

**COLORADO ALLIANCE
FOR ENVIRONMENTAL EDUCATION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2017 and 2016**

COLORADO ALLIANCE FOR ENVIRONMENTAL EDUCATION

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees of
Colorado Alliance for Environmental Education
Denver, Colorado

We have reviewed the accompanying financial statements of Colorado Alliance for Environmental Education (a Colorado nonprofit corporation), which comprise the Statements of Financial Position as of December 31, 2017, and the related Statements of Activities and Cash Flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on 2016 Financial Statements

The financial statements of Colorado Alliance for Environmental Education as of December 31, 2016, were reviewed by Watson Coon and Associates, Inc., who merged with Wilson Downing Group, LLC to form Watson Coon Ryan, LLC as of January 1, 2018, and whose report dated June 30, 2017 stated that, based on their procedures they were not aware of any material modifications that should be made to those financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

As noted above, Watson Coon and Associates reviewed Colorado Alliance for Environmental Education's December 31, 2016 financial statements, and in our conclusion dated June 30, 2017, stated we were not aware of any material modifications that should be made to the 2016 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modification that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2016, for it to be consistent, in all material respects, with the reviewed financial statements from which it has been derived.

Watson Coon Ryan, LLC

WATSON COON RYAN, LLC

AUGUST 21, 2018
GREENWOOD VILLAGE, COLORADO

COLORADO ALLIANCE FOR ENVIRONMENTAL EDUCATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND DECEMBER 31, 2016
(SEE ACCOUNTANT'S REVIEW REPORT)

ASSETS	2017	2016
	<u> </u>	<u> </u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 162,391	\$ 81,958
Grants Receivable	5,584	70,847
TOTAL CURRENT ASSETS	<u>167,975</u>	<u>152,805</u>
NONCURRENT ASSETS		
Property and Equipment, net	-	-
Custodial Cash - Restricted	10,044	14,132
Deposits	495	495
Beneficial Interest in a Perpetual Trust	275,011	252,263
	<u>285,550</u>	<u>266,890</u>
TOTAL ASSETS	<u><u>\$ 453,525</u></u>	<u><u>\$ 419,695</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,568	\$ 522
Custodial Payable	10,044	-
Accrued Expenses	2,633	4,983
TOTAL CURRENT LIABILITIES	<u>14,245</u>	<u>5,505</u>
NET ASSETS		
Total Unrestricted Net Assets	96,566	67,796
Total Temporarily Restricted Net Assets	185,543	189,223
Total Permanently Restricted Net Assets	157,171	157,171
	<u>439,280</u>	<u>414,190</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 453,525</u></u>	<u><u>\$ 419,695</u></u>

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

COLORADO ALLIANCE FOR ENVIRONMENTAL EDUCATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(SEE ACCOUNTANT'S REVIEW REPORT)

	2017			2016	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total <i>(summarized)</i>
CHANGES IN UNRESTRICTED NET ASSETS					
Revenues:					
Contributions	\$ 122,611	\$ -	\$ -	\$ 122,611	\$ 159,439
Grant Income	15,305	-	-	15,305	10,675
In-Kind Contributions	13,595	-	-	13,595	-
Program Revenue	31,276	-	-	31,276	33,441
Membership Dues	4,576	-	-	4,576	6,226
Change in Value of Beneficial Interest in Perpetual Trusts	-	38,452	-	38,452	16,467
Assets Released from Restriction	42,132	(42,132)	-	-	-
Total Revenue	229,495	(3,680)	-	225,815	226,248
Expenses					
Program Services - Connect	7,017	-	-	7,017	7,817
Program Services - Educate	52,988	-	-	52,988	70,863
Program Services - Empower	30,309	-	-	30,309	32,220
Program Services - Influence	76,304	-	-	76,304	32,891
Management and General	11,994	-	-	11,994	18,654
In-kind Expense	13,595	-	-	13,595	-
Custodial	-	-	-	-	5,015
Fundraising	8,788	-	-	8,788	9,698
Total Expenses	200,995	-	-	200,995	177,158
Other Income (Expense):					
Interest Income	270	-	-	270	80
Total Other Income (Expense):	270	-	-	270	80
CHANGE IN NET ASSETS	28,770	(3,680)	-	25,090	49,170
NET ASSETS, beginning of year	67,796	189,223	157,171	414,190	365,020
NET ASSETS, end of year	\$ 96,566	\$ 185,543	\$ 157,171	\$ 439,280	\$ 414,190

