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**COLORADO BEEF COUNCIL  
AUTHORITY**  
*FINANCIAL STATEMENTS  
JUNE 30, 2016*

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*By Justin L. Smith at 10:46 am, Nov 03, 2016*

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## Independent Auditors' Report

Board of Directors  
Colorado Beef Council Authority  
Denver, Colorado

### Report On The Financial Statements

We have audited the accompanying financial statements of the Colorado Beef Council Authority (the Authority), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### *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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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.

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 the Authority as of June 30, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages i - iv, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of revenues and expenses - program basis is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of revenues and expenses - program basis is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues and expenses - program basis is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*RubinBrown LLP*

September 28, 2016

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**Colorado Beef Council Authority  
Management's Discussion and Analysis  
(unaudited)**

June 30, 2016 and 2015

Management of the Colorado Beef Council Authority (the Authority) offers readers of the basic financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended June 30, 2016 and 2015. Readers are encouraged to consider this information presented here in conjunction with the Authority's financial statements.

**Financial highlights**

- The assets of the Authority exceeded its liabilities by \$1,842,117 and \$1,763,877 at June 30, 2016 and 2015 respectively.
- The Authority's cash and cash equivalents balance was \$163,744 and \$364,587 at June 30, 2016 and 2015 respectively representing a decrease of \$200,843 from June 30, 2016 to June 30, 2015.
- The Authority's total liability balance was \$246,342 and \$260,402 at June 30, 2016 and 2015 respectively, representing decrease of \$14,060 from June 30, 2015 to June 30, 2016.
- Fiscal year ended June 30, 2016 total net revenues of \$1,395,107 were more than the net revenues of \$1,360,482 from the immediately preceding year.
- The Authority's net investment in capital assets at June 30, 2016 was \$0.
- Total change in fund net position was an increase of \$78,240 for the year ended June 30, 2016.

**Overview of the Financial Statements**

This discussion and analysis is intended as an introduction to the Authority's basic financial statements. The basic financial statements contain management's discussion and analysis, balance sheets and related statements of revenues, expenses and changes in fund net position and cash flows and related notes to the financial statement.

The balance sheets include all of the Authority's assets and liabilities, with the difference between the two reported as net position. The statements of revenues, expenses and changes in fund net position and cash flows present information showing how the Authority's net position and cash flows changed during the most recent fiscal year.

The related notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The Authority's function is to promote, stabilize and protect the beef industry in the state of Colorado by utilizing funding provided by the national checkoff program on all Colorado cattle sold or originating in the state of Colorado. The overall revenue increase is a direct result of favorable moisture over this past year, as producers have started to rebuild their herds.

**Colorado Beef Council Authority  
Management's Discussion and Analysis (continued)  
(unaudited)**

June 30, 2016 and 2015

The following schedule presents condensed balance sheet information as of June 30, 2016, 2015, 2014:

**Schedule 1  
Condensed Balance Sheets**

	Year ended June 30,		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current assets excluding short-term investments	\$487,591	\$673,570	\$571,926
Short-term investments	\$1,600,868	\$1,350,709	\$1,448,914
Capital assets, net	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total assets	\$2,088,459	\$2,024,279	\$2,020,840
Total current liabilities	<u>\$246,342</u>	<u>\$260,402</u>	<u>\$255,636</u>
Net investment in capital assets	\$0	\$0	\$0
Unrestricted fund net position	<u>\$1,842,117</u>	<u>\$1,763,877</u>	<u>\$1,765,204</u>
Total fund net position	<u>\$1,842,117</u>	<u>\$1,763,877</u>	<u>\$1,765,204</u>

Short term investments increased \$250,159 from June 30, 2015 to June 30, 2016. These changes are partially related the transfer of funds between cash and short term investments.

**Colorado Beef Council Authority**  
**Management's Discussion and Analysis (continued)**  
**(unaudited)**

June 30, 2016 and 2015

The following schedule presents condensed statements of revenues, expenses and changes in fund net position information for the years ended June 30, 2016, 2015 and 2014.

