

Colorado Counties, Inc.
CCI Foundation, Inc.
and
CCI Public Lands, Inc.

Combining Financial Statements

December 31, 2019



**COLORADO COUNTIES, INC.
CCI FOUNDATION, INC.
CCI PUBLIC LANDS, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Colorado Counties, Inc.
CCI Foundation, Inc.
CCI Public Lands, Inc.
Denver, Colorado

We have audited the accompanying combining financial statements of Colorado Counties, Inc., CCI Foundation, Inc., and CCI Public Lands, Inc. (collectively referred to as the "Organization"), which comprise the combining statement of financial position as of December 31, 2019, and the related combining statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combining financial statements.

Management's Responsibility for the Combining 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combining 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 combining financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits 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.

Opinion

In our opinion, the combining financial statements referred to above present fairly, in all material respects, the financial position of Colorado Counties, Inc., CCI Foundation, Inc., and CCI Public Lands, Inc. as of December 31, 2019, 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.

Wipfli LLP

Wipfli LLP
Denver, Colorado

April 15, 2020

COLORADO COUNTIES, INC.

**Combining Statement of Financial Position
December 31, 2019**

ASSETS

	<u>Colorado Counties</u>	<u>CCI Foundation</u>	<u>CCI Public Lands</u>	<u>Eliminations</u>	<u>Combined Total</u>
Current Assets					
Cash and cash equivalents	\$ 505,907	\$ 331,537	\$ 68,494	\$ -	\$ 905,938
Accounts receivable	-	3,560	-	-	3,560
Interest receivable	8,373	-	-	-	8,373
Certificates of deposit	901,810	-	-	-	901,810
Investments in U.S. Treasury notes	199,953	-	-	-	199,953
Interorganizational receivables	10,018	-	-	(10,018)	-
Prepaid expenses	23,498	7,500	-	-	30,998
Total Current Assets	1,649,559	342,597	68,494	(10,018)	2,050,632
Property and Equipment, net	973,660	-	-	-	973,660
Other Assets					
Certificates of deposit	401,571	-	-	-	401,571
Total Assets	\$ 3,024,790	\$ 342,597	\$ 68,494	\$ (10,018)	\$ 3,425,863

LIABILITIES AND NET ASSETS

Current Liabilities					
Accounts payable	\$ 3,579	\$ 999	\$ -	\$ -	\$ 4,578
Accrued payroll related costs	55,139	-	-	-	55,139
Deferred dues	-	40,083	-	-	40,083
Interorganizational payables	-	10,018	-	(10,018)	-
Total Current Liabilities	58,718	51,100	-	(10,018)	99,800
Net Assets					
Net assets without donor restrictions:					
Board designated	714,000	-	-	-	714,000
Undesignated	2,252,072	291,497	68,494	-	2,612,063
Total Net Assets	2,966,072	291,497	68,494	-	3,326,063
Total Liabilities and Net Assets	\$ 3,024,790	\$ 342,597	\$ 68,494	\$ (10,018)	\$ 3,425,863

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

COLORADO COUNTIES, INC.

**Combining Statement of Activities
Year Ended December 31, 2019**

	Colorado Counties	CCI Foundation	CCI Public Lands	Eliminations	Combined Total
Revenues and Support					
Dues and assessments	\$ 1,184,500	\$ 59,750	\$ 43,579	\$ -	\$ 1,287,829
Conference registration fees	-	393,760	-	-	393,760
Marketing services income	47,168	-	-	-	47,168
Public lands administration	12,254	-	-	(12,254)	-
Management fee income	108,000	-	-	(108,000)	-
Interest income	38,038	-	45	-	38,083
Unrealized gain on investments, net	14,819	-	-	-	14,819
Miscellaneous income	327	-	-	-	327
Total Revenues and Support	1,405,106	453,510	43,624	(120,254)	1,781,986
Expenses					
Program services	907,939	378,106	31,010	(120,254)	1,196,801
General and administrative	415,424	-	-	-	415,424
Total Expenses	1,323,363	378,106	31,010	(120,254)	1,612,225
Change in Net Assets	81,743	75,404	12,614	-	169,761
Net Assets Without Donor Restrictions					
Beginning of Year	2,884,329	216,093	55,880	-	3,156,302
End of Year	\$ 2,966,072	\$ 291,497	\$ 68,494	\$ -	\$ 3,326,063

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

COLORADO COUNTIES, INC.

