Dear Readers:

In 2004-2005, the Foundation continued to develop its offerings of non-advocacy educational programs and products. We are proud to present a brief summary of that hard work in this annual report.

This year was an exciting time for those interested in Colorado's water resources with news both good and bad. Unsettling news was the conclusion of the Statewide Water Supply Initiative that our state will run 20 percent short of meeting its projected water demand by 2030. On the positive side, this year was also full of many encouraging stories to tell—stories highlighting the revitalization of our river corridors or innovative local solutions to pollution, habitat loss or growth.

Once again, we would especially like to thank our endowing partner, the Colorado Water Conservation Board, for helping to make the Foundation a viable organization. And thank you to our members and sponsors for their ongoing support and enthusiasm.

In the coming year, we look forward to the development of a wider range of exciting programs and services—from leadership trainings to television partnerships. And, as always, we look forward to your comments and suggestions.

Sincerely,

Karla A. Brown
a unique position in that we are the only statewide non-governmental, non-profit organization
working to provide IMPARTIAL water resource information and educational opportunities in the state of Colorado.

The Foundation holds the balanced and FAIR treatment of all water issues at the core of our mission. Our products and programs are targeted to public decision-makers, water professionals, business people, and the school children of Colorado.

To achieve this mission, we rely on the diverse composition of our Board of Trustees. Our 22-member Board of TRUSTEES is selected from water and education leaders across the state. Each seat on the board represents a geographic and interest area. We have board seats dedicated to environment, agriculture, industry, law and recreational interests, among others. This DIVERSITY of interests helps guide the Foundation in our strategic approach to water education in the state.

In addition, all educational documents produced by the Foundation are subject to a rigorous and structured REVIEW process. All documents are submitted to outside experts for technical assistance and for input on BALANCED REPRESENTATION of issues. The Board’s eight-member editorial committee provides final review to assure technical accuracy, balance, and readability.
Citizens of Colorado make sound water management decisions by working together in an economic, social & environmentally sound manner

People understand limitations to water availability and act accordingly

Children know where their water comes from

Water resource issues remain important in the public consciousness, even after periods of drought
Citizens Guide to Where Your Water Comes From

For most people, the question, “Where does your water come from?” has a simple answer: “From the tap.” Accustomed to a clean, reliable water supply, it seems hard to believe the water for your morning shower may have traveled more than 200 miles from a melting snowbank to a high mountain reservoir, through tunnels, treatment plants and pipes. Or it may have been pumped from 2,500 feet below the earth’s surface, tapping ancient water molecules that made their way into these aquifers during the Stone Age.

To answer these questions the Colorado Foundation for Water Education developed the Citizen’s Guide to Where Your Water Comes From.

This 33 page, easy-to-read publication citizen’s guide uses beautiful maps and diagrams to explain how weather patterns and aquifers supply much of the water we use. It also highlights the intricate systems Coloradans have developed over the last 150 years to deliver this water to household taps, businesses, yards, parks and farm fields.

Citizens Guide to the Environmental Era

The Citizen’s Guide to Colorado’s Environmental Era is the second history-related guide in the Colorado Foundation for Water Education’s on-going citizen’s guide series. As a follow-on to the Citizen’s Guide to Colorado’s Water Heritage, our authors extend the history timeline to recent years, what we have labeled “the environmental era.”

This project draws together the expertise of prominent historians and scholars from throughout Colorado and the West. Their essays show how recent decades and the environmental movement have shaped Colorado’s culture, communities and landscapes. History serves to remind us that our cultural and social bearings are constantly shifting, sometime imperceptibly, other times at pivotal moments.

Concern for the environment comes out of a long tradition of preservation and conservation in the United States. Around the turn of the century, the establishment of Yellowstone Park and the Conservation Movement of President Theodore Roosevelt marked some of the first organized advocacy for the sustainable use of forests, soils and water.

The modern American environmental movement has built itself of these conservationist and preservationist roots—as well as on a mound of paperwork. We hope that you will find these essays insightful and informative.
Headwaters Magazine

2004-2005 was the second full year for the Foundation’s Headwaters magazine. Each quarter, we feature the people, places and water resources making news in Colorado.

