

**COALITION FOR THE UPPER
SOUTH PLATTE**

**Financial Statements
& Supplemental Schedule**

For the Year Ended December 31, 2014

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Coalition for the Upper South Platte (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, 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.

Auditors' 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 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 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 for the purpose of 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, 2014, 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 the Coalition for the Upper South Platte's 2013 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated March 12, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2015, 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 financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Coalition for the Upper South Platte's internal control over financial reporting and compliance.

Waugh & Goodwin, LLP
Colorado Springs, Colorado
March 12, 2015

COALITION FOR THE UPPER SOUTH PLATTE
Statement of Financial Position
December 31, 2014
(With Comparative Amounts for 2013)

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 11,342	\$ 41,844
Accounts receivable	29,595	103,433
Grants receivable	996,887	795,171
Prepaid expenses	<u>20,255</u>	<u>22,289</u>
Total current assets	1,058,079	962,737
PROPERTY AND EQUIPMENT:		
Land	12,150	12,150
Building	122,850	122,850
Program vehicles	71,439	42,520
Equipment	22,594	22,594
Trailers and heavy equipment	146,099	75,899
Less accumulated depreciation	<u>(149,824)</u>	<u>(120,551)</u>
Property and equipment - net	<u>225,308</u>	<u>155,462</u>
TOTAL ASSETS	<u>\$ 1,283,387</u>	<u>\$ 1,118,199</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 790,500	\$ 510,988
Accrued liabilities	42,070	17,601
Deferred revenue	1,000	8,269
Current portion of note payable	<u>5,972</u>	<u>5,597</u>
Total current liabilities	839,542	542,455
NOTE PAYABLE	<u>70,027</u>	<u>76,002</u>
Total liabilities	909,569	618,457
NET ASSETS:		
Unrestricted	235,568	463,292
Unrestricted - board designated	35,000	28,500
Temporarily restricted	<u>103,250</u>	<u>7,950</u>
Total net assets	<u>373,818</u>	<u>499,742</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,283,387</u>	<u>\$ 1,118,199</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, 2014
(With Comparative Totals for 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2014 Totals</u>	<u>2013 Totals</u>
REVENUE:				
Government grants	\$ 5,188,158	\$	\$ 5,188,158	\$ 3,458,755
Donated professional services	438,087		438,087	881,347
Program fees	330,755		330,755	167,367
Foundation and corporate grants	118,500	100,000	218,500	194,500
Contributions	100,293	20,790	121,083	270,736
Other revenue	17,020		17,020	9,129
Special events income	9,510		9,510	10,940
Satisfied program restrictions	<u>25,490</u>	<u>(25,490)</u>		
Total revenue	6,227,813	95,300	6,323,113	4,992,774
EXPENSES:				
Program services:				
Forest health and restoration	3,779,531		3,779,531	3,036,333
Fuel mitigation	1,683,407		1,683,407	1,026,241
River restoration	420,096		420,096	93,585
Program outreach	150,808		150,808	87,486
Mining assess	88,331		88,331	141,020
Noxious weeds	16,933		16,933	12,719
Environmental education program	13,301		13,301	17,913
Carbon/energy	12,235		12,235	10,869
Firefighting	<u>6,112</u>		<u>6,112</u>	<u>5,035</u>
Total program services	6,170,754		6,170,754	4,431,201
Supporting services:				
General and administrative	245,562		245,562	239,995
Financial development	<u>32,721</u>		<u>32,721</u>	<u>17,793</u>
Total supporting services	<u>278,283</u>		<u>278,283</u>	<u>257,788</u>
Total expenses	<u>6,449,037</u>		<u>6,449,037</u>	<u>4,688,989</u>
CHANGE IN NET ASSETS	(221,224)	95,300	(125,924)	303,785
NET ASSETS, beginning of year	<u>491,792</u>	<u>7,950</u>	<u>499,742</u>	<u>195,957</u>
NET ASSETS, end of year	<u>\$ 270,568</u>	<u>\$ 103,250</u>	<u>\$ 373,818</u>	<u>\$ 499,742</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE
Statement of Functional Expenses
For the Year Ended December 31, 2014

