ROARING FORK CONSERVANCY

AUDITED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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REESE HENRY & COMPANY, INC.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Roaring Fork Conservancy
Basalt, Colorado

Opinion

We have audited the accompanying financial statements of Roaring Fork Conservancy, which comprise the statement of financial position as of December 31, 2023, 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 Roaring Fork Conservancy as of December 31, 2023, 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.

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 Roaring Fork Conservancy 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 Roaring Fork Conservancy'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

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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 Roaring Fork Conservancy'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 Roaring Fork Conservancy'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.

Reese Henry & Company, Inc.

Reese Henry & Company, Inc.
Aspen, Colorado
October 9, 2024

ROARING FORK CONSERVANCY
STATEMENT OF FINANCIAL POSITION
December 31, 2023

ASSETS		
Cash and Cash Equivalents	$	427,122
Board Designated Cash for River Center		225,020
Accounts Receivable, net		15,896
Inventory		25,448
Investments		2,017
Board Designated Investments for River Center		21,113
Restricted Cash		124,181
Restricted Investments		50,346
Fixed Assets, net		3,031,698
TOTAL ASSETS	**$**	**3,922,841**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$	267,405
Accrued Liabilities		6,729
Mortgage Loan, net		244,229
TOTAL LIABILITIES		**518,363**
NET ASSETS		
Without Donor Restrictions		2,983,818
Board Designated		246,133
Net Assets Without Donor Restrictions		3,229,951
Net Assets With Donor Restrictions		174,527
TOTAL NET ASSETS		**3,404,478**
TOTAL LIABILITIES AND NET ASSETS	**$**	**3,922,841**

See accompanying notes and independent accountant's review report.

ROARING FORK CONSERVANCY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

	Without donor restrictions	With donor restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Contributions	$ 530,783	$ 219,531	$ 750,314
Grants	117,620	788,712	906,332
Roaring Fork Club Fees	50,797	-	50,797
Special Events, net	245,175	-	245,175
Program Fees	100,624	-	100,624
Mechandise Sales, net	2,571	-	2,571
Interest Income	1,346	-	1,346
Other Income	7,120	-	7,120
Net Assets Released From Restrictions:			
Release of Restrictions	1,006,750	(1,006,750)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	**2,062,786**	**1,493**	**2,064,279**
EXPENSES			
Program Services	1,836,166	-	1,836,166
Management and General	199,557	-	199,557
Fundraising	141,297	-	141,297
TOTAL EXPENSES	**2,177,020**	**-**	**2,177,020**
CHANGE IN NET ASSETS	**(114,234)**	**1,493**	**(112,741)**
NET ASSETS, Beginning of year	**3,344,185**	**173,034**	**3,517,219**
NET ASSETS, End of year	**$ 3,229,951**	**$ 174,527**	**$ 3,404,478**

See accompanying notes and independent accountant's review report.

ROARING FORK CONSERVANCY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023

	Program Services	Management and General	Fundraising	Cost of Goods Sold	Total
Salaries and Wages	$ 543,313	$ 76,459	$ 80,607	$ -	$ 700,379
Employee Benefits	68,208	9,287	10,120	-	87,615
Payroll Taxes	46,241	6,296	6,860	-	59,397
Program Expenses	994,190	-	-	-	994,190
Advertising and Promotion	15,150	200	18,802	-	34,152
Accounting Services	-	30,870	-	-	30,870
Office Expenses	12,459	1,557	1,557	-	15,573
Professional Services	4,317	-	-	-	4,317
Professional Dues and Memberships	52	1,395	6	-	1,453
Information Technology	15,276	1,909	1,909	-	19,094
Occupancy Costs	29,434	45,674	8,346	-	83,454
Insurance	15,113	1,889	1,889	-	18,891
Travel	9,467	1,183	1,183	-	11,833
Interest and Loan Fee Amortization	2,799	11,198	-	-	13,997
Bad Debt Expense	-	1,622	-	-	1,622
Depreciation	80,147	10,018	10,018	-	100,183
Cost of Direct Benefit to Donors	-	-	-	77,921	77,921
Total Expenses by Function	1,836,166	199,557	141,297	77,921	2,254,941
Less expenses included with revenues on the statement of activities					
Cost of Direct Benefits to Donors	-	-	-	(77,921)	(77,921)
Total Expenses included in the expense section on the statement of activities	**$ 1,836,166**	**$ 199,557**	**$ 141,297**	**$ -**	**$ 2,177,020**

See accompanying notes and independent accountant's review report.

