

**COALITION FOR THE UPPER  
SOUTH PLATTE**

**Financial Statements  
& Supplemental Schedule**

**For the Year Ended December 31, 2012**

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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, 2012, 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, 2012, 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 2011 financial statements, and our report dated February 15, 2012, 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, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matters**

#### **Other Information**

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 April 29, 2013, 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  
April 29, 2013

COALITION FOR THE UPPER SOUTH PLATTE  
Statement of Financial Position  
December 31, 2012  
(With Comparative Amounts for 2011)

	<u>ASSETS</u>	
	<u>2012</u>	<u>2011</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 66,975	\$ 423,310
Accounts receivable	14,717	22,648
Grants receivable	434,705	28,728
Prepaid expenses	<u>19,369</u>	<u>2,480</u>
Total current assets	535,766	477,166
<b>PROPERTY AND EQUIPMENT:</b>		
Land	12,150	12,150
Building	122,850	122,850
Program vehicles	42,520	36,520
Equipment	45,386	45,386
Less accumulated depreciation	<u>(110,027)</u>	<u>(101,204)</u>
Property and equipment - net	<u>112,879</u>	<u>115,702</u>
<b>TOTAL ASSETS</b>	<u>\$ 648,645</u>	<u>\$ 592,868</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 353,938	\$ 26,304
Accrued liabilities	11,432	13,341
Deferred revenue	100	
Current portion of note payable	<u>5,027</u>	<u>4,712</u>
Total current liabilities	370,497	44,357
<b>NOTE PAYABLE</b>	<u>82,191</u>	<u>87,486</u>
Total liabilities	452,688	131,843
<b>NET ASSETS:</b>		
Unrestricted	171,411	45,208
Temporarily restricted	<u>24,546</u>	<u>415,817</u>
Total net assets	<u>195,957</u>	<u>461,025</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 648,645</u>	<u>\$ 592,868</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, 2012  
(With Comparative Amounts for 2011)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2012 Totals</u>	<u>2011 Totals</u>
<b>REVENUE:</b>				
Government grants	\$ 2,174,253	\$	\$2,174,253	\$1,822,852
Foundation and corporate grants	363,000		363,000	5,000
Donated professional services	326,581		326,581	195,405
Contributions	103,212	26,446	129,658	70,337
Program fees	91,163		91,163	99,133
Special events income	14,367	8,000	22,367	9,396
Other revenue	11,335		11,335	8,229
Satisfied program restrictions	<u>425,717</u>	<u>(425,717)</u>		
Total revenue	3,509,628	(391,271)	3,118,357	2,210,352
<b>EXPENSES:</b>				
Program services:				
River restoration	1,580,246		1,580,246	506,311
Forest health and restoration	1,110,450		1,110,450	91,857
Fuel mitigation	261,019		261,019	907,853
Oil and gas study	152,984		152,984	
Program outreach	81,372		81,372	22,484
Firefighting	14,650		14,650	11,483
Carbon/energy	13,630		13,630	40,405
Environmental education program	12,255		12,255	33,698
Mining assess	10,432		10,432	108,648
Noxious weeds	8,338		8,338	11,463
Trails	<u>95</u>		<u>95</u>	<u>26,883</u>
Total program services	3,245,471		3,245,471	1,761,085
Supporting services:				
General and administrative	102,756		102,756	145,289
Financial development	<u>35,198</u>		<u>35,198</u>	<u>13,134</u>
Total supporting services	<u>137,954</u>		<u>137,954</u>	<u>158,423</u>
Total expenses	<u>3,383,425</u>		<u>3,383,425</u>	<u>1,919,508</u>
CHANGE IN NET ASSETS	126,203	(391,271)	(265,068)	290,844
NET ASSETS, beginning of year	<u>45,208</u>	<u>415,817</u>	<u>461,025</u>	<u>170,181</u>
NET ASSETS, end of year	<u>\$ 171,411</u>	<u>\$ 24,546</u>	<u>\$ 195,957</u>	<u>\$ 461,025</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE  
Statement of Functional Expenses  
For the Year Ended December 31, 2012