	Forest Health & Restoration	Fuel Mitigation	River Restoration	Program Outreach	Mining Assess	Noxious Weeds	Environmental Education Program	Carbon/ Energy	Firefighting	Total Program Services	General & Administrative	Financial Development	Totals
Advertising	\$	\$ 1,724	\$	\$ 882	\$	\$	\$	\$	\$	\$ 2,606	\$	\$	\$ 2,606
Books, subscriptions & reference	208	70	6	6	10	1	1	1		303	330	1	634
Contract & professional services	3,021,025	1,146,629	367,056	2,110	31,116	5,568	2,222	265	1,015	4,577,006	5,392	434	4,582,832
Depreciation	19,055	6,430	587	542	883	72	111	68	32	27,780	1,384	110	29,274
Donated time & materials	286,790	96,221	8,778	8,112	13,230	1,065	1,680	1,017		416,893	469	20,725	438,087
Donations	651	220	20	19	30	2	4	2	1	949	47	23	1,019
Equipment maintenance & repair	26,558	11,594	289	430		45	75	43	263	39,297	5,748		45,045
Equipment rental					125		30			155			155
Events	710									710			710
Insurance	18,977	6,404	585	540	880	71	111	68	31	27,667	1,380	111	29,158
Interest expense	3,856	1,301	119	110	179	14	23	14	7	5,623	280	23	5,926
Licenses & permits	889	300	27	25	41	3	5	3	1	1,294		5	1,299
Miscellaneous expenses	8,631	84,140	158	207	1,782	3	4	3	1	94,929	1,422	677	97,028
Office supplies	77,258	11,393	879	6,593	1,894	41	422	39	237	98,756	497	65	99,318
Payroll taxes	42,200	14,242	1,299	1,201	1,958	158	249	151	69	61,527	3,068	247	64,842
Personnel expenses	196,734	271,711	37,954	127,830	32,725	6,632	7,915	10,271	4,304	696,076	204,602	9,807	910,485
Postage & shipping	1,789	604	55	51	83	7	11	6	3	2,609	130	10	2,749
Printing & duplicating	692	233	21	20	32	3	4	2	1	1,008	50	4	1,062
Professional development											1,264		1,264
Professional fees											8,971		8,971
Property maintenance	1,292	436	40	37	60	5	8	5	2	1,885	94	8	1,987
Publications & subscriptions											2,800		2,800
Resource services	28,438	9,597	876	809	1,320	106	168	101	47	41,462	2,067	166	43,695
Small equipment	6,672	7,413	205	191	309	3,013	40	24	10	17,877	741	39	18,657
Taxes	49	16	2	1	2					70	4	4	78
Telecommunications	8,338	2,814	256	237	387	31	49	29	14	12,155	607	49	12,811
Training & education	4,002	1,351	123	114	186		24	15	7	5,822			5,822
Trash	44	15	1	1	2			14		77	3		80
Travel & meetings	22,650	7,866	698	682	1,003	85	133	87	64	33,268	4,065	201	37,534
Utilities	2,023	683	62	58	94	8	12	7	3	2,950	147	12	3,109
	<u>\$ 3,779,531</u>	<u>\$ 1,683,407</u>	<u>\$ 420,096</u>	<u>\$ 150,808</u>	<u>\$ 88,331</u>	<u>\$ 16,933</u>	<u>\$ 13,301</u>	<u>\$ 12,235</u>	<u>\$ 6,112</u>	<u>\$ 6,170,754</u>	<u>\$ 245,562</u>	<u>\$ 32,721</u>	<u>\$ 6,449,037</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE
Statement of Cash Flows
For the Year Ended December 31, 2014
(With Comparative Amounts for 2013)

