



**COALITION FOR THE UPPER  
SOUTH PLATTE**

**Financial Statements**

**For the Year Ended December 31, 2020**

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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, 2020, 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, 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.

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

We have previously audited Coalition for the Upper South Platte's 2019 financial statements, and our report dated September 24, 2020, 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Waugh & Goodwin, LLP*

Colorado Springs, Colorado  
July 31, 2021

COALITION FOR THE UPPER SOUTH PLATTE  
Statement of Financial Position  
December 31, 2020  
(With Comparative Amounts for 2019)

	<u>ASSETS</u>	
	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 57,341	\$ 108,989
Accounts receivable	772	842
Due from related parties	9,817	891
Grants receivable	261,781	291,993
Inventory	<u>                    </u>	<u>2,404</u>
Total current assets	329,711	405,119
<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	129,366	180,036
Less accumulated depreciation	<u>(351,310)</u>	<u>(375,021)</u>
Property and equipment - net	<u>78,991</u>	<u>105,950</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 408,702</u></u>	<u><u>\$ 511,069</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 175,991	\$ 72,338
Due to related parties	27,200	15,740
Line of credit payable		60,908
Current portion of note payable	<u>8,777</u>	<u>8,226</u>
Total current liabilities	211,968	157,212
<b>NOTE PAYABLE</b>	<u>25,347</u>	<u>33,463</u>
Total liabilities	237,315	190,675
<b>NET ASSETS:</b>		
Without donor restrictions	64,893	320,394
With donor restrictions	<u>106,494</u>	<u>                    </u>
Total net assets	<u>171,387</u>	<u>320,394</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 408,702</u></u>	<u><u>\$ 511,069</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, 2020  
(With Comparative Totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Totals	2019 Totals
<b>REVENUE:</b>				
Government grants and contracts	\$ 730,049	\$ 120,000	\$ 850,049	\$ 882,701
Program fees	90,562		90,562	231,400
Foundation and corporate grants	61,967		61,967	167,054
Donated professional services	31,946		31,946	75,582
Contributions	14,329		14,329	25,616
Gain on sale of assets	12,000		12,000	
Other revenue	5,266		5,266	4,415
Satisfied program restrictions	<u>13,506</u>	<u>(13,506)</u>	<u>          </u>	<u>          </u>
Total revenue	959,625	106,494	1,066,119	1,386,768
<b>EXPENSES:</b>				
Program services:				
Forest health, fuels mitigation, and emergency management	463,337		463,337	1,024,101
Habitat and invasive species Monitoring, assessment, and planning	378,440		378,440	113,015
Program operations	44,944		44,944	67,685
Recreation	41,386		41,386	51,803
Conservation and sustainability	18,251		18,251	39,013
Program outreach and environmental education	11,249		11,249	13,870
	<u>1,801</u>	<u>          </u>	<u>1,801</u>	<u>7,566</u>
Total program services	959,408		959,408	1,317,053
Supporting services:				
General and administrative	241,193		241,193	181,872
Financial development	<u>14,525</u>	<u>          </u>	<u>14,525</u>	<u>11,409</u>
Total supporting services	<u>255,718</u>	<u>          </u>	<u>255,718</u>	<u>193,281</u>
Total expenses	<u>1,215,126</u>	<u>          </u>	<u>1,215,126</u>	<u>1,510,334</u>
CHANGE IN NET ASSETS	(255,501)	106,494	(149,007)	(123,566)
NET ASSETS, beginning of year	<u>320,394</u>	<u>          </u>	<u>320,394</u>	<u>443,960</u>
NET ASSETS, end of year	<u>\$ 64,893</u>	<u>\$ 106,494</u>	<u>\$ 171,387</u>	<u>\$ 320,394</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE  
Statement of Functional Expenses  
For the Year Ended December 31, 2020  
(With Comparative Totals for 2019)

	Forest Health, Fuels Mitigation, & Emergency Management	Habitat & Invasive Species	Monitoring, Assessment, & Planning	Program Operations	Recreation	Conservation & Sustainability
Banking & credit card fees	\$	\$	\$	\$	\$	\$
Books, reference & software						
Communications	3,114	2,611	99	5,502	158	335
Conference & meetings	84			62		
Contract & professional services	294,663	311,213	950			3,033
Depreciation	10,368	8,976	341	4,289	425	256
Donation			6,500		500	
Equipment operations & rental	16,891	6,182	777	8,422	495	
Insurance				10,646		
Materials & supplies	3,465	3,792	269	706	5,391	
Miscellaneous expenses	931		90	5	48	
Occupancy	8		190	841		2,363
Office expenses	1,189	182	152	6,329		91
Other administrative expenses	14,537	12,494				
Program management salaries, benefits & contracted services	111,281	31,907	35,333	3,788	11,029	5,136
Travel	6,806	1,083	243	796	205	35
	<u>\$ 463,337</u>	<u>\$ 378,440</u>	<u>\$ 44,944</u>	<u>\$ 41,386</u>	<u>\$ 18,251</u>	<u>\$ 11,249</u>

