



COALITION FOR THE POUDRE RIVER WATERSHED

FINANCIAL REPORT

For the Year Ended December 31, 2021

COALITION FOR THE POUFRE RIVER WATERSHED

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Coalition for the Poudre River Watershed
Fort Collins, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Coalition for the Poudre Watershed (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 present fairly, in all material respects, the financial position of the Coalition for the Poudre Watershed as of December 31, 2021, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Coalition for the Poudre Watershed 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 opinions.

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 the Coalition for the Poudre Watershed's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards and Government Auditing Standards 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 generally accepted auditing standards and Government Auditing Standards, 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 the Coalition for the Poudre Watershed'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 the Coalition for the Poudre Watershed'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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 schedule of expenditures of federal awards 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 May 5, 2022 on our consideration of the Coalition for the Poudre River Watershed'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 Coalition for the Poudre River Watershed'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 Coalition for the Poudre River Watershed's internal control over financial reporting and compliance.

A handwritten signature in cursive script, reading "RLR" followed by a small "LLP" in the bottom right corner of the signature.

Fort Collins, Colorado
May 5, 2022

COALITION FOR THE POUUDRE RIVER WATERSHED
STATEMENT OF FINANCIAL POSITION
December 31, 2021

	2021
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 530,235
Accounts receivable, net of allowance for doubtful accounts	470,804
Pledge receivable	25,000
Prepaid expenses	3,756
Total current assets	1,029,795
Non-Current Assets	
Property and equipment, net of accumulated depreciation	4,994
Deposits	792
Total non-current assets	5,786
Total assets	\$ 1,035,581
 LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable and accrued expenses	\$ 410,522
Deferred revenue	120,512
Retainage	137,615
Total current liabilities	668,649
Total liabilities	668,649
Net Assets	
Net assets without donor restrictions	190,820
Net assets with donor restrictions	176,112
Total net assets	366,932
Total liabilities and net assets	\$ 1,035,581

See accompanying notes to financial statements and independent auditors' report.

COALITION FOR THE POUUDRE RIVER WATERSHED
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	2021 Total
Revenues and Gains			
Contributions and grants	\$ 600,976	\$ 88,919	\$ 689,895
Government grants	2,448,557	-	2,448,557
Gain on Paycheck Protection Program loan forgiveness (Note 3)	38,656	-	38,656
Net assets released from restrictions	24,612	(24,612)	-
Total revenues and gains	3,112,801	64,307	3,177,108
Operating Expenses			
Program	2,994,917	-	2,994,917
Management and general	61,091	-	61,091
Fundraising	9,388	-	9,388
Total operating expenses	3,065,396	-	3,065,396
Change in net assets	47,405	64,307	111,712
Net Assets, Beginning of Year	143,415	111,805	255,220
Net Assets, End of Year	<u>\$ 190,820</u>	<u>\$ 176,112</u>	<u>\$ 366,932</u>

See accompanying notes to financial statements and independent auditors' report.

COALITION FOR THE POUDBRE RIVER WATERSHED
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Program	Management and General	Fundraising	2021 Total
Contracted program services	\$ 2,613,203	\$ 1,000	\$ -	\$ 2,614,203
Depreciation	2,703	112	9	2,824
Small equipment	14,558	876	-	15,434
Facilities expense	677	10,290	-	10,967
Fundraising	-	2,009	7,660	9,669
Insurance	-	3,356	-	3,356
Office expense	2,004	5,395	317	7,716
Payroll and related taxes	280,031	11,436	950	292,417
Professional fees	45,569	26,359	-	71,928
Program supplies	23,588	130	-	23,718
Promotion	5,716	-	418	6,134
Travel and meals	6,819	-	34	6,853
Interest	49	128	-	177
Total expenses	2,994,917	61,091	9,388	3,065,396

See accompanying notes to financial statements and independent auditors' report.

COALITION FOR THE POUFRE RIVER WATERSHED
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

	2021
Cash Flows from Operating Activities	
Change in net assets	\$ 111,712
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,824
Change in allowance for doubtful accounts	(365)
Gain on Paycheck Protection Program loan forgiveness (Note 3)	(38,656)
Change in assets and liabilities:	
Accounts receivable	146,495
Pledge receivable	25,000
Inventories	2,003
Prepaid expenses	2,735
Accounts payable and accrued expenses	46,620
Deferred revenue	120,512
Retainage	13,661
Net cash provided by operating activities	432,541
Net Increase in Cash and Cash Equivalents	432,541
Cash and Cash Equivalents - Beginning of Year	97,694
Cash and Cash Equivalents - End of Year	\$ 530,235

See accompanying notes to financial statements and independent auditors' report.

