ROARING FORK CONSERVANCY

Bringing People Together to Protect Our Rivers

ROARING FORK CONSERVANCY

FINANCIAL STATEMENTS

December 31, 2019

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December 31, 2019

TABLE OF CONTENTS

REESE HENRY
& COMPANY, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Roaring Fork Conservancy
Basalt, Colorado

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying financial statements of Roaring Fork Conservancy (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility
Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion
Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Reese Henry & Company, Inc.

Certified Public Accountants
Aspen, Colorado
May 5, 2021

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ROARING FORK CONSERVANCY
STATEMENT OF FINANCIAL POSITION
December 31, 2019

ASSETS		
Cash	$	172,359
Board Designated Cash for River Center		32,045
Accounts Receivable		46,142
Pledges Receivable, net		62,638
Inventory		8,578
Restricted Cash		246,983
Fixed Assets, net		3,314,098
TOTAL ASSETS	**$**	**3,882,843**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$	6,860
Accrued Liabilities		224
Construction Loan, net		294,294
TOTAL LIABILITIES		**301,378**
NET ASSETS		
Without Donor Restrictions		219,995
Board Designated		32,045
Invested in Fixed Assets, net of Loan		3,019,804
Net Assets Without Donor Restrictions		3,271,844
Net Assets With Donor Restrictions		309,621
TOTAL NET ASSETS		**3,581,465**
TOTAL LIABILITIES AND NET ASSETS	**$**	**3,882,843**

See accompanying notes and independent accountant’s review report.

ROARING FORK CONSERVANCY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

	Without donor restrictions	With donor restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Contributions	$ 515,703	$ 53,927	$ 569,630
Grants	87,792	-	87,792
Roaring Fork Club Fees	106,840	-	106,840
Special Events, net	298,900	-	298,900
Program Fees	96,226	-	96,226
Investment Return, net	469	-	469
Other Income	3,708	-	3,708
Net Assets Released From Restrictions:			
Release of Restrictions	66,899	(66,899)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	**1,176,537**	**(12,972)**	**1,163,565**
EXPENSES			
Program Services	757,797	-	757,797
Management and General	136,889	-	136,889
Fundraising	114,847	-	114,847
TOTAL EXPENSES	**1,009,533**	**-**	**1,009,533**
CHANGE IN NET ASSETS	**167,004**	**(12,972)**	**154,032**
NET ASSETS, Beginning of year	**3,104,840**	**322,593**	**3,427,433**
NET ASSETS, End of year	**$ 3,271,844**	**$ 309,621**	**$ 3,581,465**

See accompanying notes and independent accountant's review report.

ROARING FORK CONSERVANCY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019

	Program Services	Management and General	Fundraising	Cost of Goods Sold	Total
Salaries and Wages	$ 381,927	$ 53,296	$ 56,691	$ -	$ 491,914
Employee Benefits	64,485	8,778	9,572	-	82,835
Payroll Taxes	29,695	4,042	4,408	-	38,145
Program Expenses	92,302	-	3,559	-	95,861
Advertising and Promotion	23,369	282	23,625	-	47,276
Accounting Services	-	16,989	-	-	16,989
Office Expenses	20,092	3,448	2,512	-	26,052
Professional Services	11,100	425	-	-	11,525
Professional Dues and Memberships	6,979	4,891	593	-	12,463
Information Technology	9,264	1,158	1,158	-	11,580
Occupancy Costs	15,869	15,757	1,984	-	33,610
Insurance	15,242	-	-	-	15,242
Travel	9,591	1,010	1,010	-	11,611
Interest	-	17,078	-	-	17,078
Depreciation	77,882	9,735	9,735	-	97,352
Cost of Direct Benefit to Donors	-	-	-	144,277	144,277
Total Expenses by Function	757,797	136,889	114,847	144,277	1,153,810
Less expenses included with revenues on the statement of activities					
Cost of Direct Benefits to Donors	-	-	-	(144,277)	(144,277)
Total Expenses included in the expense section on the statement of activities	**$ 757,797**	**$ 136,889**	**$ 114,847**	**$ -**	**$ 1,009,533**

See accompanying notes and independent accountant’s review report.