Fall 2004: Basin Focus, San Juan and Dolores Basins—Animas-La Plata Project + La Plata County Domestic Well Problems + Dolores Conservancy + Ute Mountain Ute Farm Enterprise


Summer 2005: Renewable Rivers—Little Snake River + Sand Creek + North Fork of the Gunnison + Celebrating Colorado’s Young Poets + Financing a River Makeover

AquaNotes—

Briefing papers on important water issues

In response to the needs of busy decision-makers looking to better understand water issues on the go, CFWE created AquaNotes—briefing papers on important water issues.

In 2004-2005, the Foundation created four new AquaNotes on topics such as the Colorado River, recreational in-channel diversions, augmentation plans, and more. Additional titles are also under development.

These double-sided, black and white sheets give basic factual information and respond to frequently asked questions on pressing water issues. They even provide a section with “talking points” highlighting main facts from the text.

AquaNotes are available free of charge and may be downloaded from the Foundation’s website or by calling the Foundation.
Yampa and White River Tour
June 22-24, 2005

More than 45 tour attendees from all over the state toured the Yampa and White river valleys June 22-24. Participants heard from a variety of water resource managers on topics ranging from endangered species, oil and gas issues, recreation and irrigation management. They visited the Nature Conservancy’s globally rare riparian forest at Carpenter Ranch, and received a special tour of the tunnels underneath Stagecoach Reservoir. Evenings were filled with barbeques and great opportunities to socialize and network with other tour attendees. The final day included a float down the Yampa River or fly-fishing activities.

Don’t miss out next year when the Foundation tours the headwaters of three major Colorado rivers—the Arkansas, Colorado and South Platte!
Water Educators’ Conference
March 29-30, 2005

More than 65 water educators from around the state attended the 2005 Water Educators’ Conference in Glenwood Springs. The conference was geared toward Colorado’s water professionals and informal educators who teach both adults and children about the importance and management of Colorado’s water resources.

Conference Agenda

March 29—K-12 Education

Presentations:

- Updates on 5th, 8th and 10th Grade Science Testing for 2006
- Teaching the Poetry of Rivers
- New Offerings from Project WET
- K-12 Teacher Panel

Education in Action Reception offered participants a venue to showcase their best programs and products. A wonderful networking opportunity for water education professionals.

March 30—Adult and Community Education

Presentations:

- Reporting on Water and the Environment
- AWARE Colorado: Water Protection Toolkits for Local Officials
- Trials in the Field, Teaching BMPs to Landscape Professionals
- Water & Property: What Realtors Need to Know
Teaching the Poetry of Rivers

In early 2004, the Colorado Foundation for Water Education received a grant from the Colorado Endowment for the Humanities to develop an online course for K-12 teachers called “Teaching the Poetry of Rivers.”

This project is a literacy venture supporting the nationally-renowned River of Words poetry contest. At the state level, the Colorado Center for the Book (CCB) sponsors the Colorado River of Words Poetry Contest, which encourages the interdisciplinary study of watersheds and poetry.

An interactive online course platform provides K-12 teachers with resources and lesson plans combining humanities instruction (critical thinking, comparative literature), understanding of water resources, and advancement of literacy through creation of original poetry. Online learning is the future of professional development, and is a highly effective, low-cost way to reach busy teachers.

Currently over 40 teachers are participating in beta-testing the online programs.

“The writing of poetry is not a literary exercise in itself. It is grounded in the desire to make sense of the world through understanding culture and history.”

-CEH Board Trustee
Thank you!
Second Annual Membership Campaign

Endowing Partner
Colorado Water Conservation Board

Charter Members
- Bureau of Reclamation
- Central Colorado Water Conservancy District
- City of Aurora Utilities
- Colorado Water Resources & Power Development Authority
- Colorado River Water Conservation District
- Coors Brewing Company
- Denver Water
- MWH

Pioneer Members
- Board of Water Works of Pueblo
- Colorado Farm Bureau
- HDR Engineering, Inc
- Intermountain Corporate Affairs

Sustaining Members
- Applegate Group
- Brown & Caldwell
- Brownstein, Hyatt & Farber, PC
- City of Grand Junction Utilities
- City of Thornton Water Resources
- Duke Energy Field Services
- Duncan, Ostrander & Dingess, PC
- Maynes, Bradford, Shipps & Sheftel, LLP
- PAT/PAC Colorado Dairy Farmers
- Robert T. Sakata
- Ryley, Carlock & Applewhite
- Stanek Constructors, Inc
- Summit County Board of Commissioners
- The Consolidated Mutual Water Company
- Upper Arkansas Water Conservancy District
- Upper Gunnison River Water Conservancy District
- W. D. Farr
- White & Jankowski, LLP

