

**Eagle River Watershed Council, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Financial Statements**  
**For the years ended December 31, 2018 and 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 statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, cash flows and functional expenses for the years 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, 2018, 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, 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements in their report dated July 11, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 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 &amp; Bunyak CPAs PLLC".

Bivins & Bunyak, CPAs PLLC  
June 4, 2019

**Eagle River Watershed Council, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Statements of Financial Position**  
**For the Years Ending December 31, 2018 and 2017**

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	<u>ASSETS</u>	
	<u>2018</u>	<u>2017</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 345,398	\$ 206,232
<b>Accounts receivable:</b>		
Accounts receivable	109,124	46,337
Due from land and rivers fund	27,315	-
Employee advance	363	-
<b>Total accounts receivable</b>	<u>136,802</u>	<u>46,337</u>
Prepaid expenses	<u>1,878</u>	<u>3,371</u>
<b>Total current assets</b>	<u>484,078</u>	<u>255,940</u>
<b>Other assets</b>		
Deposits	<u>1,300</u>	<u>1,300</u>
<b>TOTAL ASSETS</b>	<u>\$ 485,378</u>	<u>\$ 257,240</u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>  		
<b>Current liabilities</b>		
Accrued expenses	\$ 126,088	\$ 56,443
Accrued payroll and benefits	<u>19,346</u>	<u>17,221</u>
<b>Total current liabilities</b>	<u>145,434</u>	<u>73,664</u>
<b>Net Assets</b>		
Without donor restrictions	210,496	52,769
With donor restrictions	<u>129,448</u>	<u>130,807</u>
<b>Total net assets</b>	<u>339,944</u>	<u>183,576</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 485,378</u>	<u>\$ 257,240</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, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>SUPPORT AND REVENUES</b>		
<b>Support and revenues without donor restrictions</b>		
Contributions	\$ 202,047	\$ 188,246
Donated goods and services	109,756	145,737
Miscellaneous income	1,209	366
<b>Total support and revenues without donor restrictions</b>	313,012	334,349
<b>Net assets released from restrictions</b>		
Satisfaction of program restrictions	460,184	390,206
<b>Total support and revenues without donor restrictions</b>	773,196	724,555
<b>EXPENSES</b>		
<b>Program services</b>		
Promoting healthy rivers	539,129	609,820
<b>Supporting services</b>		
Management and general expenses	72,342	66,814
Fundraising expenses	3,998	4,910
<b>Total supporting services</b>	76,340	71,724
<b>Total expenses</b>	615,469	681,544
<b>Changes in net assets without donor restrictions</b>	157,727	43,011
<b>Changes in net assets with donor restrictions</b>		
Promoting healthy rivers	458,825	324,371
Net assets released from restriction	(460,184)	(390,206)
<b>Increase in net assets with donor restrictions</b>	(1,359)	(65,835)
<b>CHANGE IN NET ASSETS</b>	156,368	(22,824)
<b>NET ASSETS - BEGINNING OF YEAR</b>	183,576	206,400
<b>NET ASSETS - END OF YEAR</b>	\$ 339,944	\$ 183,576

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

**Eagle River Watershed Council, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Schedule of Functional Expenses**  
**For the Years Ending December 31, 2018**

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	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Advertising	\$ 3,928	\$ 267	\$ -	\$ 4,195
Computer expense	100	1,543	-	1,643
Donated goods and services	109,756	-	-	109,756
Event expenses	11,213	-	-	11,213
Insurance	723	1,751	-	2,474
Meals	1,238	694	-	1,932
Office expenses	596	3,300	-	3,896
Payroll taxes	11,921	2,295	-	14,216
Printing and reproduction	78	3,153	-	3,231
Professional fees	-	18,050	-	18,050
Professional development	150	1,410	-	1,560
Program supplies and recognition	236,028	-	-	236,028
Rent and occupancy	-	17,880	-	17,880
Salaries and benefits	161,786	16,196	-	177,982
Fundraising	-	-	3,998	3,998
Utilities	-	4,043	-	4,043
Travel	1,612	1,760	-	3,372
	<u>\$ 539,129</u>	<u>\$ 72,342</u>	<u>\$ 3,998</u>	<u>\$ 615,469</u>

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

**Eagle River Watershed Council, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Schedule of Functional Expenses**  
**For the Year Ending December 31, 2017**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Advertising	\$ 3,121	\$ 352	\$ -	\$ 3,473
Computer expense	-	1,202	-	1,202
Donated goods and services	145,737	-	-	145,737
Event expenses	11,202	-	-	11,202
Insurance	907	1,486	-	2,393
Meals	679	310	-	989
Office expenses	-	5,056	-	5,056
Payroll taxes	10,907	3,050	-	13,957
Printing and reproduction	-	2,923	-	2,923
Professional fees	-	15,500	-	15,500
Professional development	-	1,059	-	1,059
Program supplies and recognition	264,221	51	-	264,272
Rent and occupancy	-	17,700	-	17,700
Salaries and benefits	171,814	13,898	-	185,712
Fundraising	-	-	4,910	4,910
Utilities	-	3,979	-	3,979
Travel	1,232	248	-	1,480
	<u>\$ 609,820</u>	<u>\$ 66,814</u>	<u>\$ 4,910</u>	<u>\$ 681,544</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, 2018 and 2017**

