



**ROARING FORK CONSERVANCY**

**FINANCIAL STATEMENTS**

**December 31, 2022**

**ROARING FORK CONSERVANCY**

**FINANCIAL STATEMENTS**

**December 31, 2022**

**TABLE OF CONTENTS**

<b>ITEM</b>	<b>PAGE NUMBER</b>
Independent Accountant's Review Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 12



## 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, 2022, 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  
August 30, 2023

**ROARING FORK CONSERVANCY**  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2022

**ASSETS**

Cash and Cash Equivalents	\$	287,194
Board Designated Cash for River Center		122,719
Accounts Receivable, net		114,339
Inventory		25,448
Other Assets		2,656
Investments		2,017
Board Designated Investments for River Center		20,964
Restricted Cash		122,688
Restricted Investments		50,346
Fixed Assets, net		3,035,451
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>3,783,822</b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts Payable	\$	5,675
Accrued Liabilities		5,936
Mortgage Loan, net		254,992
<b>TOTAL LIABILITIES</b>		<b>266,603</b>

**NET ASSETS**

Without Donor Restrictions	420,043
Board Designated	143,683
Invested in Fixed Assets, net of Loan	2,780,459
Net Assets Without Donor Restrictions	3,344,185
Net Assets With Donor Restrictions	173,034
<b>TOTAL NET ASSETS</b>	<b>3,517,219</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,783,822</b>

See accompanying notes and independent accountant's review report.

**ROARING FORK CONSERVANCY**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Contributions	\$ 409,014	\$ 117,584	\$ 526,598
Grants	159,173	-	159,173
Roaring Fork Club Fees	32,410	-	32,410
Special Events, net	286,283	-	286,283
Program Fees	112,072	-	112,072
Mechandise Sales, net	117	-	117
Investment Return, net	688	-	688
Other Income	14,341	-	14,341
Net Assets Released From Restrictions:			
Release of Restrictions	78,664	(78,664)	-
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>1,092,762</b>	<b>38,920</b>	<b>1,131,682</b>
<b>EXPENSES</b>			
Program Services	911,137	-	911,137
Management and General	150,053	-	150,053
Fundraising	138,021	-	138,021
<b>TOTAL EXPENSES</b>	<b>1,199,211</b>	<b>-</b>	<b>1,199,211</b>
<b>CHANGE IN NET ASSETS</b>	<b>(106,449)</b>	<b>38,920</b>	<b>(67,529)</b>
<b>NET ASSETS, Beginning of year</b>	<b>3,450,634</b>	<b>134,114</b>	<b>3,584,748</b>
<b>NET ASSETS, End of year</b>	<b>\$ 3,344,185</b>	<b>\$ 173,034</b>	<b>\$ 3,517,219</b>

See accompanying notes and independent accountant's review report.

**ROARING FORK CONSERVANCY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2022**

	Program Services	Management and General	Fundraising	Cost of Goods Sold	Total
Salaries and Wages	\$ 503,461	\$ 70,533	\$ 74,695	\$ -	\$ 648,689
Employee Benefits	75,920	10,337	11,264	-	97,521
Payroll Taxes	38,888	5,295	5,770	-	49,953
Program Expenses	118,972	-	-	-	118,972
Advertising and Promotion	10,867	321	25,278	-	36,466
Accounting Services	-	16,847	-	-	16,847
Office Expenses	21,930	2,741	2,741	-	27,412
Professional Services	1,081	-	-	-	1,081
Professional Dues and Memberships	260	1,143	33	-	1,436
Information Technology	12,562	1,570	1,570	-	15,702
Rent and Occupancy Costs	25,271	13,803	4,342	-	43,416
Insurance	13,976	1,747	1,747	-	17,470
Travel	6,373	797	797	-	7,967
Interest and Loan Fee Amortization	2,916	11,665	-	-	14,581
Bad Debt Expense	386	3,470	-	-	3,856
Depreciation	78,274	9,784	9,784	-	97,842
Cost of Direct Benefit to Donors	-	-	-	99,017	99,017
Cost of Goods Sold	-	-	-	1,053	1,053
Total Expenses by Function	<u>911,137</u>	<u>150,053</u>	<u>138,021</u>	<u>100,070</u>	<u>1,299,281</u>
Less expenses included with revenues on the statement of activities					
Cost of Direct Benefits to Donors	-	-	-	(99,017)	(99,017)
Cost of Goods Sold	-	-	-	(1,053)	(1,053)
Total Expenses included in the expense section on the statement of activities	<u><u>\$ 911,137</u></u>	<u><u>\$ 150,053</u></u>	<u><u>\$ 138,021</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,199,211</u></u>

See accompanying notes and independent accountant's review report.

**ROARING FORK CONSERVANCY**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2022**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in Net Assets	\$ (67,529)
Adjustments To Reconcile Change in Net Assets To Net Cash Provided By Operating Activities:	
Depreciation Expense	97,842
Bad Debt Expense	3,856
Unrealized Gain on Investments	(533)
Amortization of Loan Fees	364
Changes in Assets and Liabilities:	
Accounts Receivable	(25,745)
Inventory	(17,381)
Accounts Payable	(14,959)
Accrued Liabilities	(4,598)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b><u>(28,683)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Payments on Mortgage Loan	(10,542)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b><u>(10,542)</u></b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(39,225)</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<b><u>571,826</u></b>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<b><u>\$ 532,601</u></b>
<b>Cash and Cash Equivalents consists of:</b>	
Cash and Cash Equivalents	\$ 287,194
Board Designated Cash for River Center	122,719
Restricted Cash	122,688
Total Cash and Cash Equivalents	<b><u>\$ 532,601</u></b>
<b>CASH PAID FOR INTEREST</b>	<b><u>\$ 14,218</u></b>

See accompanying notes and independent accountant's review report.