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

COLORADO ALLIANCE FOR ENVIRONMENTAL EDUCATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND DECEMBER 31, 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 25,090	\$ 49,170
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in assets:		
Grants receivable	65,263	(49,247)
Beneficial interest in perpetual trust	(22,748)	(3,468)
Other Assets	-	1,302
Increase (decrease) in liabilities:		
Accounts payable	1,046	(234)
Accrued expenses	(2,350)	4,482
	66,301	2,005
CASH PROVIDED BY OPERATING ACTIVITIES	66,301	2,005
NET INCREASE IN CASH	66,301	2,005
CASH AT BEGINNING OF YEAR	96,090	94,085
CASH AT END OF YEAR	\$ 162,391	\$ 96,090

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

COLORADO ALLIANCE FOR ENVIRONMENTAL EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1-NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The Colorado Alliance for Environmental Education, Inc. (CAEE) is an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization was incorporated in 1989 as a non-profit corporation under the laws of the State of Colorado. CAEE was formed to facilitate statewide communication, cooperation, collaboration, and coordination among varied environmental education programs in Colorado in order to improve those programs' collective effectiveness.

Members of CAEE are assessed dues and other fees for the purpose of maintaining and managing the Organization. In addition to dues received, CAEE receives registration fees for conferences and workshops, it also receives contributions from government and foundation grants as well as contributions from individual and corporate sponsors.

Basis of Accounting

The financial statements of Colorado Alliance for Environmental Education have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification Topic 958, subtopic 205 related to Not-for-Profit Entities and the Presentation of Financial Statements. Under this guidance, the Organization 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.

The Organization has adopted Accounting Standards Codification (ASC) Topic 958, subtopic 605 related to Revenue Recognition and contributions received.

Revenue Recognition

Contributions are classified based on donor imposed restrictions. Accordingly, net assets of Colorado Alliance for Environmental Education and changes therein are classified and reported as follows:

Unrestricted – Unrestricted assets include the net assets that are associated with the principal mission of the Organization. Restricted contributions are reported as unrestricted when their restrictions are met in the same period the contribution was made.

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Temporarily Restricted – Temporarily restricted assets include contributions and other assets received with donor stipulations that limit the use of the donated asset. When a donor restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as “net assets released from restrictions.”

Permanently Restricted – Permanently restricted assets include contributions that are limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization.

Functional Allocation of Expenses

The costs of providing various program 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.

Whenever possible, the Organization charges expenses directly to the benefiting program or support services based upon reasonable and allocable basis, such as direct salaries and square footage. When this is difficult or impractical, costs are allocated to programs and support services based upon direct costs.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification Topic 958, subtopic 205 related to Not-for-Profit Entities and the Presentation of Financial Statements. Under this guidance, the Organization 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. The Organization had permanently restricted assets in the year ended December 31, 2017 and 2016 related to the beneficial interest in assets held by the Community First Foundation. See further discussion in note 3. Additionally, the Organization holds temporarily restricted assets related to donations that had yet to be disbursed for their intended purpose.

The Organization has adopted Accounting Standards Codification (ASC) Topic 958, subtopic 605 related to Revenue Recognition and contributions received.

Promises to Give

Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if they are expected to be collected in one year and at fair value if they are expected to be collected in more than one year.

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Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Cash and Cash Equivalents

For purposes of the statements of cash flow, the organization considers all short-term debt securities purchased with a maturity of less than three months to be cash equivalents.

Cash held in custodial accounts represents funds held for community organizations. CAEE has limited responsibility as to amounts deposited or withdrawn from these accounts.

Custodial Accounts

Custodial Funds are funds in which CAEE serves as a fiscal agent for another organization/entity that does not currently have 501(c)3 status, but is working on projects that contribute to CAEE's mission. CAEE does not have discretion over how the funds are used. Currently, CAEE serves as the fiscal agent for Project Learning Tree Colorado. Project Learning Tree Colorado provides environmental education professional development to teachers and non-formal educators across Colorado. Funds housed at CAEE are most frequently used for trainings, facilitator fees, and supplies. Money received for this purpose are recorded as restricted cash with a corresponding liability.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and the Colorado Income Tax Act of 1964 (as amended).

Investments

The Organization's investments are held and managed by a foundation which manages the Endowment Fund. The investment objective for endowed assets is to achieve growth that will preserve and increase the purchasing power of such assets. In accordance with the Endowment Fund Agreement, the accumulated current income and appreciation in value are retained in the Endowment Fund as Temporarily Restricted Net Assets to provide support in the future, in the event that the Organization's net revenues decline to a point that Endowment Fund investments will need to be used for current operating support.

