SAN LUIS VALLEY ECOSYSTEM COUNCIL

AUDITED FINANCIAL STATEMENTS

August 31, 2022 and 2021

Contents

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of San Luis Valley Ecosystem Council

Opinion

We have audited the accompanying financial statements of San Luis Valley Ecosystem Council, which comprise the statements of financial position as of August 31, 2022 and August 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 referred to above present fairly, in all material respects, the financial position of San Luis Valley Ecosystem Council as of August 31, 2022 and August 31, 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 San Luis Valley Ecosystem Council and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 San Luis Valley Ecosystem Council'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 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. 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, 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 San Luis Valley Ecosystem Council'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 San Luis Valley Ecosystem Council '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.

Cristian Borcan, CPA, PC

Morrison, CO

March 24, 2023

Statement of financial position

(in $)	August 31, 2022	August 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	9,407	2,636
Total current assets	9,407	2,636
TOTAL ASSETS	9,407	2,636
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	1,240	723
Total current liabilities	1,240	723
Total liabilities	1,240	723
Net assets		
Without restrictions	8,167	1,913
Total net assets	8,167	1,913
TOTAL LIABILITIES AND NET ASSETS	9,407	2,636

Statement of activities

(in $)

	Year ended August 31, 2022 without restrictions	Year ended August 31, 2021 without restrictions
Interest income	13	11
Contributions	43,716	37,626
Grants	48,800	53,800
Revenues	**92,529**	**91,437**
Program services	78,917	76,199
Management and general	2,450	3,920
Fundraising	4,906	3,333
Expenses	**86,273**	**83,452**
Change in net assets	**6,256**	**7,985**
Net assets, beginning of year	**2,463**	**(5,524)**
Net assets, end of year	**8,717**	**2,463**

Statement of functional expenses (in $)

	September 2021 - August 22			Total 2022 expenses	September 2020 - August 2021			Total 2021 expenses
	Program services	Management and general	Fundraising		Program services	Management and general	Fundraising	
Advertisement			651	651			600	600
Bank Service Charges	52			52	18			18
BLM Inventory Report Consultant	900			900	10,250			10,250
BLM/Rio Grande Corridor	0			0	8,100			8,100
Bookkeeping/CPA/Scientific		1,566		1,566		1,733		1,733
Books, Dues & Subscriptions	1,160			1,160	1,072			1,072
Box Rental	0			0	76			76
Computer Expense	682			682	106			106
Consultant	620			620	1,690			1,690
D & O Liability	932			932	1,202			1,202
Donations	822			822	30			30
Event Planning	175			175	0			0
Executive Director	41,120			41,120	36,131			36,131
FICA & Medicare	3,146			3,146	2,764			2,764
Filing Fees	70			70	30			30
Health Insurance	2,119			2,119	0			0
Interest - LOC		0		0		45		45
Interphone			381	381			363	363
Interphone	763			763	726			726
Liability Insurance	469			469	475			475
Meals			20	20			0	0
Meals	50			50	28			28
Meeting/Board/Retreat Expense	1,771			1,771	174			174
Newsletter/Website	0			0	1,113			1,113
Office Equipment	487			487	0			0
Office Labor	4,066			4,066	6,689			6,689
Other general expenses		92		92				0
PayPal fees	82			82	0			0
Penalties & Interest	43			43	2			2
Postage & Delivery			46	46			284	284
Postage and Delivery	123			123	95			95
Printing and Reproduction			573	573			436	436
Printing and Reproduction	131			131	298			298
Professional Fees	125			125	0			0
Refuse/Recycle	138			138	0			0
Rent			1,950	1,950			1,650	1,650
Rent	4,550			4,550	3,850			3,850
RGNF Plan Consultants	100			100	0			0
Social Media			1,228	1,228			0	0
Social Media	12,522			12,522	0			0
Software Subcription	712			712	225			225
Travel			56	56			0	0
Travel	595			595	537			537
Website		791		791		2,142		2,142
Website	175			175	333			333
Workmans Comp	218			218	186			186
				0				0
Total	**78,917**	**2,450**	**4,906**	**86,273**	**76,199**	**3,920**	**3,333**	**83,452**

AN LUIS VALLEY ECOSYSTEM COUNCIL

Statement of Cash Flows

(in $)

	Year ended August 31, **2022**	Year ended August 31, **2021**
Cash provided (used) by operations:		
Net income	6,256	7,985
Adjustments to reconcile net income to net cash provided (used) by operations:		
Changes in certain working capital components and other assets and liabilities:		
Increase (decrease) in accounts payable	517	(4,969)
Cash provided (used) by operations	6,773	3,016
Net increase (decrease) in cash during the year	6,773	3,016
Cash and cash equivalents, beginning of the year	2,636	(381)
Cash and cash equivalents, end of the year	9,407	2,636

NOTES TO THE FINANCIAL STATEMENTS

For the years ended August 31, 2022 and 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of San Luis Valley Ecosystem Council. (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements.

