15, 2012, 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 Corporation's financial statements for the year ended December 31, 2010, 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.

B. NOTE 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 secured in the original amount of \$120,000 to finance a portion of the building. At December 31, 2011, note payable consists of the following:

Notes to Financial Statements

B. NOTE PAYABLE - Continued

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.

\$ 92,198

Less current portion

(4,712)

Long-term portion

\$ 87,486

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

2012	\$ 4,712
2013	5,026
2014	5,364
2015	5,723
2016	6,106
Thereafter	65,267

C. DEFERRED REVENUE

At December 31, 2010, deferred revenue consists of registrations for an event that was held in 2011.

D. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2011 are available for the following purposes:

NFF Grant	\$ 401,817
Antero	<u>14,000</u>
Total	<u>\$ 415,817</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the year ended December 31, 2011, net assets were released from temporary restrictions by satisfying the following restricted purposes:

NFF grant	\$ 158,799
Hillsdale grant	<u>31,418</u>
Total	<u>\$ 190,217</u>

COALITION FOR THE UPPER SOUTH PLATTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

Federal Grantor/ Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>United States Department of Agriculture</u>			
Pass-through programs from:			
Colorado State Forest Service:			
ARRA - Recovery Act of 2009: Wildland Fire Management	10.688	09-DG-110282B1-029	\$ 492,940
ARRA - Rural Development, Forestry, and Communities	10.672	5-308450-WP-06	170,140
Colorado Department of Agriculture:			
Schools and Roads - Grants to States	10.665	16018	7,392
National Forest Foundation	10.682	VD-205	<u>191,604</u>
Total United States Department of Agriculture pass-through programs			862,076
<u>US Environmental Protection Agency</u>			
Pass-through programs from:			
Colorado Department of Public Health & Environment: Nonpoint Source Implementation Grants	66.460	WQC 11000047 & WQC 1131231	<u>243,590</u>
Total US Environmental Protection Agency pass-through programs			243,590
<u>Department of Energy</u>			
Pass-through programs from:			
Governor's Energy Office: ARRA Energy Efficiency and Conservation Block Grant Program	81.128	11-034; 11-047; 12-005	<u>21,128</u>
Total Department of Energy pass-through programs			<u>21,128</u>
Total expenditures of federal awards			<u>\$ 1,126,794</u>

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Coalition for the Upper South Platte under programs of the federal government for the year ended December 31, 2011. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Coalition for the Upper South Platte, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Coalition for the Upper South Platte.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.