



**COALITIONS AND  
COLLABORATIVES, INC.**

**Financial Statements**

**For the Year Ended December 31, 2021**

## TABLE OF CONTENTS

Independent Auditor's Report . . . . .	1
Statement of Financial Position . . . . .	5
Statement of Activities and Changes in Net Assets . . . . .	6
Statement of Functional Expenses . . . . .	7
Statement of Cash Flows . . . . .	8
Notes to Financial Statements . . . . .	9
Schedule of Expenditures of Federal Awards . . . . .	16

INDEPENDENT AUDITOR'S REPORT

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

**Opinion**

We have audited the accompanying financial statements of Coalitions and Collaboratives, Inc. (the Corporation), which comprise the statement of financial position as of December 31, 2021, 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.

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, 2021, 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.

**Basis for Opinion**

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*, issue by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Coalitions and Collaboratives, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Coalitions and

Collaboratives, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Coalitions and Collaboratives, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial

doubt about Coalitions and Collaboratives, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report on Summarized Comparative Information**

We have previously audited Coalitions and Collaboratives, Inc.'s 2020 financial statements, and our report dated August 31, 2021, 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, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matters**

#### *Supplementary 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 schedule of expenditures of federal awards 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 September 20, 2022, 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 solely to 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  
September 20, 2022

COALITIONS AND COLLABORATIVES, INC.  
Statement of Financial Position  
December 31, 2021  
(With Comparative Amounts for December 31, 2020)

	<u>ASSETS</u>	
	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 114,829	\$ 207,865
Restricted cash	30,017	30,645
Grants receivable	407,827	134,063
Due from related party (Note G)	167,565	40,291
Prepaid expenses	<u>23,833</u>	<u>11,810</u>
Total current assets	<u>744,071</u>	<u>424,674</u>
<b>TOTAL ASSETS</b>	<u>\$ 744,071</u>	<u>\$ 424,674</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 365,615	\$ 79,590
Due to related party (Note G)	4,821	9,759
Accrued liabilities	98,641	98,273
Line of credit payable		17,760
Current portion of note payable - insurance	<u>23,845</u>	<u>13,833</u>
Total current liabilities	492,922	219,215
<b>NET ASSETS:</b>		
Without donor restrictions	76,149	30,459
With donor restrictions	<u>175,000</u>	<u>175,000</u>
Total net assets	<u>251,149</u>	<u>205,459</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 744,071</u>	<u>\$ 424,674</u>

See Notes to Financial Statements

COALITIONS AND COLLABORATIVES, INC.  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2021  
(With Comparative Totals For the Year Ended December 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Totals	2020 Totals
<b>REVENUE AND SUPPORT:</b>				
Government grants	\$ 1,352,864	\$	\$ 1,352,864	\$ 959,391
Management fees	891,669		891,669	675,434
Foundation and individual support	7,362	175,000	182,362	213,493
Other grant revenue	975		975	3,025
PPP grant				208,500
In-kind donations				17,628
Satisfied program restrictions	175,000	(175,000)		
Total revenue and support	2,427,870		2,427,870	2,077,471
<b>EXPENSES:</b>				
Program services:				
Collaborative development and conservation	1,367,876		1,367,876	1,372,317
Forest health and fuels mitigation	329,718		329,718	8,644
Program operations	285,110		285,110	281,770
Total program services	1,982,704		1,982,704	1,662,731
Supporting services:				
General and administrative	365,999		365,999	275,670
Financial development	33,477		33,477	18,029
Total supporting services	399,476		399,476	293,699
Total expenses	2,382,180		2,382,180	1,956,430
CHANGE IN NET ASSETS	45,690		45,690	121,041
NET ASSETS, beginning of year	30,459	175,000	205,459	84,418
NET ASSETS, end of year	\$ 76,149	\$ 175,000	\$ 251,149	\$ 205,459

See Notes to Financial Statements



COALITIONS AND COLLABORATIVES, INC.  
Statement of Functional Expenses  
For the Year Ended December 31, 2021  
(With Comparative Totals For the Year Ended December 31, 2020)

	Program Services			Total Program Services	Supporting Services		2021 Totals	2020 Totals
	Collaborative Development & Conservation	Forest Health & Fuels Mitigation	Program Operations		General & Administrative	Financial Development		
Bank, credit card, and other fees	\$	\$	\$	\$	\$ 1,990	\$	\$ 1,990	\$ 6,145
Conference, conventions, and meetings			32	32	106		138	114
Contract and professional services	123,557	5,000		128,557	26,592	65	155,214	212,149
Cost share								6,160
Employee benefits	23,963	14,118	12,707	50,788	8,730	1,149	60,667	102,790
Equipment operation and rental	1,197		99	1,296	999		2,295	4,150
Grants	894,131			894,131	7,690		901,821	367,844
Insurance					31,827		31,827	26,955
Occupancy					5,400		5,400	5,175
Office expenses	13,365		(160)	13,205	6,167		19,372	30,576
Payroll taxes	23,012	23,601	19,722	66,335	24,297	2,510	93,142	88,253
Salaries	286,756	286,999	250,648	824,403	250,183	29,747	1,104,333	1,092,996
Supplies	420		2,040	2,460	1,201		3,661	1,506
Travel and meetings	1,475		22	1,497	817	6	2,320	11,617
	<u>\$ 1,367,876</u>	<u>\$ 329,718</u>	<u>\$ 285,110</u>	<u>\$ 1,982,704</u>	<u>\$ 365,999</u>	<u>\$ 33,477</u>	<u>\$ 2,382,180</u>	<u>\$ 1,956,430</u>