	Program Outreach & Environmental Education	Total Program Services	General & Administrative	Financial Development	2020 Totals	2019 Totals
Banking & credit card fees	\$	\$	\$ 3,282	\$	\$ 3,282	\$ 8,277
Books, reference & software						7,693
Communications	33	11,852	198	99	12,149	20,035
Conference & meetings		146			146	733
Contract & professional services	107	609,966	3,655		613,621	688,341
Depreciation	114	24,769	1,849	341	26,959	36,411
Donation		7,000	800		7,800	16,788
Equipment operations & rental	191	32,958	13,858		46,816	50,851
Insurance		10,646	9,096		19,742	13,630
Materials & supplies		13,623			13,623	6,479
Miscellaneous expenses	185	1,259	25		1,284	2,755
Occupancy		3,402	6,305		9,707	7,466
Office expenses	71	8,014	17,607	165	25,786	12,972
Other administrative expenses		27,031			27,031	30,074
Program management salaries, benefits & contracted services	584	199,058	184,455	13,785	397,298	589,142
Travel	516	9,684	63	135	9,882	18,687
	<u>\$ 1,801</u>	<u>\$ 959,408</u>	<u>\$ 241,193</u>	<u>\$ 14,525</u>	<u>\$ 1,215,126</u>	<u>\$ 1,510,334</u>

See Notes to Financial Statements



COALITION FOR THE UPPER SOUTH PLATTE  
Statement of Cash Flows  
For the Year Ended December 31, 2020  
(With Comparative Amounts for 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (149,007)	\$ (123,566)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	26,959	36,411
Change in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	70	1,725
Due from related parties	(8,926)	1,058
Grants receivable	30,212	24,860
Inventory	2,404	
Prepaid expenses		3,887
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	103,653	(50,383)
Due to related parties	<u>11,460</u>	<u>15,740</u>
Total adjustments	<u>165,832</u>	<u>33,298</u>
Net cash provided (used) by operating activities	16,825	(90,268)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable		57,208
Principal payments on notes payable	<u>(68,473)</u>	<u>(71,255)</u>
Net cash used by financing activities	<u>(68,473)</u>	<u>(14,047)</u>
NET DECREASE IN CASH	(51,648)	(104,315)
CASH AND CASH EQUIVALENTS, beginning of year	<u>108,989</u>	<u>213,304</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 57,341</u>	<u>\$ 108,989</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE  
Notes to Financial Statements  
For the Year Ended December 31, 2020

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 Corporation 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.

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 no allowance for doubtful accounts was necessary at December 31, 2020 and 2019.

Grants receivable represents receivables from contracts with customers. Receivables from contracts with customers at the beginning and end of 2020 were \$842 and \$772, respectively.

## Notes to Financial Statements

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

#### Accounts and Grants Receivable - continued

Unrecorded conditional grants receivable were \$378,904 as of December 31, 2020.

#### 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, 2020 and 2019, amounted to \$26,959 and \$36,411, 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, 2020 and 2019, \$31,946 and \$75,582, respectively, was recorded for contributed services. No amount 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.

## Notes to Financial Statements

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

#### Grants and Contracts

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

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, 2020 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 \$4,415 and \$2,989 for the years ended December 31, 2020 and 2019, 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, 2019, 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 July 31, 2021, the date that the financial statements were available to be issued.

## Notes to Financial Statements

### 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:

Financial assets at year-end:

Cash and cash equivalents	\$ 57,341
Grants receivable	261,781
Accounts receivable	10,589
Less amounts with donor restrictions	<u>(106,494)</u>
Total financial assets available within one year	<u>\$ 223,217</u>

As described in Note D 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. 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, 2020, 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.

Current balance	\$ 34,124
Less current portion	<u>(8,777)</u>
Long-term portion	<u>\$ 25,347</u>

## Notes to Financial Statements

### C. NOTES PAYABLE - Continued

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

2021	\$ 8,777
2022	9,364
2023	9,992
2024	5,991

### D. 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 2.74% and expires October 6, 2021. The line of credit is collateralized by certain assets of the Corporation. At December 31, 2020 and 2019, the balance outstanding on the line of credit was \$0 and \$60,908, respectively.

### E. NET ASSETS WITH DONOR RESTRICTIONS - TEMPORARY IN NATURE

Net assets with donor restrictions are available for the following purposes:

Purpose restrictions:	
Colorado Springs Utilities	\$ 91,092
Time restrictions:	
North Fork SED	<u>15,402</u>
	<u>\$ 106,494</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the year ended December 31, 2020, net assets were released for the following purposes:

Colorado Springs Utilities	\$ 8,909
North Fork SED	<u>4,598</u>
	<u>\$ 13,507</u>

## Notes to Financial Statements

### F. RELATED PARTIES

During the years ended December 31, 2020 and 2019, the Corporation had trade receivables due from Coalitions & Collaboratives, Inc. (COCO) in the amount of \$9,759 and \$882, respectively, and trade payables due to COCO in the amount of \$27,200 and \$15,740, respectively.

The Corporation and COCO share 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.

During the years ended December 31, 2020 and 2019, the Corporation was invoiced \$379,210 and \$504,502, respectively, for management fees and insurance.

During the years ended December 31, 2020 and 2019, the Corporation had trade receivables due from Arkansas River Watershed Collaborative (ARWC) in the amount of \$58 and \$9, respectively, and no trade payables for either year.

### G. CONTINGENCIES

The outbreak of coronavirus (COVID-19 Outbreak) has been recognized as a pandemic by the World Health Organization, and has become increasingly widespread in the United States. The COVID-19 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 outbreak will affect the operations, collections, or financial results of the Corporation is uncertain.

Subsequent to year end, the Corporation was named as a defendant in a lawsuit. The Corporation is vigorously defending these claims and feels they are either without merit or will be covered by insurance.