	River Restoration	Forest Health and Restoration	Fuel Mitigation	Oil & Gas Study	Program Outreach	Firefighting	Carbon/ Energy	Environmental Education Program	Mining Assess	Noxious Weeds	Trails	Total Program Services	General & Administrative	Financial Development	Totals
	\$	\$	\$	\$	\$ 7,064	\$	\$	\$	\$	\$	\$	\$ 7,064	\$	\$	\$ 7,064
Advertising															
Contract & professional services	1,197,489	664,573	133,894	127,004	25,859		763	763	759	1,795		2,152,899	30,781	4,568	2,188,248
Conference, convention & meetings			65	22	987		108					1,182			1,182
Depreciation		8,823										8,823			8,823
Donated time & materials	164,564	117,700	33,834	1,666	3,821	490	229	98	784	620	65	323,871	2,449	261	326,581
Equipment maintenance & repair	10,407	12,708	4,979	201	57	342	4	2	14	11	1	28,726	2,162		30,888
Insurance	6,721	4,805	1,381	68	156	20	9	4	32	26	3	13,225	100	10	13,335
Interest expense	3,153	2,255	648	32	73	10	4	2	15	12	1	6,205	47	5	6,257
Miscellaneous expenses	5,185	996	285	14	347	4	249	1	24	5	1	7,111	651	1,410	9,172
Occupancy					160							160	1,723		1,883
Books, subscriptions, reference	158	113	33	2	4				1	1		312	58		370
Office supplies	5,722	47,050	1,943	533	828	21	10	4	16	27	3	56,157	972	1,090	58,219
Payroll taxes	25,380	18,152	5,218	257	589	76	35	15	121	96	10	49,949	378	40	50,367
Personnel expenses	141,255	208,972	72,662	22,123	33,440	11,253	11,053	10,902	5,433	5,560	4	522,657	38,697	27,445	588,799
Professional development													791		791
Postage & shipping	2,086	1,492	429	21	48	6	3	1	10	8	1	4,105	31	3	4,139
Printing & duplicating	858	614	176	9	20	3	1	1	4	3		1,689	13	1	1,703
Professional fees													7,167		7,167
Property maintenance	2,135	1,527	439	22	50	6	3	1	10	8	1	4,202	32	3	4,237
Publications & subscriptions													1,828		1,828
Real estate taxes													12		12
Resource services	5,367	3,838	1,103	54	125	16	7	3	26	20	2	10,561	80	9	10,650
Small equipment	4,054	6,794	815	579	1,713	2,387	552	2	15	12	1	16,924	8,726	5	25,655
Telecommunications	3,847	2,752	791	39	90	11	5	2	18	15	2	7,572	57	6	7,635
Training & education			38	13	582		63					696			696
Trash	49	35	10	0	1							95	1		96
Travel & meetings	925	6,614	2,093	316	5,337	2	531	453	3,146	116		19,533	5,987	341	25,861
Utilities	891	637	183	9	21	3	1	1	4	3		1,753	13	1	1,767
	<u>\$ 1,580,246</u>	<u>\$ 1,110,450</u>	<u>\$ 261,019</u>	<u>\$ 152,984</u>	<u>\$ 81,372</u>	<u>\$ 14,650</u>	<u>\$ 13,630</u>	<u>\$ 12,255</u>	<u>\$ 10,432</u>	<u>\$ 8,338</u>	<u>\$ 95</u>	<u>\$ 3,245,471</u>	<u>\$ 102,756</u>	<u>\$ 35,198</u>	<u>\$ 3,383,425</u>

See Notes to Financial Statements



COALITION FOR THE UPPER SOUTH PLATTE  
Statement of Cash Flows  
For the Year Ended December 31, 2012  
(With Comparative Amounts for 2011)

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (265,068)	\$ 290,844
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	8,823	8,023
Change in assets and liabilities:		
Increase in grants receivable	(405,977)	54,548
Decrease in accounts receivable	7,931	(22,036)
Increase in prepaid expenses	(16,889)	
Increase in accounts payable and accrued liabilities	325,725	2,832
Increase in deferred revenue	<u>100</u>	<u>(220)</u>
Total adjustments	<u>(80,287)</u>	<u>43,147</u>
Net cash provided (used) by operating activities	(345,355)	333,991
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	<u>(6,000)</u>	<u>          </u>
Net cash used by investing activities	(6,000)	
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	<u>(4,980)</u>	<u>(7,355)</u>
Net cash used by financing activities	<u>(4,980)</u>	<u>(7,355)</u>
NET INCREASE (DECREASE) IN CASH	(356,335)	326,636
CASH AND CASH EQUIVALENTS, beginning of year	<u>423,310</u>	<u>96,674</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 66,975</u>	<u>\$ 423,310</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE  
Notes to Financial Statements  
For the Years Ended December 31, 2012 and 2011