Associate Members
- Arkansas River Outfitter Association
- AWWA, Rocky Mountain Section
- Ayres Associates
- Boyle Engineering Corp
- Clifton Gunderson LLP
- Colorado Livestock Association
- CRFA/CRMCA
- Delta County Commissioners
- Fort Collins Utilities
- Geomatix Consultants, Inc
- Gregory J. Hobbs, Jr
- Hydro Construction Co, Inc
- Hydrosphere Resource Consultants
- John C. Halepaska and Associates, Inc
- Krassa & Miller, LLC
- Leonard Rice Engineers
- Merrick & Company
- Middle Park Water Conservancy District
- Plateau Canyon Water & Sanitation District
- Porzak, Browning & Bushong
- Richard O’Connell
- Roxborough Park Metro District
- Rutt Bridges
- Southeastern Colorado Water Conservancy District
- St Vrain & Left Hand Water Cons District
- SunCor Energy (USA)
- Y-W Electric Association, Inc

Watershed Members
- Ann Seymour
- Anschutz Family Foundation
- Bishop-Broden Associates
- Bruce Jackson
- Chris Rowe
- City of Westminster
- Collins, Cockrell & Cole
- Daniel Tyler
- Delta Conservation District
- Dick Lyons
- Donald Schwindt
- Duane Woodard, LLC
- Gerry Saunders
- Inverness Water & Sanitation District
- Jeanne & Miles Davies
- John Porter
- Ken Lykens
- Kenneth & Eva Guenzel
- Lower Arkansas Valley Water Conservancy District
- Meurer & Associates, Inc
- Michael Bauer
- Nancy O’Connor
- Paul von Guerard
- Peggy & Philip Ford
- Pete Crabb
- Premier Farm Credit
- Reagan Wasson
- Rundall Family Trust
- Sand Creek Regional Greenway
- Scott Hummer
- Sally Roscoe
- States West Water
- Town of Frisco
- Walters & Associates
- Water Information Program
- WestWater Engineering

