

Eagle River Watershed Council, Inc.
(A Colorado Non-Profit Corporation)
Financial Statements
December 31, 2017



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Eagle River Watershed Council, Inc.

We have audited the accompanying financial statements of Eagle River Watershed Council, Inc. (a Colorado nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities 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 of 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 Eagle River Watershed Council, Inc., as of December 31, 2017, 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.



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INDEPENDENT AUDITORS' REPORT (continued)

Report on Summarized Comparative Information

We have previously audited the Council's December 31, 2016 financial statements, and we expressed an unmodified opinion on those audited financial statements in their report dated May 19, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Bivins & Bunyak CPAs PLLC".

Bivins & Bunyak, CPAs PLLC
July 11, 2018

Eagle River Watershed Council, Inc.
(A Colorado Non-Profit Corporation)
Statements of Financial Position
December 31, 2017
(With Comparative Totals for 2016)

	<u>ASSETS</u>			<u>2016</u>
	<u>2017</u>		<u>Total</u>	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>		
Current assets				
Cash and cash equivalents	\$ 75,425	\$ 130,807	\$ 206,232	\$ 250,042
Accounts receivable	46,337	-	46,337	26,000
Prepaid expenses	3,371	-	3,371	3,344
Total current assets	<u>125,133</u>	<u>130,807</u>	<u>255,940</u>	<u>279,386</u>
Other assets				
Deposits	1,300	-	1,300	1,300
TOTAL ASSETS	<u>\$ 126,433</u>	<u>\$ 130,807</u>	<u>\$ 257,240</u>	<u>\$ 280,686</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities				
Accrued expenses	\$ 56,443	\$ -	\$ 56,443	\$ 57,796
Accrued payroll and benefits	17,221	-	17,221	16,490
Total current liabilities	<u>73,664</u>	<u>-</u>	<u>73,664</u>	<u>74,286</u>
Net Assets				
Unrestricted net assets	52,769	-	52,769	9,758
Temporary restricted net assets	-	130,807	130,807	196,642
Total net assets	<u>52,769</u>	<u>130,807</u>	<u>183,576</u>	<u>206,400</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 126,433</u>	<u>\$ 130,807</u>	<u>\$ 257,240</u>	<u>\$ 280,686</u>

The accompanying notes are an integral part of these financial statements.

Eagle River Watershed Council, Inc.
(A Colorado Non-Profit Corporation)
Statements of Activities
For the Years Ending December 31, 2017
(With Comparative Totals for 2016)

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUES				
Contributions and grants	\$ 188,246	\$ 324,371	\$ 512,617	\$ 440,357
Donated goods and services	145,737	-	145,737	121,988
Miscellaneous income	366	-	366	2,175
Net assets released from restrictions	<u>390,206</u>	<u>(390,206)</u>	<u>-</u>	<u>-</u>
Total support, revenues and gains	<u>724,555</u>	<u>(65,835)</u>	<u>658,720</u>	<u>564,520</u>
EXPENSES				
Program services				
Promoting healthy rivers	<u>609,820</u>	<u>-</u>	<u>609,820</u>	<u>481,073</u>
Supporting services				
Management and general expenses	66,814	-	66,814	118,677
Fundraising expenses	4,910	-	4,910	3,505
Total supporting services	<u>71,724</u>	<u>-</u>	<u>71,724</u>	<u>122,182</u>
Total expenses	<u>681,544</u>	<u>-</u>	<u>681,544</u>	<u>603,255</u>
CHANGE IN NET ASSETS	43,011	(65,835)	(22,824)	(38,735)
NET ASSETS - BEGINNING OF YEAR	<u>9,758</u>	<u>196,642</u>	<u>206,400</u>	<u>245,135</u>
NET ASSETS - END OF YEAR	<u>\$ 52,769</u>	<u>\$ 130,807</u>	<u>\$ 183,576</u>	<u>\$ 206,400</u>

The accompanying notes are an integral part of these financial statements.

Eagle River Watershed Council, Inc.
(A Colorado Non-Profit Corporation)
Statements of Cash Flows
For the Years Ending December 31, 2017
(With Comparative Totals for 2016)

	2017			2016
	Unrestricted	Temporarily Restricted	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	\$ 43,011	\$ (65,835)	\$ (22,824)	\$ (38,735)
(Increase) Decrease in assets:				
Accounts receivable	(20,337)	-	(20,337)	7,350
Prepaid expenses	(27)	-	(27)	(287)
Deposits	-	-	-	(1,300)
Increase (Decrease) in Liabilities:				
Accrued expenses	(1,353)	-	(1,353)	25,288
Accrued payroll and benefits	731	-	731	2,749
Net Cash Provided By (Used In)				
Operating Activities	<u>22,025</u>	<u>(65,835)</u>	<u>(43,810)</u>	<u>(4,935)</u>
 NET INCREASE (DECREASE) IN CASH	 22,025	 (65,835)	 (43,810)	 (4,935)
 CASH AT BEGINNING OF YEAR	 <u>53,400</u>	 <u>196,642</u>	 <u>250,042</u>	 <u>254,977</u>
 CASH AT END OF YEAR	 <u>\$ 75,425</u>	 <u>\$ 130,807</u>	 <u>\$ 206,232</u>	 <u>\$ 250,042</u>

The accompanying notes are an integral part of these financial statements.

