

LEFTHAND WATERSHED OVERSIGHT GROUP

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

**LEFTHAND WATERSHED OVERSIGHT GROUP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Lefthand Watershed Oversight Group
Longmont, Colorado

We have audited the accompanying financial statements of the Lefthand Watershed Oversight Group (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses 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.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 the Lefthand Watershed Oversight Group as of December 31, 2020, and 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2021, on our consideration of the Lefthand Watershed Oversight Group's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lefthand Watershed Oversight Group's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lefthand Watershed Oversight Group's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Broomfield, Colorado
March 16, 2021

**LEFTHAND WATERSHED OVERSIGHT GROUP
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020**

		<u>2020</u>
ASSETS		
ASSETS		
Cash		\$ 231,169
Grant Receivables		83,119
Other Receivables		<u>15,907</u>
Total Assets		<u>\$ 330,195</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable		\$ 11,133
Accrued Liabilities		<u>8,365</u>
Total Liabilities - All Current		<u>19,498</u>
NET ASSETS		
Without Donor Restrictions		306,551
With Donor Restrictions		<u>4,146</u>
Total Net Assets		<u>310,697</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 330,195</u>

See accompanying Notes to Financial Statements.

**LEFTHAND WATERSHED OVERSIGHT GROUP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

REVENUES	Without Donor Restrictions	With Donor Restrictions	Total
Federal Grants	\$ -	\$ 561,696	\$ 561,696
State Grants	-	206,924	206,924
Local Grants	224,799	-	224,799
Donations	32,108	-	32,108
Net Revenue	<u>256,907</u>	<u>768,620</u>	<u>1,025,527</u>
Net Assets Released from Restrictions	777,874	(777,874)	-
Total Revenues	<u>1,034,781</u>	<u>(9,254)</u>	<u>1,025,527</u>
 EXPENSES			
Federal Grant Expenses	561,696	-	561,696
State and Local Grant Expenses	268,416	-	268,416
Donations	32,108	-	32,108
Fundraising	1,837	-	1,837
Total Expenses	<u>864,057</u>	<u>-</u>	<u>864,057</u>
 INCREASE (DECREASE) IN NET ASSETS	 170,724	 (9,254)	 161,470
Net Assets - Beginning of Year	<u>135,827</u>	<u>13,400</u>	<u>149,227</u>
 NET ASSETS - END OF YEAR	 <u>\$ 306,551</u>	 <u>\$ 4,146</u>	 <u>\$ 310,697</u>

See accompanying Notes to Financial Statements.

**LEFTHAND WATERSHED OVERSIGHT GROUP
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	Program Services	Management and General	Fundraising and Development	Total
Professional Services	\$ 553,967	\$ -	\$ -	\$ 553,967
Salaries and Wages	234,714	11,980	-	246,694
Benefits	-	2,660	-	2,660
Audit	-	6,123	-	6,123
Legal	-	76	-	76
Bookkeeper	-	10,259	-	10,259
Office & Administration	-	7,843	-	7,843
Insurance	-	1,645	-	1,645
Postage	-	246	-	246
Training	-	600	-	600
Fundraising	-	-	1,836	1,836
Donated Rent	-	32,108	-	32,108
Total Expenses by Function	<u>\$ 788,681</u>	<u>\$ 73,540</u>	<u>\$ 1,836</u>	<u>\$ 864,057</u>

See accompanying Notes to Financial Statements.

**LEFTHAND WATERSHED OVERSIGHT GROUP
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020**

	2020
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 161,470
Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities	
Increase in Current Assets:	
Grant Receivables	582,562
Other Receivables	(5,681)
Increase (Decrease) in Current Liabilities:	
Accounts Payable	(598,228)
Accrued Liabilities	(285)
Deferred Revenue	-
Net Cash Provided by Operating Activities	139,838
INCREASE IN CASH AND CASH EQUIVALENTS	139,838
Cash and Cash Equivalents - Beginning	91,331
CASH AND CASH EQUIVALENTS - ENDING	\$ 231,169

See accompanying Notes to Financial Statements.

**LEFTHAND WATERSHED OVERSIGHT GROUP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Lefthand Watershed Oversight Group (LWOG) is a non-profit, tax-exempt corporation formed on May 7, 2004, in the State of Colorado. LWOG was organized to assess and protect the quality of water in the Lefthand Creek watershed, to serve as a hub of communication about watershed issues, to foster collaboration in promoting education about watershed issues, and to facilitate the development of watershed health assessments, prioritization of protection measures, and development of remediation plans and practices that protect the Lefthand Creek watershed.