Individual Members
- 4 Corners Management
- Adam Parkes
- Alpine Cascade Corporation
- Anderson & Chapin, PC
- Angie Graber
- Ann McCoy Harold
- Aqua Engineering, Inc
- Barbara Dallemand
- Barbara Horn
- Big Thompson Watershed Forum
- Bill Cameron
- Boulder County Parks & Open Space
- Brad Udall
- Brian Smith
- Broken Spoke Ranch
- Buck, Willis & Ratliff
- Buck Buchanan
- Buck Rulifson
- Case Ranch
- Charles Goldberg
- Charles McKay
- Charlie Weneke
- Chris Kraft
- Chris Reichard
- Cliberto & Associates, LLC
- City of Boulder Water Quality & Environmental Services
- City of Durango
- City of Fruita
- Clay & Odson, PC
- Coalition for the Upper South Platte
- Colorado Department of Natural Resources
- Colorado Division of Wildlife
- Colorado Grain & Feed Association
- Colorado Land Investments
- Colorado Water Offi cial Association
- Colorado Water Trust
- Colorado Water Workshop
- Conejos Water Conservancy District
- Curry Rosato
- Dale Korte
- Dan Kortz
- Dan Smith
- David & Linda Overlin
- David A. Reinertsen
- David Batts
- David Bernhardt
- David Halford
- David Hayes
- David Nelson
- David Wagers
- Deborah Hathaway
- Delbert Smith
- Dick Unzelman
- Dick Wolfe
- Don Ament
- Don Cummings
- Douglas County
- Douglas County Community Development
- Dr. Lon Brouse
- Eagle County Community Development
- East Grand Water Quality Board
- Elaine Davis
- Elk Ridge Ranch
- Enlarged Southside Irrigation Ditch
- Erik Fellenius
- ERO Resources Corporation
- Fairfield & Woods, PC
- Frank Anesi
- Frank McNulty
- Fred Wolf
- Friends of the Animals River
- Gary Weatherford
- Gene & Cleo Beauprez
- Gene Bradley
- Gregory Cucarola
- Gregory Heskin
- Harold Miskel
- Harvest Farm (Denver Rescue Mission)
- High Line Canal Preservation Association
- Hon. Richard Decker
- Jack Ferguson
- James & Martha Webb
- James Gossman
- Janet Enge
- Jason Wolfe
- Jay & Dori Van Loan
- Jean Anderson
- Jehr Water Consultants, Inc
- Jenny Kenny
- Jody Williams
- Joel Phath
- John & Susan Maus
- John Redifer
- John Wiener
- Jon Gerton
- Julia Murphy
- Julio Iturreria
- Karen Wiley
- Kathy Wright
- Katryn Leonle
- L.G. Everist, Inc
- Lawrence J. MacDonnell
- Lee Knecht
- Lee Stierwalt
- Les Shaver
- Longmont Community Radio
- Luther & Jolene Stromquist
- Lynn Herkenhoff
- Magro, LLC
- Mark & Sara Hermundsdottir
- Mark Campbell
- Martin & Wood Water Consultants
- Mary Marchun
- Mary Miller
- McCarty Land & Water Valuation
- Melvin Rettig
- Merrill, Anderson, King & Harris
- Mesa County Board of Commissioners
- Mike Davis
- Minion Hydrologic
- Moapa Valley Water District
- Murray McCaig
- Nancy Porter
- National Park Service Black Canyon/Curecanti
- Neil Caine
- North Fork River Improvement Association
- NWCCDG
- Panattoni Development
- Patricia Locke
- Patrick, Miller & Kroft, PC
- Paul Lee Turner
- Penny Lewis
- Pete Gunderson
- Peter Conway
- Phyllis Hoppe
- Pikes Peak Association of Realtors
- Protect Our Wells
- Randy See
- Rich Coolidge
- Richard Lichtenhelder
- Richard Tremaine
- Rick Sackbauer
- Rio Blanco Water Conservancy District
- Rio de la Vida
- Rita Crumpton
- Roaring Fork Conservancy
- Rob Filion
- Robert Brune
- Robert Johannes
- Robert Marx
- Rocky Mountain Guides Association
- Ron Eller
- Ronald Refeld
- Round Mountain Water & Sanitation District
- San Juan Water Conservancy District
- Pagosa Area Water & Sanitation District
- San Luis Valley Water Conservancy District
- Sharon Clarke
- Silverlined Productions
- Skip Dinges
- South Pueblo County Conservation District
- South Reservation Ditch Company
- Southeast Business Partnership
- State Senator Ken Kester
- State Senator Lewis H. Entz
- Steven Acquafresca
- Steven Janssen, Attorney
- Steven Patrick
- Stifel Nicolaus/Hanifen Imhoff
- Sue Petersmann
- Tanya Unger Holtz
- Taylor Hayes
- Terry Huff ngtton
- The Hudson Gardens
- The Tisdel Law Firm, PC
- Thomas Campion
- Tomlinson & Associates
- Town of Fraser
- Town of Telluride Public Works Department
- Town of Windsor
- Treatment & Technology Inc
- Trees, Water & People
- Tri-County Water Conservancy District
- Troy Bauder
- TST Infrastructure, LLC
- Turkey Creek Soil Conservation District
- Vranesh & Raisch, LLP
- W. W. Wheeler & Associates, Inc
- Warner Ranch
- Washington Group International, Inc
- Weld County Underground Water Users Association
- Wendy Hanophy
- Wendy Wempne
- Werner Living Trust
- William & Donna Patterson
- Wyoming Water Association
- Zach Margolis

Student Members
- Ashley Prior
- Clint Waldron
- Darren Beck
- Julie Kreps
- Justin Bieri
- Lynn Johnson
- Nicole Beeskow
- Sarah Catherine Hester
- Thomas Barry
Board of Directors  
Colorado Foundation for Water Education  
Denver, Colorado

ACCOUNTANTS’ REVIEW REPORT

We have reviewed the statement of financial position of the Colorado Foundation for Water Education as of June 30, 2005, and the related statements of activities and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Colorado Foundation for Water Education.