**Schedule 2**  
**Condensed Statements of Revenues, Expenses and Changes in Fund Net Position**

	Year ended June 30,		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating revenues	\$1,395,107	\$1,360,482	\$1,464,315
Operating expenses:			
Beef Promotion and Programs	\$656,989	\$680,462	\$807,799
Salaries	\$366,497	\$369,408	\$370,635
Collection fees	\$83,086	\$81,106	\$87,209
Insurance and Pension	\$65,692	\$87,774	\$88,873
Other	<u>\$105,962</u>	<u>\$149,949</u>	<u>\$167,708</u>
Total operating expenses	\$1,323,630	\$1,368,719	\$1,522,224
Operating income/(loss)	<u>\$71,477</u>	<u>(\$8,237)</u>	<u>(\$57,909)</u>
Non-operating revenue	\$6,763	\$6,910	\$6,058
Change in fund net position	\$78,240	(\$1,327)	(\$51,851)
Ending fund net position	<u>\$1,842,117</u>	<u>\$1,763,877</u>	<u>\$1,765,204</u>

**Colorado Beef Council Authority  
Management's Discussion and Analysis (continued)  
(unaudited)**

June 30, 2016 and 2015

**Financial Analysis**

As the Authority completed the fiscal year its net position was \$78,240 more than the previous years ending balance. This increase was due to higher cattle numbers than projected from the prior year.

**Budgetary Highlights**

We ended the fiscal year with net position of \$1,842,117.

**Economic factors and next year's budget rates**

The 2016-2017 budget has been approved at \$1,312,570.

**Request for Information**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning the information provided in the report or request for additional financial information should be addressed to Colorado Beef Council Authority, 789 Sherman Street, Suite 105, Denver, Colorado, 80203.

# COLORADO BEEF COUNCIL AUTHORITY

## BALANCE SHEET June 30, 2016 And 2015

	2016	2015
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	\$ 163,744	\$ 364,587
Short-term investments (Note 2)	1,600,868	1,350,709
Accounts receivable	323,847	308,983
<b>Total Current Assets</b>	<b>2,088,459</b>	<b>2,024,279</b>
<b>Capital Assets (Note 3)</b>		
Office equipment	26,790	26,790
Leasehold improvements	13,209	13,209
Total capital assets	39,999	39,999
Accumulated depreciation	(39,999)	(39,999)
<b>Capital Assets, Net</b>	<b>—</b>	<b>—</b>
<b>Total Assets</b>	<b>\$ 2,088,459</b>	<b>\$ 2,024,279</b>

### Liabilities And Fund Net Position

<b>Current Liabilities</b>		
Accounts payable	\$ 237,553	\$ 238,855
Accrued vacation	8,789	21,547
<b>Total Current Liabilities</b>	<b>246,342</b>	<b>260,402</b>
<b>Fund Net Position</b>		
Unrestricted	1,842,117	1,763,877
<b>Total Liabilities And Fund Net Position</b>	<b>\$ 2,088,459</b>	<b>\$ 2,024,279</b>

# COLORADO BEEF COUNCIL AUTHORITY

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

For The Years Ended June 30, 2016 And 2015

	2016	2015
<b>Operating Revenues</b>		
Check-off assessments, net	\$ 1,395,107	\$ 1,360,482
<b>Operating Expenses</b>		
Beef promotion and programs	656,989	680,462
Salaries	366,497	369,408
Collection fees	83,086	81,106
Insurance and pension	65,692	87,774
Rent (Note 6)	46,304	42,937
Newsletter and annual report	—	6,629
Payroll taxes	27,931	25,014
Other employee expenses	18,799	17,943
Board expenses	11,680	11,762
Professional fees	16,115	13,478
Postage	4,908	5,075
Telephone	4,639	4,026
Brand board	6,000	6,000
Repairs and maintenance	4,314	5,992
Computer and office supply	6,544	6,839
Miscellaneous	3,433	4,274
Dues and subscriptions	699	—
<b>Total Operating Expenses</b>	<b>1,323,630</b>	<b>1,368,719</b>
<b>Operating Income (Loss)</b>	<b>71,477</b>	<b>(8,237)</b>
<b>Nonoperating Revenues</b>		
Interest revenue	6,608	5,056
Unrealized gain on investments	155	1,854
<b>Total Nonoperating Revenues</b>	<b>6,763</b>	<b>6,910</b>
<b>Changes In Fund Net Position</b>	<b>78,240</b>	<b>(1,327)</b>
<b>Fund Net Position, Beginning Of Year</b>	<b>1,763,877</b>	<b>1,765,204</b>
<b>Fund Net Position, End Of Year</b>	<b>\$ 1,842,117</b>	<b>\$ 1,763,877</b>

