

EAGLE RIVER WATERSHED COUNCIL

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

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FOR THE YEAR ENDED DECEMBER 31, 2021

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August 25, 2022

INDEPENDENT AUDITORS' REPORT

Board of Directors
Eagle River Watershed Council
Gypsum, Colorado

Opinion

We have audited the accompanying financial statements of the **Eagle River Watershed Council** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, 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 the Eagle River Watershed Council as of December 31, 2021, and the changes in 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. 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 Eagle River Watershed Council 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 Eagle River Watershed Council'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 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, including omissions, 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, 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 the Eagle River Watershed Council'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 the Eagle River Watershed Council'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

Other auditors previously audited Eagle River Watershed Council's 2020 financial statements and they expressed an unqualified opinion in their report dated August 3, 2021. 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 information from which it has been derived.

Taylor Roth and Company PLLC

TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
DENVER, COLORADO

EAGLE RIVER WATERSHED COUNCIL
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
<u>Assets</u>		
Cash and cash equivalents	\$ 480,297	\$ 469,493
Grants and contracts receivable	141,405	60,253
Prepaid expenses	4,755	4,036
Deposits	1,350	1,350
Interest in Land and Rivers Fund (Note 3)	49,198	51,114
Property and Equipment (Note 4)	4,001	4,666
	\$ 681,006	\$ 590,912
 <u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accrued expenses	\$ 97,271	\$ 7,021
Accrued payroll costs	42,026	47,517
Note payable (Note 5)	-	44,900
Commitments (Note 6)		
	139,297	99,438
 <u>Net assets</u>		
Without donor restrictions	337,360	279,608
With donor restrictions (Note 7)	204,349	211,866
	541,709	491,474
Total net assets		
	\$ 681,006	\$ 590,912

The accompanying notes are an integral part of these financial statements

EAGLE RIVER WATERSHED COUNCIL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Government	\$ 176,807	250,064	\$ 426,871	\$ 412,647
Individuals	87,087	716	87,803	66,442
Businesses and other non-profits	3,507	54,481	57,988	64,781
Foundations	16,180	30,000	46,180	8,441
Note payable forgiveness (Note 5)	44,900	-	44,900	-
Land and Rivers 1%	22,208	-	22,208	53,051
Special events	10,311	-	10,311	6,478
Less: direct event expenses	(3,331)	-	(3,331)	(2,743)
Interest income	87	-	87	850
Miscellaneous	67	-	67	134
In-kind contributions (Note 8)	4,948	-	4,948	77,697
Net assets released from restrictions (Note 9)	342,778	(342,778)	-	-
Total revenue and other support	<u>705,549</u>	<u>(7,517)</u>	<u>698,032</u>	<u>687,778</u>
<u>Expense</u>				
Program services	487,092	-	487,092	396,759
Supporting services				
Management and general	98,744	-	98,744	200,773
Fund-raising	61,961	-	61,961	5,044
Total expense	<u>647,797</u>	<u>-</u>	<u>647,797</u>	<u>602,576</u>
Change in net assets	57,752	(7,517)	50,235	85,202
Net assets, beginning of year	<u>279,608</u>	<u>211,866</u>	<u>491,474</u>	<u>406,272</u>
Net assets, end of year	<u>\$ 337,360</u>	<u>\$ 204,349</u>	<u>\$ 541,709</u>	<u>\$ 491,474</u>