A review consists principally of inquiries of Colorado Foundation for Water Education personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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

The December 31, 2004 financial statements were reviewed by us, and our report thereon, dated August 27, 2004, stated that we were not aware of any material modification that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

Swanhorst & Company LLC

September 1, 2005

8400 E. Crescent Parkway • Suite 600 • Greenwood Village, CO 80111 • (720) 528-4306 Fax: (720) 528-4307
## COLORADO FOUNDATION FOR WATER EDUCATION

### STATEMENT OF FINANCIAL POSITION

**June 30, 2005**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$54,682</td>
<td>$75,620</td>
</tr>
<tr>
<td>Inventory</td>
<td>21,490</td>
<td>21,739</td>
</tr>
<tr>
<td>Security Deposits</td>
<td>1,719</td>
<td>1,719</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$77,891</td>
<td>$99,078</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$1,651</td>
<td>$1,902</td>
</tr>
<tr>
<td>Payroll Taxes Payable</td>
<td>3,153</td>
<td>4,525</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>4,804</td>
<td>6,427</td>
</tr>
<tr>
<td>Net Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>73,087</td>
<td>92,651</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td>73,087</td>
<td>92,651</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTAL LIABILITIES AND NET ASSETS</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>$77,891</td>
<td>$99,078</td>
<td></td>
</tr>
</tbody>
</table>
COLORADO FOUNDATION FOR WATER EDUCATION

STATEMENT OF ACTIVITIES
Year Ended June 30, 2005
(With Summarized Financial Information for the Year Ended June 30, 2004)

<table>
<thead>
<tr>
<th>Revenue, Gains and Other Support</th>
<th>Unrestricted</th>
<th>2005</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>CWCB Endowment</td>
<td>$150,000</td>
<td>$150,000</td>
<td>$150,000</td>
</tr>
<tr>
<td>Donations and Fundraising</td>
<td>22,883</td>
<td>22,883</td>
<td>16,755</td>
</tr>
<tr>
<td>Sale of Materials</td>
<td>21,215</td>
<td>21,215</td>
<td>23,484</td>
</tr>
<tr>
<td>Educational Services</td>
<td>30,028</td>
<td>30,028</td>
<td>30,652</td>
</tr>
<tr>
<td>Membership Revenue</td>
<td>59,750</td>
<td>59,750</td>
<td>48,000</td>
</tr>
<tr>
<td>In-Kind Donations</td>
<td>24,500</td>
<td>24,500</td>
<td>15,500</td>
</tr>
<tr>
<td>Grant Revenue</td>
<td>19,050</td>
<td>19,050</td>
<td>1,000</td>
</tr>
<tr>
<td>Investment Income</td>
<td>75</td>
<td>75</td>
<td>421</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>1,334</td>
<td>1,334</td>
<td>2,593</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES, GAINS AND OTHER SUPPORT</strong></td>
<td>328,835</td>
<td>328,835</td>
<td>288,405</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Education</td>
<td>323,773</td>
<td>323,773</td>
<td>319,307</td>
</tr>
<tr>
<td>Total Program Services</td>
<td>323,773</td>
<td>323,773</td>
<td>319,307</td>
</tr>
<tr>
<td>Supporting Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and General</td>
<td>24,626</td>
<td>24,626</td>
<td>27,704</td>
</tr>
<tr>
<td>Total Supporting Services</td>
<td>24,626</td>
<td>24,626</td>
<td>27,704</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>348,399</td>
<td>348,399</td>
<td>347,011</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Change in Net Assets</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(19,564)</td>
<td>(19,564)</td>
<td>(58,606)</td>
<td></td>
</tr>
<tr>
<td>Net Assets, Beginning</td>
<td>92,651</td>
<td>92,651</td>
<td>151,257</td>
</tr>
<tr>
<td><strong>Net Assets, Ending</strong></td>
<td>$73,087</td>
<td>$73,087</td>
<td>$92,651</td>
</tr>
</tbody>
</table>
COLORADO FOUNDATION FOR WATER EDUCATION

STATEMENT OF CASH FLOWS
Year Ended June 30, 2005
Increase (Decrease) in Cash

CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Received from</td>
<td>$150,000</td>
<td>$150,000</td>
</tr>
<tr>
<td>CWCB Endowment</td>
<td>22,883</td>
<td>16,755</td>
</tr>
<tr>
<td>Donations</td>
<td>21,464</td>
<td>9,425</td>
</tr>
<tr>
<td>Educational Services</td>
<td>30,028</td>
<td>30,652</td>
</tr>
<tr>
<td>Membership Revenue</td>
<td>59,750</td>
<td>48,000</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>20,384</td>
<td>3,593</td>
</tr>
<tr>
<td>Interest Income</td>
<td>75</td>
<td>421</td>
</tr>
<tr>
<td>Payments to Suppliers</td>
<td>(325,522)</td>
<td>(331,360)</td>
</tr>
</tbody>
</table>

NET CASH USED BY OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH, Beginning of Year</td>
<td>$75,620</td>
<td>148,134</td>
</tr>
</tbody>
</table>

