



**COALITIONS AND
COLLABORATIVES, INC.**

Financial Statements

For the Year Ended December 31, 2020

TABLE OF CONTENTS

Independent Auditor's 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	16

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, 2020, 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 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 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, 2020, 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 2019 financial statements, and our report dated November 10, 2020, 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, 2019, 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 Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 August 31, 2021, on our consideration of Coalitions and Collaboratives, Inc.'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 solely 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 the effectiveness of Coalitions and Collaboratives, Inc.'s 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 Coalitions and Collaboratives, Inc.'s internal control over financial reporting and compliance.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
August 31, 2021

COALITIONS AND COLLABORATIVES, INC.
Statement of Financial Position
December 31, 2020
(With Comparative Amounts for 2019)

	<u>ASSETS</u>		<u>2020</u>		<u>2019</u>
CURRENT ASSETS:					
Cash and cash equivalents		\$	207,865	\$	107,097
Restricted cash			30,645		31,265
Grants receivable			134,063		143,653
Due from ARWC			13,091		9,248
Due from CUSP			27,200		15,740
Prepaid expenses			11,810		20,614
Total current assets			<u>424,674</u>		<u>327,617</u>
TOTAL ASSETS		\$	<u>424,674</u>	\$	<u>327,617</u>
 <u>LIABILITIES AND NET ASSETS</u> 					
CURRENT LIABILITIES:					
Accounts payable		\$	79,590	\$	117,904
Due to CUSP			9,759		882
Accrued liabilities			98,273		91,546
Line of credit payable			17,760		18,707
Current portion of note payable - insurance			13,833		14,160
Total current liabilities			<u>219,215</u>		<u>243,199</u>
Total liabilities			219,215		243,199
NET ASSETS:					
Without donor restrictions			30,459		433
With donor restrictions			175,000		83,985
Total net assets			<u>205,459</u>		<u>84,418</u>
TOTAL LIABILITIES AND NET ASSETS		\$	<u>424,674</u>	\$	<u>327,617</u>

See Notes to Financial Statements

COALITIONS AND COLLABORATIVES, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Totals	2019 Totals
REVENUE AND SUPPORT:				
Government grants	\$ 959,391	\$	\$ 959,391	\$ 662,298
Management fees	675,434		675,434	641,583
Foundation and individual support	38,493	175,000	213,493	392,558
PPP grant	208,500		208,500	
In-kind donations	17,628		17,628	70,000
Other grant revenue	3,025		3,025	43,365
Front Range Roundtable				16,000
Satisfied program restrictions	<u>83,985</u>	<u>(83,985)</u>		
Total revenue and support	1,986,456	91,015	2,077,471	1,825,804
EXPENSES:				
Program services:				
Collaborative development and conservation	1,372,317		1,372,317	1,283,028
Program operations	281,770		281,770	235,251
Forest health and fuels mitigation	<u>8,644</u>		<u>8,644</u>	<u>149,347</u>
Total program services	1,662,731		1,662,731	1,667,626
Supporting services:				
General and administrative	275,670		275,670	218,063
Financial development	<u>18,029</u>		<u>18,029</u>	<u>10,436</u>
Total supporting services	<u>293,699</u>		<u>293,699</u>	<u>228,499</u>
Total expenses	<u>1,956,430</u>		<u>1,956,430</u>	<u>1,896,125</u>
CHANGE IN NET ASSETS	30,026	91,015	121,041	(70,321)
NET ASSETS, beginning of year	<u>433</u>	<u>83,985</u>	<u>84,418</u>	<u>154,739</u>
NET ASSETS, end of year	<u>\$ 30,459</u>	<u>\$ 175,000</u>	<u>\$ 205,459</u>	<u>\$ 84,418</u>

See Notes to Financial Statements

COALITIONS AND COLLABORATIVES, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	Program Services			Total Program Services	Supporting Services		2020 Totals	2019 Totals
	Collaborative Development & Conservation	Program Operations	Forest Health & Fuels Mitigation		General & Administrative	Financial Development		
Bank, credit card, and other fees	\$	\$	\$	\$	6,145	\$	\$ 6,145	\$ 8,162
Conference, conventions, and meetings					114		114	1,666
Contract and professional services	192,081	348	449	192,878	18,707	564	212,149	410,990
Cost share	5,544		616	6,160			6,160	
Employee benefits	36,869	33,776	1,249	71,894	29,848	1,048	102,790	97,413
Equipment operation and rental	1,934	1,101		3,035	1,115		4,150	9,055
Event expense								67,543
Grants	367,844			367,844			367,844	160,293
Insurance					26,955		26,955	29,881
Occupancy					5,175		5,175	4,650
Office expenses	7,742	6,229		13,971	16,605		30,576	14,988
Other expenses								9,226
Payroll taxes	46,639	16,973	2,190	65,802	21,218	1,233	88,253	77,188
Salaries	707,098	218,988	4,110	930,196	147,616	15,184	1,092,996	957,893
Supplies	48	548		596	910		1,506	1,903
Travel and meetings	6,518	3,807	30	10,355	1,262		11,617	45,274
	<u>\$ 1,372,317</u>	<u>\$ 281,770</u>	<u>\$ 8,644</u>	<u>\$ 1,662,731</u>	<u>\$ 275,670</u>	<u>\$ 18,029</u>	<u>\$ 1,956,430</u>	<u>\$ 1,896,125</u>

