

Colorado Counties, Inc.

**Combining Financial Statements
with
Colorado Counties Foundation, Inc.
and
Colorado Public Lands**

**Combining Financial Statements and Report
of
Independent Certified Public Accountants
As of December 31, 2018**

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**Haynie &
Company**

Certified Public Accountants (a professional corporation)

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Independent Auditor's Report

Board of Directors
Colorado Counties, Inc.
Denver, Colorado

We have audited the accompanying combining financial statements of Colorado Counties, Inc. (a nonprofit organization) which comprise the combining statement of financial position as of December 31, 2018, and the related combining statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combining 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 these combining financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combining financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combining financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combining financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combining 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 combining 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 combining financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Opinion

In our opinion, the combining financial statements referred to above present fairly, in all material respects, the individual and combined financial positions of Colorado Counties, Inc. and affiliates as of December 31, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Haynie & Co".

Littleton, Colorado
April 11, 2019

Colorado Counties, Inc.
Combining Statement of Financial Position
December 31, 2018

	<u>Colorado Counties</u>	<u>CCI Foundation</u>	<u>CCI Public Lands</u>	<u>Eliminations</u>	<u>Combined Total</u>
Assets					
Current Assets					
Cash and cash equivalents	\$ 520,157	\$ 233,515	\$ 55,880	\$ -	\$ 809,552
Certificates of deposit	498,069	-	-	-	498,069
Accounts receivable	-	6,050	-	-	6,050
Interest receivable	5,020	-	-	-	5,020
Interorganizational receivables	10,165	18,610	-	(28,775)	-
Other current assets	22,698	4,317	-	-	27,015
Total current assets	<u>1,056,109</u>	<u>262,492</u>	<u>55,880</u>	<u>(28,775)</u>	<u>1,345,706</u>
Property and Equipment, net	1,014,797	-	-	-	1,014,797
Other Assets					
Certificates of deposit	896,239	-	-	-	896,239
Total other assets	<u>896,239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>896,239</u>
Total assets	<u>\$ 2,967,145</u>	<u>\$ 262,492</u>	<u>\$ 55,880</u>	<u>\$ (28,775)</u>	<u>\$ 3,256,742</u>
Liabilities and Net Assets					
Current Liabilities:					
Accounts payable and accrued liabilities	\$ 3,177	\$ 401	\$ -	\$ -	\$ 3,578
Accrued payroll liabilities	47,529	-	-	-	47,529
Deferred revenue	13,500	4,500	-	-	18,000
Interorganizational payables	18,610	10,165	-	(28,775)	-
Total liabilities	<u>82,816</u>	<u>15,066</u>	<u>-</u>	<u>(28,775)</u>	<u>69,107</u>
Net assets:					
Without donor restrictions	2,884,329	247,426	55,880	-	3,187,635
Total net assets	<u>2,884,329</u>	<u>247,426</u>	<u>55,880</u>	<u>-</u>	<u>3,187,635</u>
Total liabilities and net assets	<u>\$ 2,967,145</u>	<u>\$ 262,492</u>	<u>\$ 55,880</u>	<u>\$ (28,775)</u>	<u>\$ 3,256,742</u>

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

Colorado Counties, Inc.
Combining Statement of Activities
For the Year Ended December 31, 2018

	Without Donor Restrictions			Eliminations	Combined Total
	Colorado Counties	CCI Foundation	CCI Public Lands		
Revenue and Other Support					
Dues and assessments	\$ 1,141,500	\$ 63,000	\$ 37,468	\$ -	\$ 1,241,968
Conference registration fees	-	354,838	-	-	354,838
Investment income	31,661	-	22	-	31,683
Public lands administration	11,897	-	-	(11,897)	-
Marketing services income	52,097	-	-	-	52,097
Management fee income	105,000	-	-	(105,000)	-
Miscellaneous income	339	-	-	-	339
Total revenue and support	<u>1,342,494</u>	<u>417,838</u>	<u>37,490</u>	<u>(116,897)</u>	<u>1,680,925</u>
Expenses					
Program services	919,357	359,330	34,689	(116,897)	1,196,479
General and administrative	397,437	-	-	-	397,437
Total expenses	1,316,794	359,330	34,689	(116,897)	1,593,916
Change in Net Assets	25,700	58,508	2,801	-	87,009
Net Assets Beginning of Year	<u>2,858,629</u>	<u>188,918</u>	<u>53,079</u>	<u>-</u>	<u>3,100,626</u>
Net Assets End of Year	<u>\$ 2,884,329</u>	<u>\$ 247,426</u>	<u>\$ 55,880</u>	<u>\$ -</u>	<u>\$ 3,187,635</u>

