

**Eagle River Watershed Council, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Financial Statements**  
**For the years ended December 31, 2019 and 2018**



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BIVINS & BUNYAK CPAS, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS  
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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 corporation) which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows 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.

### ***Auditors' 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Bivins & Bunyak CPAs PLLC*

Bivins & Bunyak, CPAs, PLLC

Edwards, Colorado

June 30, 2020

**Eagle River Watershed Council, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Statements of Financial Position**  
**For the Years Ending December 31, 2019 and 2018**

	<u>ASSETS</u>	
	<u>2019</u>	<u>2018</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 443,082	\$ 345,398
<b>Accounts receivable:</b>		
Accounts receivable	19,012	109,124
Employee advance	-	363
<b>Total accounts receivable</b>	<u>19,012</u>	<u>109,487</u>
Investment in land and rivers fund	46,633	27,315
Prepaid expenses	4,302	1,878
<b>Total current assets</b>	<u>513,029</u>	<u>484,078</u>
<b>Property and Equipment - at cost</b>		
Computer Equipment	3,289	-
Leasehold improvements	2,500	-
	<u>5,789</u>	<u>-</u>
Less: Accumulated depreciation	(137)	-
<b>23660</b>	<u>5,652</u>	<u>-</u>
<b>Other assets</b>		
Deposits	1,350	1,300
	<u>1,350</u>	<u>1,300</u>
<b>TOTAL ASSETS</b>	<u>\$ 520,031</u>	<u>\$ 485,378</u>
	<u>LIABILITIES AND NET ASSETS</u>	
<b>Current liabilities</b>		
Accrued expenses	\$ 81,544	\$ 126,088
Accrued payroll and benefits	32,215	19,346
<b>Total current liabilities</b>	<u>113,759</u>	<u>145,434</u>
<b>Net Assets</b>		
Without donor restrictions	242,703	210,496
With donor restrictions	163,569	129,448
<b>Total net assets</b>	<u>406,272</u>	<u>339,944</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 520,031</u>	<u>\$ 485,378</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, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>SUPPORT AND REVENUES</b>		
<b>Support and revenues without donor restrictions</b>		
Contributions	257,164	202,047
Donated goods and services	158,486	109,756
Miscellaneous income	2,921	1,209
<b>Total support and revenues without donor restrictions</b>	418,571	313,012
<b>Net assets released from restrictions</b>		
Satisfaction of program restrictions	375,034	460,184
<b>Total support and revenues without donor restrictions</b>	793,605	773,196
<b>EXPENSES</b>		
<b>Program services</b>		
Promoting healthy rivers	603,927	539,129
<b>Supporting services</b>		
Management and general expenses	153,703	72,342
Fundraising expenses	3,768	3,998
<b>Total supporting services</b>	157,471	76,340
<b>Total expenses</b>	761,398	615,469
<b>Changes in net assets without donor restrictions</b>	32,207	157,727
<b>Changes in net assets with donor restrictions</b>		
Promoting healthy rivers	409,155	458,825
Net assets released from restriction	(375,034)	(460,184)
<b>Total Change in net assets with donor restrictions</b>	34,121	(1,359)
<b>CHANGE IN NET ASSETS</b>	66,328	156,368
<b>NET ASSETS - BEGINNING OF YEAR</b>	339,944	183,576
<b>NET ASSETS - END OF YEAR</b>	\$ 406,272	\$ 339,944

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, 2019**

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	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Advertising	\$ 1,933	\$ 3,076	\$ -	\$ 5,009
Computer expense	-	1,989	-	1,989
Depreciation	-	137	-	137
Donated goods and services	158,486	-	-	158,486
Event expenses	13,029	-	-	13,029
Fundraising	-	-	3,768	3,768
Insurance	-	2,578	-	2,578
Meals	871	578	-	1,449
Office expenses	5,161	4,295	-	9,456
Payroll taxes	8,481	5,906	-	14,387
Printing and reproduction	146	2,398	-	2,544
Professional development	315	1,477	-	1,792
Professional fees	-	20,050	-	20,050
Program supplies and recognition	280,618	-	-	280,618
Rent and occupancy	-	23,660	-	23,660
Salaries and benefits	131,262	82,947	-	214,209
Travel	3,625	941	-	4,566
Utilities	-	3,671	-	3,671
	<u>\$ 603,927</u>	<u>\$ 153,703</u>	<u>\$ 3,768</u>	<u>\$ 761,398</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, 2018**

	<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
Fundraising	-	-	3,998	3,998
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 development	150	1,410	-	1,560
Professional fees	-	18,050	-	18,050
Program supplies and recognition	236,028	-	-	236,028
Rent and occupancy	-	17,880	-	17,880
Salaries and benefits	161,786	16,196	-	177,982
Travel	1,612	23,660	-	3,372
Utilities	-	4,043	-	4,043
	<u>\$ 539,129</u>	<u>\$ 94,242</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)**  
**Statements of Cash Flows**  
**For the Years Ending December 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
<b>Change in net assets</b>	\$ 66,328	\$ 156,368
Adjustments to reconcile increase in net assets to net cash provided by:		
Depreciation Expense	137	-
<b>Operating Activities</b>		
(Increase) Decrease in assets:		
Accounts receivable	90,475	(90,465)
Investment in land and rivers fund	(19,318)	-
Deposits	(50)	-
Prepaid expenses	(2,424)	1,493
Increase (Decrease) in Liabilities:		
Accrued expenses	(44,544)	69,645
Accrued payroll and benefits	12,869	2,125
<b>Net cash provided by (used in) operating activities</b>	<b>103,473</b>	<b>139,166</b>
###		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Property and Equipment	(5,789)	-
<b>Net Cash (Used In) Investing Activities</b>	<b>(5,789)</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	97,684	139,166
<b>CASH AT BEGINNING OF YEAR</b>	345,398	206,232
<b>CASH AT END OF YEAR</b>	<b>\$ 443,082</b>	<b>\$ 345,398</b>

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, 2019 and 2018**

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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**  
**December 31, 2019 and 2018**

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

**Revenue Recognition.**

The Organization has analyzed and adopted the provision of FASB's ASC Topic 606, *Revenue from Contracts with Customers*. It has concluded that no changes are necessary to conform with the new standard. Revenue consists primarily of membership dues. Memberships run on a calendar year basis and are recognized evenly throughout the membership period. Membership dues paid in advance (contract liabilities) for future membership years are deferred and recognized as revenue in the applicable period.

