# LEFTHAND WATERSHED OVERSIGHT GROUP

## FINANCIAL STATEMENTS

## YEAR ENDED DECEMBER 31, 2023

CPAs | CONSULTANTS | WEALTH ADVISORS

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**LEFTHAND WATERSHED OVERSIGHT GROUP**
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# INDEPENDENT AUDITORS' REPORT

Board of Directors
Lefthand Watershed Oversight Group
Longmont, Colorado

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the accompanying financial statements of Lefthand Watershed Oversight Group (a nonprofit organization), 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 Lefthand Watershed Oversight Group, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lefthand Watershed Oversight Group 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 Lefthand Watershed Oversight Group's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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***Auditors' 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 auditors' report that 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 GAAS 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 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 GAAS, 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 Lefthand Watershed Oversight Group'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 Lefthand Watershed Oversight Group'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.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Broomfield, Colorado
June 5, 2024

**LEFTHAND WATERSHED OVERSIGHT GROUP**
**STATEMENT OF FINANCIAL POSITION**
**DECEMBER 31, 2023**

## ASSETS

| | |
|---|---|
| Cash | $ 1,055,181 |
| Grant Receivables | 182,580 |
| Other Receivables | 100,245 |
| Other Assets | 4,491 |
| Capital Assets | 35,718 |
| Total Assets | $ 1,378,215 |

## LIABILITIES AND NET ASSETS

| | |
|---|---|
| **LIABILITIES** | |
| Accounts Payable | $ 58,843 |
| Accrued Liabilities | 27,324 |
| Deferred Revenue | 199,991 |
| Total Liabilities - All Current | 286,158 |
| **NET ASSETS** | |
| Without Donor Restrictions: | |
| Undesignated | 902,057 |
| Board Designated | 190,000 |
| Total Net Assets | 1,092,057 |
| Total Liabilities and Net Assets | $ 1,378,215 |

*See accompanying Notes to Financial Statements.*

**LEFTHAND WATERSHED OVERSIGHT GROUP**
**STATEMENT OF ACTIVITIES**
**YEAR ENDED DECEMBER 31, 2023**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **REVENUES** | | | |
| Federal Grants | $ - | $ 40,744 | $ 40,744 |
| State Grants | - | 277,243 | 277,243 |
| Local Grants | 887,003 | - | 887,003 |
| Grant Revenue | 887,003 | 317,987 | 1,204,990 |
| Donated Goods and Services | 32,108 | - | 32,108 |
| Donated Goods and Services | 32,108 | - | 32,108 |
| Net Revenue | 919,111 | 317,987 | 1,237,098 |
| Net Assets Released From Restrictions | 322,133 | (322,133) | - |
| Total Revenues | 1,241,244 | (4,146) | 1,237,098 |
| **EXPENSES** | | | |
| Federal Grant Expenses | 40,744 | - | 40,744 |
| State and Local Grant Expenses | 921,990 | - | 921,990 |
| Donations | 32,108 | - | 32,108 |
| Fundraising | 1,392 | - | 1,392 |
| Total Expenses | 996,234 | - | 996,234 |
| **INCREASE (DECREASE) IN NET ASSETS** | 245,010 | (4,146) | 240,864 |
| Net Assets - Beginning of Year | 847,047 | 4,146 | 851,193 |
| **NET ASSETS - END OF YEAR** | $ 1,092,057 | $ - | $ 1,092,057 |

*See accompanying Notes to Financial Statements.*

**LEFTHAND WATERSHED OVERSIGHT GROUP**
**STATEMENT OF FUNCTIONAL EXPENSES**
**YEAR ENDED DECEMBER 31, 2023**

| | Program Services | Management and General | Fundraising and Development | Total |
|---|---|---|---|---|
| Professional Services | $ 338,313 | $ - | $ - | $ 338,313 |
| Salaries and Wages | 469,479 | 30,107 | - | 499,586 |
| Benefits | - | 8,284 | - | 8,284 |
| Audit | - | 14,018 | - | 14,018 |
| Legal | - | 2,620 | - | 2,620 |
| Bookkeeper | - | 23,675 | - | 23,675 |
| Office and Administration | - | 48,416 | - | 48,416 |
| Insurance | - | 4,890 | - | 4,890 |
| Postage | - | 475 | - | 475 |
| Training | - | 4,309 | - | 4,309 |
| Transporation | | 10,185 | | 10,185 |
| Fundraising | - | - | 9,355 | 9,355 |
| Donated Rent | - | 32,108 | - | 32,108 |
| Total Expenses by Function | $ 807,792 | $ 179,087 | $ 9,355 | $ 996,234 |