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	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
<b>Change in net assets</b>	\$ 156,368	\$ (22,824)
Adjustments to reconcile increase in net assets to net cash provided by:		
<b>Operating Activities</b>		
(Increase) Decrease in assets:		
Accounts receivable	(90,465)	(20,337)
Prepaid expenses	1,493	(27)
Increase (Decrease) in Liabilities:		
Accrued expenses	69,645	(1,353)
Accrued payroll and benefits	2,125	731
<b>Net cash provided by (used in) operating activities</b>	<b>139,166</b>	<b>(43,810)</b>
 <b>NET INCREASE (DECREASE) IN CASH</b>	 139,166	 (43,810)
 <b>CASH AT BEGINNING OF YEAR</b>	 206,232	 250,042
 <b>CASH AT END OF YEAR</b>	 \$ 345,398	 \$ 206,232

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, 2018 and 2017**

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**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, 2018 and 2017**

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**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, 2018, 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 2015.

**Date of Management's Review.**

In preparing its financial statements, the Council has evaluated subsequent events through June 4, 2019, the date the financial statements were available to be issued. The Board of Directors has not identified any material subsequent events.

**Eagle River Watershed Council, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Notes to Financial Statements (Continued)**  
**December 31, 2018 and 2017**

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

**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.

**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.

**Cost Allocation.**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort.

**2 Restrictions on Net Assets.**

The Council receives contributions that are restricted by both time and purpose for restoration projects and water quality monitoring. 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, 2018 and 2017, the Council's temporarily restricted net assets consisted of the following, respectively:

	<u>2018</u>	<u>2017</u>
Water quality improvement plan	\$ 50,299	\$ 25,532
Water quality monitoring and assessment	34,044	60,780
Gore creek restoration	16,309	22,235
Other	<u>28,796</u>	<u>22,260</u>
	<u>\$ 129,448</u>	<u>\$ 130,807</u>

**Eagle River Watershed Council, Inc.**  
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**Notes to Financial Statements (Continued)**  
**December 31, 2018 and 2017**

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**3 Donated Goods and Services.**

During the years ending December 31, 2018 and 2017, the Council recognized as revenue non-monetary contributions of goods and service aggregating to \$109,756 and \$145,737, respectively. 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, and highway and river cleanup projects by the community at large.

**4 Lease Agreements.**

The Council is party to one long-term operating lease agreement for the use of office space. Lease expenses recorded under this non-cancelable operating lease for the years ending December 31, 2018 and 2017 was \$17,880 and \$17,700, respectively. The following is a schedule of the minimum lease payments due for years ending December 31:

2019	\$ 18,865
2020	<u>3,100</u>
	<u>\$ 21,965</u>

**5 Retirement Plan.**

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 years ending December 31, 2018 and 2017, the Council contributed \$4,959 and \$3,349 to the plan, respectively.

**Eagle River Watershed Council, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Notes to Financial Statements (Continued)**  
**December 31, 2018 and 2017**

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**6 Availability of Financial Assets.**

The Council considers its financial assets available at year end to be the total financial assets, less those restricted by contractual or donor imposed restrictions and board designation.

Included in the \$211,066 and \$48,098 of available financial assets for the years ended December 2018 and 2017, respectively, is as follows:

	<u>2018</u>	<u>2017</u>
Financial assets, at year end	\$ 340,514	\$ 178,905
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restrictions by donor with time or purpose	( 129,448)	( 130,807)
Financial assets available to meet cash needs for over general expenditure within one year	<u>\$ 211,066</u>	<u>\$ 48,098</u>

**7 Related Party Transactions.**

Summarized below is the separate financial information for Land and Rivers Fund (“the Fund”) for the years ended December 31, 2018 and 2017, which has not been consolidated in the attached financial statements. The Council received \$12,212 and \$-0- during the years ended December 31, 2018 and 2017, respectively, in reimbursed payroll expenses for an employee of the Council for providing operational and marketing services for the Fund. Included in the Council’s accounts receivable is amounts due from the Fund of \$27,315 and \$-0- at December 31, 2018 and 2017, respectively.

	<u>2018</u>	<u>2017</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 17,325	\$ -
Due from Eagle Valley Land Trust	<u>34,139</u>	<u>-</u>
<b>Total assets</b>	<u><u>51,464</u></u>	<u><u>-</u></u>
<b>Liabilities</b>		
Due to Eagle River Watershed Council	27,315	-
Equity	<u>24,149</u>	<u>-</u>
<b>Total liabilities and equity</b>	<u><u>51,464</u></u>	<u><u>-</u></u>
Total revenues	63,644	-
Total expenses	<u>15,347</u>	<u>-</u>
<b>Net income for the year</b>	<u><u>\$ 48,297</u></u>	<u><u>\$ -</u></u>