# COLORADO BEEF COUNCIL AUTHORITY

## STATEMENT OF CASH FLOWS For The Years Ended June 30, 2016 And 2015

	<u>2016</u>	<u>2015</u>
<b>Cash Flows From Operating Activities</b>		
Cash received from check-off assessments	\$ 1,380,243	\$ 1,386,166
Cash payments to suppliers	(948,310)	(989,850)
Cash payments to employees for services	(389,380)	(374,103)
<b>Net Cash Provided By Operating Activities</b>	<u>42,553</u>	<u>22,213</u>
<b>Cash Flows From Investing Activities</b>		
Interest revenue	6,608	5,056
Sales of investments	1,250,000	1,350,090
Purchases of investments	(1,500,004)	(1,250,031)
<b>Net Cash Provided By (Used In) Investing Activities</b>	<u>(243,396)</u>	<u>105,115</u>
<b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	(200,843)	127,328
<b>Cash And Cash Equivalents, Beginning Of Year</b>	<u>364,587</u>	<u>237,259</u>
<b>Cash And Cash Equivalents, End Of Year</b>	<u>\$ 163,744</u>	<u>\$ 364,587</u>
<b>Reconciliation Of Operating Income (Loss) To Net Cash Provided By Operating Activities</b>		
Operating income (loss)	\$ 71,477	\$ (8,237)
<b>Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities</b>		
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	(14,864)	25,684
Increase (decrease) in accounts payable	(1,302)	8,234
Decrease in accrued vacation	(12,758)	(3,468)
<b>Net Cash Provided By Operating Activities</b>	<u>\$ 42,553</u>	<u>\$ 22,213</u>
<b>Noncash Transactions</b>		
Unrealized gain on investments	\$ (155)	\$ (1,854)

# **COLORADO BEEF COUNCIL AUTHORITY**

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## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2016 And 2015**

### **1. Summary Of Significant Accounting Policies**

This summary of significant accounting policies of the Colorado Beef Council Authority (the Authority) is presented to assist in understanding the Authority's financial statements. The financial statements and notes are representations of the Authority's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (US GAAP) as applied to units of local government and promulgated by the Governmental Accounting Standards Board (GASB). The Authority's significant accounting policies are described below.

#### **Summary Of Business Activities**

The Authority operates as a qualified state beef council under the Beef Promotion and Research Act of 1985. The Authority collects national beef promotion and research funds for cattle sold in the State of Colorado. A portion of the funds collected is retained by the Authority and used for promotion and research efforts in Colorado, while the remainder is remitted to the state of origin and the Cattlemen's Beef Promotion and Research Board.

The Authority is an independent special authority, created by the State of Colorado (the State) on July 1, 1993. The governing board of the Authority is appointed by the Governor of Colorado. The State exercises no other control over the Authority. The Authority is not financially accountable for any other organization, nor is it a component unit of another primary governmental entity.

#### **Measurement Focus, Basis Of Accounting And Financial Statement Presentation**

The financial statements of the Authority have been prepared in accordance with US GAAP and are presented using the economic resources measurement focus and the accrual basis of accounting. As such, revenues are recognized when earned, and expenses are recognized when incurred. All assets and liabilities are included on the balance sheet. The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from check-off assessment and fee activities.

#### **Cash And Cash Equivalents**

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents for purposes of the statement of cash flows.

# **COLORADO BEEF COUNCIL AUTHORITY**

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## Notes To the Financial Statements *(Continued)*

### **Short-Term Investments**

Short-term investments consist of certificates of deposit having a maturity period of one year or less from the date of purchase and are recorded at amortized cost, which approximates market value.

### **Accounts Receivable**

Accounts receivable consist of check-off assessments collected subsequent to year end that are applicable to cattle sales in the current year. These receivables are considered fully collectable; therefore, an allowance for doubtful accounts is not necessary.

### **Capital Assets**

All capital assets are recorded at historical cost when acquired. Assets with a unit cost exceeding \$5,000 are capitalized. Depreciation has been provided based on estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Office equipment	3 - 8 years
Leasehold improvements	5 years

### **Accrued Vacation**

Vacation benefits are accrued as a liability, as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate employees for the benefits. Vacation benefits accrue on the employee's employment anniversary date and must be used within one year from the date that it is accrued. Any unused time may not be carried over into future years.

### **Income Taxes**

The Authority's income is not subject to income taxes as provided by Section 115 of the Internal Revenue Code.