**ROARING FORK CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022**

**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 purpose for which the resource was restricted has been fulfilled, or both. As of December 31, 2022, 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, 2022, the Conservancy had cash in excess of FDIC insurance of \$276,020.



**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, 2022, the Conservancy had an allowance for uncollectible receivables of \$42,364.

**PLEDGES RECEIVABLE**

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

**INVENTORY**

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

**INVESTMENTS**

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

**FIXED ASSETS**

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

## REVENUE RECOGNITION

### CONTRIBUTIONS AND GRANTS

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

### SPECIAL EVENTS

Special events income includes the annual River Rendezvous event and auction and the Return to River Auction. Special event income is recognized when the event occurs.

### PROGRAM FEES

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

### IN-KIND CONTRIBUTIONS

The Conservancy primarily receives in-kind contributions that consist of donated services and items for the Return to River Auction. Donated services that create or enhance nonfinancial assets or that require specialized skills, that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the year received. During the year ended December 31, 2022, the Conservancy did not receive any in-kind donations of services. During the year ended December 31, 2022, the Conservancy received donations with a total fair market value of \$74,417 for the Return to River Auction. Proceeds of \$45,854 were received for the sale of the items in the auction. The proceeds received of \$45,854 are recognized as special event income in the statement of activities.

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

## **INCOME TAXES**

The Conservancy is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The accounting standard on accounting for uncertainty in taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Conservancy follows the use of a two-step approach for recognizing and measuring tax positions taken or expected to be taken in a tax return. First, a tax position should only be recognized when it is more likely than not, based on technical merits, that the position will be sustained upon examination by the taxing authority. Second, a tax position that meets the recognition threshold should be measured at the largest amount that has a greater than 50 percent likelihood of being sustained. The Conservancy had no material unrecognized tax benefits for the year ended December 31, 2022. 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, 2022, were \$36,466.

## **USE OF ESTIMATES**

The preparation of financial statements in conformity with GAAP includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

## **DATE OF MANAGEMENT'S REVIEW**

Management has evaluated subsequent events through August 30, 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, 2022.

Cash and Cash Equivalents	\$ 287,194
Accounts Receivable	114,339
Investments	<u>2,017</u>
	<u>\$ 403,550</u>

#### 4. FAIR VALUE MEASUREMENT

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

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

The following table summarizes the valuation of investments in the fair value hierarchy as of December 31, 2022. All investments are considered Level 1 investments.

	Fair Value
Certificates of Deposit - With Donor Restrictions	\$ 50,346
Certificates of Deposit - Board Designated	20,964
Certificates of Deposit - Without Donor Restrictions	2,017
	<u>\$ 73,327</u>

#### 5. FIXED ASSETS

Fixed assets consist of the following as of December 31, 2022:

Building	\$ 3,232,380
Land	130,360
Furniture and Fixtures	99,649
Office Equipment	58,210
Total	<u>3,520,599</u>
Less Accumulated Depreciation	<u>(485,148)</u>
Fixed Assets, net	<u>\$ 3,035,451</u>

Depreciation expense for the year ending December 31, 2022, was \$97,842.

## 6. DEBT

### Mortgage Loan

On September 26, 2019, the Conservancy entered a term loan with a bank for \$300,843, of which \$295,942 was used to pay off the construction loan and \$4,901 was received in cash. The term loan incurs interest at 5.39%. The loan requires monthly payments of principal and interest of \$2,063 and a balloon payment of all unpaid principal and interest on September 26, 2029. The term loan matures September 26, 2029.

### Line of Credit

In November 2018, the Conservancy obtained a \$50,000 line of credit with a bank, which matured 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. There were no draws on the line of credit during the year ended December 31, 2022.

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

2023	\$ 11,125
2024	11,740
2025	12,385
2026	13,073
2027	13,795
Thereafter	<u>195,328</u>
	257,446
Less: Unamortized loan fees	<u>2,454</u>
	<u>\$ 254,992</u>

## 7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2022, included the following:

Monitoring Reserve	\$ 112,924
Brooks Easement	4,000
Coryell Ranch Easement	3,500
River Center Shade Structure	48,860
Keep It Clean Program	<u>3,750</u>
	<u>\$ 173,034</u>

Net assets released from donor restrictions by incurring expenses satisfying the purpose specified by donors totaled \$78,664 for the year ended December 31, 2022.

## **8. RETIREMENT PLAN**

The Conservancy offers its staff the option to participate in a deferred compensation plan pursuant to section 403(b) of the Internal Revenue Code. Staff contributions are voluntary and are made on a pre-tax basis. The Conservancy has elected to contribute two percent of eligible employees' annual compensation. For the year ended December 31, 2022, the Conservancy contributed \$10,713 to the plan.

## **9. CONCENTRATIONS**

As of December 31, 2022, 84% of net accounts receivable is due from two customers.

## **10. COMMITMENTS AND CONTINGENCIES**

### **Land Lease Agreement**

The Conservancy sold a piece of land in Basalt, Colorado to the Town of Basalt on April 15, 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.