ROARING FORK CONSERVANCY
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$	(112,741)
Adjustments To Reconcile Change in Net Assets To Net Cash		
Provided By Operating Activities:		
Depreciation Expense		100,183
Bad Debt Expense		1,622
Amortization of Loan Fees		362
Changes in Assets and Liabilities:		
Accounts Receivable		96,821
Other Assets		2,656
Accounts Payable		261,730
Accrued Liabilities		793
NET CASH PROVIDED BY OPERATING ACTIVITIES		**351,426**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets		(96,430)
Proceeds from the Sale of Investments		(149)
NET CASH USED IN INVESTING ACTIVITIES		**(96,579)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Mortgage Loan		(11,125)
NET CASH USED IN FINANCING ACTIVITIES		**(11,125)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**243,722**
CASH AND CASH EQUIVALENTS, Beginning of year		**532,601**
CASH AND CASH EQUIVALENTS, End of year	**$**	**776,323**
Cash and Cash Equivalents consists of:		
Cash and Cash Equivalents	$	427,122
Board Designated Cash for River Center		225,020
Restricted Cash		124,181
Total Cash and Cash Equivalents	$	776,323
CASH PAID FOR INTEREST	$	13,635

See accompanying notes and independent accountant's review report.

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, 2023, 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.

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, 2023, the Conservancy had cash in excess of FDIC insurance of $428,630.

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, 2023, the Conservancy had an allowance for uncollectible receivables of $43,986.

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.

INVENTORY

Inventory is stated at net realizable value less selling costs. Inventory consists of Conservancy merchandise including hats, t-shirts, fishing gear, etc.

INVESTMENTS

The Conservancy holds investments in certificates of deposit with a readily determinable fair value based on quoted prices in active markets in the statement of financial position.

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 auction and the Return to River Auction. 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.

IN-KIND CONTRIBUTIONS

The Conservancy primarily receives in-kind contributions that consist of donated services and items for the Return to River Auction. Donated services that create or enhance nonfinancial assets or that require specialized skills, that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the year received. During the year ended December 31, 2023, the Conservancy did not receive any in-kind donations of services. During the year ended December 31, 2023, the Conservancy received donations with a total fair market value of $70,200 for the Return to River Auction. Proceeds of $69,437 were received for the sale of the items in the auction. The proceeds received of $69,437 are recognized as special event income in the statement of activities.

A substantial number of volunteers donate significant amounts of time to the Conservancy’s program and fundraising activities. The Conservancy does not record a value for these services because no objective basis is available for measuring their value.

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, 2023. 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. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, which is allocated on a square footage basis, as well as salaries, wages, benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort.

ADVERTISING

The Conservancy expenses advertising costs as they are incurred. Advertising costs for the year ended December 31, 2023, were $34,152.

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.

DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through October 9, 2024, 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 include the following as of December 31, 2023.

Cash and Cash Equivalents	$ 427,122
Accounts Receivable	15,896
Investments	2,017
	$ 445,035

4. FAIR VALUE MEASUREMENT

The Conservancy measures all financial assets and liabilities in order to mitigate volatility in reported changes in net assets. The carrying amount reported in the statement of financial position for cash and cash equivalents, accounts receivable, inventory, accounts payable and accrued expenses approximate fair value because of the immediate or short-term maturities of these financial instruments. Investments are measured on a recurring basis and reported at fair value.

The Conservancy is subject to the provisions of *Fair Value Measurements and Disclosures*. This standard requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

As of December 31, 2023, all investments are considered Level 1 investments. Investments consist of $73,476 of certificates of deposit with original maturity dates greater than three months.

5. FIXED ASSETS

Fixed assets consist of the following as of December 31, 2023:

Building	$ 3,328,810
Land	130,360
Furniture and Fixtures	99,649
Office Equipment	58,210
Total	3,617,029
Less Accumulated Depreciation	(585,331)
Fixed Assets, net	$ 3,031,698

Depreciation expense for the year ending December 31, 2023, was $100,183.

6. DEBT

Mortgage 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 and a balloon payment of all unpaid principal and interest on September 26, 2029. The term loan matures September 26, 2029.

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

2024	$ 11,740
2025	12,385
2026	13,073
2027	13,795
2028	14,557
Thereafter	180,788
	246,338
Less: Unamortized loan fees	(2,109)
	$ 244,229

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2023, included the following:

Monitoring Reserve	$ 132,350
Watershed Program	33,000
Brooks Easement	4,000
Coryell Ranch Easement	3,500
Keep It Clean Program	1,677
	$ 174,527

Net assets released from donor restrictions by incurring expenses satisfying the purpose specified by donors totaled $1,006,750 for the year ended December 31, 2023.

8. 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, 2023, the Conservancy contributed $13,782 to the plan.

9. CONCENTRATIONS

As of December 31, 2023, 89% of net accounts receivable is due from one customer.

10. COMMITMENTS AND CONTINGENCIES

Land Lease Agreement

The Conservancy sold a piece of land in Basalt, Colorado to the Town of Basalt on April 15, 2016 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 automatic extension of an additional 99 years at no cost.