**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.

**Concentration of Credit Risk.**

Occasionally the Council's cash balances exceed the insured limits of the Federal Deposit Insurance Corporation. Management has not experienced, and does not anticipate, any losses related to these balances.

**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.

**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, 2019 and 2018, management has determined, based on historical experience, that all amounts are fully collectable and no allowance of doubtful accounts is necessary.

**Eagle River Watershed Council, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

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

**Property and Equipment.**

Purchases of property and equipment are recorded at cost. Donated items are recorded at fair value when received. Depreciation and amortization on both purchased and donated items are recorded using the straight-line method over the shorter of the estimated useful life of the related asset or the term of the lease for leasehold improvements as follows:

Building and Improvements	10-39 years
Computer Equipment	3-7 years

Normal repairs and maintenance are expensed as incurred, whereas significant charges that materially increase values or extend useful lives are capitalized and depreciated over the estimated useful lives of the related assets.

**Impairment of Long-Lived Assets.**

Management review each asset or asset group for impairment whenever events or circumstances indicate that the carrying value of an asset or asset group may not be recoverable, but at least annually. No impairment provision was recorded by Council during the year.

**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 2016.

**Advertising expenses.**

Advertising costs are expensed as they are incurred. Total advertising cost for the years ended December 31, 2019 and 2018, was \$5,009 and \$4,195, respectively.

**Subsequent Events.**

The Council has evaluated events subsequent to December 31, 2019, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through June 30, 2020, the date the financial statements were available to be issued. It was determined no subsequent events occurred that require recognition or additional disclosure in the consolidated financial statements.

**Eagle River Watershed Council, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

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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, 2019 and 2018, the Council's temporarily restricted net assets consisted of the following, respectively:

	<u>2019</u>	<u>2018</u>
Water quality improvement plan	\$ 1,368	\$ 7,232
Eagle river community water plan	85,746	50,299
Water quality monitoring and assessment	49,285	34,044
Gore creek restoration	9,342	16,309
Other	<u>17,828</u>	<u>21,564</u>
	<u>\$ 163,569</u>	<u>\$ 129,448</u>

**Eagle River Watershed Council, Inc.**  
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**Notes to Financial Statements**  
**December 31, 2019 and 2018**

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**3 Donated Goods and Services.**

During the years ending December 31, 2019 and 2018, the Council recognized as revenue non-monetary contributions of goods and service aggregating to \$158,486 and \$109,756, 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, 2019 and 2018 was \$17,910 and \$17,880, respectively. The following is a schedule of the minimum lease payments due for years ending December 31:

2020	\$ 16,200
2021	16,200
2022	16,200
2023	16,200
2024 and thereafter	<u>17,550</u>
	<u>\$ 82,350</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, 2019 and 2018, the Council contributed \$5,778 and \$4,959 to the plan, respectively.

**Eagle River Watershed Council, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

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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 \$232,829 and \$211,066 of available financial assets for the years ended December 2018 and 2017, respectively, is as follows:

	2019	2018
Financial assets, at year end	\$ 394,968	\$ 340,514
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restrictions by donor with time or purpose	( 163,569)	( 129,448)
Financial assets available to meet cash needs for over general expenditure within one year	\$ 231,399	\$ 211,066

**7 Related Party Transactions.**

Summarized below is the separate financial information for Land and Rivers Fund (“the Fund”) for the years ended December 31, 2019 and 2018, which has not been consolidated in the attached financial statements. The Council received \$53,222 and \$12,212 during the years ended December 31, 2019 and 2018, 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 other current assets is an investment in the Fund of \$46,633 and \$27,315 at December 31, 2019 and 2018, respectively.

	2019	2018
<b>Current assets</b>		
Cash and cash equivalents	\$ 31,237	\$ 17,325
Accounts Receivable	50,659	34,139
<b>Total assets</b>	<b>81,896</b>	<b>51,464</b>
<b>Liabilities</b>		
Accounts payable	800	-
<b>Equity</b>		
Equity - ERWC	46,633	27,315
Equity - EVLT	34,463	24,149
<b>Total liabilities and equity</b>	<b>81,896</b>	<b>51,464</b>
Total revenues	148,945	63,644
Total expenses	49,993	15,347
<b>Net income for the year</b>	<b>\$ 98,952</b>	<b>\$ 48,297</b>

**Eagle River Watershed Council, Inc.**  
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**Notes to Financial Statements**  
**December 31, 2019 and 2018**

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**8 Potential Effects of the Covid-19 Virus.**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to a number of other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, several states in the U.S., including Colorado, where the Council is headquartered, have declared a state of emergency.

Potential impacts to the association include disruptions or restrictions on the Council's employees' ability to work. COVID-19 could adversely affect local economies and financial markets, resulting in an economic downturn that could affect demand for the Council's services, and its operating results. Any of the foregoing could harm the association, and the Council cannot anticipate all the ways in which health epidemics such as COVID-19 could adversely impact its business. Although the Council is continuing to monitor and assess the effects of the COVID-19 pandemic on its business, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.