LWOG is an exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended; and accordingly, a provision for income taxes has not been made. The Internal Revenue Service has determined LWOG is not a private foundation.

Basis of Accounting

LWOG maintains its accounting records on the full accrual basis of accounting in accordance with the accounting principles generally accepted in the United States.

Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Functional Allocation of Expense

The costs of LWOG 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. Expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated based on the best estimates of management.

Net Assets

All financial transactions have been recorded and reported as net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions represent those amounts, which are donor restricted for specific purposes. 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. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

LEFTHAND WATERSHED OVERSIGHT GROUP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities, are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of time restrictions on net assets, (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

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 statement. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash only consists of cash held in checking and savings accounts at one financial institution. LWOG's cash balance did not exceed the federally insured limit during the fiscal year.

Receivables and Credit Policies

Accounts receivable consists of federal grant balances and local grant balances for expenses incurred, but not received as of December 31, 2020. No allowance has been made as all receivable balances are expected to be received from the related federal or local grant agency.

Income Tax Status

LWOG is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3).

Uncertain Tax Positions

LWOG has adopted FASB ASC 740-10, *Accounting for Uncertainty in Income Tax*. That standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken is required to meet before being recognized in financial statement. It also provides guidance for de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Management has analyzed the tax positions taken by LWOG and has concluded that as of December 31, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

**LEFTHAND WATERSHED OVERSIGHT GROUP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donor Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the Donor for specific purposes are reported as net assets with donor restrictions. When a restriction expires, 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.

Donated Services

At times, LWOG may receive donated services from unpaid volunteers; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by accounting principles generally accepted in the United States of America. During the year ended December 31, 2020, LWOG received \$32,108 in donated rent.

Subsequent Events

In preparing this financial statement, LWOG has evaluated events and transactions for potential recognition or disclosure through March 24, 2020, the date the financial statement was available to be issued. No subsequent events were identified.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial Assets at Year-End:	
Cash and Cash Equivalents	\$ 231,169
Grants Receivable	83,119
Other Receivables	15,907
Total Assets	330,195
Less: Net Assets With Donor Restrictions	(4,146)
Less: Grant Payables	(11,133)
Financial Assets Available to Meet	
General Expenses Within One Year	\$ 314,916

NOTE 3 CASH AND CASH EQUIVALENTS

LWOG maintains all of its cash with one financial institution. The carrying amount of the deposits was \$231,169 and the bank balance was \$263,829 at December 31, 2020. At times, cash balances may be in excess of FDIC insurance limits.

**LEFTHAND WATERSHED OVERSIGHT GROUP
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020**

NOTE 4 CONCENTRATIONS

LWOG receives a substantial amount of its support from federal and state government agencies. If the federal or state agencies significantly reduced the level of support provided to LWOG, it would have a material effect on LWOG's operations. Management is aware of the concentration and its potential impact. If any reduction did occur, management would take action as appropriate to limit the effect of its programs.

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

Subject to Expenditure for Specified Purpose:

Community Science Program	\$ 4,146
Total	\$ 4,146

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose for the year ended December 31, 2020:

Satisfaction of Purpose Restrictions:

General Use - Federal Grants	\$ 561,696
General Use - State Grants	206,924
Community Science Program	9,254
	\$ 777,874

NOTE 6 EMPLOYEE BENEFITS

LWOG has adopted a savings incentive match plan ("SIMPLE") which is an arrangement that provides for LWOG and its employees to make contributions to provide employee retirement income. All employees are eligible to participate in the plan. The maximum employee contribution for 2020 was \$13,500. The District matches employee contributions up to 3% of the employee's annual salary. This contribution rate and other provisions of the plan are established and may be amended by the Board of Directors. During the year ended December 31, 2020, LWOG contributed \$6,671.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Lefthand Watershed Oversight Group
Longmont, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Lefthand Watershed Oversight Group, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 16, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lefthand Watershed Oversight Group's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lefthand Watershed Oversight Group's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lefthand Watershed Oversight Group's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lefthand Watershed Oversight Group's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".**CliftonLarsonAllen LLP**

Broomfield, Colorado
March 16, 2021