

**COALITION FOR THE UPPER  
SOUTH PLATTE**

**Financial Statements  
& Supplemental Schedule**

**For the Year Ended December 31, 2013**

## TABLE OF CONTENTS

Independent Auditors' 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
Schedule of Expenditures of Federal Awards . . . . .	13

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, 2013, 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, 2013, 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 2012 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated April 29, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, 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 March 17, 2014, 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 17, 2014

COALITION FOR THE UPPER SOUTH PLATTE  
Statement of Financial Position  
December 31, 2013  
(With Comparative Amounts for 2012)

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 41,844	\$ 66,975
Accounts receivable	103,433	14,717
Grants receivable	795,171	434,705
Prepaid expenses	<u>22,289</u>	<u>19,369</u>
Total current assets	962,737	535,766
PROPERTY AND EQUIPMENT:		
Land	12,150	12,150
Building	122,850	122,850
Program vehicles	42,520	42,520
Equipment	22,594	20,157
Trailers and heavy equipment	75,899	25,229
Less accumulated depreciation	<u>(120,551)</u>	<u>(110,027)</u>
Property and equipment - net	<u>155,462</u>	<u>112,879</u>
TOTAL ASSETS	<u>\$1,118,199</u>	<u>\$ 648,645</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 510,988	\$ 353,938
Accrued liabilities	17,601	11,432
Deferred revenue	8,269	100
Current portion of note payable	<u>5,597</u>	<u>5,027</u>
Total current liabilities	542,455	370,497
NOTE PAYABLE	<u>76,002</u>	<u>82,191</u>
Total liabilities	618,457	452,688
NET ASSETS:		
Unrestricted	463,292	171,411
Temporarily restricted	<u>36,450</u>	<u>24,546</u>
Total net assets	<u>499,742</u>	<u>195,957</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$1,118,199</u>	<u>\$ 648,645</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, 2013  
(With Comparative Totals for 2012)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Totals</u>	<u>2012 Totals</u>
<b>REVENUE:</b>				
Government grants	\$ 3,458,755	\$	\$3,458,755	\$2,174,253
Donated professional services	881,346		881,346	326,581
Contributions	256,286	14,450	270,736	129,658
Foundation and corporate grants	194,500		194,500	363,000
Program fees	167,367		167,367	91,163
Special events income	10,940		10,940	22,367
Other revenue	9,130		9,130	11,335
Satisfied program restrictions	<u>2,546</u>	<u>(2,546)</u>		
Total revenue	4,980,870	11,904	4,992,774	3,118,357
<b>EXPENSES:</b>				
Program services:				
Forest health and restoration	3,036,333		3,036,333	1,110,450
Fuel mitigation	1,026,241		1,026,241	261,019
Mining assess	141,020		141,020	163,416
River restoration	93,585		93,585	1,580,246
Program outreach	87,486		87,486	81,372
Environmental education program	17,913		17,913	12,255
Noxious weeds	12,719		12,719	8,338
Carbon/energy	10,869		10,869	13,630
Firefighting	5,035		5,035	14,650
Trails				<u>95</u>
Total program services	4,431,201		4,431,201	3,245,471
Supporting services:				
General and administrative	239,995		239,995	102,756
Financial development	<u>17,793</u>		<u>17,793</u>	<u>35,198</u>
Total supporting services	257,788		257,788	137,954
Total expenses	<u>4,688,989</u>		<u>4,688,989</u>	<u>3,383,425</u>
CHANGE IN NET ASSETS	291,881	11,904	303,785	(265,068)
NET ASSETS, beginning of year	<u>171,411</u>	<u>24,546</u>	<u>195,957</u>	<u>461,025</u>
NET ASSETS, end of year	<u>\$ 463,292</u>	<u>\$ 36,450</u>	<u>\$ 499,742</u>	<u>\$ 195,957</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE  
Statement of Functional Expenses  
For the Year Ended December 31, 2013

