

**COALITION FOR THE UPPER
SOUTH PLATTE**

Financial Statements

For the Year Ended December 31, 2023

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, 2023, 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, 2023, 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 2022 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated August 10, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
May 15, 2024

COALITION FOR THE UPPER SOUTH PLATTE
Statement of Financial Position
December 31, 2023
(With Comparative Amounts for 2022)

	<u>ASSETS</u>	
	<u>2023</u>	<u>2022</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 177,407	\$ 593,970
Accounts receivable	581,030	31,579
Due from related parties (Note G)	1,497	1,105
Grants receivable	179,677	178,526
Prepaid insurance	<u>19,716</u>	<u> </u>
Total current assets	959,327	805,180
PROPERTY AND EQUIPMENT:		
Land	12,150	12,150
Building	122,850	122,850
Program vehicles	147,156	147,120
Equipment	18,515	18,515
Trailers and heavy equipment	129,366	129,366
Less accumulated depreciation	<u>(378,779)</u>	<u>(374,276)</u>
Property and equipment - net	51,258	55,725
RIGHT-OF-USE ASSETS	8,657	<u> </u>
MINING RIGHTS	73,228	73,228
TOTAL ASSETS	<u>\$ 1,092,470</u>	<u>\$ 934,133</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 958,798	\$ 182,804
Due to related parties (Note G)	17,618	122,839
Line of credit payable	69,801	90,000
Short-term note payable	14,824	<u> </u>
Current portion of lease liabilities	2,030	<u> </u>
Current portion of note payable	<u>5,992</u>	<u>9,992</u>
Total current liabilities	1,069,063	405,635
LEASE LIABILITIES LONG-TERM	6,627	<u> </u>
NOTE PAYABLE	<u> </u>	5,992
Total liabilities	1,075,690	411,627
NET ASSETS:		
Without donor restrictions	(40,496)	10,674
With donor restrictions	<u>57,276</u>	<u>511,832</u>
Total net assets	<u>16,780</u>	<u>522,506</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,092,470</u>	<u>\$ 934,133</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, 2023
(With Comparative Amounts for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Totals	2022 Totals
REVENUE:				
Government grants and contracts	\$ 3,368,962	\$ 3,000	\$ 3,371,962	\$ 1,402,795
Program fees	279,373		279,373	337,910
Foundation and corporate grants	194,127		194,127	119,125
Donated goods and professional services	43,141		43,141	24,587
Contributions	14,639		14,639	14,277
Other revenue	2,184		2,184	4,068
Satisfied program restrictions	<u>457,556</u>	<u>(457,556)</u>		
Total revenue	4,359,982	(454,556)	3,905,426	1,902,762
EXPENSES:				
Program services:				
Forest health, fuels mitigation, and emergency management	714,710		714,710	705,820
Habitat, including river restoration	3,062,292		3,062,292	253,966
Recreation, including trails	169,670		169,670	213,033
Program operations	14,572		14,572	131,310
Conservation and sustainability	18,038		18,038	33,853
Monitoring, assessment, and planning	268,809		268,809	4,307
Program outreach and environmental education	<u>15,234</u>		<u>15,234</u>	<u>5,083</u>
Total program services	4,263,325		4,263,325	1,347,372
Supporting services:				
General and administrative	130,284		130,284	125,831
Financial development	<u>17,543</u>		<u>17,543</u>	<u>22,583</u>
Total supporting services	<u>147,827</u>		<u>147,827</u>	<u>148,414</u>
Total expenses	<u>4,411,152</u>		<u>4,411,152</u>	<u>1,495,786</u>
CHANGE IN NET ASSETS	(51,170)	(454,556)	(505,726)	406,976
NET ASSETS, beginning of year	<u>10,674</u>	<u>511,832</u>	<u>522,506</u>	<u>115,530</u>
NET ASSETS, end of year	<u>\$ (40,496)</u>	<u>\$ 57,276</u>	<u>\$ 16,780</u>	<u>\$ 522,506</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE
Statement of Functional Expenses
For the Year Ended December 31, 2023
(With Comparative Amounts for 2022)