### **Tax, Spending And Debt Limitations**

Colorado voters passed an amendment of the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The Authority believes it is not subject to the requirements of the amendment.

### **Budget And Budgetary Accounting**

The Authority is exempt from Colorado budget law.

## **COLORADO BEEF COUNCIL AUTHORITY**

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### Notes To the Financial Statements (*Continued*)

#### **Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority carries commercial insurance to cover risks of loss that might occur, subject to nominal deductible amounts. Settled claims related to any of these risks have not exceeded commercial insurance coverage in the past three years.

#### **Use Of Estimates**

The preparation of financial statements, in conformity with US GAAP, 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Economic Dependency**

The majority of the Authority's revenues are from check-off assessments, which are directly related to the economic well-being of Colorado's cattle industry.

## **2. Cash, Cash Equivalents And Investments**

#### **Investment Policy And Compliance**

The Authority's policies with respect to cash, cash equivalents and investments have been established to comply with the policies outlined by the Agricultural Marketing Service (AMS).

All bank deposits (e.g., checking, savings or certificates of deposit) must be established at financial institutions having Federal Deposit Insurance Corporation (FDIC) insurance.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by PDPA. PDPA allows the institution to create a single collateral pool for all public funds.

The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The State Regulatory Commission for banks is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

## **COLORADO BEEF COUNCIL AUTHORITY**

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### Notes To the Financial Statements (*Continued*)

At June 30, 2016, the Authority's cash deposits had a book balance of \$163,744 and a corresponding bank balance of \$437,737. The difference between the book and bank balances is primarily due to outstanding checks not yet processed by the banks. Of the bank balance, \$250,000 was covered by FDIC, and \$187,737 was collateralized under PDPA.

At June 30, 2015, the Authority's cash deposits had a book balance of \$364,587 and a corresponding bank balance of \$610,577. The difference between the book and bank balances is primarily due to outstanding checks not yet processed by the banks. Of the bank balance, \$250,000 was covered by FDIC, and \$360,557 was collateralized under PDPA.

The Authority's investment policy also stipulates that investments may be in short-term, high-quality instruments that include U.S. government securities, U.S. government-only money market funds with a current rating from Moody's of Aaa or Standard & Poor's rating of AAAM, or bank repurchase agreements executed with a sound financial institution. Bank repurchase agreements must be collateralized by securities issued, fully insured or guaranteed by the U.S. Treasury, a U.S. government agency or U.S. government-sponsored corporation.

Securities issued, fully insured or guaranteed by the following agencies/corporations, are acceptable investments by the AMS policy provided the security has a maturity date of one year or less at the time of purchase. Declining-balance securities, such as mortgage-backed securities, are not acceptable.

- U.S. Treasury
- Federal Farm Credit Bank
- Federal Home Loan Bank
- Federal National Mortgage Association
- Federal Home Loan Mortgage Corporation
- Student Loan Marketing Association

These securities and the Government National Mortgage Association mortgage-backed securities are acceptable collateral for repurchase agreements purchased by the Authority, regardless of the length of maturity of the instrument, provided the market value of the collateral is at all times at least 102% of the amount invested in the repurchase agreement.

#### **Investments**

The Authority follows GASB Statements No. 31 and 59, which govern accounting for investments. Investments primarily are comprised of certificates of deposit and have remaining maturities of less than 12 months.

**COLORADO BEEF COUNCIL AUTHORITY**

Notes To the Financial Statements *(Continued)*

As a means of limiting its exposure to losses arising from rising interest rates, the Authority's investment policy limits its investments to maturities of less than one year.

The 2016 and 2015 certificates of deposit are not rated by any rating agencies.

As of June 30, 2016, the Authority had the following short-term investments:

<u>Investment</u>	<u>Maturity Date</u>	<u>Market Value</u>
Certificate of deposit	July 1, 2016	\$ 100,000
Certificate of deposit	July 29, 2016	100,006
Certificate of deposit	August 25, 2016	100,018
Certificate of deposit	September 29, 2016	100,023
Certificate of deposit	October 5, 2016	100,024
Certificate of deposit	November 28, 2016	100,135
Certificate of deposit	January 4, 2017	100,122
Certificate of deposit	January 13, 2017	100,177
Certificate of deposit	January 20, 2017	100,186
Certificate of deposit	February 23, 2017	100,173
Certificate of deposit	February 28, 2017	100,135
Certificate of deposit	March 30, 2017	99,688
Certificate of deposit	April 27, 2017	100,076
Certificate of deposit	May 5, 2017	100,076
Certificate of deposit	May 10, 2017	100,029
Certificate of deposit	June 30, 2017	100,000
<b>Total</b>		<b>\$ 1,600,868</b>

