

COLORADO FOURTEENERS INITIATIVE

Financial Statements As Of December 31, 2015
(With Summarized Financial Information For
The Year Ended December 31, 2014)

Together With Independent Auditors' Report



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Colorado Fourteeners Initiative:

Report on the Financial Statements

We have audited the accompanying financial statements of Colorado Fourteeners Initiative ("CFI"), a not-for-profit organization, which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Members:

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2015, 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.

Reporting on Summarized Comparative Information

We have previously audited CFI's December 31, 2014, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 14, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

JDS Professional Group

April 18, 2016

COLORADO FOURTEENERS INITIATIVE

Statement Of Financial Position

As Of December 31, 2015

(With Summarized Financial Information As Of December 31, 2014)

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	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 355,376	\$ 425,219
Promises to give	78,203	79,105
Investments	167,130	
Prepaid expenses	<u>7,034</u>	<u>3,697</u>
Total Current Assets	<u>607,743</u>	<u>508,021</u>
Long Term Assets:		
Promises to give	67,000	100,000
Property and equipment, net	<u>52,587</u>	<u>45,547</u>
	<u>119,587</u>	<u>145,547</u>
TOTAL ASSETS	<u><u>\$ 727,330</u></u>	<u><u>\$ 653,568</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 5,334	\$ 1,271
Accrued liabilities	39,438	37,622
Deferred revenue		<u>31,062</u>
Total Current Liabilities	<u>44,772</u>	<u>69,955</u>
Net Assets:		
Unrestricted -		
Undesignated	157,314	174,158
Board designated - reserve fund	<u>196,897</u>	<u>110,007</u>
Total Unrestricted	354,211	284,165
Temporarily restricted	<u>328,347</u>	<u>299,448</u>
Total Net Assets	<u>682,558</u>	<u>583,613</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 727,330</u></u>	<u><u>\$ 653,568</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, 2015

(With Summarized Financial Information For The Year Ended December 31, 2014)

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
Support And Revenue:				
Contributions	\$ 377,097	\$ 254,839	\$ 631,936	\$ 685,260
Government grants	296,251		296,251	192,331
Other income	3,105		3,105	5,096
	<u>676,453</u>	<u>254,839</u>	<u>931,292</u>	<u>882,687</u>
Net assets released from restrictions-				
Satisfaction of program restrictions	225,940	(225,940)		
Total Support And Revenue	<u>902,393</u>	<u>28,899</u>	<u>931,292</u>	<u>882,687</u>
Expenses:				
Program Services -				
Field projects and education	630,097		630,097	538,678
Supporting Services -				
General administration	86,515		86,515	88,032
Fundraising	115,735		115,735	97,975
Total Supporting Services	<u>202,250</u>	<u></u>	<u>202,250</u>	<u>186,007</u>
Total Expenses	<u>832,347</u>	<u></u>	<u>832,347</u>	<u>724,685</u>
CHANGES IN NET ASSETS	70,046	28,899	98,945	158,002
Net Assets, Beginning Of Year	<u>284,165</u>	<u>299,448</u>	<u>583,613</u>	<u>425,611</u>
NET ASSETS, END OF YEAR	<u>\$ 354,211</u>	<u>\$ 328,347</u>	<u>\$ 682,558</u>	<u>\$ 583,613</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, 2015

(With Summarized Financial Information For The Year Ended December 31, 2014)

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	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Changes in net assets	\$ 98,945	\$ 158,002
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	24,223	22,446
Donated vehicle	(2,000)	
Loss on disposal of property and equipment		700
Changes in operating assets and liabilities -		
Decrease in accounts receivable		61,025
(Increase) decrease in promises to give	33,902	(148,722)
(Increase) decrease in prepaid expenses	(3,337)	7,401
Increase in accounts payable	4,063	90
Increase (decrease) in accrued liabilities	1,816	(4,995)
Increase (decrease) in deferred revenue	(31,062)	31,062
Net cash provided by operating activities	<u>126,550</u>	<u>127,009</u>
Cash flows from investing activities:		
Purchases of property and equipment	(29,263)	(9,323)
Purchases of investments	(169,361)	
Sale of investments	2,231	
Sales of donated stock		5,326
Net cash (used in) investing activities	<u>(196,393)</u>	<u>(3,997)</u>
Cash flows from financing activities:		
Proceeds from notes payable	35,000	35,000
Payments on notes payable	(35,000)	(35,000)
Net cash provided by financing activities	<u>0</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(69,843)	123,012
Cash and Cash Equivalents, Beginning Of Year	<u>425,219</u>	<u>302,207</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 355,376</u>	<u>\$ 425,219</u>

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

COLORADO FOURTEENERS INITIATIVE

Notes To Financial Statements
For The Year Ended December 31, 2015

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(1) Nature Of Organization

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 contributions and government grants.

