



**COALITIONS AND
COLLABORATIVES, INC.**

**Financial Statements
For the Year Ended December 31, 2018**

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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, 2018, 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, 2018, 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 Coalitions and Collaboratives, Inc.'s 2017 financial statements, and our report dated June 4, 2018, 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, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As described in Note A to the financial statements, in 2018, Coalitions and Collaboratives, Inc. adopted Accounting Standards Update (ASU) 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. Our opinion is not modified with respect to this matter.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
September 20, 2019

COALITIONS AND COLLABORATIVES, INC.
Statement of Financial Position
December 31, 2018
(With Comparative Amounts for 2017)

	<u>ASSETS</u>	
	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 242,627	\$ 49,194
Restricted cash	8,996	203,753
Grants receivable	64,949	41,031
Due from CUSP		4,675
Prepaid expenses	<u>15,698</u>	<u>16,426</u>
Total current assets	<u>332,270</u>	<u>315,079</u>
TOTAL ASSETS	<u>\$ 332,270</u>	<u>\$ 315,079</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
CURRENT LIABILITIES:		
Accounts payable	\$ 77,392	\$ 50,298
Due to CUSP	1,949	337
Accrued liabilities	50,473	25,436
Deferred revenue		145,739
Line of credit payable	37,690	
Current portion of note payable - insurance	<u>10,027</u>	<u>10,922</u>
Total current liabilities	<u>177,531</u>	<u>232,732</u>
Total liabilities	177,531	232,732
NET ASSETS:		
Without donor restrictions	(43,821)	18,502
With donor restrictions	<u>198,560</u>	<u>63,845</u>
Total net assets	<u>154,739</u>	<u>82,347</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 332,270</u>	<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, 2018
(With Comparative Totals for 2017)

	Without Donor Restrictions	With Donor Restrictions	2018 Totals	2017 Totals
REVENUE AND SUPPORT:				
Government grants	\$ 707,369	\$	\$ 707,369	\$ 655,192
Foundation & individual support	174,193	312,250	486,443	159,407
Management fees	468,484		468,484	640,136
In-kind donations	29,320		29,320	1,305
Other revenue	23,373		23,373	9,290
Front Range Roundtable	23,372		23,372	18,628
Satisfied program restrictions	<u>177,535</u>	<u>(177,535)</u>		
Total revenue and support	1,603,646	134,715	1,738,361	1,483,958
EXPENSES:				
Program services:				
Forest health & fuels mitigation	858,877		858,877	644,974
Collaborative development & conservation	333,560		333,560	
Program operations	<u>165,703</u>		<u>165,703</u>	569,218
Total program services	1,358,140		1,358,140	1,214,192
Supporting services:				
General & administrative	246,409		246,409	170,951
Financial development	<u>61,420</u>		<u>61,420</u>	36,561
Total supporting services	<u>307,829</u>		<u>307,829</u>	207,512
Total expenses	<u>1,665,969</u>		<u>1,665,969</u>	1,421,704
CHANGE IN NET ASSETS	(62,323)	134,715	72,392	62,254
NET ASSETS, beginning of year	<u>18,502</u>	<u>63,845</u>	<u>82,347</u>	<u>20,093</u>
NET ASSETS, end of year	<u>\$ (43,821)</u>	<u>\$ 198,560</u>	<u>\$ 154,739</u>	<u>\$ 82,347</u>

See Notes to Financial Statements

COALITIONS AND COLLABORATIVES, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

	Forest Health & Fuels Mitigation	Collaborative Development & Conservation	Program Operations	Total Program Services	General & Administrative	Financial Development	2018 Totals	2017 Totals
Advertising	\$	\$ 745	\$	\$ 745	\$	\$	\$ 745	\$
Bank, credit card & other fees					4,270		4,270	1,392
Conference, conventions & meetings		490	566	1,056	143	250	1,449	7,579
Contract & professional services	410,429	82,477	38,872	531,778	41,819	3,150	576,747	374,685
Cost share	2,491			2,491			2,491	
Employee benefits	26,209	10,138	17,618	53,965	35,456	793	90,214	69,568
Equipment operation & rental	2,017	2,331	5,185	9,533	2,747		12,280	12,189
Event expense			4,000	4,000	300	295	4,595	
Grants	10,000	8,636	24,300	42,936	500		43,436	
Insurance	2,272	1,172	2,279	5,723	20,536		26,259	22,166
Miscellaneous expenses					7,204		7,204	
Occupancy					4,875		4,875	
Office expenses	715	982	2,561	4,258	12,289		16,547	4,917
Payroll taxes	20,997	4,392	17,160	42,549	16,814	1,469	60,832	61,984
Salaries	358,118	208,828	33,909	600,855	96,453	55,463	752,771	762,559
Supplies	3,503	71	1,472	5,046	1,829		6,875	50,750
Travel & meetings	22,126	13,298	17,781	53,205	1,174		54,379	53,915
	<u>\$ 858,877</u>	<u>\$ 333,560</u>	<u>\$ 165,703</u>	<u>\$ 1,358,140</u>	<u>\$ 246,409</u>	<u>\$ 61,420</u>	<u>\$ 1,665,969</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, 2018
(With Comparative Amounts for 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 72,392	\$ 62,254
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
(Increase) decrease in assets:		
Grants receivable	(23,918)	4,429
Due from CUSP	4,675	60,207
Prepaid expenses	728	100
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	52,131	5,283
Deferred revenue	(145,739)	145,739
Due to CUSP	<u>1,612</u>	<u>(244)</u>
Total adjustments	<u>(110,511)</u>	<u>215,514</u>
Net cash provided (used) by operating activities	(38,119)	277,768
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in short-term note payable-related party	37,690	(5,000)
Increase in note payable - insurance, net	(895)	768
Decrease in note payable to CUSP	<u> </u>	<u>(30,000)</u>
Net cash provided (used) by financing activities	<u>36,795</u>	<u>(34,232)</u>
NET INCREASE (DECREASE) IN CASH	(1,324)	243,536
CASH AND CASH EQUIVALENTS, beginning of year	<u>252,947</u>	<u>9,411</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 251,623</u>	<u>\$ 252,947</u>