Mission of the Organization

The San Luis Valley Ecosystem Council is a 501(c)3 nonprofit corporation incorporated in 1998 by a group of citizens concerned about impacts to public lands around the San Luis Valley in Southern Colorado.

San Luis Valley Ecosystem Council's Mission is to protect and restore the biological diversity, ecosystems, and natural resources in the Upper Rio Grande Basin by balancing ecological values and sustainable human needs. The Organization believes in the power of education, stewardship, community involvement, and public advocacy

The organization has directed its organizational energies to meet a diverse range of environmental and related threats and challenges within modest budget parameters.

The San Luis Valley Ecosystem Council's (SLVEC) services include:

- Solid Waste Management. Illegal dumping and improper disposal of solid waste has been a commonly recognized problem in the San Luis Valley.
- Rio Grande National Forest Management Planning. For over a decade, the Organization has been working to moderate the impacts of motorized vehicle use in the Rio Grande National Forest and BLM lands that surround the Valley. SLVEC is actively involved with and encourages the public to respond with public comment to any project development within these public lands. Specifically, the avocation for protection of Wildlife corridors, including critical habitat designations.
- Wolf Creek Pass Developments. For over twenty years the Organization has worked to protect sensitive habitat threatened by a large development on Wolf Creek Pass.
- Colorado School of Public Health. The Organization partners with and is involved in investigating/collecting baseline within the aquifer and encourages the protection of water quality and ongoing well testing for the San Luis Valley.

Cash and Cash Equivalents

The Organization's cash and cash equivalents are considered to be cash on hand and bank demand or time deposits with original maturities of three months or less. For the purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation is provided principally using straight line method for financial reporting purposes over the estimated useful lives of the assets. The organization's assets are fully depreciated.

Expenditures for maintenance and repairs are charged to operations as incurred. Expenditures for betterment and major renewals are capitalized. The cost of assets sold or retired, and the related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal and the resulting gains or losses are included in other income.

The estimated useful lives of the Organization's property, plant and equipment are within the following ranges:

Machinery and equipment	3 - 20 years
Autos and trucks	3 - 15 years
Leasehold improvements	3 - 39 years
Computer and software	3 - 7 years
Furniture and fixtures	3 - 7 years

Revenue Recognition

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. For the audited years there were no restrictions on the contributions or grants.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. The fair value of these types of donations are estimated using market prices of comparable items.

Use of Estimates

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

Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation.

It is reasonably possible that changes may occur in the near term that would affect management's estimates with respect to the cost to cost method, allowance for doubtful accounts and accrued expenses. Revisions in estimated contract profits are made in the year in which circumstances requiring the revision become known.

Date of Management's Review

Subsequent events have been evaluated through March 24, 2023, which is the date the financial statements were available to be issued. Management is of the opinion there are no subsequent events to disclose.

The organization receives certain revenues from grants with various agencies.

Income Taxes San Luis Valley Ecosystem Council has been recognized as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, San Luis Valley Ecosystem Council is subject to federal income tax on any unrelated business taxable income.

Functional Allocation of Expenses The costs of supporting the various programs and other activities have been summarized on a functional basis. The statement of functional expenses

presents the natural classification detail of expenses by function. Certain costs have been allocated among the programs, management and general, and fund-raising functions based on various methods to reflect the effort expended on that program or function.

Compensation costs for certain personnel, including executive officers are allocated based on the estimated time worked in each program or function. Information technology and business insurance costs are allocated based on the budgeted number of full-time equivalent employees in each program.

Comparative Financial Information 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 complete presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with San Luis Valley Ecosystem Council's financial statements for the year ended August 31, 2022 and 2021, from which the summarized information was derived.

NOTE B - UNCERTAINTIES, CONTINGENCIES, AND RISKS

The Federal Deposit Insurance Corporation (FDIC) standard insurance amount is $250,000 and balances in excess of this amount are subject to risk. Balances reflected on the statements at financial institutions on August 31, 2022, were less than FDIC coverage and the Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk.

NOTE C - DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value: Level 1 Quoted prices in active markets for identical assets or liabilities Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities San Luis Valley Ecosystem Council, Inc.

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Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. San Luis Valley Ecosystem Council did not have Level 3 securities as of August 31, 2022 and 2021.