The accompanying notes are an integral part of these financial statements

EAGLE RIVER WATERSHED COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020	
	Supporting Services				
	Program	Management and General	Fund- raising	Total	Total
Salaries and wages	\$ 169,534	\$ 52,448	\$ 24,317	\$ 246,299	\$ 235,753
Payroll taxes and benefits	27,819	8,606	3,990	40,415	49,251
Construction materials	83,705	-	-	83,705	-
Hydrologic modeling consultants	58,983	-	-	58,983	42,626
Water quality consultants	58,672	-	-	58,672	55,000
Eagle River Fund consultants	-	-	28,003	28,003	-
Accounting and audit	-	22,166	-	22,166	19,950
Lab fees	19,075	-	-	19,075	16,850
Rent	11,151	3,450	1,599	16,200	13,550
Supplies	12,523	-	-	12,523	1,920
Information technology	8,338	2,580	1,196	12,114	7,069
Advertising and marketing	6,635	2,053	951	9,639	12,786
Stakeholder engagement consultants	7,512	-	-	7,512	7,946
Educational raft trip	4,840	-	-	4,840	-
Printing	3,235	1,001	464	4,700	2,157
Contract services	3,254	-	-	3,254	31,707
Travel	2,185	676	313	3,174	3,514
Meals and entertainment	1,940	600	278	2,818	1,211
Clean up events	2,699	-	-	2,699	3,710
Insurance	-	2,390	-	2,390	2,276
Staff development	1,407	435	202	2,044	1,695
Dues and subscriptions	420	1,359	195	1,974	5,611
Telephone	792	245	113	1,150	929
Bank fees	726	225	104	1,055	1,072
Utilities	585	181	84	850	977
Postage	564	175	81	820	245
Volunteer time	-	-	-	-	77,697
All other	40	12	6	58	6,090
	<u>486,634</u>	<u>98,602</u>	<u>61,896</u>	<u>647,132</u>	<u>601,592</u>
Depreciation	458	142	65	665	984
Total	<u>\$ 487,092</u>	<u>\$ 98,744</u>	<u>\$ 61,961</u>	<u>\$ 647,797</u>	<u>\$ 602,576</u>

The accompanying notes are an integral part of these financial statements

EAGLE RIVER WATERSHED COUNCIL

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 50,235	\$ 85,202
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Note payable forgiveness	(44,900)	
Depreciation	665	984
 <u>Changes in operating assets and liabilities</u>		
(Increase)decrease in grants receivable	(81,152)	(28,762)
(Increase)decrease in contracts receivable	-	-
(Increase)decrease in interest in land and rivers fund	1,916	(16,960)
(Increase)decrease in prepaid expenses	(719)	268
Increase(decrease) in accounts payable	90,250	(74,523)
Increase(decrease) in payroll accruals	(5,491)	15,302
Net cash provided(used) by operating activities	10,804	(18,489)
 <u>Cash flows from financing activities</u>		
Note payable	-	44,900
Net increase(decrease) in cash and cash equivalents	10,804	26,411
Cash and cash equivalents, beginning of year	469,493	443,082
Cash and cash equivalents, end of year	\$ 480,297	\$ 469,493

The accompanying notes are an integral part of these financial statements

EAGLE RIVER WATERSHED COUNCIL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 - NATURE OF ACTIVITIES

Eagle River Watershed Council (“the Organization”) was incorporated in the State of Colorado as a non-profit corporation, pursuant to Articles of Incorporation filed July 29, 2004. The mission of the Organization is to advocate for the health of the Upper Colorado and Eagle River basins through research, education, and projects. The Organization strives to protect and enhance the high quality natural, scenic, and economic values that our rivers and tributaries provide to the citizens, visitors, and wildlife of the Eagle River and Colorado River watersheds located in Eagle County, Colorado. The Organization draws the majority of its revenue from government grants, individuals, businesses, and other non-profit organizations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

The financial statements of the Organization, have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES – (Continued)

4. Government Contract Revenue and Receivable

Revenue is recognized to the extent that eligible expenses are incurred. These expenses are reimbursed by the funder. Often the timing results in a receivable due from the funding entity. Management believes that an allowance for uncollectable is not necessary.

5. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000. The fair value of donated assets is similarly capitalized. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

6. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

8. Functional Reporting of Expenses,

For the year ended December 31, 2021, the costs of providing the 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. Salaries and benefits are allocated based on the time spent in those areas. The general functional expenses are then allocated based off the percentage of salaries spent in each area.

9. Summarized Prior-Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

10. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

11. Subsequent Events

Management has evaluated subsequent events through August 25, 2022, the date the financial statements were available to be issued.