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

Colorado Counties, Inc.
Combining Statement of Cash Flows
For the Year Ended December 31, 2018

	<u>Colorado Counties</u>	<u>CCI Foundation</u>	<u>CCI Public Lands</u>	<u>Combined Total</u>
Cash flows from operating activities				
Change in net assets	\$ 25,700	\$ 58,508	\$ 2,801	\$ 87,009
Adjustments to reconcile change in net assets to net cash from operating activities:				
Depreciation expense	44,763	-	-	44,763
Investment gains (losses)	(4,850)	-	-	(4,850)
Changes in assets and liabilities				
Change in accounts receivable	2,218	(18,860)	-	(16,642)
Change in prepaid and other expenses	1,354	2,324	-	3,678
Change in accounts payable	14,734	(1,445)	-	13,289
Change in accrued liabilities	(15,390)	-	-	(15,390)
Change in deferred revenue	13,500	4,500	-	18,000
Net cash from operating activities	<u>82,029</u>	<u>45,027</u>	<u>2,801</u>	<u>129,857</u>
Cash flows from investing activities				
Purchase of fixed assets	(25,042)	-	-	(25,042)
Purchase of investments	(600,000)	-	-	(600,000)
Sale of investments	706,818	-	-	706,818
Net cash from investing activities	<u>81,776</u>	<u>-</u>	<u>-</u>	<u>81,776</u>
Net change in cash and cash equivalents	163,805	45,027	2,801	211,633
Cash balance—beginning of year	<u>356,352</u>	<u>188,488</u>	<u>53,079</u>	<u>597,919</u>
Cash balance—end of year	<u>\$ 520,157</u>	<u>\$ 233,515</u>	<u>\$ 55,880</u>	<u>\$ 809,552</u>

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

Colorado Counties, Inc.
Combining Statement of Functional Expenses
For the Year Ended December 31, 2018

	2018						
	Program Services				Supporting Services		Combined Total
	Colorado Counties	CCI Foundation	CCI Public Lands	Total Program Services	General & Administrative (Colorado Counties) Eliminations		
Personnel Services							
Payroll and related expense	\$ 649,832	\$ -	\$ -	\$ 649,832	\$ 291,953	\$ -	\$ 941,785
Administration/management fees	-	105,000	11,897	116,897	-	(116,897)	-
Contract labor	57,000	-	-	57,000	-	-	57,000
Total personnel services	706,832	105,000	11,897	823,729	291,953	(116,897)	998,785
Office Expenses							
Occupancy	47,516	9,285	-	56,801	21,347	-	78,148
Professional fees	28,271	5,292	-	33,563	17,370	-	50,933
Information services	7,843	1,425	-	9,268	1,961	-	11,229
Telephone	9,262	-	-	9,262	4,162	-	13,424
Office expense	3,909	566	250	4,725	4,174	-	8,899
Postage	2,698	-	-	2,698	1,212	-	3,910
Books and Publications	17,512	8,163	-	25,675	1,902	-	27,577
Total office expenses	117,011	24,731	250	141,992	52,128	-	194,120
Other Expenses							
Conferences	-	228,429	-	228,429	-	-	228,429
Insurance	-	1,170	-	1,170	23,077	-	24,247
Registrations, dues and education	10,993	-	9,226	20,219	-	-	20,219
Travel and meals	53,634	-	13,316	66,950	-	-	66,950
Other	-	-	-	-	950	-	950
Taxes on unrelated business income	-	-	-	-	15,453	-	15,453
Depreciation	30,887	-	-	30,887	13,876	-	44,763
Total other expenses	95,514	229,599	22,542	347,655	53,356	-	401,011
Total Expenses	<u>\$ 919,357</u>	<u>\$ 359,330</u>	<u>\$ 34,689</u>	<u>\$ 1,313,376</u>	<u>\$ 397,437</u>	<u>\$ (116,897)</u>	<u>\$ 1,593,916</u>

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

Colorado Counties, Inc.

Notes to Financial Statements

December 31, 2018

1. Organization

The combining financial statements include activity of Colorado Counties, Inc. (CCI), CCI Foundation, Inc. (the Foundation), and CCI Public Lands (Public Lands) (collectively, "the Organization"), which are under common control.