*See accompanying Notes to Financial Statements.*

**LEFTHAND WATERSHED OVERSIGHT GROUP**
**STATEMENT OF CASH FLOWS**
**YEAR ENDED DECEMBER 31, 2023**

| | | |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Change in Net Assets | $ | 240,864 |
| Reconciliation of Change in Net Assets to | | |
| Net Cash Provided by Operating Activities | | |
| Depreciation | | 8,929 |
| Decrease in Current Assets: | | |
| Grant Receivables | | (99,800) |
| Other Receivables | | (32,050) |
| Prepaid Expenses | | (4,491) |
| Increase (Decrease) in Current Liabilities: | | |
| Accounts Payable | | 53,983 |
| Accrued Liabilities | | 13,895 |
| Deferred Revenue | | 199,991 |
| Net Cash Provided by Operating Activities | | 381,321 |
| **INCREASE IN CASH AND CASH EQUIVALENTS** | | 381,321 |
| Cash and Cash Equivalents - Beginning | | 673,860 |
| **CASH AND CASH EQUIVALENTS - ENDING** | $ | 1,055,181 |

*See accompanying Notes to Financial Statements.*

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Nature of Organization

The Lefthand Watershed Oversight Group (LWOG) is a nonprofit, 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.

### Property and Equipment

Property and equipment purchased is recorded at cost or fair market value in the case of donated items. In fiscal year 2022, LWOG purchased one fixed asset in late December. Accordingly, there has been one year of depreciation incurred on the useful life of this asset. Management assesses the carrying value of long-lived assets for impairment when circumstances indicate such amounts may not be recoverable from future operations. Generally, assets to be held and used in operations are considered impaired if the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset. If impairment is indicated, the loss is measured based on the amount by which the carrying value exceeds its fair market value. Management does not believe that any indicators of impairment existed. Therefore, no impairment losses were incurred during the year ended December 31, 2023.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

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 two financial institution. LWOG's cash balance, at certain times, exceeded 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, 2023. 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).

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Uncertain Tax Positions

LWOG has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (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, 2023, 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

LWOG reports the fair value of donated rent as donated goods and services, without donor restrictions, and immediately thereafter, as expense when donated to LWOG. During the year ended December 31, 2023, LWOG received $32,108 in donated rent.

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.

### Subsequent Events

In preparing this financial statement, LWOG has evaluated events and transactions for potential recognition or disclosure through, June 5, 2024, the date the financial statement was available to be issued. No subsequent events were identified.

### Accrued Vacation Payable

At LWOG, annual leave with pay is granted to every permanent full-time and part-time employee, beginning with the first full month of employment. Annual leave is accrued at 10 days per year for employees in their first and second year of employment, 15 days for years 3-9, and 20 days for employees who have been employed 10 or more years. Earned annual leave is calculated and accrued monthly and must be approved by the Executive Director or by the designated supervisor. Generally, no payments in lieu of annual leave will be made, except when an employee terminates employment, in which case, he or she will receive payment for that annual leave time which has accrued up to the date of termination.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Accrued Vacation Payable (Continued)**

Accrued health leave may not be taken as pay upon termination of employment. The accrued vacation liability as of December 31, 2023, totals $13,252.

## 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 | $ 1,055,181 |
| Grants Receivable | 182,580 |
| Other Receivables | 100,245 |
| Total Current Assets | 1,338,006 |
| Less: Board Operating Reserves | (190,000) |
| Less: Grant Payables | (58,843) |
| Financial Assets Available to Meet General Expenses Within One Year | $ 1,089,163 |

As of December 31, 2023, the balance of the operating reserve fund is $190,000.

## NOTE 3 CASH AND CASH EQUIVALENTS

LWOG maintains all of its cash with two financial institutions. The carrying amount of the bank balance was $1,137,552 on December 31, 2023. At times, cash balances may be in excess of FDIC insurance limits.

## 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.

*See accompanying Notes to Financial Statements.*

## NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose for the year ended December 31, 2023:

| | | |
|---|---|---|
| Satisfaction of Purpose Restrictions: | | |
| General Use - Federal Grants | $ | 40,744 |
| General Use - State Grants | | 277,243 |
| General Use - Private | | 4,146 |
| Total | $ | 322,133 |

## 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 2023 was $15,500, with an additional $3,500 catch-up contribution for those that are 50 or older. 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, 2023, LWOG contributed $10,802.

## NOTE 7 DONATED GOODS AND SERVICES

Donated goods and services for the fiscal year ended December 31, 2023, included in the financial statements, was as follows:

| | 2023 | |
|---|---|---|
| Rent | $ | 32,108 |
| | $ | 32,108 |

In valuing the contributed rent, which is for office space located in Longmont, LWOG estimated the fair value on the basis of comparable sales prices in Longmont's real estate market. Unless otherwise noted, contributed nonfinancial assets did not have donor restrictions.

*See accompanying Notes to Financial Statements.*

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