COALITION FOR THE POUDBRE RIVER WATERSHED
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 1. Nature of Operations and Significant Accounting Policies

Organization

Coalition for the Poudre River Watershed ("the Coalition") is a nonprofit organization incorporated under the laws of the State of Colorado on May 7, 2013. The Coalition is tax exempt under section 501(c)(3) of the Internal Revenue Code.

The Coalition, initially known as the High Park Restoration Coalition (a non-incorporated entity), was formed by a group of individuals; nonprofit agencies; and local, state, and federal governmental agencies following the 2012 High Park and Hewlett Gulch wildfires. The two wildfires burned approximately 95,000 acres of forest land and 259 homes in the Cache la Poudre River ("the Poudre River") watershed west of Fort Collins, Colorado.

The Coalition's mission is to improve and maintain the ecological health of the Poudre River watershed through community collaboration. Activities include bringing stakeholders together to conduct post-fire restoration, wildfire mitigation, forest health, and river resiliency projects; and watershed planning to improve the health of the Poudre River and protect the water supply for over 200,000 people. The Coalition's revenue is generated primarily from governmental grants and contracts, with additional funding from private entities and the general public.

The Coalition engages in four primary activities to fulfill its mission. Funding for these activities consists primarily of cost reimbursement grants, which are provided by numerous federal, state, and local government agencies as well as private entities.

Post-Fire Restoration

The Coalition implements restoration treatments that are designed to reduce the impacts emanating from large, high intensity wildfires such as the 2012 High Park Fire and now the Cameron Peak Fire. Restoration treatments typically include hillslope stabilization, river bank bio-stabilization, erosion control, and river channel improvements.

Planning

Coalition staff members use best available science and input from stakeholders to identify high priority restoration needs in the Poudre River watershed. Initially focused on the upper watershed (above the mouth of Poudre Canyon), planning work now includes areas of the river east of the City of Fort Collins. Focus areas for planning include wildfire mitigation and forest restoration, river health assessment, and flood resiliency.

Outreach

Coalition staff members work on two general types of outreach. First, outreach that supports connecting with the general public regarding our mission and programs, such as attending festivals, giving presentations, and maintaining social media presence. Second, outreach work is developed that is tied to specific program or project goals, such as private landowner outreach to assist with forestry work or flood resiliency work.

Watershed Resiliency

The Coalition works with sub-contractors to implement high priority watershed restoration projects based on the planning and outreach work. To date, this has mostly focused on wildfire mitigation, forest restoration, and efforts to build a citizen science water quality monitoring program.

COALITION FOR THE POUUDRE RIVER WATERSHED

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Note 1. Nature of Operations and Significant Accounting Policies (continued)

Basis of Presentation

The financial statements of the Coalition have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). As required by Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, the Coalition reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restrictions.

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions, but may be subject to board designated restrictions on their use.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Coalition and/or the passage of time. The Coalition had \$176,112 in net assets with donor restrictions at December 31, 2021, as disclosed in Note 6.

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

Cash and Cash Equivalents

For purposes of financial statement presentation, the Coalition considers all investments with an original maturity of three months or less to be cash equivalents.

The Coalition maintains cash balances at a financial institution, in which cash balances are federally insured up to \$250,000 as guaranteed by the Federal Deposit Insurance Corporation. The Coalition has not experienced any losses in these accounts.

Inventory

Inventory, consisting of an assortment of hats and clothing, is stated at the lower of cost or net realizable value determined on a first-in, first-out basis by the Coalition's personnel. At December 31, 2021, there was no inventory.

Fair Value

Fair value is the price that would be received from the sale of an asset or settlement of a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities which are required to be recorded at fair value, the Coalition considers the principal or most advantageous market in which a hypothetical sale or transfer would take place and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of non-performance.

The fair value hierarchy is made up of three levels of inputs which may be used to measure fair value: Level 1—observable inputs such as quoted prices for identical instruments in active markets; Level 2—observable inputs such as quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model derived valuations in which all significant inputs are observable in active markets; and Level 3—unobservable inputs for which there is little or no market data and which require us to develop our own assumptions.

COALITION FOR THE POUUDRE RIVER WATERSHED
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 1. Nature of Operations and Significant Accounting Policies (continued)

Fair Value (continued)

The Coalition categorizes fair value measurements within the fair value hierarchy based upon the lowest level of the most significant inputs used to determine such fair value measurement.

Income Taxes

The Coalition has adopted the recognition requirements for uncertainty in income taxes as required by the *Financial Accounting Standards Board Accounting Standards Codification 740-10*. The standard prescribes a comprehensive model for how an organization should recognize, measure, present and disclose in the financial statements uncertainty in income taxes the organization has taken or expects to take on a tax return. The Coalition's income tax filings are subject to audit by various taxing authorities.

No provisions for income taxes have been made in the financial statements, as the Coalition has qualified as non-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and has not generated any unrelated business income during 2021. The Coalition believes that it has appropriate support for any income tax positions taken, and as such, does not believe it has any uncertainty in income taxes that are material to the financial statements.