- CCI is a Colorado nonprofit corporation formed in 1974 from the contributions of assets of the former Colorado State Association of County Commissioners. The mission of CCI is to cultivate a more general knowledge of, and to encourage a greater interest among, the counties of Colorado in the administration and function of county government.
- The Foundation is a Colorado nonprofit corporation formed in 2012. The Foundation sponsors statewide conferences and workshops to facilitate county information sharing and problem solving. The Foundation also conducts research, prepares publications on issues of interest to counties and, through the County Information Center, provides an electronic repository of these publications.
- Public Lands is a Colorado nonprofit corporation formed in 2012. Public Lands supports strong working relationships among state, federal and local governments to coordinate planning functions and implement various policies that minimize burdens on local governments and individual private property rights.

2. Summary of Significant Accounting Policies

Basis of Presentation and Accounting

All interorganizational balances and transactions have been eliminated in the accompanying financial statements. The Organization reports information regarding its financial position and activities according to two classes of net assets: with donor restriction and without donor restriction. As of December 31, 2018, the Organization had no net assets with donor restrictions.

Use of Estimates

The preparation of 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 the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Colorado Counties, Inc.
Notes to Financial Statements (continued)
December 31, 2018

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Organization considers money market funds and all highly liquid debt and equity instruments purchased with maturities of three months or less to be cash equivalents

Property and Equipment

Property and equipment is stated at cost if purchased and at estimated fair value if donated. Depreciation is computed using the straight-line method over the assets' estimated useful lives, as follows: building and improvements-39 years; vehicles-5 years; furniture and equipment-3 to 5 years. The Organization capitalizes property and equipment additions greater than \$3,000.

Management assesses the carrying value of long-lived assets for impairment when circumstances indicate such amounts may not be recoverable from future operations. Generally, assets to be held and used in operations are considered impaired if the sum of expected undiscounted future cash flows are less than the carrying amount of the asset. If impairment has occurred, the loss is measured based on the amount by which the carrying value exceeds its fair market value. Management does not believe that any impairment has occurred as of December 31, 2018.

Revenue Recognition

CCI's major source of revenues is dues from member counties within Colorado. Dues are recognized ratably over the membership term, which is generally one year. The Foundation's major source of revenue is registration fees from annual conferences, sponsorships, and member dues. Public Lands' major source of revenue is member dues. Dues revenue received in advance of when it is earned is reported as deferred revenue on the accompanying statement of financial position.

Contributions are recognized in the period when received. Contributions are considered without donor restriction unless specifically restricted by the donor. The Organization records donor-restricted contributions as net assets without donor restriction if the restrictions are met in the same reporting period. Net assets released from restrictions (when the donor-stipulated purpose has been met or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets in the statement of activities.

Accounts Receivable

Receivables are uncollateralized obligations due from members and associates for conference fees, member dues and sponsorships. Receivables are due under normal trade terms requiring payment within 30 to 45 days. The Organization generally bills for unpaid fees within 30 days after the conference. Payments against receivables are allocated to the specific invoices identified on the remittance advice, or, if unspecified, are applied to the earliest unpaid invoices.

Colorado Counties, Inc.
Notes to Financial Statements (continued)
December 31, 2018

2. Summary of Significant Accounting Policies (continued)

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected, based on past experience and analysis of current accounts receivable. As of December 31, 2018, no allowance for doubtful accounts was recorded because management believes the accounts are fully collectible.

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Administrative expenses	Time and effort
Legal and professional fees	Time and effort
Advertising, Marketing, and Fundraising	Time and effort

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which amended revenue recognition guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required about customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. ASU No. 2014-09 is effective for annual reporting in fiscal years beginning after December 15, 2018. The Organization is currently evaluating the impact of the pending adoption of this new standard on its financial statements.

Colorado Counties, Inc.
Notes to Financial Statements (continued)
December 31, 2018

2. Summary of Significant Accounting Policies (continued)

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The new standard establishes a right-of-use ("ROU") model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019 (fiscal 2021 for the Foundation). A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact of the pending adoption of this new standard on its financial statements.

Credit Risk and Concentrations

Financial instruments, which potentially subject the Organization to credit risk, consist of cash, accounts receivable, and investments. Credit risk with respect to accounts receivable is spread among the county governments in Colorado that utilize the Organization's services and programs. Investments consist primarily of certificates of deposit and cash from high-quality financial institutions. Cash balances may occasionally exceed insured limits, but the Organization places its temporary cash investments with high-credit-quality financial institutions and has not suffered losses from this exposure.

Certificates of Deposit

CCI invests funds in a professionally managed portfolio that may include various types of fixed income investments. Certain of these investments are exposed to various risks, such as fluctuations in market value, interest rate, or credit risk. Therefore, the Organization's investments may be subject to significant fluctuations in fair value. As a result, the investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

Investments recorded at cost include certificates of deposit. Investments carried at cost are not required to be classified in one of the levels prescribed by the fair value hierarchy.