ROARING FORK CONSERVANCY
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$	154,032
Adjustments To Reconcile Change in Net Assets To Net Cash Provided By Operating Activities:		
Depreciation Expense		97,352
Amortization of Pledge Receivable Discount		1,095
Change in Assets and Liabilities:		
Accounts Receivable		15,997
Pledges Receivable, net		(2,025)
Inventory		(2,597)
Accounts Payable		(35,660)
Accrued Liabilities		(11,188)
NET CASH PROVIDED BY OPERATING ACTIVITIES		**217,006**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets		(9,771)
NET CASH USED IN INVESTING ACTIVITIES		**(9,771)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Construction Loan		(248,243)
Proceeds from Term Loan		4,901
NET CASH USED IN FINANCING ACTIVITIES		**(243,342)**
NET DECREASE IN CASH AND CASH RESTRICTED FOR RIVER CENTER		**(36,107)**
CASH AND CASH RESTRICTED FOR RIVER CENTER, Beginning of year		**487,494**
CASH AND CASH RESTRICTED FOR RIVER CENTER, End of year	**$**	**451,387**
CASH PAID FOR INTEREST	$	17,078
SIGNIFICANT NONCASH ACTIVITY:		
Issuance of Term Loan to pay off Construction Loan	$	295,942
Payoff of Construction Loan with Term Loan		295,942

See accompanying notes and independent accountant's review report.

ROARING FORK CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

1. NATURE OF ORGANIZATION

Roaring Fork Conservancy (the "Conservancy") was incorporated November 26, 1996 as a not for profit corporation under the laws of the State of Colorado. The Conservancy's mission is to inspire people to explore, value, and protect the Roaring Fork Watershed. The Conservancy is focused on water quantity, water quality and habitat preservation.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of the Conservancy have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

CLASSIFICATION OF NET ASSETS

Net assets of the Conservancy are classified based on the presence or absence of donor-imposed restrictions. Net assets are classified as follows:

> Net assets without donor restrictions: Net assets available for use in and not subject to donor-imposed restrictions.
>
> Net assets with donor restrictions: Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the resources are to be maintained in perpetuity. Net assets with donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purposed for which the resource was restricted has been fulfilled, or both. As of December 31, 2019, the Conservancy did not have any net assets to be held in perpetuity.

CASH AND CASH RESTRICTED FOR RIVER CENTER

Cash and cash equivalents include all cash held in deposits and investments with an original maturity of three months or less.

ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount the Conservancy expects to collect from outstanding balances. The Conservancy provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after the Conservancy has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable. At December 31, 2019, the Conservancy had no bad debt allowance.

PLEDGES RECEIVABLE

Unconditional pledges to give are recognized as revenues in the period pledged and as assets or decreases of liabilities depending on the form of the benefits received. Pledges to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Management believes that all amounts will be received when due, therefore no allowance for uncollectible pledges has been provided. Conditional pledges are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

FIXED ASSETS

Fixed assets are accounted for at cost. Maintenance and repairs are charged to expenses as incurred; major renewals and betterments are capitalized. Donated assets are recorded at fair market value at the time of ownership transfer. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Fixed assets are depreciated over their estimated useful lives which range from five to forty years.

REVENUE RECOGNITION

CONTRIBUTIONS AND GRANTS

Contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions and grants restricted for the acquisition of land, buildings and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

SPECIAL EVENTS

Special events income includes the annual River Rendezvous event and the grand opening of the River Center. Special event income is recognized when the event occurs.

PROGRAM FEES

Program fee revenue is related to educational programs provided include adult watershed discovery and “watershed institute” seminar programs. The revenue is recognized as classes are provided to students.

INCOME TAXES
The Conservancy is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The accounting standard on accounting for uncertainty in taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Conservancy follows the use of a two-step approach for recognizing and measuring tax positions taken or expected to be taken in a tax return. First, a tax position should only be recognized when it is more likely than not, based on technical merits, that the position will be sustained upon examination by the taxing authority. Second, a tax position that meets the recognition threshold should be measured at the largest amount that has a greater than 50 percent likelihood of being sustained. The Conservancy had no material unrecognized tax benefits for the year ended December 31, 2019. As a result, no interest or penalties were accrued for unrecognized tax benefits during the year.

FUNCTIONAL ALLOCATION OF EXPENSES
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.

USE OF ESTIMATES
The preparation of financial statements in conformity with GAAP includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

ADVERTISING
The Conservancy expenses advertising costs as they are incurred. Advertising costs for the year ended December 31, 2019 was $47.276.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT
In June 2018, the FASB issued ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. This ASU is effective for the Conservancy for the year ending December 31, 2019. The Conservancy adopted this ASU for the year ending December 31, 2019. There were no effects related to the adoption of the ASU.

DATE OF MANAGEMENT'S REVIEW
Management has evaluated subsequent events through May 5, 2021 the date these financial statements were available to be issued.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available to meet cash needs for general expenditures within one year are as follows as of December 31, 2019:

Cash	$ 172,359
	$ 172,359

As part of the Conservancy'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. To help manage unanticipated liquidity needs, the Conservancy has a committed line of credit in the amount of $50,000 (as further discussed in Note 9), which it could draw upon.

