ROARING FORK CONSERVANCY

FINANCIAL STATEMENTS

December 31, 2021

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TABLE OF CONTENTS

Reese Henry & Company, Inc.
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Roaring Fork Conservancy
Basalt, Colorado

We have reviewed the accompanying financial statements of the Roaring Fork Conservancy (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

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

We are required to be independent of the Roaring Fork Conservancy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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

Reese Henry & Company, Inc.

Certified Public Accountants
Aspen, Colorado
May 22, 2023

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ROARING FORK CONSERVANCY
STATEMENT OF FINANCIAL POSITION
December 31, 2021

ASSETS		
Cash and Cash Equivalents	$	416,859
Board Designated Cash for River Center		93,646
Accounts Receivable, net		92,450
Inventory		10,723
Restricted Cash		134,114
Fixed Assets, net		3,133,294
TOTAL ASSETS	**$**	**3,881,086**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$	20,634
Accrued Liabilities		10,534
Mortgage Loan, net		265,170
TOTAL LIABILITIES		**296,338**
NET ASSETS		
Without Donor Restrictions		488,864
Board Designated		93,646
Invested in Fixed Assets, net of Loan		2,868,124
Net Assets Without Donor Restrictions		3,450,634
Net Assets With Donor Restrictions		134,114
TOTAL NET ASSETS		**3,584,748**
TOTAL LIABILITIES AND NET ASSETS	**$**	**3,881,086**

See accompanying notes and independent accountant's review report.

ROARING FORK CONSERVANCY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Contributions	$ 452,694	$ 17,971	$ 470,665
Grants	74,070	-	74,070
Payroll Protection Program Loan Grant	131,531	-	131,531
Roaring Fork Club Fees	98,026	-	98,026
Special Events, net	280,272	-	280,272
Program Fees	95,726	-	95,726
Investment Return, net	365	-	365
Other Income	13,970	-	13,970
Net Assets Released From Restrictions:			
Release of Restrictions	130,600	(130,600)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	**1,277,254**	**(112,629)**	**1,164,625**
EXPENSES			
Program Services	827,738	-	827,738
Management and General	258,229	-	258,229
Fundraising	125,242	-	125,242
TOTAL EXPENSES	**1,211,209**	**-**	**1,211,209**
CHANGE IN NET ASSETS	**66,045**	**(112,629)**	**(46,584)**
NET ASSETS, Beginning of year	**3,384,589**	**246,743**	**3,631,332**
NET ASSETS, End of year	**$ 3,450,634**	**$ 134,114**	**$ 3,584,748**

See accompanying notes and independent accountant's review report.

ROARING FORK CONSERVANCY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Program Services	Management and General	Fundraising	Cost of Goods Sold	Total
Salaries and Wages	$ 473,627	$ 66,373	$ 70,302	$ -	$ 610,302
Employee Benefits	69,073	9,403	10,253	-	88,729
Payroll Taxes	36,361	4,950	5,397	-	46,708
Program Expenses	60,259	-	-	-	60,259
Advertising and Promotion	10,533	288	19,887	-	30,708
Accounting Services	-	24,921	-	-	24,921
Office Expenses	48,455	5,857	5,332	-	59,644
Professional Services	450	-	-	-	450
Professional Dues and Memberships	2,265	1,901	270	-	4,436
Information Technology	7,100	888	888	-	8,876
Occupancy Costs	19,099	14,068	2,387	-	35,554
Insurance	16,307	-	-	-	16,307
Travel	5,704	713	713	-	7,130
Interest	-	15,264	-	-	15,264
Bad Debt Expense	-	103,790	-	-	103,790
Depreciation	78,505	9,813	9,813	-	98,131
Cost of Direct Benefit to Donors	-	-	-	55,895	55,895
Total Expenses by Function	827,738	258,229	125,242	55,895	1,267,104
Less expenses included with revenues on the statement of activities					
Cost of Direct Benefits to Donors	-	-	-	(55,895)	(55,895)
Total Expenses included in the expense section on the statement of activities	**$ 827,738**	**$ 258,229**	**$ 125,242**	**$ -**	**$ 1,211,209**

See accompanying notes and independent accountant's review report.

