

**COALITIONS AND  
COLLABORATIVES, INC.**

**Financial Statements**

**For the Year Ended December 31, 2016**

## TABLE OF CONTENTS

Independent Auditor's Report . . . . .	1
Statement of Financial Position . . . . .	3
Statement of Activities and Changes in Net Assets . . . . .	4
Statement of Functional Expenses . . . . .	5
Statement of Cash Flows . . . . .	6
Notes to Financial Statements . . . . .	7

INDEPENDENT AUDITOR'S REPORT

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, 2016, 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, 2016, 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 2015 financial statements, and our report dated May 6, 2016, 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, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Waugh & Goodwin, LLP*  
Colorado Springs, Colorado  
March 10, 2017

COALITIONS AND COLLABORATIVES, INC.  
Statement of Financial Position  
December 31, 2016  
(With Comparative Amounts for 2015)

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 9,411	\$ 16,186
Grants receivable	45,460	54,062
Due from CUSP	64,882	24,118
Prepaid expenses	<u>16,526</u>	<u>19,293</u>
Total current assets	<u>136,279</u>	<u>113,659</u>
TOTAL ASSETS	<u>\$ 136,279</u>	<u>\$ 113,659</u>
 <u>LIABILITIES AND NET ASSETS</u>  		
CURRENT LIABILITIES:		
Accounts payable	\$ 34,568	\$ 27,984
Due to CUSP	581	35,627
Accrued liabilities	35,883	11,486
Deferred revenue		5,898
Short-term note payable - related party	5,000	
Current portion of note payable - insurance	<u>10,154</u>	<u>15,128</u>
Total current liabilities	86,186	96,123
NOTE PAYABLE TO CUSP	<u>30,000</u>	<u>41,812</u>
Total liabilities	116,186	137,935
NET ASSETS:		
Unrestricted	<u>20,093</u>	<u>(24,276)</u>
Total net assets	<u>20,093</u>	<u>(24,276)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 136,279</u>	<u>\$ 113,659</u>

See Notes to Financial Statements

COALITIONS AND COLLABORATIVES, INC.  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2016  
(With Comparative Totals for 2015)

	<u>2016</u>	<u>2015</u>
REVENUE:		
Management fees	\$ 819,881	\$ 564,299
Government grants	207,488	339,268
Front Range Roundtable	47,875	11,500
Other revenue	26,774	5,381
In-kind donations	12,834	250
Foundation and individual support	<u>300</u>	<u>2,965</u>
Total revenue	1,115,152	923,663
EXPENSES:		
Program services:		
Program operations	1,036,465	899,232
Supporting services:		
General and administrative	31,340	41,946
Financial development	<u>2,978</u>	<u>6,761</u>
Total supporting services	<u>34,318</u>	<u>48,707</u>
Total expenses	<u>1,070,783</u>	<u>947,939</u>
CHANGE IN NET ASSETS	44,369	(24,276)
NET ASSETS, beginning of year	<u>(24,276)</u>	<u>          </u>
NET ASSETS, end of year	<u>\$ 20,093</u>	<u>\$ (24,276)</u>

See Notes to Financial Statements

COALITIONS AND COLLABORATIVES, INC.  
Statement of Functional Expenses  
For the Year Ended December 31, 2016  
(With Comparative Amounts for 2015)

	Program Operations	General & Administrative	Financial Development	2016 Totals	2015 Totals
Advertising	\$ 49	\$	\$	\$ 49	\$ 476
Bank fees	79	154		233	335
Books, subscriptions & reference		663		663	249
Conference, conventions & meetings	1,223	23		1,246	7,844
Contract & professional services	163,457	6,075	2,055	171,587	222,885
Donated materials					250
Employee benefits	36,803	1,049	41	37,893	27,287
Equipment rental	805			805	172
Insurance	19,957	18,335		38,292	13,325
Occupancy					3,895
Office supplies		301		301	735
Other expenses	2,894	60		2,954	
Payroll taxes	61,535	241	65	61,841	51,291
Salaries	744,161	2,639	705	747,505	612,420
Small equipment					2,235
Supplies	313	1,743		2,056	130
Telecommunications					1,791
Travel & meetings	5,189	57	112	5,358	2,619
	<u>\$ 1,036,465</u>	<u>\$ 31,340</u>	<u>\$ 2,978</u>	<u>\$ 1,070,783</u>	<u>\$ 947,939</u>