Eagle River Watershed Council, Inc.
(A Colorado Non-Profit Corporation)
Notes to Financial Statements
December 31, 2017

1 Council and Summary of Significant Accounting Policies.

Nature of Operations. Eagle River Watershed Council, Inc. (the "Council") 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 Council is to advocate for the health and conservation of the Upper Colorado and Eagle River basins through research, education and projects. The Council 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 Council draws the majority of its revenue from contributions, grants, event income, and in-kind contributions. The Council's primary office is located in Eagle, Colorado.

Method of Accounting. The financial statements of the Council have been prepared using the accrual basis of accounting whereby income is recorded when earned and expenses as incurred.

Support and Revenue. Unconditional promises to give are recorded as received. Unconditional promises to give, which are due in the next year, are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give, which are due in subsequent years, are reflected as long-term promises to give, and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the pledges are to be received to discount these amounts.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit or specify the use of the donated assets, whether by time period or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or the stated purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

Non-monetary donations of goods and services are accepted and recorded at their fair value when received. Donated services are recorded at their fair value in the period received, provided that such services either create or enhance non-financial assets or are considered to be professional services which the Council would otherwise be required to purchase. Donated fixed assets are recorded at fair value when received and reflected in these financial statements as contribution revenue and an addition to fixed assets.

Eagle River Watershed Council, Inc.
(A Colorado Non-Profit Corporation)
Notes to Financial Statements (Continued)
December 31, 2017

1 Council and Summary of Significant Accounting Policies. (Cont'd.)

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents. The Council considers all checking, savings and money market accounts, as well as highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents for purposes of the Statement of Cash Flows. From time to time, the Council may maintain cash balances in a financial institution in excess of the FDIC insured limit.

Accounts Receivable. Accounts receivable represent amounts that have been billed under agency contracts but not collected as of the date of the financial statements. All accounts receivable represent amounts owed by federal, state and local government agencies. Accounts receivable are stated at the amount management expect to be collected from the outstanding balance. As of December 31, 2017, management has determined, based on historical experience, that all amounts are fully collectable and no allowance of doubtful accounts is necessary.

Income Taxes. The Council is a non-profit Council as described in section 501(c)(3) of the Internal Revenue Code and is thus exempt from federal and state income taxes on income which is directly related to its organizational purpose.

The Federal information returns of the Council are subject to examination by the Internal Revenue Service. The Council's returns are no longer subject to examination for tax years prior to 2014.

Date of Managements Review. In preparing its financial statements, the Council has evaluated subsequent events through July 11, 2018, the date the financial statements were available to be issued. The Board of Directors has not identified any material subsequent events.

Fair Value of Financial Instruments. The Council's financial instruments include cash and cash equivalents, receivables, certificates of deposits, accounts payable, and short-term borrowings. The fair values of these financial instruments approximate their carrying amounts based on current market indicators, such as prevailing interest rates and their nearness to maturity.

Comparative Financial Information. The financial statements include certain prior-year summarized comparative information in total but not by 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 Council's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Eagle River Watershed Council, Inc.
(A Colorado Non-Profit Corporation)
Notes to Financial Statements (Continued)
December 31, 2017

1 Council and Summary of Significant Accounting Policies. (Cont'd.)

Restricted and Unrestricted Revenue. Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

2 Temporarily Restricted Net Assets.

Temporarily restricted net assets consist of contributions that have been restricted by the donor for a specific or limited period of time or a stated purpose. At December 31, 2017, The Council's temporarily restricted net assets consisted of the following:

	<u>2017</u>
Water Quality Improvement Plan	\$ 25,532
Water Quality Monitoring and Assessment	60,780
CRRCP	20,022
Gore Creek Restoration	22,235
Other	<u>2,238</u>
	<u>\$ 130,807</u>

3 Donated Goods and Services.

During the years ending December 31, 2017, the Council recognized as revenue non-monetary contributions of goods and service aggregating to \$145,737. These contributions, and the offsetting expenses, are recorded in the Council's financial statements at fair market value at the date of donation. Included in Unrestricted "in-kind contributions" were services such as fish and water sampling, planting bushes and trees, highway and river cleanup projects by the community at large.

Eagle River Watershed Council, Inc.
(A Colorado Non-Profit Corporation)
Notes to Financial Statements (Continued)
December 31, 2017

4 Lease Agreements.

The Council is party to one long-term and operating lease agreement for the use of office space. Lease expenses recorded under these non-cancelable operating leases for the years ending December 31, 2017 was \$17,700. The following is a schedule of minimum lease payments due for years ending December 31:

2018	\$ 20,090
2019	18,865
2020	<u>3,100</u>
	<u>\$ 42,055</u>

5 Retirement Plan.

In 2007, the Council established a SIMPLE IRA retirement plan for employees who earn at least \$5,000 in eligible compensation in the current year and two preceding years. The Council matches 100% up to 3% of annual amounts contributed by participating employees

For the year ending December 31, 2017, the Council contributed \$3,349 to the Plan.