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

Property and Equipment

Property and equipment is stated at cost or, if donated, at the estimated value at the time of the donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Amounts expended for \$500 or more for improvements which substantially increase the useful life of the fixed assets or to replace property and equipment are capitalized. Maintenance, repairs and minor replacements are expensed as incurred.

The assets are depreciated utilizing the straight line method over their estimated useful life. The estimated useful life of the office equipment is five to seven years and thirty nine years for leasehold improvements. Fixed assets as of December 31, 2017 and 2016 were comprised of the following:

	<u>2016</u>	<u>2017</u>
Office Equipment	\$11,376	\$11,376
Less Accumulated Depreciation	<u>(11,376)</u>	<u>(11,376)</u>
Total Equipment	\$ -	\$ -

All equipment was fully depreciated as of December 31, 2015 and no depreciation expense was recorded for the years ended December 31, 2017 and 2016

Donated Services

CAEE receives contributions from volunteers of their time and services. Many individuals volunteer their time and perform a variety of tasks and assist the Organization, but these services do not meet the criteria for recognition as contributed services. For the years ended December 31, 2017 and 2016, CAEE recognized no donated volunteer services.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and the Colorado Income Tax Act of 1964 (as amended).

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 2 - FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That 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 to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan 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. There have been no changes in the methodologies used at December 31, 2017 and 2016.

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Beneficial Interest in Assets held by Community First: Valued at the fair value of the underlying assets, as reported to the Organization by Community First. The investments of these non-profit organizations are pooled into investment portfolios that are apportioned to the respective individual organizations. The exact investment that CAEE has in the Endowment Fund is, therefore, not readily determinable. CAEE does consider that the fair value of its investments, while unobservable, can be corroborated by observable data, such as the consolidated financial data made available by Community First Foundation. CAEE considers all of the assets invested in the Endowment Fund to be Level 2.

The preceding 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 the Organization 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.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2017 and 2016:

Assets at Fair Value as of December 31, 2017

	Level 1	Level 2	Level 3	Total
Beneficial Interest in Assets held by Community First	\$ -	\$ 275,011	\$ -	\$275,011
Total assets at fair value	\$ -	\$ 275,011	\$ -	\$275,011

Assets at Fair Value as of December 31, 2016

	Level 1	Level 2	Level 3	Total
Beneficial Interest in Assets held by Community First	\$ -	\$ 252,263	\$ -	\$252,263
Total assets at fair value	\$ -	\$ 252,263	\$ -	\$252,263

NOTE 3 - BENEFICIAL INTEREST IN PERPETUAL TRUST

The Organization is named as a beneficiary in assets held by the Community First Foundation. The agreement provides distributions of income; however the underlying assets will not be distributed to the Organization. The Foundation determines the investments in which the money is invested. The Organization may request distributions from the Foundation for amounts in excess of the underlying assets. The Board has requested distributions in the years ended December 31, 2017 and 2016 based on the needs of the Organization. These distributions are recorded in the Statements of Activities as 'Assets

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Released from Restrictions'. The underlying assets have been classified as permanently restricted, while all income earned on those assets has been classified as temporarily restricted until the Board makes a request for distribution. The change in fair value of this trust is reported in the statement of activities as change in value of beneficial interest in a perpetual trust.

The Community First Foundation's investment policy attempts to establish an achievable return objective through utilization of a globally diverse portfolio including a variety of asset classes. The Foundation uses short term and long term portfolios to achieve these objectives. The current objective for short term investments is a yield of 4 percent to 6.5 percent on long term investments. The target asset allocation for the short term portfolio is approximately 25% equities, 58% fixed income and 17% alternatives. The target allocation for the long term portfolio is approximately 59% equities, 25% fixed income and 16% alternatives. As of December 31, 2017 and 2016 100% of the Foundations funds are held in the long term portfolio.

NOTE 4 - OFFICE SPACE

The entity leases office space in Denver, Colorado under an annual lease that expires on July 1, 2019 with rent of \$385 due monthly. As of December 31, 2017 required minimum lease payments due in 2018 totaled \$2,310.

NOTE 5-ACCOUNTING FOR UNCERTAIN TAX POSITIONS

The Organization adopted ASC 740-10-25, Income Taxes-Overall-Recognition which provides criteria for the recognition, measurement, presentation and disclosure of uncertain tax position. The Organization must recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The Organization did not recognize any additional liabilities for uncertain tax positions as a result of the implementation of ASC 740-10-25.

NOTE 6 - FUNCTIONAL PROGRAMS

The Organization allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allowed directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

NOTE 7 - SUBSEQUENT EVENTS

The Organization evaluated subsequent events through August 21, 2018, which is the date the financial statements were available to be issued.