

COLORADO FOURTEENERS INITIATIVE

Financial Statements As Of December 31, 2009

Together With Independent Auditors' Report



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Colorado Fourteeners Initiative:

We have audited the accompanying statement of financial position of Colorado Fourteeners Initiative ("CFI") as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the year ended December 31, 2009. These financial statements are the responsibility of CFI's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Colorado Fourteeners Initiative as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the year ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

JDS Professional Group

June 23, 2010

Members:

American Institute of Certified Public Accountants • Colorado Society of Certified Public Accountants

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COLORADO FOURTEENERS INITIATIVE

Statement Of Financial Position
As Of December 31, 2009 And 2008

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	<u>2009</u>	<u>2008</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 106,158	\$ 113,516
Accounts receivable	47,735	10,000
Promises to give	<u>10,825</u>	<u>5,102</u>
Total Current Assets	164,718	128,618
Property and equipment, net	<u>55,942</u>	<u>77,427</u>
TOTAL ASSETS	<u><u>\$ 220,660</u></u>	<u><u>\$ 206,045</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 2,478	\$ 4,050
Accrued liabilities	1,955	
Notes payable		<u>35,000</u>
Total Current Liabilities	<u>4,433</u>	<u>39,050</u>
Net Assets:		
Unrestricted	164,124	150,995
Temporarily restricted	<u>52,103</u>	<u>16,000</u>
Total Net Assets	<u>216,227</u>	<u>166,995</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 220,660</u></u>	<u><u>\$ 206,045</u></u>

The accompanying notes are an integral part of the financial statements.

COLORADO FOURTEENERS INITIATIVE

Statement Of Activities

For The Year Ended December 31, 2009

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2009 Total</u>
Support And Revenue:			
Contributions	\$ 133,090	\$ 96,162	\$ 229,252
Government grants	281,879		281,879
Special event income	335		335
Other income	773		773
	<u>416,077</u>	<u>96,162</u>	<u>512,239</u>
Net assets released from restrictions-			
Satisfaction of program restrictions	60,059	(60,059)	
Total Support And Revenue	<u>476,136</u>	<u>36,103</u>	<u>512,239</u>
Expenses:			
Program Services -			
Education and projects	<u>376,260</u>		<u>376,260</u>
Supporting Services -			
General administration	37,892		37,892
Fundraising	48,855		48,855
Total Supporting Services	<u>86,747</u>		<u>86,747</u>
Total Expenses	<u>463,007</u>		<u>463,007</u>
CHANGES IN NET ASSETS	13,129	36,103	49,232
Net Assets, Beginning Of Year	<u>150,995</u>	<u>16,000</u>	<u>166,995</u>
NET ASSETS, END OF YEAR	<u>\$ 164,124</u>	<u>\$ 52,103</u>	<u>\$ 216,227</u>

The accompanying notes are an integral part of the financial statements.

COLORADO FOURTEENERS INITIATIVE

Statement Of Cash Flows

For The Year Ended December 31, 2009

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	<u>2009</u>
Cash flows from operating activities:	
Changes in net assets	\$ 49,232
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation and amortization	22,735
Changes in operating assets and liabilities - (Increase) in accounts receivable	(37,735)
(Increase) in promises to give	(5,723)
Decrease in accounts payable	(1,571)
Increase accrued liabilities	1,955
Net cash provided by operating activities	<u>28,893</u>
Cash flows from financing activities:	
Purchase of property and equipment	(1,251)
Proceeds from notes payable	20,000
Payments on notes payable	<u>(55,000)</u>
Net cash (used in) financing activities	<u>(36,251)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	 (7,358)
Cash and Cash Equivalents, Beginning Of Year	<u>113,516</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 106,158</u></u>

The accompanying notes are an integral part of the financial statements.

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Notes To Financial Statements
For The Year Ended December 31, 2009

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(1) **Nature Of Organization**

The Colorado Fourteeners Initiative ("CFI") began in 1994 as a joint effort of the US Forest Service and four Colorado-based non-profit organizations involved in mountain recreation and conservation activities. CFI was incorporated as an independent non-profit organization in Colorado in July 1996. The mission of CFI is to protect, preserve, restore and enhance the natural integrity of the state's 14,000-foot peaks through volunteer stewardship and public education. CFI accomplishes its mission through design, construction and maintenance of sustainably located summit trails, restoration of damaged alpine terrain and education of Fourteener climbers regarding how they can minimize their impacts on fragile alpine ecosystems. Revenues are derived primarily through government and private grants and contributions.

(2) **Summary Of Significant Accounting Policies**

Basis Of Accounting

The financial statements of CFI have been prepared on the accrual basis of accounting.

Basis Of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205-45-45-2, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205-45-45-2, CFI is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of December 31, 2009, CFI did not have any permanently restricted net assets.

Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support and revenue and expenses during the reported period. Actual results could differ from those estimates.

Statement Of Cash Flows

For purposes of the statement of cash flows, cash and cash equivalents consists of demand deposits.

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Notes To Financial Statements (Continued)

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Accounts Receivable

CFI uses the allowance method to record uncollectible accounts. The allowance is based on past experience and on specific analysis of the collectibility of individual accounts receivable. Management expects all accounts receivable will be fully collectible, accordingly, there is no allowance for doubtful accounts. CFI's policy is to charge off accounts receivable when collection of payments thereon is deemed to be improbable.

