

LEFTHAND WATERSHED OVERSIGHT GROUP

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

**LEFTHAND WATERSHED OVERSIGHT GROUP
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2019**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
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	13
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, REQUIRED BY THE UNIFORM GUIDANCE	15
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	17
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	18
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	19



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, 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.

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, 2019, 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.

Emphasis of a Matter – Changes in Accounting Principles

As described in Note 1 to the financial statements, Lefthand Watershed Oversight Group changed accounting policies related to its revenue recognition requirements by adopting Finance Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and FASB ASU 2018-08, *Not for Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. The adoption of these standards had no cumulative effect to Lefthand Watershed Oversight Group's beginning net assets. Our opinion is not modified with respect to these matters.

Other Matters

Other Information – Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2020, 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 24, 2020

**LEFTHAND WATERSHED OVERSIGHT GROUP
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019**

	ASSETS	<u>2019</u>
ASSETS		
Cash		\$ 91,331
Grant Receivables		665,681
Other Receivables		<u>10,226</u>
Total Assets		<u>\$ 767,238</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable		\$ 609,361
Accrued Liabilities		<u>8,650</u>
Total Liabilities - All Current		<u>618,011</u>
NET ASSETS		
Without Donor Restrictions		135,827
With Donor Restrictions		<u>13,400</u>
Total Net Assets		<u>149,227</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 767,238</u>

See accompanying Notes to Financial Statements.

LEFTHAND WATERSHED OVERSIGHT GROUP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
Federal Grants	\$ -	\$ 1,272,675	\$ 1,272,675
State Grants	-	123,241	123,241
Local Grants	85,047	-	85,047
Donations	32,108	-	32,108
Net Revenue	<u>117,155</u>	<u>1,395,916</u>	<u>1,513,071</u>
Net Assets Released from Restrictions	<u>1,421,630</u>	<u>(1,421,630)</u>	<u>-</u>
Total Revenues	<u>1,538,785</u>	<u>(25,714)</u>	<u>1,513,071</u>
EXPENSES			
Federal Grant Expenses	1,272,675	-	1,272,675
State and Local Grant Expenses	195,718	-	195,718
Donations	32,108	-	32,108
Fundraising	9,963	-	9,963
Total Expenses	<u>1,510,464</u>	<u>-</u>	<u>1,510,464</u>
INCREASE (DECREASE) IN NET ASSETS	28,321	(25,714)	2,607
Net Assets - Beginning of Year	<u>107,506</u>	<u>39,114</u>	<u>146,620</u>
NET ASSETS - END OF YEAR	<u>\$ 135,827</u>	<u>\$ 13,400</u>	<u>\$ 149,227</u>

See accompanying Notes to Financial Statements.

LEFTHAND WATERSHED OVERSIGHT GROUP
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>
Professional Services	\$ 1,203,865
Salaries and Wages	231,002
Benefits	5,217
Audit	8,552
Legal	110
Bookkeeper	6,587
Office & Administration	7,062
Insurance	3,027
Postage	189
Printing	1,554
Training	1,228
Fundraising	9,963
Donated Rent	32,108
Total	<u>\$ 1,510,464</u>

See accompanying Notes to Financial Statements.

LEFTHAND WATERSHED OVERSIGHT GROUP
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

	2019
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 2,607
Reconciliation of Change in Net Assets to	
Net Cash Provided (Used) by Operating Activities	
Increase in Current Assets:	
Grant Receivables	(434,910)
Other Receivables	(3,500)
Increase (Decrease) in Current Liabilities:	
Accounts Payable	423,366
Accrued Liabilities	1,050
Deferred Revenue	(1,945)
Net Cash Used by Operating Activities	(13,332)
DECREASE IN CASH AND CASH EQUIVALENTS	(13,332)
Cash and Cash Equivalents - Beginning	104,663
CASH AND CASH EQUIVALENTS - ENDING	\$ 91,331

See accompanying Notes to Financial Statements.

**LEFTHAND WATERSHED OVERSIGHT GROUP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

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

LEFTHAND WATERSHED OVERSIGHT GROUP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Recently Adopted Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). The update addresses the complexity of revenue recognition and provides sufficient information to enable financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. LWOG's reflect full retrospective application of ASC 606 guidance beginning in fiscal year 2018. No cumulative effect adjustment to net assets was recorded because the adoption did not significantly impact LWOG's historical revenue.