See Notes to Financial Statements

COALITIONS AND COLLABORATIVES, INC.  
Statement of Cash Flows  
For the Year Ended December 31, 2021  
(With Comparative Amounts For the Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 45,690	\$ 121,041
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	(273,764)	9,590
Due from related parties	(127,274)	(15,303)
Prepaid expenses	(12,023)	8,804
Increase (decrease) in liabilities:		
Accounts payable	286,025	(38,314)
Due to related parties	(4,938)	8,877
Accrued liabilities	368	6,727
Total adjustments	<u>(131,606)</u>	<u>(19,619)</u>
Net cash provided (used) by operating activities	(85,916)	101,422
CASH FLOWS FROM FINANCING ACTIVITIES:		
Line of credit payable, net	(17,760)	(947)
Note payable - insurance, net	<u>10,012</u>	<u>(327)</u>
Net cash used by financing activities	<u>(7,748)</u>	<u>(1,274)</u>
NET INCREASE (DECREASE) IN CASH	(93,664)	100,148
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	<u>238,510</u>	<u>138,362</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	<u>\$ 144,846</u>	<u>\$ 238,510</u>

See Notes to Financial Statements

COALITIONS AND COLLABORATIVES, INC.

Notes to Financial Statements

For the Year Ended December 31, 2021

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

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 2021 were \$134,063 and \$340,615, respectively.

Unrecorded conditional grants receivable were \$2,794,522 and \$959,858 as of December 31, 2021 and 2020, 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 the existence or nature of any donor restrictions.

## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Contributions - continued

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.

Contributions include Foundation and individual support, and Small Business Administration (SBA) Paycheck Protection Program (PPP) grant.

#### 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, 2021 and 2020 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, 2021 and 2020, \$50 and \$18,656, 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 114,829	\$ 207,865
Restricted cash	<u>30,017</u>	<u>30,645</u>
Total cash, cash equivalents, and restricted cash as shown in the statement of cash flows	<u>\$ 144,846</u>	<u>\$ 238,510</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 \$1,501 and \$5,605 during the years ended December 31, 2021 and 2020, 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, 2022, 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, 2020, 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 114,829	\$ 207,865
Related party receivables	167,565	40,291
Grants receivable	<u>407,827</u>	<u>134,063</u>
	690,221	382,219
Less assets with donor restrictions:		
Forest to Faucets (Note E)	<u>(175,000)</u>	<u>(175,000)</u>
Financial assets available within one year	<u>\$ 515,221</u>	<u>\$ 207,219</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 2021, the Corporation entered into a note payable to finance its insurance premiums.

At December 31, 2021, the note payable consists of the following:

Note payable to First Insurance. This note is unsecured and requires monthly payments of \$2,004, including interest at 9.3%, through October, 2022.	\$ 23,845
--	-----------

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, 2026. The line of credit is collateralized by certain assets of the Corporation. At December 31, 2021 and 2020, the balance outstanding on the line of credit was \$0 and \$17,760, 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>2021</u>	<u>2020</u>
Forest to Faucets	\$ <u>175,000</u>	\$ <u>175,000</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2021 and 2020, net assets were released from temporary restrictions by satisfying the following restricted purposes:

	<u>2021</u>	<u>2020</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>

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, 2021 and 2020, employer contributions to the plan amounted to \$18,201 and \$17,428, 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 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 \$607,541 and \$382,136 for these services during the years ended December 31, 2021 and 2020, respectively. ARWC was invoiced \$268,396 and \$259,929 for these services during the years ended December 31, 2021 and 2020, respectively.



## Notes to Financial Statements

### G. RELATED PARTIES - Continued

In addition, at December 31, 2021 and 2020, the Corporation had receivables due from CUSP in the amount of \$152,167 and \$27,200, respectively, and payables due to CUSP in the amount of \$2,829 and \$9,759, respectively. At December 31, 2021 and 2020, the Corporation had trade receivables due from ARWC in the amount of \$15,398 and \$13,091, respectively, and payables due to ARWC in the amount of \$1,992 and \$0, respectively.

The Corporation, ARWC and CUSP share employees and may have common Board Members.

At December 31, 2021 and 2020, the Corporation had trade payables due to the former Executive Director in the amount of \$16,347 and \$1,842, respectively.

### H. UNCERTAINTIES

The outbreak of coronavirus (COVID-19) has been recognized as a pandemic by the World Health Organization, and has become increasingly widespread in the United States. The COVID-19 outbreak has had a notable impact on general economic conditions, including but not limited to the temporary closures of many businesses, "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.

With the rising cost of inflation and potential risk of recession, it is uncertain what effect these factors may have on operations of the Corporation in the coming year.

COALITIONS AND COLLABORATIVES, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2021

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	\$ 1,317,652	\$ 891,108
Total expenditures of federal awards			<u>\$ 1,317,652</u>	<u>\$ 891,108</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, 2021. 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.