**COLORADO BEEF COUNCIL AUTHORITY**

Notes To the Financial Statements *(Continued)*

As of June 30, 2015, the Authority had the following short-term investments:

<u>Investment</u>	<u>Maturity Date</u>	<u>Market Value</u>
Certificate of deposit	July 29, 2015	\$ 100,019
Certificate of deposit	August 21, 2015	100,027
Certificate of deposit	September 29, 2015	100,058
Certificate of deposit	October 8, 2015	100,060
Certificate of deposit	November 16, 2015	100,067
Certificate of deposit	December 30, 2015	100,048
Certificate of deposit	January 15, 2016	150,070
Certificate of deposit	January 29, 2016	100,045
Certificate of deposit	February 18, 2016	100,037
Certificate of deposit	February 25, 2016	100,098
Certificate of deposit	March 30, 2016	100,000
Certificate of deposit	April 27, 2016	100,090
Certificate of deposit	April 29, 2016	100,090
<b>Total</b>		<b>\$ 1,350,709</b>

**3. Capital Assets**

Capital asset activity for the years ended June 30, 2016 and 2015 is as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>
Capital assets being depreciated				
Office equipment	\$ 26,790	\$ —	\$ —	\$ 26,790
Leasehold improvements	13,209	—	—	13,209
<b>Total Capital Assets</b>				
<b>Being Depreciated</b>	<b>39,999</b>	<b>—</b>	<b>—</b>	<b>39,999</b>
Less: Accumulated depreciation				
Office equipment	(26,790)	—	—	(26,790)
Leasehold improvements	(13,209)	—	—	(13,209)
<b>Total Accumulated</b>				
<b>Depreciation</b>	<b>(39,999)</b>	<b>—</b>	<b>—</b>	<b>(39,999)</b>
<b>Total Capital Assets Being</b>				
<b>Depreciated, Net</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

**COLORADO BEEF COUNCIL AUTHORITY**

Notes To the Financial Statements (Continued)

	Balance			Balance
	July 1, 2014	Additions	Deletions	June 30, 2015
Capital assets being depreciated				
Office equipment	\$ 34,357	\$ —	\$ (7,567)	\$ 26,790
Leasehold improvements	13,209	—	—	13,209
<b>Total Capital Assets</b>				
<b>Being Depreciated</b>	47,566	—	(7,567)	39,999
Less: Accumulated depreciation				
Office equipment	(34,357)	—	\$ 7,567	(26,790)
Leasehold improvements	(13,209)	—	—	(13,209)
<b>Total Accumulated</b>				
<b>Depreciation</b>	(47,566)	—	7,567	(39,999)
<b>Total Capital Assets Being</b>				
<b>Depreciated, Net</b>	\$ —	\$ —	\$ —	\$ —

There was no depreciation expense for the years ended June 30, 2016 and 2015.

**4. Employee Benefits**

Effective July 1, 2001, eligible employees are able to participate in the Simplified Employee Pension Plan, a defined contribution plan. Authority contributions are 10% of employee compensation with no employee match. The contributions may be amended at the discretion of the Authority's Board of Directors. Contributions made by the Authority were \$33,312 and \$35,128 for the years ended June 30, 2016 and 2015, respectively.

**5. Fund Net Position**

**Board Designations**

The Authority's Board of Directors has approved the establishment of a designated fund net position of \$500,000, as of June 30, 2016 and 2015, to be used as the Authority may deem necessary.

**Unrestricted**

Fund net position of \$1,342,117 and \$1,263,877 as of June 30, 2016 and 2015, respectively, is available for future budgeting within the various program areas. The Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted fund net position is available.

# **COLORADO BEEF COUNCIL AUTHORITY**

Notes To the Financial Statements *(Continued)*

## **6. Contracts And Commitments**

As in prior fiscal years, the Authority has an agreement with the National Cattlemen's Beef Association (NCBA) to remit a portion of its net revenues to NCBA for advertising and program expenditures. Additionally, the Authority has the same type of agreement with the U.S. Meat Export Federation (USMEF). For fiscal years 2016 and 2015, the Authority made formal commitments of \$58,000 to NCBA, \$8,600 to USMEF and \$36,600 to Colorado State University. These commitments were approved prior to the fiscal year end and are remitted to the various organizations in the subsequent period.