In June 2018, the FASB issued ASU 2018-08, *Not for Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). The amendments assist in: 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange transactions; and 2) determining whether a contribution is conditional. LWOG evaluated its contributions and grants and implemented the standard update, with no restatement of prior amounts recognized as revenue.

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, 2019. No allowance has been

**LEFTHAND WATERSHED OVERSIGHT GROUP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

made as all receivable balances are expected to be received from the related federal or local grant agency.

LEFTHAND WATERSHED OVERSIGHT GROUP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

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, 2019, 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.

**LEFTHAND WATERSHED OVERSIGHT GROUP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

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	\$ 91,331
Grants Receivable	665,681
Other Receivables	<u>10,226</u>
Total Assets	767,238
Less: Net Assets With Donor Restrictions	(13,400)
Less: Grant Payables	<u>(609,361)</u>
Financial Assets Available to Meet General Expenses Within One Year	<u><u>\$ 144,477</u></u>

NOTE 3 CASH AND CASH EQUIVALENTS

LWOG maintains all of its cash with one financial institution. The carrying amount of the deposits was \$91,311 and the bank balance was \$120,834 at December 31, 2019. All cash deposits are covered by federal depository insurance.

NOTE 4 CONCENTRATIONS

LWOG receives a substantial amount of its support from federal government agencies. If the federal 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	\$ 13,400
Total	<u><u>\$ 13,400</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose for the year ended December 31, 2019:

**LEFTHAND WATERSHED OVERSIGHT GROUP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Satisfaction of Purpose Restrictions:

General Use - Federal Grants	\$ 1,272,675
General Use - State Grants	123,241
Community Science Program	25,714
	<u>\$ 1,421,630</u>

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. Full-time employees are eligible to participate in the plan. The maximum employee contribution for 2019 was \$13,000 and \$12,500 for 2018. 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 years ended December 31, 2019 and December 31, 2018, LWOG contributed \$5,780 and \$4,790, respectively.



**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, 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, and have issued our report thereon dated March 24, 2020.

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) to determine 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 determination of financial statement amounts. 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.



CliftonLarsonAllen LLP

Broomfield, Colorado
March 24, 2020



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Lefthand Watershed Oversight Group
Longmont, Colorado

Report on Compliance for Each Major Federal Program

We have audited the Lefthand Watershed Oversight Group's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Lefthand Watershed Oversight Group's major federal program for the year ended December 31, 2019. The Lefthand Watershed Oversight Group's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Lefthand Watershed Oversight Group's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Lefthand Watershed Oversight Group's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance of the major federal program. However, our audit does not provide a legal determination of the Lefthand Watershed Oversight Group's compliance.

Opinion on the Major Federal Program

In our opinion, the Lefthand Watershed Oversight Group complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

Report on Internal Control over Compliance

Management of the Lefthand Watershed Oversight Group is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Lefthand Watershed Oversight Group's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Lefthand Watershed Oversight Group's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Broomfield, Colorado
March 24, 2020

**LEFTHAND WATERSHED OVERSIGHT GROUP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Housing and Urban Development				
Passed through the Colorado Department of Local Affairs				
CDBG-DR Legacy Project	14.269	CDBG-DR WI 18-101	\$ -	\$ 1,170,895
CDBG-DR Capacity Building	14.269	CDBG-DR WC 18-005	-	42,494
CDBG-DR Stewardship Project	14.269	CDBG DR P 16-015	-	59,286
Total Community Development Block Grant Disaster Recovery			-	1,272,675
Total Department of Housing and Urban Development			-	1,272,675
Total Expenditures of Federal Awards			\$ -	\$ 1,272,675

LEFTHAND WATERSHED OVERSIGHT GROUP
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Lefthand Watershed Oversight Group under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Lefthand Watershed Oversight Group, it is not intended to and does not present the financial position or changes in net position of the Lefthand Watershed Oversight Group.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue from federal awards is recognized when the Lefthand Watershed Oversight Group has done everything necessary to establish its right to revenue. Expenditures of federal awards are recognized in the accounting period when the liability is incurred. The Lefthand Watershed Oversight Group has elected to not use the 10-percent de minimis indirect cost rate.

**LEFTHAND WATERSHED OVERSIGHT GROUP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2019**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

CFDA Number(s)

14.269

Name of Federal Program or Cluster

Community Development Block Grant Disaster Recovery

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 x yes _____ no

LEFTHAND WATERSHED OVERSIGHT GROUP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2019

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a)