(2) Summary Of Significant Accounting Policies

Basis Of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis Of Presentation

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, 2015, 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 except for cash and cash equivalents held in the investment account.

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 are recorded at net realizable value if expected to be collected within one year and at estimated fair value if expected to be collected in more than one year. As of December 31, 2015, there was no material difference between the present value of the promises to give and the amount recorded in the financial statements which is at face value.

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 estimated 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

CFI follows fair value measurements which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the standard are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that CFI has the ability to access.
- Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Certificates of deposit: The fair value of the certificates of deposit is based on amortized cost or original cost plus accrued interest.

Cash and cash equivalents: The fair value of the cash and cash equivalents is based on cost which approximates fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while CFI believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

The carrying amount reported in the statements of financial position for cash and equivalents, 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 assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Goods and Services

Certain donated services, goods, and facilities that meet the criteria for recognition, are reflected in the financial statements at estimated fair market value at the time of the donation.

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.

Prior-Year Amounts

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with CFI's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Subsequent Events

CFI has performed an evaluation of subsequent events through April 18, 2016, 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 follows *Accounting for Uncertainty in Income Taxes*, which requires CFI to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. During the year ended December 31, 2015, CFI's management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an affect on its tax-exempt status.

CFI is no longer subject to U.S. federal income tax audits on its Form 990 by taxing authorities for years prior to 2012. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, management believes no issues would arise.

(4) **Promises to Give**

Promises to give consisted of the following as of December 31, 2015:

Receivables due in less than one year	\$ 78,203
Receivables due in one to five years	65,000
Receivables due in six to ten years	2,000
	<u>\$ 145,203</u>

(5) **Property And Equipment**

Property and equipment consisted of the following as of December 31, 2015:

Office furniture and equipment	\$ 100,500
Field equipment	191,535
	<u>292,035</u>
Less: accumulated depreciation	(239,448)
Net property and equipment	<u>\$ 52,587</u>

(6) **Long Term Debt**

CFI has a revolving line of credit with a financial institution with a maximum line of \$60,000. The line of credit bears interest at the prime rate plus 6.75%. As of December 31, 2015, the effective interest rate was 10% and no amounts were outstanding on the line.

During the year ended December 31, 2015, CFI entered into a note agreement with a private organization for an amount of \$35,000 with a 6% per annum interest rate. The note was repaid prior to year end.

(7) **Contingency**

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. As of December 31, 2015, management believes there is no significant risk of such event occurring.

(8) **Operating Lease Commitment**

CFI entered into an operating leases for office space for its administrative office. Future minimum rental payments under this lease as of December 31, 2015, are due as follows:

Year ending December 31:

2016	\$ 29,798
2017	30,693
2018	15,574
	<u>\$ 76,065</u>

For the year ended December 31, 2015, rent expense was \$29,745.

(9) **Investments And Concentrations Of Credit Risk**

The following table presents CFI's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash and cash equivalents				
held in investment account	\$ 1,786	\$	\$	1,786
Certificates of deposit	165,344			165,344
Total	<u>\$ 167,130</u>	<u>\$</u>	<u>\$</u>	<u>\$ 167,130</u>

COLORADO FOURTEENERS INITIATIVE

Notes To Financial Statements (Continued)

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CFI's cash demand deposits are held at financial institutions at which deposits are insured up to \$250,000 by the FDIC. As of December 31, 2015, CFI's cash demand deposits were fully insured by the FDIC.

As of December 31, 2015, 69% of promises to give was due from one donor.

(10) Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2015, consisted of the following:

Adopt-A-Peak program	\$ 30,500
Adopt-A-Peak intern	55,644
Mount Columbia project	85,000
Mount Shavano study	11,000
Trail building	125,000
Time restrictions	5,703
Sustainable trails	5,000
Other programs	10,500
	<u>\$ 328,347</u>

(11) Donated Goods and Services

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 \$333,018 and included 12,968 volunteer hours for the year ended December 31, 2015.

Donated goods and services that met the criteria amounted to \$16,682 as of December 31, 2015 and related to goods received. The in-kind goods are reflected in the program expenses.

(12) Retirement Plan

During the year ended December 31, 2011, CFI established a defined contribution plan (the "Plan") for all employees who receive greater than \$5,000 of compensation during the year and have attained two years of service. Under the terms of the Plan, CFI will match 3% of eligible compensation or make a 2% discretionary contribution in place of the match. For the year ended December 31, 2015, CFI made contributions of \$6,554 to the Plan.