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Coalition for the Upper South Platte (the Corporation) was originally incorporated in the state of Colorado in July, 1998 under the name Upper South Platte Watershed Protection Corporation. The Corporation was originally established to protect the watershed's ecological health and sustainability by balancing activities in the region and coordinating amongst stakeholders, including regulatory agencies, to identify and recommend water quality management strategies.

The name was changed on March 14, 2004 in order to better reflect the expansion of the mission and funding caused by the Hayman Fire, which burned 137,000 acres during the summer of 2002. The Coalition for the Upper South Platte was called on to play an active role in coordinating and facilitating recovery efforts. The mission has been expanded to include the on-site management of a long-term, large-scale erosion stabilization and ecological restoration program which is being carried out primarily by volunteers. The mission also now includes expanding the public's awareness of issues surrounding the water quality and ecological health of the watershed. The Corporation has also implemented an energy efficiency program as part of its strategic plan.

Accounts and Grants Receivable

Accounts and grants receivable are recorded at the amount the Corporation expects to collect on balances outstanding at year end. Based on management's assessment of its history with agencies having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year end will be immaterial; accordingly, no allowance for uncollectible accounts is maintained.

Donated Services

The Corporation recognizes donated services that create or enhance non-financial assets or that require specialized skills and would typically need to be purchased if not provided by donation. During the years ended December 31, 2012 and 2011, \$326,581 and \$195,405, 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, 2012 and 2011 amounted to \$8,823 and \$8,023, 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 Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2009 to 2012 are subject to examination by various taxing authorities, generally for three years after the date they were 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 government agencies in order to sustain its operations at current levels.

#### Supplemental Cash Flow Disclosures

Cash flows from operating activities reflect interest paid of \$6,257 and \$7,495 for the years ended December 31, 2012 and 2011, respectively.

#### Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through April 29, 2013, 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, 2011, from which the summarized information was derived.

### 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.

Notes to Financial Statements

B. NOTE PAYABLE - Continued

At December 31, 2012, 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.	\$ 87,218
Less current portion	<u>(5,027)</u>
Long-term portion	<u>\$ 82,191</u>

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

2013	\$ 5,027
2014	5,364
2015	5,723
2016	6,106
2017	6,515
Thereafter	58,483

C. DEFERRED REVENUE

At December 31, 2012, deferred revenue consists of registrations for an event that will be held in 2013.

D. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2012 are available for the following purposes:

Antero	\$ 22,000
Waldo fire recovery	1,546
Noxious weed management	<u>1,000</u>
Total	<u>\$ 24,546</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the year ended December 31, 2012, net assets were released from temporary restrictions by satisfying the following restricted purposes:

NFF grant	\$ 401,817
Waldo fire recovery	23,800
Trail Creek work	<u>100</u>
Total	<u>\$ 425,717</u>

## Notes to Financial Statements

### E. 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, 2012 and 2011, employer contributions to the plan amounted to \$3,645 and \$0, respectively.

COALITION FOR THE UPPER SOUTH PLATTE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012

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		\$ 60,741
ARRA - Rural Development, Forestry, and Communities	10.672	5-308450-WP-06	18,800
National Forest Foundation	10.682	VD-205	<u>237,644</u>
Total United States Department of Agriculture pass-through programs			317,185
<u>US Environmental Protection Agency</u>			
Pass-through programs from:			
Colorado Department of Public Health & Environment:			
Nonpoint Source Implementation Grants	66.460	WQC 1131231 & WQC 1349342	<u>882,750</u>
Total US Environmental Protection Agency pass-through programs			882,750
<u>Department of Energy</u>			
Pass-through programs from:			
Governor's Energy Office:			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	11-047	<u>6,327</u>
Total Department of Energy pass-through programs			<u>6,327</u>
Total expenditures of federal awards			<u>\$ 1,206,262</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, 2012. 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.