NOTE 3 - INTEREST IN LAND AND RIVERS FUND

During 2018, the Organization entered into a joint venture agreement with the Eagle Valley Land Trust (EVLT), a nonprofit corporation, to create, operate, and manage the Land and Rivers Fund (the Fund), a voluntary retail-based donation program focused on conserving rivers and open spaces for the Eagle Valley community. The Organization staffs the Fund and EVLT holds all registered trade names. Net income from the Fund is distributed equally (50% to the Organization and 50% to EVLT) on a quarterly basis. The Organization received \$22,208 during the year ended December 31, 2021 in net income distributions from the Fund. The total of \$49,198 due from the Fund at year end consists of \$27,077 in distributions and \$21,121 in reimbursable salary expenses. Nets assets of the Fund at December 31, 2021 were \$63,822. The financial statements of the Fund have not been consolidated in the Organization's financial statements.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of:

<u>Description</u>	<u>Amount</u>
Computer equipment	\$ 3,289
Leasehold improvements	<u>2,500</u>
Total	5,789
Less: accumulated depreciation	<u>(1,788)</u>
Net property and equipment	<u>\$ 4,001</u>

Depreciation expense for the year was \$665.

NOTE 5 - NOTE PAYABLE

On April 20, 2020, the Organization borrowed \$44,900 under the Paycheck Protection Program. Congress established the program to provide relief to small businesses during the COVID-19 pandemic as part of the \$2 trillion Coronavirus Aid, Relief, And Economic Security Act. The loans and accrued interest are forgivable after eight weeks and up to 24 weeks, as long as the borrower uses the loan proceeds for eligible purposes. The Organization has used the funds in accordance with the note, provided necessary support, and the note was forgiven on April 30, 2021. The full loan amount is recorded as a contribution in 2021.

NOTE 6 - COMMITMENTS

The Organization leases program and office space in Gypsum, Colorado. Future lease obligation payments under the agreement are as follows:

<u>Description</u>	<u>Amount</u>
2022	\$ 16,200
2023	16,200
2024	16,200
2025	<u>1,350</u>
Total	<u>\$ 49,950</u>

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

<u>Description</u>	<u>Amount</u>
Eagle river community water plan	\$ 81,397
Water quality monitoring and assessment	71,432
Restoration projects	34,966
US Forest Services project	9,700
Other projects	6,481
Education programs	<u>373</u>
Total	<u>\$ 204,349</u>

NOTE 8 - IN-KIND CONTRIBUTIONS

Donated goods and services are reflected in the accompanying financial statements at their estimated values at date of receipt. In-kind contributions consisted of:

<u>Description</u>	<u>Amount</u>
Educational raft trips	\$ 4,840
Water educator symposium scholarship	<u>108</u>
Total	<u>\$ 4,948</u>

No amounts have been reflected in the financial statements for donated services not requiring specific expertise. During the year, 1,155 volunteers donated 3,902 hours of non-professional level services. Management estimates the fair value of those services to be \$102,000.

NOTE 9 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes:

<u>Description</u>	<u>Amount</u>
Water quality monitoring and assessment	\$ 133,773
Education programs	49,133
Clean up events	36,910
US Forest Service project	32,433
Other projects	29,861
Eagle river fund	28,000
Eagle river community water plan	23,088
Restoration projects	<u>9,580</u>
Total	<u>\$ 342,778</u>

NOTE 10 - RETIREMENT PLAN

The Organization sponsors a 401K PS plan. The approved contribution rate as of December 31, 2021, is a minimum 3% of eligible employees' wages and an additional 3% contribution at managements discretion. During 2021, the Organization made contributions of \$14,778 to the plan.

NOTE 11 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2021:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	\$ 480,297
Grants and contracts receivable	<u>141,405</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 621,702</u>

The Organization's goal is generally to maintain financial assets to meet six months of operating expenses which would approximate \$170,000. Management considers donor restricted contributions that will be used within one year as part of its ordinary operations as being available for general expenditures.