4. PLEDGES RECEIVABLE

Pledges receivable as of December 31, 2019 are as follows:

Receivable in Less Than One Year	$ 44,000
Receivable in One to Five Years	20,000
Total	64,000
Less Discount to Present Value	(1,362)
Net Pledges Receivable	$ 62,638

Pledges receivable due dates extending beyond one year are discounted at a 5% annual rate of interest, which is the Conservancy's incremental borrowing rate.

5. FIXED ASSETS

Fixed assets consist of the following as of December 31, 2019:

Building	$ 3,232,380
Land	130,360
Furniture and Fixtures	91,359
Office Equipment	49,764
Total	3,503,863
Less Accumulated Depreciation	(189,765)
Fixed Assets, net	$ 3,314,098

Depreciation expense for the year ending December 31, 2019 was $95,613.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2019 included the following:

Monitoring Reserve	$ 198,483
Sanders Ranch Study	36,000
Brooks Easement	4,000
Coryell Ranch Easement	3,500
Stewardship and Legal Defense Fund	5,000
Pledges Receivable River Center	62,638
	$ 309,621

Net assets released from donor restrictions by incurring expenses satisfying the purpose specified by donors totaled $66,899 for the year ended December 31, 2019.

7. RETIREMENT PLAN

The Conservancy offers its staff the option to participate in a deferred compensation plan pursuant to section 403(b) of the Internal Revenue Code. Staff contributions are voluntary and are made on a pre-tax basis. The Conservancy has elected to contribute two percent of eligible employees' annual compensation. For the year ended December 31, 2019, the Conservancy contributed $8,680 to the plan.

8. CONCENTRATIONS

Cash
From time to time during the year, the Conservancy had amounts on deposit at financial institutions that exceeded amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). As of December 31, 2019, the Conservancy had cash in excess of FDIC insurance of $100,486.

Pledges Receivable
As of December 31, 2019, 100% of pledges receivable is due from two donors.

9. COMMITMENTS AND CONTINGENCIES

Land Lease Agreement
The Conservancy sold a piece of land in Basalt, Colorado to the Town of Basalt on April 15, 2017 for $400,000. The piece of land was then immediately leased back to the Conservancy for a 5-year period with a cost of $1 per year with an extension option of an additional 94 years at no cost.

Construction Loan
A construction loan was entered into with a bank on July 19, 2018. The construction loan incurs interest at prime rate plus .25% (5.75% at December 31, 2018). The construction loan had an original maturity date of January 19, 2019 and was extended in 2019 to mature in October 2019. For the year ended December 31, 2019, the loan incurred $14,748 in interest expense.

On September 26, 2019, the Conservancy paid off the remaining balance of the construction loan by obtaining a term loan agreement with a bank as described below.

Term Loan

On September 26, 2019, the Conservancy entered a term loan with a bank for $300,843, of which $295,942 was used to pay off the construction loan and $4,901 was received in cash. The term loan incurs interest at 5.39%. The loan requires monthly payments of principal and interest of $2,063.35 and a balloon payment of all unpaid principal and interest on September 26, 2029. The term loan matures September 26, 2029.

Line of Credit

In November 2018, the Conservancy obtained a $50,000 line of credit with a bank, which matures on November 16, 2022. Bank advances on the line of credit are payable on demand and carry an interest rate of 8.75%. The line of credit is secured by a promissory note that collateralizes substantially all business assets of the Conservancy. For the year ended December 31, 2019, the Conservancy incurred no interest expense on the line of credit. As the line of credit was used for building costs for the new River Center, this interest expense was capitalized into planning. The line of credit had no outstanding balance as of December 31, 2019.

Future minimum payments on the term loan for the years ending December 31 are as follows:

2020	$ 8,937
2021	9,369
2022	9,887
2023	10,433
2024	11,010
Thereafter	248,293
	297,929
Less: Unamortized loan fees	3,635
	$ 294,294

10. SUBSEQUENT EVENTS

In early March 2020, the U.S. and global economies have reacted negatively in response to worldwide concerns due to the economic impact of the COVID-19 pandemic. These trends, including an economic turndown, and any potential resulting direct and indirect negative impacts to the Conservancy's, cannot be determined, but may have a material prospective impact to the Conservancy's operations, cash flows, and liquidity.

On April 9, 2020, the Conservancy received a Federal Payroll Protection Loan in the amount of $104,000. This loan is contingently forgiven if the Conservancy meets certain expenditure requirements. Any unforgiven portion of the loan will require monthly principal and interest payments beginning November 9, 2020, carries an interest rate of 1%, and matures on April 9, 2022. The loan was fully forgiven in March 2021.