



**COALITION FOR THE UPPER  
SOUTH PLATTE**

**Financial Statements**

**For the Year Ended December 31, 2021**

## TABLE OF CONTENTS

Independent Auditor's Report . . . . .	1
Statement of Financial Position . . . . .	4
Statement of Activities and Changes in Net Assets . . . . .	5
Statement of Functional Expenses . . . . .	6
Statement of Cash Flows . . . . .	7
Notes to Financial Statements . . . . .	8

INDEPENDENT AUDITOR'S REPORT

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

**Opinion**

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, 2021, 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.

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, 2021, 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.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Coalition for the Upper South Platte and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Coalition for the

Upper South Platte's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibility**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Coalition for the Upper South Platte's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Coalition for the Upper South Platte's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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

We have previously audited Coalition for the Upper South Platte's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 31, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Waugh & Goodwin, LLP*

Colorado Springs, Colorado  
September 15, 2022

COALITION FOR THE UPPER SOUTH PLATTE  
Statement of Financial Position  
December 31, 2021  
(With Comparative Amounts for 2020)

	<u>ASSETS</u>	
	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 14,189	\$ 57,341
Accounts receivable	682	772
Due from related parties (Note F)	3,467	9,817
Grants receivable	<u>345,157</u>	<u>261,781</u>
Total current assets	363,495	329,711
<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	129,366
Less accumulated depreciation	<u>(369,451)</u>	<u>(351,310)</u>
Property and equipment - net	60,850	78,991
MINING RIGHTS	<u>73,228</u>	<u>                    </u>
<b>TOTAL ASSETS</b>	<b><u>\$ 497,573</u></b>	<b><u>\$ 408,702</u></b>
 <u>LIABILITIES AND NET ASSETS</u> 		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 108,508	\$ 175,991
Due to related parties (Note F)	152,167	27,200
Line of credit payable	96,021	
Current portion of note payable	<u>9,364</u>	<u>8,777</u>
Total current liabilities	366,060	211,968
NOTE PAYABLE	<u>15,983</u>	<u>25,347</u>
Total liabilities	382,043	237,315
<b>NET ASSETS:</b>		
Without donor restrictions	110,020	64,893
With donor restrictions	<u>5,510</u>	<u>106,494</u>
Total net assets	<u>115,530</u>	<u>171,387</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 497,573</u></b>	<b><u>\$ 408,702</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, 2021  
(With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Totals	2020 Totals
<b>REVENUE:</b>				
Government grants and contracts	\$ 660,492	\$	\$ 660,492	\$ 850,049
Program fees	133,150		133,150	90,562
Contributions	100,123		100,123	14,329
Foundation and corporate grants	61,682		61,682	61,967
Donated professional services	46,923		46,923	31,946
Other revenue	12,795		12,795	5,266
Gain on sale of assets				12,000
Satisfied program restrictions	<u>100,984</u>	<u>(100,984)</u>		
Total revenue	1,116,149	(100,984)	1,015,165	1,066,119
<b>EXPENSES:</b>				
Program services:				
Forest health, fuels mitigation, and emergency management	456,328		456,328	463,337
Habitat and invasive species	131,796		131,796	378,440
Program operations	125,515		125,515	41,386
Recreation	55,279		55,279	18,251
Conservation and sustainability	34,059		34,059	11,249
Monitoring, assessment, and planning	16,377		16,377	44,944
Program outreach and environmental education	<u>6,675</u>		<u>6,675</u>	<u>1,801</u>
Total program services	826,029		826,029	959,408
Supporting services:				
General and administrative	204,956		204,956	241,193
Financial development	<u>40,037</u>		<u>40,037</u>	<u>14,525</u>
Total supporting services	<u>244,993</u>		<u>244,993</u>	<u>255,718</u>
Total expenses	<u>1,071,022</u>		<u>1,071,022</u>	<u>1,215,126</u>
CHANGE IN NET ASSETS	45,127	(100,984)	(55,857)	(149,007)
NET ASSETS, beginning of year	<u>64,893</u>	<u>106,494</u>	<u>171,387</u>	<u>320,394</u>
NET ASSETS, end of year	<u>\$ 110,020</u>	<u>\$ 5,510</u>	<u>\$ 115,530</u>	<u>\$ 171,387</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE  
Statement of Functional Expenses  
For the Year Ended December 31, 2021  
(With Comparative Totals for 2020)

	Forest Health, Fuels Mitigation, & Emergency Management	Habitat & Invasive Species	Program Operations	Recreation	Conservation & Sustainability	Monitoring, Assessment, & Planning
Banking & credit card fees	\$	\$	\$	\$	\$	\$
Communications			3,354	10		
Conference & meetings			46			
Contract & professional services	251,208	85,681	5,003	740	17,790	4,058
Depreciation						
Donation						
Equipment operations & rental	26,759	786	451	4,770	97	441
Insurance			10,366			
Materials & supplies	2,608	1,594		8,685		168
Miscellaneous expenses	2,652					90
Occupancy			780		2,130	
Office expenses	2,534	36	2,260	43	125	39
Other administrative expenses	11,510	3,262	2			
Program management salaries, benefits & contracted services	152,685	39,910	102,837	40,521	13,917	11,323
Travel	6,372	527	416	510		258
	<u>\$ 456,328</u>	<u>\$ 131,796</u>	<u>\$ 125,515</u>	<u>\$ 55,279</u>	<u>\$ 34,059</u>	<u>\$ 16,377</u>



