

**COALITION FOR THE UPPER
SOUTH PLATTE**

Financial Statements

For the Year Ended December 31, 2010

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of the Coalition for the Upper South Platte as of December 31, 2010, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the Corporation's December 31, 2009 financial statements and in our report dated April 2, 2010, we expressed an unqualified opinion on those financial statements.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our 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, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2011, 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 *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Waugh & Goodwin, LLP

June 17, 2011

COALITION FOR THE UPPER SOUTH PLATTE
Statement of Financial Position
December 31, 2010
(With Comparative Amounts for 2009)

	<u>ASSETS</u>	
	<u>2010</u>	<u>2009</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 96,674	\$ 8,848
Accounts receivable	612	721
Grants receivable	83,276	45,093
Prepaid expenses	<u>2,480</u>	<u>2,480</u>
Total current assets	183,042	57,142
PROPERTY AND EQUIPMENT:		
Land	12,150	12,150
Building	122,850	122,850
Program vehicle	36,520	36,520
Equipment	45,386	32,144
Less accumulated depreciation	<u>(93,181)</u>	<u>(86,871)</u>
Property and equipment - net	<u>123,725</u>	<u>116,793</u>
TOTAL ASSETS	<u>\$ 306,767</u>	<u>\$ 173,935</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
CURRENT LIABILITIES:		
Accounts payable	\$ 18,463	\$ 15,155
Accrued liabilities	18,350	28,579
Deferred revenue	220	
Current portion of note payable	<u>4,416</u>	<u>4,139</u>
Total current liabilities	41,449	47,873
NOTE PAYABLE	<u>95,137</u>	<u>100,183</u>
Total liabilities	136,586	148,056
NET ASSETS:		
Unrestricted	83,147	25,879
Temporarily restricted	<u>87,034</u>	<u> </u>
Total net assets	<u>170,181</u>	<u>25,879</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 306,767</u>	<u>\$ 173,935</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, 2010
(With Comparative Amounts for 2009)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2010 Totals</u>	<u>2009 Totals</u>
REVENUE:				
Government grants	\$ 966,417	\$ 199,977	\$ 1,166,394	\$ 490,967
Donated professional services	196,702		196,702	175,951
Contributions	56,271		56,271	49,551
Program fees	29,212		29,212	25,935
Foundation and corporate grants	42,974		42,974	17,900
Other revenue	13,268		13,268	4,363
Special events income	(29)	7,000	6,971	4,815
Satisfied program restrictions	<u>119,943</u>	<u>(119,943)</u>		
Total revenue	1,424,758	87,034	1,511,792	769,482
EXPENSES:				
Program services:				
Fuel mitigation	703,930		703,930	303,756
River restoration	306,495		306,495	30,637
Forest health and restoration	145,754		145,754	285,868
Noxious weeds	57,882		57,882	20,852
Mining assess	33,829		33,829	22,522
Carbon/energy	9,758		9,758	
Program outreach	5,756		5,756	
Firefighting	4,953		4,953	
Environmental education program	2,868		2,868	10,757
Trails	<u>1,723</u>		<u>1,723</u>	<u>14,342</u>
Total program services	1,272,948		1,272,948	688,734
Supporting services:				
General and administrative	94,542		94,542	84,470
Financial development				<u>6,753</u>
Total supporting services	<u>94,542</u>		<u>94,542</u>	<u>91,223</u>
Total expenses	<u>1,367,490</u>		<u>1,367,490</u>	<u>779,957</u>
CHANGE IN NET ASSETS	57,268	87,034	144,302	(10,475)
NET ASSETS, beginning of year	<u>25,879</u>		<u>25,879</u>	<u>36,354</u>
NET ASSETS, end of year	<u>\$ 83,147</u>	<u>\$ 87,034</u>	<u>\$ 170,181</u>	<u>\$ 25,879</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE
Statement of Functional Expenses
For the Year Ended December 31, 2010

	Fuel Mitigation	River Restoration	Forest Health and Restoration	Noxious Weeds	Mining Assess	Carbon/ Energy	Program Outreach	Firefighting	Environmental Education Program	Trails	Total Program Services	General & Administrative	Totals
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Advertising													
Contract & professional services	374,432	198,793	15,344	1,044	1,371	1,110	131	457	326	196	593,204	9,072	602,276
Depreciation			6,310								6,310		6,310
Donated time & materials	64,715	1,574	66,289	44,651	16,523		2,557				196,309	393	196,702
Equipment maintenance & repair	8,133	2,842	4,765	228	299	243	29	100	71	43	16,753	2,086	18,839
Grants				3,835							3,835		3,835
Insurance	3,626	1,432	626	115	151	122	14	50	36	22	6,194	1,000	7,194
Interest expense	3,061	1,208	528	97	128	103	12	43	30	18	5,228	844	6,072
Miscellaneous expenses	710	280	122	23	30	24	3	10	7	4	1,213	382	1,595
Occupancy					350		2				352		352
Books, subscriptions, reference	304	120	52	10	13	10	1	4	3	2	519	2,688	3,207
Office supplies	6,169	5,038	10,303	264	261	54	971	22	16	10	23,108	445	23,553
Payroll taxes	18,502	7,305	3,194	587	771	624	73	257	184	110	31,607	2,683	34,290
Personnel expenses	213,183	84,173	36,800	6,767	8,882	7,191	846	2,960	2,114	1,269	364,185	58,794	422,979
Professional development												1,169	1,169
Postage & shipping	719	284	124	23	30	24	3	10	7	4	1,228	199	1,427
Printing & duplicating	1,634	645	282	52	68	55	6	23	16	10	2,791	451	3,242
Professional fees												4,711	4,711
Property maintenance	1,518	600	262	48	63	51	6	21	15	9	2,593	419	3,012
Publications & subscriptions												375	375
Real estate taxes	27	11	5	1	1	1					46	7	53
Small equipment	2,543	478			3,107			935			7,063	3,988	11,051
Telecommunications	2,932	1,158	506	93	122	99	12	41	29	18	5,010	808	5,818
Trash	8	3	1								12	2	14
Travel & meetings	568	224	98	18	1,624	19	887	8	6	3	3,455	3,798	7,253
Utilities	828	327	143	26	35	28	3	12	8	5	1,415	228	1,643
	<u>\$ 703,930</u>	<u>\$ 306,495</u>	<u>\$ 145,754</u>	<u>\$ 57,882</u>	<u>\$ 33,829</u>	<u>\$ 9,758</u>	<u>\$ 5,756</u>	<u>\$ 4,953</u>	<u>\$ 2,868</u>	<u>\$ 1,723</u>	<u>\$ 1,272,948</u>	<u>\$ 94,542</u>	<u>\$ 1,367,490</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE
Statement of Cash Flows
For the Year Ended December 31, 2010
(With Comparative Amounts for 2009)