At December 31, 2018, the Organization had the following investment:

Investment	Investment Maturities (in years)		
	Less than 1	1 to 5	Total
Certificates of Deposit	\$ 489,069	\$ 896,239	\$ 1,385,308

Colorado Counties, Inc.
Notes to Financial Statements (continued)
December 31, 2018

2. Summary of Significant Accounting Policies (continued)

Income Taxes

CCI, the Foundation, and Public Lands qualify as tax-exempt organizations and are generally not subject to income tax under the following sections of the Internal Revenue Code:

Entity	Section
CCI	501(c)(4)
Foundation	501(c)(3)
Public Lands	501(c)(4)

CCI is subject to income tax at corporate tax rates for unrelated business income received under certain marketing agreements. During 2018, CCI reported taxable income of \$52,097 and incurred Federal and state income tax expense totaling \$15,453. Public Lands and the Foundation did not recognize any unrelated business income in 2018.

The Organization has taken no tax positions it believes are unlikely to be upheld, or that might jeopardize its tax-exempt status, if examined by taxing authorities with full knowledge of all relevant information.

Should its tax-exempt status be challenged in the future, all years since inception could be subject to review by the IRS. The Organization's federal information and income tax returns (Forms 990 and 990-T) for 2015, 2016, 2017, and 2018 are subject to examination by the IRS, generally for three years after they were filed. The Organization's state income tax returns for 2014, 2015, 2016, 2017 and 2018 are subject to examination by Colorado tax authorities, generally for four years after they were filed.

Subsequent Events Evaluation

Management has evaluated subsequent events through April 11, 2019, the date the financial statements were available to be issued.

Colorado Counties, Inc.
Notes to Financial Statements (continued)
December 31, 2018

3. Availability and Liquidity

The following represents Colorado Counties' financial assets at December 31, 2018:

	2018
Financial assets at period end:	
Cash & certificates of deposit	\$ 2,203,860
Accounts receivable	6,050
Total financial assets	2,209,910
Less amounts not available to be used within one year:	
Certificates of deposits	(896,239)
Financial assets available to meet general expenditures over the next twelve months	\$ 1,313,671

As part of the Organization's liquidity management plan, they invest excess cash in short-term investments, CDs, & money market funds. The Organization's Board of Directors designates funds for general purposes as described in Note 7.

4. Property and Equipment, net

Property and equipment consisted of the following at December 31, 2018:

Buildings and improvements	\$ 1,560,693
Furniture and equipment	308,236
Total Property and Equipment	1,868,929
Accumulated depreciation	(854,132)
Total Property and Equipment, net	\$ 1,014,797

Colorado Counties, Inc.
Notes to Financial Statements (continued)
December 31, 2018

5. Commitments

CCI has entered into contracts with three hotels for certain conferences to be held in 2018. Under the contract terms, if CCI cancels the conferences, it must pay the hotels the following guaranteed amounts:

2019 summer conference	\$ 94,600
2019 winter conference	120,368
2020 summer conference	<u>88,725</u>
Total	<u>\$ 303,693</u>

6. Transactions with Affiliates

CCI owns an office condominium in Denver, Colorado, which serves as the Organization's administrative office. As a member of the condominium association, CCI pays monthly occupancy fees that totaled \$68,863 in 2018.

7. Board Designated Funds

CCI's Board of Directors has designated the net assets without donor restrictions for the following purposes at December 31, 2018:

Unemployment insurance fund	\$ 30,000
Conference cancellation fund	150,000
Capital equipment replacement fund	60,000
CCI building maintenance fund	100,000
Membership stabilization fund	350,000
Health insurance fund	24,000
Emergency contingency fund	<u>2,170,329</u>
	<u>\$ 2,884,329</u>

Colorado Counties, Inc.
Notes to Financial Statements (continued)
December 31, 2018

8. Investments

Investment income consisted of the following in 2018:

Interest income - investments	\$ 31,965
Interest income - bank	1,549
Net gain (loss)	<u>(1,831)</u>
	<u>\$ 31,683</u>

9. Related Party Transactions

CCI provides management and administrative services for the Foundation and Public Lands. In 2018, the Foundation paid CCI \$105,000 and Public Lands paid CCI \$11,897 for management fees. At December 31, 2018, the Foundation owed CCI \$18,610, CCI owed the Foundation \$10,165 and Public Lands had no outstanding balance.

10. Benefit Plan

CCI maintains a Simplified Employee Pension Plan (the Plan) for the benefit of all employees. Employer contributions are 15% of eligible wages. In 2018, CCI contributed \$109,151 to the Plan.