Property and Equipment

The Coalition capitalizes all property and equipment with a cost of \$2,500 or greater if purchased. Donations of property and equipment are recorded as support at their estimated fair value at date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Coalition reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Coalition reclassifies restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method with estimated useful lives of five years.

Compensated Absences

All employees are entitled to pay vacation and sick leave, and may roll over their earned and unused vacation leave into the following calendar year. Employees are entitled to compensation for all earned and unused vacation leave upon termination of employment.

Revenue Recognition

Accounting for grants and contributions is in accordance with FASB issued Accounting Standards Update No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Coalition recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Advertising

Advertising costs are expensed as incurred. The Coalition incurred no advertising expenses during the period ended December 31, 2021.

COALITION FOR THE POUUDRE RIVER WATERSHED
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 1. Nature of Operations and Significant Accounting Policies (continued)

Contributed Goods and Services

Donated goods are recognized when donated as revenue at fair value in the period such contributions are made. Donated services are recognized as contributions, using Level 3 inputs of the fair value hierarchy, only if the services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Coalition receives a substantial amount of services donated by unpaid volunteers. Some of the volunteer services are not recognized in the financial statements because the services do not meet the criteria for recognition.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The Coalition allocates its expenses on a functional basis among its various programs including fundraising activities and support services. Expenses and support services that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several programs are allocated based on estimated employee time expended.

Subsequent Events

In preparing these financial statements, the Coalition has evaluated events and transactions for potential recognition or disclosure through May 5, 2022, the date the financial statements were available to be issued.

Note 2. Property and Equipment

Property and equipment consist of the following at December 31, 2021:

	<u>Amount</u>
Equipment	\$ 10,042
Software	4,080
Less: accumulated depreciation	<u>(9,128)</u>
	<u>\$ 4,994</u>

Note 3. Paycheck Protection Program Loan

Prior to December 31, 2021, the Coalition received funds from the Federal Paycheck Protection Program through the CARES Act in the amount of \$38,400. The Act provided initial funds as an unsecured loan agreement that bore interest of 1% per year. The Coalition elected to treat the funds as debt in accordance with ASC 958-470, Not-for-Profit Entities-Debt. During the year ended December 31, 2021, the Coalition applied for loan forgiveness from the Federal Paycheck Protection Program through the CARES Act in accordance with the terms of the Paycheck Protection Program and the loan was forgiven in full. The gain on loan forgiveness is shown on the statement of activities for the year ended December 31, 2021.

Note 4. Grant Contingencies

The Coalition receives financial assistance from various governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with term and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such an audit could become a liability of the Coalition. However, in the opinion of the Coalition, any such disallowed claims will not have a material effect on the financial statements or on the overall financial position of the Coalition at December 31, 2021.

COALITION FOR THE POUUDRE RIVER WATERSHED
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 5. Concentrations

Approximately, 77% of the Coalition's revenue is derived from governmental grants for the period ended December 31, 2021. All of the outstanding grants receivable balance at December 31, 2021 are from governmental grants. The current level of the Coalition's operations and program services may be impacted if the funding is not renewed.

During the year ended December 31, 2021, the Coalition had expenses with one major vendor in excess of 10% of total expenses. Approximately 60% of total expenses were paid to the vendor during the year ended December 31, 2021. At December 31, 2021, 12% of the accounts payable balance was owed to the major vendor.

Note 6. Net Assets with Donor Restrictions

Net assets with donor restriction funds include contributions restricted by donors for specific purposes and/or the passage of time. Net assets with donor restrictions consist of the following at December 31, 2021:

	Amount
Cameron Peak Fire	\$ 112,128
Post Fire Management	38,984
Pledge receivable due within 1 year	25,000
	<u>\$ 176,112</u>

Note 7. Office Lease

The Coalition leases office space in Fort Collins, Colorado. The one year gross lease requires monthly payments of \$845 and terminates on June 1, 2021. Upon termination, the lease was extended through May 31, 2022 with monthly rental payments of \$910. Rental expenses under this lease totaled \$10,140 for the year ended December 31, 2021. Future minimum lease payments due during 2022 total \$4,550. The lease may be renewed for an additional period of one to three years at the prevailing market rate as determined by the lessor.

Note 8. Liquidity and Availability of Financial Assets

The Coalition monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Coalition has the following financial assets that could readily be made available within one year of the statement of financial position date to fund expenses without limitations:

	2021
Cash and cash equivalents	\$ 530,235
Accounts Receivable	470,804
Pledge receivable	25,000
	<u>\$ 1,026,039</u>

The Coalition forecasts its future cash flows and monitors its liquidity quarterly. The Coalition receives significant cost reimbursement grants and contracts that are restricted for programs which are ongoing, major, and central to its annual operations. In addition, the Coalition receives support without donor restrictions; such support is available for general expenditures. The Coalition anticipates covering its general expenditures by collecting sufficient donations and other revenues, by utilizing resources from current and prior years gifts. The statement of cash flows identifies the sources and uses of the Center's cash and cash equivalents and presents net cash provided by operations of \$432,541 for the year ended December 31, 2021.