See Notes to Financial Statements

COALITIONS AND COLLABORATIVES, INC.  
Statement of Cash Flows  
For the Year Ended December 31, 2016  
(With Comparative Amounts for 2015)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 44,369	(24,276)
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	8,602	(54,062)
Due from CUSP	(40,764)	(24,118)
Prepaid expenses	2,767	(19,293)
Increase (decrease) in assets:		
Accounts payable and accrued liabilities	30,981	39,470
Deferred revenue	(5,898)	5,898
Due to CUSP	<u>(35,046)</u>	<u>35,627</u>
Total adjustments	<u>(39,358)</u>	<u>(16,478)</u>
Net cash provided (used) by operating activities	5,011	(40,754)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in short-term note payable-related party	5,000	
Increase (decrease) in note payable - insurance, net	(4,974)	15,128
Increase (decrease) in note payable CUSP	<u>(11,812)</u>	<u>41,812</u>
Net cash provided (used) by financing activities	<u>(11,786)</u>	<u>56,940</u>
NET INCREASE (DECREASE) IN CASH	(6,775)	16,186
CASH AND CASH EQUIVALENTS, beginning of year	<u>16,186</u>	<u>          </u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 9,411</u>	<u>\$ 16,186</u>

See Notes to Financial Statements



COALITIONS AND COLLABORATIVES, INC.

Notes to Financial Statements

For the Year Ended December 31, 2016

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 of the watershed's ecological health.

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 years ended December 31, 2016 and 2015, \$11,091 and \$0, respectively, was recorded for contributed services and \$1,743 and \$250, respectively, 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. 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 account.

#### 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 years ended December 31, 2016 and 2015.

## 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 March 10, 2017, 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, 2015, 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 - INSURANCE

On October 1, 2016, the Corporation signed a note payable to finance its insurance policies.

At December 31, 2016, the note payable consists of the following:

Note payable to AFCO. This note is unsecured and requires monthly payments of \$1,503, including interest at 7.85%, through August, 2017.

Current portion	<u>\$ 10,154</u>
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As discussed in Note D, the Corporation also has a note payable to a related party at December 31, 2016.

### C. 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.

## Notes to Financial Statements

### C. RETIREMENT PLAN - Continued

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

For the years ended December 31, 2016 and 2015, employer contributions to the plan amounted to \$11,683 and \$7,048, respectively.

### D. RELATED PARTIES

During the years ended December 31, 2016 and 2015, the Coalition for the Upper South Platte (CUSP) provided the Corporation funds to support initial operations. A formal promissory note was implemented during the year ended December 31, 2016. No interest is currently being charged on the note.

At December 31, 2016, the outstanding balance due to CUSP was \$30,000.

The Corporation's employees provide services for 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. Other revenue includes the insurance reimbursement in the amount of \$26,270 for the year ended December 31, 2016.

In addition, at December 31, 2016 and 2015, the Corporation had trade receivables due from CUSP in the amount of \$64,882 and \$24,118, respectively, and trade payables due to CUSP in the amount of \$581 and \$35,627, respectively.

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

During the years ended December 31, 2016 and 2015, the Executive Director made non interest bearing loans to the Corporation. As of December 31, 2016, the balance outstanding on the loan was \$5,000.

In addition, at December 31, 2016 and 2015 the Corporation had trade payables due to the Executive Director in the amount of \$18,347 and \$2,919, respectively.