



**COALITIONS AND
COLLABORATIVES, INC.**

Financial Statements

For the Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Coalitions and Collaboratives, Inc.
Lake George, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of Coalitions and Collaboratives, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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.

Auditor's 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Coalitions and Collaboratives, Inc. as of December 31, 2017, 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.

Waugh & Goodwin, LLP

Colorado Springs, Colorado

June 4, 2018

COALITIONS AND COLLABORATIVES, INC.
Statement of Financial Position
December 31, 2017

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	49,194
Restricted cash	203,753
Grants receivable	41,031
Due from CUSP	4,675
Prepaid expenses	<u>16,426</u>
Total current assets	<u>315,079</u>
TOTAL ASSETS	<u>\$ 315,079</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable	\$ 50,635
Accrued liabilities	25,436
Deferred revenue	145,739
Current portion of note payable - insurance	<u>10,922</u>
Total current liabilities	232,732
NET ASSETS:	
Unrestricted	18,502
Temporarily restricted	<u>63,845</u>
Total net assets	<u>82,347</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 315,079</u>

See Notes to Financial Statements

COALITIONS AND COLLABORATIVES, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT:			
Government grants	\$ 637,692	\$ 17,500	\$ 655,192
Foundation and individual support	18,711	140,696	159,407
Management fees	640,136		640,136
Front Range Roundtable	18,628		18,628
Other revenue	9,290		9,290
In-kind donations	1,305		1,305
Satisfied program restrictions	<u>94,351</u>	<u>(94,351)</u>	
Total revenue and support	1,420,113	63,845	1,483,958
EXPENSES:			
Program services:			
Program operations	<u>1,214,192</u>		<u>1,214,192</u>
Total program services	1,214,192		1,214,192
Supporting services:			
General and administrative	170,951		170,951
Financial development	<u>36,561</u>		<u>36,561</u>
Total supporting services	<u>207,512</u>		<u>207,512</u>
Total expenses	<u>1,421,704</u>		<u>1,421,704</u>
CHANGE IN NET ASSETS	(1,591)	63,845	62,254
NET ASSETS, beginning of year	<u>20,093</u>		<u>20,093</u>
NET ASSETS, end of year	<u>\$ 18,502</u>	<u>\$ 63,845</u>	<u>\$ 82,347</u>

See Notes to Financial Statements

COALITIONS AND COLLABORATIVES, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2017

	Total Program Services	General & Administrative	Financial Development	2017 Totals
Bank, credit card & other fees	\$	\$ 1,392	\$	\$ 1,392
Conference, conventions & meetings	5,882	647	1,050	7,579
Contract & professional services	339,415	32,425	2,845	374,685
Employee benefits	53,054	14,153	2,361	69,568
Equipment operation & rental	12,100	89		12,189
Insurance	6,264	15,902		22,166
Office expenses	3,517	1,400		4,917
Payroll taxes	51,576	8,057	2,351	61,984
Salaries	638,286	96,441	27,832	762,559
Supplies	50,750			50,750
Travel & meetings	53,348	445	122	53,915
	<u>\$ 1,214,192</u>	<u>\$ 170,951</u>	<u>\$ 36,561</u>	<u>\$ 1,421,704</u>

See Notes to Financial Statements

COALITIONS AND COLLABORATIVES, INC.
Statement of Cash Flows
For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 62,254
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in assets:	
Grants receivable	4,429
Due from CUSP	60,207
Prepaid expenses	100
Increase (decrease) in liabilities:	
Accounts payable and accrued liabilities	5,620
Deferred revenue	145,739
Due to CUSP	<u>(581)</u>
Total adjustments	<u>215,514</u>
Net cash provided by operating activities	277,768
CASH FLOWS FROM FINANCING ACTIVITIES:	
Decrease in short-term note payable-related party	(5,000)
Increase in note payable - insurance, net	768
Decrease in note payable to CUSP	<u>(30,000)</u>
Net cash used by financing activities	<u>(34,232)</u>
NET INCREASE IN CASH	243,536
CASH AND CASH EQUIVALENTS, beginning of year	<u>9,411</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 252,947</u>

See Notes to Financial Statements

COALITIONS AND COLLABORATIVES, INC.

Notes to Financial Statements

For the Year Ended December 31, 2017

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Coalitions and Collaboratives, Inc. (the Corporation) was incorporated in the state of Colorado in October 2014, and commenced operations in early 2015. The Corporation was originally established as a way of increasing on-the-ground, stakeholder-driven conservation.

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.

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.

In-kind Contributions

The Corporation records various types of in-kind contributions. Contributed services are recognized if the services create or enhance non-financial assets or require specialized skills and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. During the year ended December 31, 2017, \$1,257 was recorded for contributed services and \$48 was recorded for tangible assets.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 on income related to its exempt purpose. Accordingly, no income tax provision has been recorded.

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

Cash and Cash Equivalents

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

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 no income taxes or interest paid during the year ended December 31, 2017.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through June 4, 2018, the date that the financial statements were available to be issued.

B. NOTE PAYABLE - INSURANCE

On September 27, 2017, the Corporation signed a note payable to finance its insurance policies.

At December 31, 2017, the note payable consists of the following:

Note payable to First Insurance. This note is unsecured and requires monthly payments of \$1,428, including interest at 9.85%, through August, 2017.

Current portion	<u>\$ 10,922</u>
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C. LINE OF CREDIT

During the year ended December 31, 2017, the Corporation obtained a line of credit from a local bank. The line of credit is \$50,000, has an interest rate of ZB NA prime plus 9.99% and expires September 6, 2020. The line of credit is collateralized by certain assets of the Corporation. At December 31, 2017, the balance outstanding on the line of credit was \$0.

D. DEFERRED REVENUE

Deferred revenue at December 31, 2017 consists of \$145,739 for building capacity to protect Western watersheds.

E. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2017, are available for the following purposes:

Greenway Fund projects	\$ 58,014
Monitoring and assessment	<u>5,831</u>
	<u>\$ 63,845</u>

Notes to Financial Statements

E. TEMPORARILY RESTRICTED NET ASSETS - Continued

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the year ended December 31, 2017, net assets were released from temporary restrictions by satisfying the following restricted purposes:

Greenway Fund projects	\$ 82,682
Monitoring and assessment	<u>11,669</u>
	<u>\$ 94,351</u>

F. RETIREMENT PLAN

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

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

For the year ended December 31, 2017, employer contributions to the plan amounted to \$12,950.

G. RELATED PARTIES

The Corporation's employees provide services for the Coalition for the Upper South Platte (CUSP) projects. The Corporation charges a management fee to CUSP for employee time utilized, as well as respective payroll taxes, benefits and workers compensation insurance. The Corporation invoices CUSP for their share of general liability and director and officer insurance. CUSP was invoiced \$639,408 for these services during the year ended December 31, 2017.

In addition, at December 31, 2017, the Corporation had trade receivables due from CUSP in the amount of \$4,675, and trade payables due to CUSP in the amount of \$337.

The Corporation and the CUSP share an Executive Director and three board members.

At December 31, 2017 the Corporation had trade payables due to the Executive Director in the amount of \$24,314.