ROARING FORK CONSERVANCY
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$	(46,584)
Adjustments To Reconcile Change in Net Assets To Net Cash		
Provided By Operating Activities:		
Depreciation Expense		98,131
Amortization of Pledge Receivable Discount		(1,362)
Changes in Assets and Liabilities:		
Accounts Receivable		(44,796)
Pledges Receivable, net		(87,503)
Inventory		921
Accounts Payable		15,637
Accrued Liabilities		9,915
NET CASH PROVIDED BY OPERATING ACTIVITIES		**48,149**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets		(8,446)
NET CASH USED IN INVESTING ACTIVITIES		**(8,446)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Mortgage Loan		(9,496)
NET CASH USED IN FINANCING ACTIVITIES		**(9,496)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**30,207**
CASH AND CASH EQUIVALENTS, Beginning of year		**614,412**
CASH AND CASH EQUIVALENTS, End of year	**$**	**644,619**
Cash and Cash Equivalents consists of:		
Cash and Cash Equivalents	$	416,859
Board Designated Cash for River Center		93,646
Restricted Cash		134,114
Total Cash and Cash Equivalents	$	644,619
CASH PAID FOR INTEREST	$	15,264

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, 2020, 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, 2021, the Conservancy had cash in excess of FDIC insurance of approximately $391,000.

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, 2021, the Conservancy had an allowance for uncollectible receivables of $38,508.

PLEDGES RECEIVABLE

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

FIXED ASSETS

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

REVENUE RECOGNITION

CONTRIBUTIONS AND GRANTS

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

SPECIAL EVENTS

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

PROGRAM FEES

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

IN-KIND CONTRIBUTIONS

The Conservancy primarily receives in-kind contributions that consist of donated services and items for special events. 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, 2021, the Conservancy did not receive any in-kind donations.

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, 2020. 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, 2021 was $30,708.

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.

UPCOMING ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02 to increase transparency and comparability of information regarding an entity's leasing activities by providing additional information to users of financial statements. ASU 2016-02 requires lessees to recognize most leases on their balance sheet by recording a liability for its lease obligation and an asset for its right to use the underlying asset as of the lease commencement date and recognizing expenses on the income statement in a similar manager to the current guidance in ASC Topic 840, Leases ("ASC 840"). The new lease guidance will be effective for the Conservancy's year ending December 31, 2022. The Conservancy is currently in the process of evaluating the impact the adoption will have on the Conservancy's financial condition, results of operations, and cash flows.

DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through May 22, 2023 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, 2021.

Cash and Cash Equivalents	$ 416,859
Accounts Receivable	92,450
	$ 416,859

As part of the Conservancy's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Conservancy has a committed line of credit in the amount of $50,000 (as further discussed in Note 6), which it could draw upon.

4. FIXED ASSETS

Fixed assets consist of the following as of December 31, 2021:

Building	$ 3,232,380
Land	130,360
Furniture and Fixtures	99,649
Office Equipment	58,210
Total	3,520,599
Less Accumulated Depreciation	(387,305)
Fixed Assets, net	$ 3,133,294

Depreciation expense for the year ending December 31, 2021 was $98,131.

5. 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.

Line of Credit

In November 2018, the Conservancy obtained a $50,000 line of credit with a bank, which matures on November 16, 2022. Bank advances on the line of credit are payable on demand and carry an interest rate of 8.75%. The line of credit is secured by a promissory note that collateralizes substantially all business assets of the Conservancy. For the year ended December 31, 2020, the Conservancy incurred no interest expense on the line of credit. The line of credit had no outstanding balance as of December 31, 2021.

Payroll Protection Program Loan

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

On March 4, 2021, the Conservancy received a Federal Payroll Protection Loan in the amount of $131,531. This loan is contingently forgiven if the Conservancy meets certain expenditure requirements. Any unforgiven portion of the loan will require monthly principal and interest payments beginning October 4, 2021, carries an interest rate of 1%, and matures on March 4, 2023. The loan was fully forgiven in January 2022.

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

2022	$ 10,543
2023	11,125
2024	11,740
2025	12,385
2026	13,073
Thereafter	209,120
	267,986
Less: Unamortized loan fees	2,816
	$ 265,170

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2021 included the following:

Monitoring Reserve	$ 126,614
Brooks Easement	4,000
Coryell Ranch Easement	3,500
	$ 134,114

Net assets released from donor restrictions by incurring expenses satisfying the purpose specified by donors totaled $89,600 for the year ended December 31, 2021.

7. RETIREMENT PLAN

The Conservancy offers its staff the option to participate in a deferred compensation plan pursuant to section 403(b) of the Internal Revenue Code. Staff contributions are voluntary and are made on a pre-tax basis. The Conservancy has elected to contribute two percent of eligible employees' annual compensation. For the year ended December 31, 2021, the Conservancy contributed $10,789 to the plan.

8. CONCENTRATIONS

As of December 31, 2021, 47% of accounts receivable is due from one customer.

9. COMMITMENTS AND CONTINGENCIES

Land Lease Agreement

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