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 144,302	\$ (10,475)
Adjustments to reconcile change in in net assets to net cash provided by operating activities:		
Depreciation	6,310	8,541
Change in assets and liabilities:		
Increase in grants receivable	(38,183)	(17,343)
Decrease in accounts receivable	109	(721)
Decrease in accounts payable and accrued liabilities	(6,921)	36,637
Increase in deferred revenue	<u>220</u>	<u>(11,687)</u>
Total adjustments	<u>(38,465)</u>	<u>15,427</u>
Net cash provided by operating activities	105,837	4,952
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	<u>(13,242)</u>	<u>(1,336)</u>
Net cash used by investing activities	(13,242)	(1,336)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	<u>(4,769)</u>	<u>(3,247)</u>
Net cash used by financing activities	<u>(4,769)</u>	<u>(3,247)</u>
NET INCREASE IN CASH	87,826	369
CASH AND CASH EQUIVALENTS, beginning of year	<u>8,848</u>	<u>8,479</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 96,674</u>	<u>\$ 8,848</u>

See Notes to Financial Statements

COALITION FOR THE UPPER SOUTH PLATTE
Notes to Financial Statements
For the Years Ended December 31, 2010 and 2009

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, 2010 and 2009, \$196,702 and \$175,951, 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 to seven 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, 2010 and 2009 amounted to \$6,310 and \$8,541, respectively.

Income Taxes

The Financial Accounting Standards Board (FASB) issued FASB ASC 740, "Income Taxes", which clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Corporation's income tax returns.

The Corporation's income tax filings are subject to audit by various taxing authorities. The Corporation's open audit periods are 2007 - 2010. The Corporation believes that its operations have been conducted in accordance with its tax-exempt status.

Cash and Cash Equivalents

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

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.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

Supplemental Cash Flow Disclosures

Cash flows from operating activities reflect interest paid of \$6,072 and \$6,293 for the years ended December 31, 2010 and 2009, respectively.

Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through June 17, 2011, 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, 2009, 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.

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, 2010, note payable consists of the following:

Notes to Financial Statements

B. NOTE PAYABLE - Continued

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.	\$ 99,553
Less current portion	<u>(4,416)</u>
Long-term portion	<u>\$ 95,137</u>

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

2011	\$ 4,416
2012	4,711
2013	5,027
2014	5,364
2015	5,723
Thereafter	74,312

C. DEFERRED REVENUE

At December 31, 2010, deferred revenue consists of registrations for an event to be held in 2011.

D. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2010 are available for the following purposes:

NFF Grant	\$ 48,616
Hillsdale grant	31,418
Antero	<u>7,000</u>
Total	<u>\$ 87,034</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the year ended December 31, 2010, net assets were released from temporary restrictions by satisfying the following restricted purposes:

NFF grant	\$ 111,361
Hillsdale grant	<u>8,582</u>
Total	<u>\$ 119,943</u>

COALITION FOR THE UPPER SOUTH PLATTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

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	08CPGSFA-NFPWatershed	\$ 13,000
ARRA - USDA Recovery Act of 2009: Wildland Fire Management	10.688	536703.01	640,637
Colorado Department of Agriculture:			
Schools and Roads - Grants to States	10.665	16018	47,522
National Forest Foundation	10.682	VD-201D	<u>208,381</u>
Total United States Department of Agriculture pass-through programs			909,540
<u>US Environmental Protection Agency</u>			
Pass-through programs from:			
Colorado Department of Public Health & Environment: Nonpoint Source Implementation Grants	66.460	WQC 11000047	<u>88,561</u>
Total US Environmental Protection Agency pass-through programs			88,561
<u>Department of Energy</u>			
Pass-through programs from:			
Governor's Energy Office: Energy Efficiency and Conservation Block Grant Program	81.128	11-034 & 11-047	<u>9,169</u>
Total Department of Energy pass-through programs			<u>9,169</u>
Total expenditures of federal awards			<u>\$ 1,007,270</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, 2010. 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.