See Notes to Financial Statements

COALITIONS AND COLLABORATIVES, INC.
Statement of Cash Flows
For the Year Ended December 31, 2020
(With Comparative Amounts for 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 121,041	\$ (70,321)
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	9,590	(78,704)
Due from ARWC	(3,843)	(9,248)
Due from CUSP	(11,460)	(15,740)
Prepaid expenses	8,804	(4,916)
Increase (decrease) in liabilities:		
Accounts payable	(38,314)	40,512
Accrued liabilities	6,727	41,073
Due to CUSP	<u>8,877</u>	<u>(1,067)</u>
Total adjustments	<u>(19,619)</u>	<u>(28,090)</u>
Net cash provided (used) by operating activities	101,422	(98,411)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Line of credit payable, net	(947)	(18,983)
Note payable - insurance, net	<u>(327)</u>	<u>4,133</u>
Net cash used by financing activities	<u>(1,274)</u>	<u>(14,850)</u>
NET INCREASE (DECREASE) IN CASH	100,148	(113,261)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	<u>138,362</u>	<u>251,623</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	<u>\$ 238,510</u>	<u>\$ 138,362</u>

See Notes to Financial Statements

COALITIONS AND COLLABORATIVES, INC.

Notes to Financial Statements

For the Year Ended December 31, 2020

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 established to foster on-the-ground conservation efforts that protect and restore natural resources and local communities by supporting conservation organizations across the nation. To achieve the vision of people working together, for people and the planet, the Corporation undertakes the following mission driven activities: Mentoring placed-based collaborative organizations. Providing financial, technical, and staff support. Empowering through an inclusive iterative community-based approach. Investing in people by helping to increase the capacity of local groups. Engaging and educating local, regional, and national leaders on some of the most pressing conservation issues of our time.

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.

Grants receivable represent receivables from contracts with customers. Receivables from contracts with customers at the beginning and end of 2020 were \$143,653 and \$134,063, respectively.

Unrecorded conditional grants receivable were \$959,858 and \$1,910,308 as of December 31, 2020 and 2019, respectively.

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

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions - continued

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.

Foundation and individual support are considered contributions.

Government Grants

The government grants are of two primary types: conditional contributions and contracts with customers. An agreement is a conditional contribution if its primary purpose is to enable the Corporation to provide a service to, or conduct research for, the water quality and ecological health of the watershed or the general public rather than to serve the direct needs of the granting or contracting party. In other words, the agreement is a conditional contribution if any benefit to the granting or contracting party is indirect and insubstantial as compared to the public benefit. In contrast, if the grant or contract provides a benefit directly to the granting or contracting party, the agreement is a contract with a customer. All of the Corporation's grants at December 31, 2020 and 2019 were considered conditional contributions.

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, 2020 and 2019, \$18,656 and \$71,898, respectively, were recorded for contributed services.

Revenue from Contracts with Customers

Management fees - The Corporation receives management fees from Coalition for the Upper South Platte (CUSP) and Arkansas River Watershed Collaborative (ARWC) for payroll related

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers - continued

costs. Revenue is recognized when the performance obligation is met, which is at the time the services are performed.

Other Revenue and Front Range Roundtable - Other revenue consists primarily of event revenue and cost sharing. Front Range Roundtable revenue consists of reimbursements for services performed. Revenue is recognized when the performance obligation is met, which is at the time of the event or at the time the services are performed.

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.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 207,865	\$ 107,097
Restricted cash	<u>30,645</u>	<u>31,265</u>
Total cash, cash equivalents, and restricted cash as shown in the statement of cash flows	<u>\$ 238,510</u>	<u>\$ 138,362</u>

Economic Dependency

The Corporation is economically dependent on grants and contracts from several government agencies in order to sustain its operations at current levels.

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

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.

Supplemental Cash Flow Disclosures

Cash flows from operating activities reflect interest paid of \$5,605 and \$9,265 during the years ended December 31, 2020 and 2019, 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 August 31, 2021, 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, 2019, from which the summarized information was derived.

Notes to Financial Statements

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:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 207,865	\$ 107,097
Related party receivables	40,291	24,988
Grants receivable	<u>134,063</u>	<u>143,653</u>
	382,219	275,738
Less assets with donor restrictions:		
Programs	<u>(175,000)</u>	<u>(83,985)</u>
Financial assets available within one year	<u>\$ 207,219</u>	<u>\$ 191,753</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 objectives of the Corporation are to preserve and protect the Corporation's assets and to provide liquidity for operations.

