

COLORADO FOURTEENERS INITIATIVE

Financial Statements As Of December 31, 2011
(With Summarized Financial Information For
The Year Ended December 31, 2010)

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, 2011, and the related statements of activities and cash flows for the year then ended. 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. The prior year summarized comparative information has been derived from CFI's financial statements for the year ended December 31, 2010, and, in our report dated May 10, 2011, we expressed an unqualified opinion on those financial statements.

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, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

JDS Professional Group

April 18, 2012

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, 2011

(With Summarized Financial Information As Of December 31, 2010)

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	<u>2011</u>	<u>2010</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 238,646	\$ 108,762
Accounts receivable	37,422	70,422
Promises to give	110,533	4,687
Prepaid expenses	9,129	7,884
Total Current Assets	<u>395,730</u>	<u>191,755</u>
Long Term Assets		
Promises to give, net of current portion	50,000	
Property and equipment, net	<u>78,582</u>	<u>46,469</u>
	<u>128,582</u>	<u>46,469</u>
TOTAL ASSETS	<u><u>\$ 524,312</u></u>	<u><u>\$ 238,224</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 685	\$ 1,010
Accrued liabilities	73,402	72,126
Deferred revenue	<u>77,256</u>	<u>20,393</u>
Total Current Liabilities	<u>151,343</u>	<u>93,529</u>
Net Assets:		
Unrestricted	102,899	83,758
Temporarily restricted	<u>270,070</u>	<u>60,937</u>
Total Net Assets	<u>372,969</u>	<u>144,695</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 524,312</u></u>	<u><u>\$ 238,224</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, 2011

(With Summarized Financial Information For The Year Ended December 31, 2010)

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	Unrestricted	Temporarily Restricted	2011 Total	2010 Total
Support And Revenue:				
Contributions	\$ 220,862	\$ 428,434	\$ 649,296	\$ 311,263
Government grants	203,250		203,250	198,358
Other income	1,478		1,478	17,904
	<u>425,590</u>	<u>428,434</u>	<u>854,024</u>	<u>527,525</u>
Net assets released from restrictions-				
Satisfaction of program restrictions	219,301	(219,301)		
Total Support And Revenue	<u>644,891</u>	<u>209,133</u>	<u>854,024</u>	<u>527,525</u>
Expenses:				
Program Services -				
Education and projects	472,107		472,107	419,196
Supporting Services -				
General administration	76,219		76,219	76,887
Fundraising	77,424		77,424	56,100
Total Supporting Services	<u>153,643</u>		<u>153,643</u>	<u>132,987</u>
Total Expenses	<u>625,750</u>		<u>625,750</u>	<u>552,183</u>
Change In Net Assets Before Refund Of Government Grant	19,141	209,133	228,274	(24,658)
Refund of government grant				<u>(46,874)</u>
CHANGE IN NET ASSETS	19,141	209,133	228,274	(71,532)
Net Assets, Beginning Of Year	<u>83,758</u>	<u>60,937</u>	<u>144,695</u>	<u>216,227</u>
NET ASSETS, END OF YEAR	<u>\$ 102,899</u>	<u>\$ 270,070</u>	<u>\$ 372,969</u>	<u>\$ 144,695</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, 2011

(With Summarized Financial Information For The Year Ended December 31, 2010)

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	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Changes in net assets	\$ 228,274	\$ (71,532)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	24,732	20,941
Donated vehicle	(35,745)	(3,500)
Refund of government grant		46,874
Changes in operating assets and liabilities -		
(Increase) decrease in accounts receivable	33,000	(22,687)
(Increase) decrease in promises to give	(155,846)	6,138
(Increase) in prepaid expenses	(1,245)	(7,884)
(Decrease) in accounts payable	(325)	(1,468)
Increase in accrued liabilities	1,276	23,297
Increase in deferred revenue	56,863	20,393
Net cash provided by operating activities	<u>150,984</u>	<u>10,572</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(21,100)</u>	<u>(7,968)</u>
Net cash (used in) investing activities	<u>(21,100)</u>	<u>(7,968)</u>
Cash flows from financing activities:		
Proceeds from notes payable	25,000	32,000
Payments on notes payable	<u>(25,000)</u>	<u>(32,000)</u>
Net cash provided by financing activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS	129,884	2,604
Cash and Cash Equivalents, Beginning Of Year	<u>108,762</u>	<u>106,158</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 238,646</u></u>	<u><u>\$ 108,762</u></u>
Noncash Investing Activities		
Donated vehicle	<u><u>\$ 35,745</u></u>	<u><u>\$ 3,500</u></u>

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Notes To Financial Statements
For The Year Ended December 31, 2011

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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

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, 2011, 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.