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (125,924)	\$ 303,785
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	29,274	10,524
Change in assets and liabilities:		
Decrease in accounts receivable	73,838	(88,716)
Increase in grants receivable	(201,716)	(360,466)
Decrease in prepaid expenses	2,034	(2,920)
Increase in accounts payable and accrued liabilities	303,981	163,219
Decrease in deferred revenue	<u>(7,269)</u>	<u>8,169</u>
Total adjustments	<u>200,142</u>	<u>(270,190)</u>
Net cash provided by operating activities	74,218	33,595
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	<u>(99,120)</u>	<u>(53,107)</u>
Net cash used by investing activities	(99,120)	(53,107)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	<u>(5,600)</u>	<u>(5,619)</u>
Net cash used by financing activities	<u>(5,600)</u>	<u>(5,619)</u>
NET DECREASE IN CASH	(30,502)	(25,131)
CASH AND CASH EQUIVALENTS, beginning of year	<u>41,844</u>	<u>66,975</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 11,342</u>	<u>\$ 41,844</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE
Notes to Financial Statements
For the Years Ended December 31, 2014 and 2013

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.

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 losses realized 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, 2014 and 2013, \$438,038 and \$881,347, 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 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, 2014 and 2013 amounted to \$29,274 and \$10,524, respectively.

Income Taxes

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

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

Cash and Cash Equivalents

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

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 \$5,926 and \$9,338 for the years ended December 31, 2014 and 2013, respectively. No income taxes were paid either year.

Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through March 12, 2015, 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, 2013, 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.

Notes to Financial Statements

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, 2014, note payable consists of the following:

Note payable to CHFA. This note is secured by a building and requires monthly payments of \$895, including interest at 6.5%, through February, 2025.	\$ 75,999
Less current portion	<u>(5,972)</u>
Long-term portion	<u>\$ 70,027</u>

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

2015	\$ 5,972
2016	6,372
2017	6,800
2018	7,254
2019	7,417
Thereafter	42,184

C. DEFERRED REVENUE

At December 31, 2014, deferred revenue consists of \$1,000 of registrations for an event that will be held in 2015.

D. BOARD DESIGNATED NET ASSETS

The Board of Directors has designated a portion of unrestricted net assets to support the Antero project.

E. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2014 are available for the following purposes:

Forest restoration	\$ 100,000
Master leasing plan	3,000
Energy smart	<u>250</u>
Total	<u>\$ 103,250</u>

Notes to Financial Statements

E. TEMPORARILY RESTRICTED NET ASSETS - Continued

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the year ended December 31, 2013, net assets were released from temporary restrictions by satisfying the following restricted purposes:

Master leasing plan	\$ 15,000
Xcel service learning	7,500
Noxious weed management	1,900
Waldo fire recovery	1,040
Forest health	<u>50</u>
Total	<u>\$ 25,490</u>

F. RETIREMENT PLAN

The Corporation has adopted a SIMPLE retirement plan that covers all employees meeting specific age and length of service requirements. Employees may make discretionary contributions to the plan.

The Corporation matches each employee's contribution up to 3% of their earnings.

For the years ended December 31, 2014 and 2013, employer contributions to the plan amounted to \$10,439 and \$8,932, respectively.

COALITION FOR THE UPPER SOUTH PLATTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

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: Cooperative Forestry Assistance	10.664		\$ 269,671
The Watershed Research Training Center: Cooperative Forestry Assistance	10.664	Colorado06.2013	16,350
Colorado Department of Agriculture: Forest Health Protection	10.680	BAA14-054	8,000
City of Colorado Springs: Emergency Watershed Protection Program	10.923	68-8805-13-08	1,758,085
El Paso County: Emergency Watershed Protection Program	10.923	68-8805-13-08	<u>1,117,657</u>
Total United States Department of Agriculture pass-through programs			3,169,763
<u>US Environmental Protection Agency</u>			
Pass-through programs from:			
Colorado Department of Public Health & Environment: Nonpoint Source Implementation Grants	66.460	WQC 1468153 & WQC 1349342	<u>339,366</u>
Total US Environmental Protection Agency pass-through programs			339,366
<u>Department of Interior</u>			
Pass-through programs from:			
Park County: National Heritage Area Federal Financial Assistance	15.939	SPNHA-TA5-6	<u>13,326</u>
Total Department of Interior pass-through programs			<u>13,326</u>
Total expenditures of federal awards			<u>\$ 3,522,455</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, 2014. 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.