C. NOTE PAYABLE - INSURANCE

In October 2020, the Corporation entered into a note payable to finance its insurance premiums.

At December 31, 2020, the note payable consists of the following:

Note payable to First Insurance. This note is unsecured and requires monthly payments of \$1,750, including interest at 9.5%, through October, 2021.	\$ 13,833
--	-----------

D. LINE OF CREDIT

During the year ended December 31, 2020, 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 13.24% and expires August 2, 2021. The line of credit is collateralized by certain assets of the Corporation. At December 31, 2020 and 2019, the balance outstanding on the line of credit was \$17,760 and \$18,707, respectively.

Notes to Financial Statements

E. NET ASSETS WITH DONOR RESTRICTION - TEMPORARY IN NATURE

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

	<u>2020</u>	<u>2019</u>
Forest to Faucets	\$ 175,000	\$ 68,399
Conservation and sustainability		11,353
Collaborative development		<u>4,233</u>
	<u>\$ 175,000</u>	<u>\$ 83,985</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2020 and 2019, net assets were released from temporary restrictions by satisfying the following restricted purposes:

	<u>2020</u>	<u>2019</u>
Forest to Faucets	\$ 68,399	\$ 223,992
Conservation and sustainability	11,353	63,648
Collaborative development	4,233	24,516
Forests of the Future		<u>59,919</u>
	<u>\$ 83,985</u>	<u>\$ 372,075</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 years ended December 31, 2020 and 2019, employer contributions to the plan amounted to \$17,428 and \$16,073, respectively.

G. RELATED PARTIES

The Corporation's employees provide services for CUSP and ARWC projects. The Corporation charges a management fee to CUSP and ARWC for employee time utilized, as well as respective

Notes to Financial Statements

G. RELATED PARTIES - Continued

payroll taxes, benefits, and workers compensation insurance. The Corporation invoices CUSP and ARWC for their share of general liability and director and officer insurance. CUSP was invoiced \$382,136 and \$504,502 for these services during the years ended December 31, 2020 and 2019, respectively. ARWC was invoiced \$259,929 and \$188,993 for these services during the years ended December 31, 2020 and 2019, respectively.

In addition, at December 31, 2020 and 2019, the Corporation had trade receivables due from CUSP in the amount of \$27,200 and \$15,740, respectively, and trade payables due to CUSP in the amount of \$9,759 and \$882, respectively. At December 31, 2020 and 2019, the Corporation had trade receivables due from ARWC in the amount of \$13,091 and \$9,248, respectively, and no trade payables.

The Corporation, ARWC and CUSP share employees. The Corporation and CUSP share one Board Member.

At December 31, 2020 and 2019, the Corporation had trade payables due to the Executive Director in the amount of \$1,842 and \$2,400, respectively.

H. PAYCHECK PROTECTION PROGRAM

In April 2020, the Corporation received a \$208,500 loan from Vectra Bank, Colorado through the Small Business Administration's Paycheck Protection Program. A portion or all of loan may be forgiven by the Small Business Administration if all employees are kept on the payroll for at least eight weeks and at least 60% the money is used for payroll and the remaining amount is used for rent, mortgage interest, or utilities. Any portion of the loan that is not forgiven has a maturity of not less than two years and an interest rate of 1%. Loan payments are deferred for 10 months.

The Corporation received forgiveness of the entire grant subsequent to December 31, 2020, and this amount is reported as grant revenue in the accompanying financial statements.

I. UNCERTAINTIES

During the year ended December 31, 2020, the outbreak of a novel strain of coronavirus (the COVID-19 outbreak) has been

Notes to Financial Statements

I. UNCERTAINTIES - Continued

recognized as a pandemic by the World Health Organization, and the COVID-19 outbreak has become increasingly widespread in the United States. The COVID-19 outbreak has had a notable impact on general economic conditions, including the uncertainty in global financial markets, temporary closures of many businesses, suspension or cancelation of events, "shelter in place" and other governmental regulations, and job losses. The extent to which the COVID-19 outbreak will affect the operations, collections or financial results of the Corporation is uncertain.

COALITIONS AND COLLABORATIVES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2020

Federal Grantor/ Pass-through Grantor Program Title	Federal CFDA Number	Contract/ Grant Number	Federal Expenditures	Passed-through to Subrecipients
<u>U.S. Forest Service</u>				
Cooperative Fire Assistance	10.698	18-CA-11132543-050	858,224	367,844
Total expenditures of federal awards			<u>\$ 858,224</u>	<u>\$ 367,844</u>

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Coalitions and Collaboratives, Inc. under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Coalitions and Collaboratives, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Coalitions and Collaboratives, Inc.

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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Coalitions and Collaboratives, Inc. has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.