The Authority formally committed approximately \$154,302 and \$306,603 through signed contracts as of June 30, 2016 and 2015, respectively, to various groups for advertising, promoting its product and sponsoring various events over the next two fiscal years.

The Authority leases its business premises under a noncancelable operating lease, which was to expire in July 2013. The lease was amended in January 2013 for an additional 60-month period beginning August 1, 2013 and terminating July 31, 2018. The following is a summary of the minimum lease payments existing as of June 30, 2016:

<u>Fiscal Year Ending June 30,</u>	
2017	\$ 39,259
2018	41,168
2019	3,437
	<u>\$ 83,864</u>

The Authority is also responsible for its ratable share of expenses for maintenance of the common areas within the building. Rent expense under the operating lease was \$46,304 and \$42,937 for the years ended June 30, 2016 and 2015, respectively.

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**Supplementary Information**

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# COLORADO BEEF COUNCIL AUTHORITY

## SCHEDULE OF REVENUES AND EXPENSES - PROGRAM BASIS

For The Years Ended June 30, 2016 And 2015

	2016	2015
<b>Revenues</b>		
Gross check-off assessments	\$ 4,299,644	\$ 4,269,602
Assessment revenues remitted to state of origin	(1,509,430)	(1,548,553)
Assessment revenues remitted to Cattlemen's Beef Promotion and Research Board	(1,395,107)	(1,360,567)
Collection fees charged by state agency	(89,105)	(87,145)
<b>Net Assessment Revenues</b>	<b>1,306,002</b>	<b>1,273,337</b>
Interest and unrealized gain on investments	6,763	6,910
<b>Total Revenues</b>	<b>1,312,765</b>	<b>1,280,247</b>
<b>Expenses</b>		
<b>National Program Investments</b>		
NCBA - general and advertising	80,061	81,344
USMEF research	8,600	8,600
<b>Total National Program Investments</b>	<b>88,661</b>	<b>89,944</b>
<b>Promotion</b>		
Advertising	385,333	384,058
Retail promotion	19,040	24,930
Food service promotion	52,961	71,881
Program development and implementation	5,232	8,804
<b>Total Promotion</b>	<b>462,566</b>	<b>489,673</b>
<b>Consumer Information</b>		
Public relations	46,330	47,016
Education	123,273	128,160
Materials and mailings	23,325	30,172
Colorado Cattlewomen	21,393	19,407
<b>Total Consumer Information</b>	<b>214,321</b>	<b>224,755</b>
<b>Industry Information</b>		
Producer communications/public relations	91,166	97,905
Education	43,357	41,030
Collections	36,425	34,815
<b>Total Industry Information</b>	<b>170,948</b>	<b>173,750</b>
<b>Administration</b>	<b>298,029</b>	<b>303,452</b>
<b>Total Expenses</b>	<b>1,234,525</b>	<b>1,281,574</b>
<b>Changes In Fund Net Position</b>	<b>\$ 78,240</b>	<b>\$ (1,327)</b>



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## Report Of Independent Certified Public Accountants

Board of Directors  
Colorado Beef Council Authority  
Denver, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Colorado Beef Council Authority (the Authority) as of June 30, 2016 and 2015, which comprise the balance sheet and the related statements of revenues, expenses and changes in fund net position and cash flows for the years then ended, and we have issued our report thereon dated September 28, 2016.

In connection with our audits, nothing came to our attention that caused us to believe that the Authority failed to comply with the provisions of the Beef Promotion and Research Act of 1985 and Section 1260.181(b)(7) of the Beef Promotion and Research Order relative to the use of funds collected by the Authority insofar as they relate to accounting matters. Further, nothing came to our attention that caused us to believe the Authority failed to comply with the provisions of the Beef Board Investment Policy for Qualified State Beef Councils dated December 15, 2008, which describes the type of instruments in which the Authority may invest. However, our audits were not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the above referenced conditions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Directors and management of the Authority, the Cattlemen's Beef Promotion and Research Board, the U.S. Department of Agriculture and the State of Colorado and is not intended to be, and should not be, used by anyone other than these specified parties.

*RubinBrown LLP*

September 28, 2016

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