CASH, End of Year

<table>
<thead>
<tr>
<th>Description</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH, End of Year</td>
<td>$54,682</td>
<td>$75,620</td>
</tr>
</tbody>
</table>

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in Net Assets</td>
<td>$19,564</td>
<td>$(58,606)</td>
</tr>
<tr>
<td>Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities</td>
<td>1,309</td>
<td></td>
</tr>
<tr>
<td>Changes in Assets and Liabilities</td>
<td>249</td>
<td>(15,368)</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>(251)</td>
<td>(557)</td>
</tr>
<tr>
<td>Inventory</td>
<td>(1,372)</td>
<td>708</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll Taxes Payable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Adjustments</td>
<td>(1,374)</td>
<td>(13,908)</td>
</tr>
</tbody>
</table>

Net Cash Used by Operating Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash Used by Operating Activities</td>
<td>$(20,938)</td>
<td>$(72,514)</td>
</tr>
</tbody>
</table>

Non-Cash Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-Kind Donations</td>
<td>24,500</td>
<td>15,500</td>
</tr>
</tbody>
</table>
NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Colorado Foundation for Water Education (the “Foundation”) was incorporated on September 23, 2002. The Foundation was established to promote a better understanding of water issues through educational opportunities and resources so Colorado citizens will understand water as a limited resource and will make informed decisions.

Standards of Accounting and Financial Reporting

The Foundation follows the standards of accounting and financial reporting for non-profit organizations which are in conformity with the recommendations of the American Institute of Certified Public Accountants. The Foundation uses the accrual basis of accounting.

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.

Inventory

Inventories for use and sale are stated at cost, with cost determined by the first-in, first-out method.

Property and Equipment

Property and equipment are recorded at cost. Donated property and equipment are recorded at market value on the date of donation. The Foundation’s policy is to capitalize all property and equipment with a useful life of more than one year, and a unit cost of $5,000 or greater.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

An endowment received from the Colorado Water Conservation Board (“CWCB”) is the primary support for the Foundation’s activities. The Foundation also receives revenue from the sale of the Foundation’s educational products and programs.

Contributions of equipment and donations of services are recorded at fair market value on the date of donation and are reported in the financial statements as in-kind donations.
NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the United States Internal Revenue Code. However, income from activities not directly related to the Foundation’s tax-exempt purpose is subject to taxation as unrelated business income.

NOTE 2: RETIREMENT PLAN

The Foundation’s employees are eligible to participate in a Simplified Employee Pension (SEP) Plan. Contributions are made by the employer at a rate of 12 percent of the employee’s salary. Contributions are immediately vested. Individual Retirement Accounts (IRAs) are set up for each participant in the Plan, such that employees control their own investments. All interest, dividends, and capital gains for this retirement plan accumulate tax-deferred until withdrawal. For the year ended June 30, 2005, the Foundation contributed $8,895 to this Plan.

NOTE 3: CONCENTRATION OF RISK

The Foundation receives a substantial amount of its support from the Colorado Water Conservation Board pursuant to House Bill 02-1152. A significant reduction in this level of support, if it were to occur, may have an effect on the Foundation’s programs and activities.

NOTE 4: COMPARATIVE 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 presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation’s financial statements for the year ended June 30, 2004, from which the summarized information was derived.
COLORADO FOUNDATION FOR WATER EDUCATION

SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended June 30, 2005
(With Summarized Financial Information for the Year Ended June 30, 2004)

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>Program Services</th>
<th>Supporting Services</th>
<th>Total</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Water Education</td>
<td>Management and General</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Educational Programs</td>
<td>$148,879</td>
<td>$-</td>
<td>$148,879</td>
<td>$135,599</td>
<td></td>
</tr>
<tr>
<td>Fundraising and Outreach</td>
<td>4,242</td>
<td>749</td>
<td>4,991</td>
<td>5,919</td>
<td></td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>58,351</td>
<td>5,687</td>
<td>64,038</td>
<td>66,791</td>
<td></td>
</tr>
<tr>
<td>Payroll Costs</td>
<td>112,201</td>
<td>18,190</td>
<td>130,491</td>
<td>138,702</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>$323,773</strong></td>
<td><strong>$24,626</strong></td>
<td><strong>$348,399</strong></td>
<td><strong>$347,011</strong></td>
<td></td>
</tr>
</tbody>
</table>