	Forest Health, Fuels Mitigation, & Emergency Management	Habitat Including River Restoration	Recreation Including Trails	Program Operations	Conservation & Sustainability	Monitoring, Assessment, & Planning
Banking & credit card fees	\$	\$	\$	\$	\$	\$
Communications				8,637		
Conference & meetings				35		
Contract & professional services including in-kind	551,371	331,521	159,911	847	478	244,222
Depreciation						
Equipment operations & rental	6,193	741	211	6,662		25
In-kind goods						
Insurance				9,890		
Materials & supplies	1,432	51	1,779		45	
Miscellaneous expenses	2,500			1,954	530	
Occupancy				930	2,199	
Office expenses	386	2,678,824	330	12,816	1,358	235
Other administrative expenses	18,088				11	11,576
Program management salaries, benefits & contracted services	124,817	50,927	7,086	(29,152)	11,923	12,488
Travel	9,923	228	353	1,953	1,494	263
	<u>\$ 714,710</u>	<u>\$ 3,062,292</u>	<u>\$ 169,670</u>	<u>\$ 14,572</u>	<u>\$ 18,038</u>	<u>\$ 268,809</u>

	Program Outreach & Environmental Education	Total Program Services	General & Administrative	Financial Development	2023 Totals	2022 Totals
Banking & credit						
card fees	\$	\$	\$ 3,678	\$	\$ 3,678	\$ 3,470
Communications		8,637	5,268		13,905	7,337
Conference & meetings		35	117		152	349
Contract & professional services including in-kind		1,288,350	11,928		1,300,278	896,589
Depreciation			4,467		4,467	4,825
Equipment operations & rental	69	13,901	4,313		18,214	37,368
In-kind goods	10,474	10,474	56		10,530	483
Insurance		9,890	8,072		17,962	13,988
Materials & supplies	126	3,433			3,433	21,770
Miscellaneous expenses	98	5,082	75		5,157	3,340
Occupancy		3,129	3,497		6,626	7,732
Office expenses	471	2,694,420	9,392	250	2,704,062	28,113
Other administrative expenses		29,675			29,675	33,385
Program management salaries, benefits & contracted services	3,617	181,706	78,578	17,293	277,577	425,863
Travel	379	14,593	843		15,436	11,174
	<u>\$ 15,234</u>	<u>\$ 4,263,325</u>	<u>\$ 130,284</u>	<u>\$ 17,543</u>	<u>\$ 4,411,152</u>	<u>\$ 1,495,786</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE
Statement of Cash Flows
For the Year Ended December 31, 2023
(With Comparative Amounts for 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (505,726)	\$ 406,976
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	4,467	4,825
Non-cash donation of mineral rights		
Change in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(549,451)	(30,897)
Due from related parties	(392)	2,362
Grants receivable	(1,151)	166,631
Prepaid expenses	(3,336)	
Right-of-use assets	(8,657)	
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	775,994	74,596
Lease liabilities	8,657	
Due to related parties	<u>(105,221)</u>	<u>(29,328)</u>
Total adjustments	<u>120,910</u>	<u>188,189</u>
Net cash provided (used) by operating activities	(384,816)	595,165
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable and line of credit	<u>(31,747)</u>	<u>(15,384)</u>
Net cash used by financing activities	<u>(31,747)</u>	<u>(15,384)</u>
NET INCREASE (DECREASE) IN CASH	(416,563)	579,781
CASH AND CASH EQUIVALENTS, beginning of year	<u>593,970</u>	<u>14,189</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 177,407</u>	<u>\$ 593,970</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE
Notes to Financial Statements
For the Year Ended December 31, 2023

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

During the year ended December 31, 2023, the Corporation implemented Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU was issued in June 2016 by the Financial Accounting Standards Board (FASB) and revises accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. On January 1, 2023, the Corporation adopted the new accounting standard and all related amendments.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts and Grants Receivable - continued

The adoption of ASU 2016-13 did not impact the accompanying financial statements. The Corporation does not expect ASU 2016-13 to have a significant impact on its financial condition or results of operations on an ongoing basis.

Accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. Management provides for probable uncollectible amounts through an allowance so that the net amount reflects the amount that management expects to collect. In developing that allowance, management determines statistics for the probability of loss. These statistics are based on the Corporation's historical collection experience, adjusted for management's expectations about current and future economic conditions. Management has concluded that no allowance for credit losses was necessary at December 31, 2023 and 2022.

Accounts receivable represents receivables from contracts with customers. Receivables from contracts with customers at the beginning and end of 2023 were \$31,579 and \$3,032, respectively.

Unrecorded conditional grants receivable were \$1,001,000 as of December 31, 2023.

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, 2023 and 2022, amounted to \$4,467 and \$4,825, respectively.

In-kind Contributions

During the year ended December 31, 2022, the Corporation adopted Accounting Standards Update (ASU) 2020-07, Not-For-Profit Entities (Topic 958): *Presentation and Disclosures by*

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

In-kind Contributions - continued

Not-For-Profit Entities for Contributed Nonfinancial Assets.

Donated marketable securities, property and equipment, and other noncash donations are recorded as contributions at their fair values at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Corporation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

The Corporation's policy related to donated assets is to utilize the assets given to carry out the mission of the Corporation. If an asset is provided that does not allow the Corporation to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset. The Corporation did not sell any donated assets received during the years ending December 31, 2023 and 2022.

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Corporation.

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, 2023, 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

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued additional ASUs which amend and clarify Topic 842. The most significant change in the new lease guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

The Corporation elected to adopt these ASUs using the modified retrospective as of January 1, 2022. The Corporation elected the package of practical expedients permitted under the transition guidance within the new standard. At the date of initial adoption, the Corporation had one operating lease with an immaterial amount of right-of-use assets and lease liabilities. The Corporation also has short-term leases.

Under 2016-02, the Corporation has made an accounting policy election to apply the short-term lease recognition exemption for all applicable classes of underlying assets. Leases with a term of 12 months or less that do not include an option to purchase the underlying asset, are not recorded on the balance sheet as ROU assets or lease liabilities. The Corporation has elected to expense the cost of the short-term leases on the straight-line basis in the accompanying Statement of Activities.

The Corporation assesses whether an arrangement qualifies as a lease at inception and only reassess its determination if the terms and conditions of the arrangement are changed. As the Corporation's leases do not provide an implicit rate, the Corporation uses the risk-free discount rate based on the five-year Treasury bond rate as of the later of the date of adoption of the lease standard or the initial date of lease term in determining the present value of lease payments in determination of the respective ROU assets and liabilities.

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 and organizations in order to sustain its operations at current levels.

Supplemental Cash Flow Disclosures

Cash flows from operating activities reflect interest paid of \$9,997 and \$6,680, for the years ended December 31, 2023 and 2022, respectively. No income taxes were paid either year.

During the year ended December 31, 2023, the Corporation had a noncash financing transaction of \$16,380 for insurance premiums.

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, 2022, 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 May 15, 2024, 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 December 31, 2023, for general expenditure are as follows:

Financial assets at year-end:

Cash and cash equivalents	\$ 177,407
Grants receivable	179,677
Accounts receivable	581,030
Due from related parties	1,497
Less amounts with donor restrictions	<u>(57,276)</u>

Total financial assets available within one year	<u>\$ 882,335</u>
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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, 2023, note payable consists of the following:

Current balance	\$ 5,992
Less current portion	<u>(5,992)</u>
Long-term portion	<u>\$ _____</u>

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.

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

2024	<u>\$ 5,992</u>
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Notes to Financial Statements

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 11.99% based on points over Wall Street Journal prime and matures March 6, 2024. The line of credit has an annual maturity and was renewed in March 2024. The line of credit is collateralized by certain assets of the Corporation. At December 31, 2023 and 2022, the balance outstanding on the line of credit was \$69,801 and \$90,000, respectively.