	Program Outreach & Environmental Education	Total Program Services	General & Administrative	Financial Development	2021 Totals	2020 Totals
Banking & credit card fees	\$	\$	\$ 1,507	\$	\$ 1,507	\$ 3,282
Communications		3,364	5,606		8,970	12,149
Conference & meetings		46	21		67	146
Contract & professional services	999	365,479	7,334	6,195	379,008	613,621
Depreciation			18,141		18,141	26,959
Donation						7,800
Equipment operations & rental	564	33,868	6,116	16	40,000	46,816
Insurance		10,366			10,366	19,747
Materials & supplies		13,055			13,055	13,623
Miscellaneous expenses	160	2,902	191		3,093	1,279
Occupancy		2,910	6,646		9,556	9,707
Office expenses	200	5,237	4,888	102	10,227	25,786
Other administrative expenses		14,774			14,774	27,031
Program management salaries, benefits & contracted services	4,617	365,810	154,437	33,573	553,820	397,298
Travel	135	8,218	69	151	8,438	9,882
	<u>\$ 6,675</u>	<u>\$ 826,029</u>	<u>\$ 204,956</u>	<u>\$ 40,037</u>	<u>\$ 1,071,022</u>	<u>\$ 1,215,126</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE  
Statement of Cash Flows  
For the Year Ended December 31, 2021  
(With Comparative Amounts for 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (55,857)	\$ (149,007)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	18,141	26,959
Non-cash donation of mineral rights	(73,228)	
Change in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	90	70
Due from related parties	6,350	(8,926)
Grants receivable	(83,376)	30,212
Inventory		2,404
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(67,483)	103,653
Due to related parties	<u>124,967</u>	<u>11,460</u>
Total adjustments	<u>(74,539)</u>	<u>165,832</u>
Net cash provided (used) by operating activities	(130,396)	16,825
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	96,021	
Principal payments on notes payable	<u>(8,777)</u>	<u>(68,473)</u>
Net cash provided (used) by financing activities	<u>87,244</u>	<u>(68,473)</u>
NET DECREASE IN CASH	(43,152)	(51,648)
CASH AND CASH EQUIVALENTS, beginning of year	<u>57,341</u>	<u>108,989</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 14,189</u>	<u>\$ 57,341</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE  
Notes to Financial Statements  
For the Year Ended December 31, 2021

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, 2021 and 2020.

Grants receivable represents receivables from contracts with customers. Receivables from contracts with customers at the beginning and end of 2021 were \$772 and \$682, respectively.

## Notes to Financial Statements

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

#### Accounts and Grants Receivable - continued

Unrecorded conditional grants receivable were \$1,091,669 as of December 31, 2021.

#### 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, 2021 and 2020, amounted to \$18,141 and \$26,959, 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, 2021 and 2020, \$46,923 and \$31,946, 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, 2021, 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 \$1,960 and \$4,415 for the years ended December 31, 2021 and 2020, 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, 2020, 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.

#### Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through September 15, 2022, 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	\$ 14,189
Grants receivable	345,157
Accounts receivable	682
Due from related parties	3,467
Less amounts with donor restrictions	<u>(5,510)</u>
Total financial assets available within one year	<u>\$ 357,985</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, 2021, 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	\$ 25,347
Less current portion	<u>(9,364)</u>
Long-term portion	<u>\$ 15,983</u>

Notes to Financial Statements

C. NOTES PAYABLE - Continued

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

2022	\$	9,364
2023		9,992
2024		5,991

D. LINE OF CREDIT

During the year ended December 31, 2021, the Corporation obtained a line of credit from a local bank. The line of credit is \$100,000, has an interest rate of 3.49% over Wall Street Journal prime and matures March 6, 2023. The line of credit is collateralized by certain assets of the Corporation. At December 31, 2021 and 2020, the balance outstanding on the line of credit was \$96,021 and \$0, respectively.

E. NET ASSETS WITH DONOR RESTRICTIONS - TEMPORARY IN NATURE

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

Time restrictions:

North Fork SED	\$	<u>5,510</u>
----------------	----	--------------

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the year ended December 31, 2021, net assets were released for the following purposes:

Colorado Springs Utilities	\$	91,092
North Fork SED		<u>9,892</u>
	\$	<u>100,984</u>

F. RELATED PARTIES

During the years ended December 31, 2021 and 2020, the Corporation had trade receivables due from Coalitions & Collaboratives, Inc. (COCO) in the amount of \$2,829 and \$9,759, respectively, and trade payables due to COCO in the amount of \$152,167 and \$27,200, respectively.

The Corporation and COCO share employees and Board Members.



## Notes to Financial Statements

### F. RELATED PARTIES - Continued

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, 2021 and 2020, the Corporation was invoiced \$576,662 and \$379,210, respectively, for management fees and insurance.

During the years ended December 31, 2021 and 2020, the Corporation had trade receivables due from Arkansas River Watershed Collaborative (ARWC) in the amount of \$638 and \$58, respectively, and no trade payables for either year.

### G. CONTINGENCIES

The outbreak of coronavirus (COVID-19) 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.

With the rising cost of inflation and potential risk of recession, it is uncertain what effect these factors may have on operations of the Conference in the coming year.

The Corporation was named as a defendant in a lawsuit. The Corporation vigorously defended these claims and subsequent to year end this claim was settled in favor of the Corporation.