See Notes to Financial Statements

COALITIONS AND COLLABORATIVES, INC.

Notes to Financial Statements

For the Year Ended December 31, 2018

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.

Accounting Standards Update

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Corporation has adjusted the presentation of its financial statements, accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Corporation's financial statements:

- The temporarily restricted and permanently restricted net asset classes, if any existed, have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements now include a presentation of expenses that describes both the functional nature of the expenses and their natural classification according to the actual usage of resources.
- The financial statements include a new disclosure about liquidity and availability of resources (Note B).

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounting Standards Update - continued

The changes have the following effect on net assets at December 31, 2017:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 18,502	\$
Temporarily restricted net assets	63,845	
Net assets without donor restrictions		18,502
Net assets with donor restrictions		63,845
Total net assets	<u>\$ 82,347</u>	<u>\$ 82,347</u>

In addition, certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

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 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

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 years ended December 31, 2018 and 2017, \$29,320 and \$1,257, respectively, were recorded for contributed services and \$0 and \$48, respectively, were recorded for tangible assets.

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. Some of the expenses which are allocated include salaries, which are allocated on the basis of time and effort.

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 \$3,408 and \$323 during the years ended December 31, 2018 and 2017, 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 September 20, 2019, 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 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, 2017, from which the summarized information was derived.

B. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Corporation's financial assets available within one year of the Statement of Financial Position date for general expenditure are as follows:

Notes to Financial Statements

B. LIQUIDITY AND AVAILABILITY OF RESOURCES - Continued

	<u>2018</u>
Cash and cash equivalents	\$ 242,627
Grants receivable	<u>64,949</u>
	307,576
Less assets with donor restrictions:	
Programs	<u>(198,560)</u>
Financial assets available within one year	<u>\$ 109,016</u>

As described in Note D to the financial statements, the Corporation has a \$50,000 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. NOTE PAYABLE - INSURANCE

On October 1, 2018, the Corporation signed a note payable to finance its insurance policies.

At December 31, 2018, the note payable consists of the following:

Note payable to First Insurance.
 This note is unsecured and requires
 Monthly payments of \$1,432, including
 interest at 10.60%, through August,
 2019. \$ 10,027

D. 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, 2018 and 2017, the balance outstanding on the line of credit was \$37,690 and \$0, respectively.

Notes to Financial Statements

E. DEFERRED REVENUE

Deferred revenue at December 31, 2018 and 2017 consists of \$0 and \$145,739, respectively, for building capacity to protect Western watersheds.

F. NET ASSETS WITH DONOR RESTRICTION - TEMPORARY IN NATURE

Net assets with donor restriction - temporary in nature are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Forest to faucets	\$ 117,392	\$
Forests of the future	59,919	
Collaborative development	21,249	
Greenway Fund projects		58,014
Monitoring and assessment		<u>5,831</u>
	<u>\$ 198,560</u>	<u>\$ 63,845</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2018 and 2017, net assets were released from temporary restrictions by satisfying the following restricted purposes:

	<u>2018</u>	<u>2017</u>
Greenway Fund projects	\$ 58,014	\$ 82,682
Forest to faucets	57,609	
Collaborative development	28,751	
Forest of the future	27,330	
Monitoring and assessment	<u>5,831</u>	<u>11,669</u>
	<u>\$ 177,535</u>	<u>\$ 94,351</u>

G. 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, 2018 and 2017, employer contributions to the plan amounted to \$12,705 and \$12,950, respectively.

Notes to Financial Statements

H. 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 \$468,996 and \$639,408 for these services during the years ended December 31, 2018 and 2017, respectively.

In addition, at December 31, 2018 and 2017, the Corporation had trade receivables due from CUSP in the amount of \$0 and \$4,675, respectively, and trade payables due to CUSP in the amount of \$1,949 and \$337, respectively.

The Corporation and the CUSP share an Executive Director and three Board Members.

At December 31, 2018 and 2017, the Corporation had trade payables due to the Executive Director in the amount of \$12,031 and \$24,314, respectively.