E. SHORT TERM NOTE PAYABLE

On November 1, 2023, the Corporation entered into a financing agreement for insurance premiums. The agreement required a downpayment of \$4,709 and 10 monthly payments of \$1,741 including interest at 13.55%. The first payment was due December 2023 and the final payment September 2024. At December 31, 2023, the outstanding balance was \$14,824.

F. NET ASSETS WITH DONOR RESTRICTIONS - TEMPORARY IN NATURE

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

11 Mile Dam Removal	\$ 47,448
North Fork SED	<u>9,828</u>
	<u>\$ 57,276</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the year ended December 31, 2023, net assets were released for the following purposes:

11 Mile Dam Removal	\$ 442,702
North Fork SED	11,134
Mushroom Project	<u>3,720</u>
	<u>\$ 457,556</u>

Notes to Financial Statements

G. RELATED PARTIES

During the years ended December 31, 2023 and 2022, the Corporation had trade receivables due from Coalitions & Collaboratives, Inc. (COCO) in the amount of \$1,342 and \$536, respectively, and trade payables due to COCO in the amount of \$17,618 and \$122,839, respectively.

The Corporation and COCO share employees and 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. COCO leased office space from the Corporation for a portion of 2022. The management fee agreement ended December 31, 2023.

During the years ended December 31, 2023 and 2022, the Corporation was invoiced \$467,121 and \$474,679, respectively, for management fees and insurance.

During the years ended December 31, 2023 and 2022, the Corporation had trade receivables due from Arkansas River Watershed Collaborative (ARWC) in the amount of \$155 and \$569, respectively, and no trade payables for either year.

H. IN-KIND DONATIONS

In-kind contribution revenue recognized consists of:

	<u>2023</u>	<u>2022</u>
Professional services	\$ 32,610	\$ 22,456
Equipment use	1,467	1,648
Materials and supplies	<u>9,063</u>	<u>483</u>
Total	<u>\$ 43,140</u>	<u>\$ 24,587</u>

Professional services are used in all program service categories. Equipment is used in the Habitat, including river restoration and Recreation, including trails programs.

I. LESSOR ACTIVITIES

The Corporation leases a portion of the building it owns and occupies. The lease is an operating lease between related parties. The lease is a gross lease with the lessor responsible for all expenses related to the premises.

Notes to Financial Statements

I. LESSOR ACTIVITIES - Continued

Lease income included in the statements of activities was \$0 and \$4,050, during the years ending December 31, 2023 and 2022. The lease terminated in 2022.

J. LEASES

The Corporation has an operating lease for ground used for the Bailey Slash site. The lease was renewed with a term from March 1, 2023, through March 1, 2028, with annual payments of \$2,400. The Corporation may incur variable costs for operating expenses.

The Corporation has short-term leases for storage units.

The following summarizes the line items in the statement of activities which include the components of lease expense for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Operating lease rent, included in:		
Program service expenses	\$ 2,400	\$ 2,400
Short-term lease rent, included in:		
Program service expenses	<u>1,770</u>	<u>780</u>
Total lease cost	<u>\$ 4,170</u>	<u>\$ 3,180</u>

The following summarizes lease term and discount rate for operating leases as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Operating Leases:		
Weighted Average Remaining Lease Term	4.17 years	
Weighted Average Discount Rate	4.27%	

Supplemental cash flow information for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Operating cash flows:		
Cash paid for amounts included in measurement of lease liabilities for operating leases	<u>\$ 2,400</u>	<u>\$ 2,400</u>
Right-of-use assets obtained in exchange for new operating lease liabilities	<u>\$ 11,057</u>	<u>\$</u>

Notes to Financial Statements

J. LEASES - Continued

Maturities of operating leases as of the years ended December 31, 2023 and 2022:

	<u>2023</u>
2024	\$ 2,400
2025	2,400
2026	2,400
2027	<u>2,400</u>
Total lease payments	9,600
Less: interest	<u>(943)</u>
Present value of lease liabilities	<u>\$ 8,657</u>

K. CONTINGENCIES

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