	Forest Health & Restoration	Fuel Mitigation	Mining Assess	River Restoration	Program Outreach	Environmental Education Program	Noxious Weeds	Carbon/ Energy	Firefighting	Total Program Services	General & Administrative	Financial Development	Totals
Advertising	\$	\$ 75	\$	\$	\$ 1,143	\$	\$	\$	\$	\$ 1,218	\$ 124	\$	\$ 1,342
Books, subscriptions & reference	617	208	29	19	18	4.00	2	2.00	1	900	2,993	4	3,897
Contract & professional services	1,985,790	611,744	95,220	43,538	3,038	2,267	4,753	166	79	2,746,595	3,385	273	2,750,253
Conference, convention & meetings	1,346	454	62	41	38	8	5	5	2	1,961		8	1,969
Depreciation	6,849	2,311	318	211	195	40	26	24	12	9,986	498	40	10,524
Donated time & materials	574,283	193,806	26,649	17,681	16,325	3,383	2,146	2,048	970	837,291	41,736	3,360	882,387
Donations	72	24	3	2	2					103	5		108
Equipment maintenance & repair	36,077	8,809	402	272	246	51	32	31	15	45,935	4,284		50,219
Events	1,185									1,185			1,185
Housing stipends	586	198		18	17	3	2	2	1	827	43	3	873
Insurance	22,622	7,634	1,050	697	643	133	85	81	38	32,983	1,644	132	34,759
Interest expense	6,077	2,051	282	188	172	36	22	22	10	8,860	442	36	9,338
Licenses & permits	1,451	490	67	45	41	9	5	5	2	2,115		8	2,123
Miscellaneous expenses	15,349	3,081	109	72	1,022	14	8	10	4	19,669	986	65	20,720
Occupancy	2,096	707	118	79	76	15	10	7	5	3,113	185	15	3,313
Office supplies	56,502	5,460	177	97	108	313	256	14	6	62,933	941	22	63,896
Payroll taxes	35,794	12,080	1,661	1,102	1,017	211	134	128	61	52,188	2,601	209	54,998
Personnel expenses	235,790	156,799	12,347	27,675	61,823	11,108	4,864	8,110	3,741	522,257	157,315	13,303	692,875
Postage & shipping	1,472	497	68	45	42	9	6	5	2	2,146	107	9	2,262
Printing & duplicating	709	239	33	22	20	4	3	3	1	1,034	52	4	1,090
Professional development											886		886
Professional fees											6,903		6,903
Property maintenance	745	252	35	23	21	4	3	3	1	1,087	54	4	1,145
Publications & subscriptions					3					3	2,706		2,709
Resource services	18,617	6,283	864	573	529	110	70	66	31	27,143	1,353	109	28,605
Small equipment	3,560	2,817	165	300	101	21	203	13	6	7,186	7,433	21	14,640
Taxes	90	30	4	3		1				128	6	1	135
Telecommunications	6,752	2,278	314	208	192	40	26	24	11	9,845	490	39	10,374
Training & education	6,024	2,033	280	185	171	35		23	10	8,761		35	8,796
Trash	65	22	3	2	2			21		115	5		120
Travel & meetings	14,408	5,385	695	444	441	86	53	51	24	21,587	2,716	85	24,388
Utilities	1,405	474	65	43	40	8	5	5	2	2,047	102	8	2,157
	<u>\$ 3,036,333</u>	<u>\$ 1,026,241</u>	<u>\$ 141,020</u>	<u>\$ 93,585</u>	<u>\$ 87,486</u>	<u>\$ 17,913</u>	<u>\$ 12,719</u>	<u>\$ 10,869</u>	<u>\$ 5,035</u>	<u>\$ 4,431,201</u>	<u>\$ 239,995</u>	<u>\$ 17,793</u>	<u>\$ 4,688,989</u>

See Notes to Financial Statements



COALITION FOR THE UPPER SOUTH PLATTE  
Statement of Cash Flows  
For the Year Ended December 31, 2013  
(With Comparative Amounts for 2012)

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 303,785	\$ (265,068)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	10,524	8,823
Change in assets and liabilities:		
Increase in accounts receivable	(88,716)	7,931
Increase in grants receivable	(360,466)	(405,977)
Increase in prepaid expenses	(2,920)	(16,889)
Increase in accounts payable and accrued liabilities	163,219	325,725
Increase in deferred revenue	<u>8,169</u>	<u>100</u>
Total adjustments	<u>(270,190)</u>	<u>(80,287)</u>
Net cash provided (used) by operating activities	33,595	(345,355)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	<u>(53,107)</u>	<u>(6,000)</u>
Net cash used by investing activities	(53,107)	(6,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	<u>(5,619)</u>	<u>(4,980)</u>
Net cash used by financing activities	<u>(5,619)</u>	<u>(4,980)</u>
NET DECREASE IN CASH	(25,131)	(356,335)
CASH AND CASH EQUIVALENTS, beginning of year	<u>66,975</u>	<u>423,310</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 41,844</u>	<u>\$ 66,975</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE  
Notes to Financial Statements  
For the Years Ended December 31, 2013 and 2012

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 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, 2013 and 2012, \$881,346 and \$326,581, 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, 2013 and 2012 amounted to \$10,524 and \$8,823, 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, for the years ending 2010 to 2013 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 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 \$9,338 and \$6,257 for the years ended December 31, 2013 and 2012, 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 17, 2014, 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, 2012, 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, 2013, 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.	\$ 81,599
Less current portion	<u>(5,597)</u>
Long-term portion	<u>\$ 76,002</u>

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

2014	\$ 5,597
2015	5,972
2016	6,372
2017	6,800
2018	7,254
Thereafter	49,604

### C. DEFERRED REVENUE

At December 31, 2013, deferred revenue consists of \$1,180 of registrations for an event that will be held in 2014 and \$7,089 of deferred contract revenue.

### D. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2013 are available for the following purposes:

Antero	\$ 28,500
Xcel service learning	7,500
Noxious weed management	<u>450</u>
Total	<u>\$ 36,450</u>

Notes to Financial Statements

D. 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:

Waldo fire recovery	\$ 1,546
Noxious weed management	<u>1,000</u>
Total	<u>\$ 2,546</u>

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, 2013 and 2012, employer contributions to the plan amounted to \$8,932 and \$3,645, respectively.

COALITION FOR THE UPPER SOUTH PLATTE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

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	Proj 5-366030-117-WP-05	\$ 118,039
The Watershed Research Training Center: Cooperative Forestry Assistance	10.664	11-CA-11132543-158	5,650
The Nature Conservancy: Cooperative Forestry Assistance	10.664	11-CA-11132543-158	114,529
Colorado Department of Agriculture: Forest Health Protection	10.680	12-DG-11020000-024	10,000
City of Colorado Springs: Emergency Watershed Protection Program	10.923	68-8B05-12-12	695,364
El Paso County: Emergency Watershed Protection Program	10.923	68-8B05-12-12	<u>656,855</u>
Total United States Department of Agriculture pass-through programs			1,600,437
<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>58,507</u>
Total US Environmental Protection Agency pass-through programs			58,507
<u>Department of Interior</u>			
Pass-through programs from:			
Bureau of Land Management National Fire Plan - Wildland Urban Interface Community Fire Assistance	15.228	L12AC20665	<u>6,000</u>
Total Department of Interior pass-through programs			<u>6,000</u>
Total expenditures of federal awards			<u>\$ 1,664,944</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, 2013. 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.