Promises To Give

Unconditional promises to give are recognized as revenues or gains in the period received, and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Management expects that all promises to give will be fully collectible, accordingly, there is no allowance for uncollectible promises to give.

Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. As of December 31, 2009, all amounts are expected to be received in less than one year.

Property And Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over their estimated useful lives ranging from five to ten years. Donated property and equipment are recorded at their fair market value at the date of receipt. Expenditures for maintenance, repairs and minor replacements are charged to operations and expenditures for major replacements and betterments that exceed \$500 are capitalized.

Fair Value Measurements

The carrying amount reported in the statements of financial position for cash and equivalents, accounts receivables, promises to give, accounts payable and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

Contributions

Contributions received are recorded as unrestricted or temporarily restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily restricted net assets. When a restriction expires (that is, when a stipulation time restriction ends or purpose restriction is accomplished), temporarily restricted net

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Notes To Financial Statements (Continued)

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assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Services

Donated services, equipment, and facilities that meet the criteria under the FASB ASC 958-605-25-16, are reflected in the financial statements at fair market value at the time of the donation.

CFI receives a substantial amount of donated services and expenses by unpaid volunteers. The value of this contributed time and expense is not reflected in the accompanying financial statements as it does not meet the requirements for recognition. However, these amounts are estimated based on rates earned by persons performing similar services as published by an association of volunteer groups and/or as determined by prevailing labor costs in the respective industry. The value of the donated services as estimated by CFI was approximately \$167,402 and included 8,031 volunteer hours for the year ended December 31, 2009.

Functional Allocation Of Expenses

The costs of providing various program support and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs are allocated among the program and supporting services benefitted.

Subsequent Events

CFI has performed an evaluation of subsequent events through June 23, 2010, which is the date the financial statements were available to be issued and considered any relevant matters in the preparation of the financial statements and footnotes.

(3) Tax Exempt Status

CFI has previously received notice from the Internal Revenue Service of exemption from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements contain no provision for income taxes. In addition, CFI qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1).

CFI adopted FASB ASC 740-10-25, which clarifies the accounting and reporting for uncertainties in income tax law. FASB ASC 740-10-25 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a impact of the tax position if that position will more likely than not be sustained on

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Notes To Financial Statements (Continued)

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audit, based on the technical merits of the position. FASB ASC 740-10-25 also provides guidance related to de-recognition, classification, and interest and penalties. During the year ended December 31, 2009, CFI performed an evaluation of uncertain tax positions and did not note any matters that would require recognition or which may have an affect on its tax-exempt status.

(4) Property And Equipment

Property and equipment consisted of the following as of December 31, 2009 and 2008:

	2009	2008
Office furniture and equipment	\$ 78,033	\$ 76,783
Field equipment	97,534	97,534
	<u>175,567</u>	<u>174,317</u>
Less: accumulated depreciation	(119,625)	(96,890)
Net property and equipment	<u>\$ 55,942</u>	<u>\$ 77,427</u>

For the year ended December 31, 2009, depreciation expense was \$22,735.

(5) Contingency

In order to meet compliance requirements under two federal contracts, CFI must complete installing educational kiosks at various mountain trail-heads. The costs to complete such project have not been determined at this time.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. In that event, CFI may be required to refund amounts to the federal government.

(6) Concentrations Of Credit Risk

CFI's cash demand deposits are held at financial institutions at which deposits are temporarily insured up to \$250,000 by the FDIC for all interest bearing accounts. All non-interest bearing accounts are fully insured by the FDIC. As of December 31, 2009, CFI's cash demand deposits did not exceed this limit.

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Notes To Financial Statements (Continued)

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As of December 31, 2009, 90% of accounts receivable is receivable from one vendor, and 46% of promises to give is receivable from one donor.

For the year ended December 31, 2009, 55% of CFI's revenue was derived from grants from the USDA Forest Service and the Colorado Department of Natural Resources, Division of Parks and Recreation.

(7) Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2009 and 2008, consisted of the following:

	2009	2008
Trail restoration and other field projects	\$ 4,750	\$ 16,000
Education and outreach programs	36,528	
Time restriction: promises to give	10,825	
	<u>\$ 52,103</u>	<u>\$ 16,000</u>

(8) Contributed Services

During the year ended December 31, 2009, in-kind contributions amounted to \$26,151. Of this amount, \$22,181 is related to donated packing services, and is reflected in program services - education and projects.

(9) Employee Benefit Plan

CFI has a 403(b) plan which covers all full-time employees. CFI may make discretionary contributions to the Plan. For the year ended December 31, 2009, CFI elected not to make any discretionary contributions to the Plan.

(9) Related Party Transactions

Notes Payable

During 2008, CFI received entered into various note agreements with members of CFI's Board of Directors. The notes were non-interest bearing, unsecured and totaled \$35,000 and were paid in full during 2009. Imputed interest on the notes amounted to \$2,450 for the year ended December 31, 2009, using an effective rate of interest equal to prime rate plus 2% at the time of the issuance of the loan.

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Notes To Financial Statements (Continued)

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In addition, during 2009 CFI entered into a note agreement with Colorado Mountain Club Foundation (“the Foundation”). The amount of the note was \$20,000, bore interest at 6% per annum and was personally guaranteed by a board member of CFI. The note was paid in full prior to the end of 2009. Interest expense incurred on the note for the year ended December 31, 2009, was not material to the financial statements.