COALITION FOR THE POUUDRE RIVER WATERSHED
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 9. Trends and Uncertainties

In 2021 and 2022, domestic and international economies face uncertainty related to the impact of the COVID-19 disease. The Organization has been and may continue to be adversely affected through lack of employee availability, interruptions in operations and ability to serve program participants, and decreases in revenue. Management is currently evaluating the impact it will have on future operations.

**COALITION FOR THE POUFRE RIVER WATERSHED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Sub- recipients	Total Federal Expenditures
<u>U.S. Department of the Interior</u>				
Passed through the Bureau of Reclamation:				
Cooperative Watershed Management	15.554	R18AP0098	\$ -	\$ 86,036
<u>U.S. Department of Agriculture</u>				
Passed through the United States Forestry Service:				
Partnership Agreement	10.699	17-PA-11021000-031	-	93,947
Partnership Agreement	10.699	18-JV-11221634-186	-	20,271
Cooperative Forestry Assistance	10.664	2018-1	-	5,594
Total U.S. Department of Agriculture			-	119,812
<u>U.S. Department of Housing and Urban Development</u>				
Passed through the Colorado Department of Local Affairs				
Community Development Block Grants-				
Disaster Recovery:				
Implementation 2019 Grant	14.269	CDBG-DR WI19-100	-	79,107
Implementation 2019 Grant	14.269	CDBG-DR WI19-400	-	414,543
			-	493,650
<u>U.S. Environmental Protection Agency</u>				
Passed through the Colorado Department of Public Health and Environment				
Capitalization Grants for Drinking Water State Revolving Funds	66.458	2021.3886	-	150,737
Total Expenditures of Federal Awards			\$ -	\$ 850,235

See accompanying independent auditors' report and notes to the schedule of expenditures of federal awards.

COALITION FOR THE POUDBRE RIVER WATERSHED
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2021

General

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Coalition for the Poudre River Watershed. All federal financial assistance received by the reporting entity directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule.

Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Indirect Cost Rate Election

Coalition for the Poudre River Watershed did not elect to use the 10% de minimis indirect cost rate during the year ended December 31, 2021.



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

To the Board of Directors
Coalition for the Poudre River Watershed
Fort Collins, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Coalition for the Poudre River Watershed's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each Coalition for the Poudre River Watershed's major federal programs for the year ended December 31, 2021. Coalition for the Poudre River Watershed's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion Coalition for the Poudre River Watershed complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Coalition for the Poudre River Watershed and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Coalition for the Poudre River Watershed's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable Coalition for the Poudre River Watershed's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Coalition for the Poudre River Watershed's compliance based on our audit. 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 generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance applicable Coalition for the Poudre River Watershed's compliance with the requirements of each major federal program as a whole

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Coalition for the Poudre River Watershed's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Coalition for the Poudre River Watershed's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Coalition for the Poudre River Watershed's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.

Report on Internal Control over Compliance (continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

A handwritten signature in cursive script, reading "RLR, LLP". The letters are fluid and connected, with a small "LLP" at the end.

Fort Collins, Colorado
May 5, 2022



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

To the Board of Directors
Coalition for the Poudre River Watershed
Fort Collins, 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 Coalition for the Poudre River Watershed (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 May 5, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Coalition for the Poudre River Watershed'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 Coalition for the Poudre River Watershed's internal control. Accordingly, we do not express an opinion on the effectiveness of Coalition for the Poudre River Watershed'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 Coalition for the Poudre River Watershed'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "RLR" followed by "LLP" in a smaller font.

Fort Collins, Colorado
May 5, 2022

COALITION FOR THE POUUDRE RIVER WATERSHED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2021

A. As required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the following is a summary of the results of our audit:

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Type of auditors' report issued on compliance for major programs: Unmodified

Internal control over major programs:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified? _____ Yes X None Reported

Any audit findings disclosed that are required to be reported in accordance with section 516(a) of the Uniform Guidance? _____ Yes X No

The following program was tested as a major program:

<u>Federal Grantor/Program Name</u>	<u>CFDA Number</u>
U.S. Department of Housing and Urban Development: Community Development Block Grants – Disaster Recovery	14.269

- The threshold for distinguishing Types A and B programs was \$750,000.
- The auditee did not qualify as low-risk.

B. Findings – Financial Statement Audit

Current Year Audit Findings: None

Prior Year Audit Findings: None

C. Findings and Questions Costs – Major Federal Awards Programs Audit

Current Year Audit Findings: None

Prior Year Audit Findings: None