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, 2011, no discount has been reflected as it is immaterial to the financial statements.

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 receivable, promises to give, prepaid expenses, accounts payable, accrued liabilities and deferred revenue 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

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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 Services

Certain donated services, equipment, and facilities that meet the criteria for recognition, are reflected in the financial statements at 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, 2010, from which the summarized information was derived.

Subsequent Events

CFI has performed an evaluation of subsequent events through April 18, 2012, 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).

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Notes To Financial Statements (Continued)

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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, 2011, 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 2008. 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, CFI believes no issues would arise.

(4) Promises to Give

As of December 31, 2011, promises to give consisted of the following:

Less than one year	\$ 110,533
One to five years	50,000
	<u>\$ 160,533</u>

(5) Property And Equipment

Property and equipment consisted of the following as of December 31, 2011:

Office furniture and equipment	\$ 90,881
Field equipment	143,999
	<u>234,880</u>
Less: accumulated depreciation	(156,298)
Net property and equipment	<u>\$ 78,582</u>

(6) **Line of Credit**

CFI has a revolving line of credit with a financial institution with a maximum line of \$43,000. The line of credit bears interest at the prime rate plus 6.75%. As of December 31, 2011, the effective interest rate was 10% and no amounts were outstanding on the line.

During the year ended December 31, 2011, CFI entered into a note agreement with a private organization for an amount of \$25,000 with a 6% interest rate. The note was repaid prior to year end.

(7) **Contingency**

During the year ended December 31, 2010, CFI was notified of a liability stemming from a \$130,000 feasibility study entered into by CFI and the Colorado State Trails program in 2006 that was to have been completed by December 31, 2008. During 2007 CFI received \$52,000 in advanced funding, the second of two advances, for performance of work on this study. During 2010, Colorado State Trails had an audit performed and determined that CFI had not properly closed out this grant. CFI was not aware of this past liability until being notified by Colorado State Trails and was able to provide sufficient documentation supporting expenditures of \$5,126 relating to the completion of the grant objectives. Approval of project expenses for work conducted on this grant and the final work product remain in dispute between CFI and Colorado State Trails. CFI maintains that the final work product was approved by State Trails staff then in authority and expenses legitimately performed on the grant reduce the outstanding balance subject to repayment to \$18,224. Colorado State Trails contends work performed on the grant and costs incurred were not properly authorized or documented and that the remaining \$46,874 advance needs to be repaid. Accordingly, CFI has recognized a \$46,874 liability in the financial statements for the year ended December 31, 2011. Discussions regarding this matter were still in process as of the date of the audit report and there is a possibility that this liability may be reduced in future years.

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.

(8) **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

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fully insured by the FDIC. As of December 31, 2011, CFI's cash demand deposits did not exceed this limit.

As of December 31, 2011, 91% of accounts receivable is due from the State of Colorado Department of Natural Resources, Division of Parks and Wildlife. In addition, as of December 31, 2011, 93% of promises to give is due from two donors.

(9) Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2011, consisted of the following:

North Maroon Project	\$ 64,000
Adopt-a-Peak Intern	50,070
Mount Shavano Private Land Holding Review	6,000
Elk and San Juan Range Trail Construction	150,000
	<u>\$ 270,070</u>

(10) Donated Services

Donated services which meet the criteria for recognition are reflected in the Statement of Activities for the year ended December 31, 2011. Such services amounted to \$8,068; the majority of which is reflected in program expenses.

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 \$219,666 and included 10,284 volunteer hours for the year ended December 31, 2011.

(11) 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, 2011, CFI made contributions of \$6,356 to the Plan.