**Combining Statement of Functional Expenses
Year Ended December 31, 2019**

	Program Services			Total Program Services	General and Administrative (Colorado Counties)	Eliminations	Combined Total
	Colorado Counties	CCI Foundation	CCI Public Lands				
Personnel Services:							
Payroll and related expense	\$ 627,960	\$ -	\$ -	\$ 627,960	\$ 309,294	\$ -	\$ 937,254
Administration/management fees	-	108,000	12,254	120,254	-	(120,254)	-
Contract labor	72,000	-	-	72,000	-	-	72,000
Total Personnel Services	699,960	108,000	12,254	820,214	309,294	(120,254)	1,009,254
Office Expenses:							
Occupancy	47,026	9,400	-	56,426	23,162	-	79,588
Professional fees	5,017	6,328	-	11,345	18,846	-	30,191
Information services	15,229	3,179	-	18,408	3,807	-	22,215
Telephone	8,539	-	-	8,539	4,206	-	12,745
Postage	2,189	-	-	2,189	1,078	-	3,267
Office Expense	3,370	309	240	3,919	4,342	-	8,261
Books and publications	12,373	9,745	-	22,118	1,943	-	24,061
Total Office Expenses	93,743	28,961	240	122,944	57,384	-	180,328
Other Expenses:							
Conferences	-	239,744	-	239,744	-	-	239,744
Insurance	-	1,170	-	1,170	22,602	-	23,772
Registrations, dues, and education	11,083	-	8,734	19,817	-	-	19,817
Travel and meals	70,015	151	9,782	79,948	-	-	79,948
Other	-	80	-	80	150	-	230
Taxes on unrelated business income	-	-	-	-	9,672	-	9,672
Depreciation	33,138	-	-	33,138	16,322	-	49,460
Total Other Expenses	114,236	241,145	18,516	373,897	48,746	-	422,643
Total Expenses	\$ 907,939	\$ 378,106	\$ 31,010	\$ 1,317,055	\$ 415,424	\$ (120,254)	\$ 1,612,225

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

COLORADO COUNTIES, INC.

**Combining Statement of Cash Flows
Year Ended December 31, 2019**

	Colorado Counties	CCI Foundation	CCI Public Lands	Eliminations	Combined Total
Cash Flows From Operating Activities					
Change in net assets	\$ 81,743	\$ 75,404	\$ 12,614	\$ -	\$ 169,761
Adjustments to reconcile change in net assets to net cash from operating activities:					
Depreciation	49,460	-	-	-	49,460
Unrealized gain on investments, net	(14,819)	-	-	-	(14,819)
Changes in assets and liabilities:					
Accounts receivable	-	2,490	-	-	2,490
Interest receivable	(3,353)	-	-	-	(3,353)
Prepaid expenses	(800)	(3,183)	-	-	(3,983)
Interorganizational, net	(18,463)	18,463	-	-	-
Accounts payable	402	598	-	-	1,000
Accrued payroll related costs	7,610	-	-	-	7,610
Deferred dues	(13,500)	4,250	-	-	(9,250)
Net Cash From Operating Activities	<u>88,280</u>	<u>98,022</u>	<u>12,614</u>	<u>-</u>	<u>198,916</u>
Cash Flows From Investing Activities					
Purchase of property and equipment	(8,323)	-	-	-	(8,323)
Purchase of U.S. Treasury notes	(200,000)	-	-	-	(200,000)
Purchase of certificates of deposit	(500,000)	-	-	-	(500,000)
Sales of certificates of deposit	605,793	-	-	-	605,793
Net Cash From Investing Activities	<u>(102,530)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(102,530)</u>
Net Change in Cash and Cash Equivalents	<u>(14,250)</u>	<u>98,022</u>	<u>12,614</u>	<u>-</u>	<u>96,386</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>520,157</u>	<u>233,515</u>	<u>55,880</u>	<u>-</u>	<u>809,552</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 505,907</u>	<u>\$ 331,537</u>	<u>\$ 68,494</u>	<u>\$ -</u>	<u>\$ 905,938</u>
SUPPLEMENTAL DISCLOSURE:					
Unrelated business income taxes paid	<u>\$ 12,540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,540</u>

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

1. Organization and Summary of Significant Accounting Policies

Organization

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

- Colorado Counties, Inc. 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.
- CCI Foundation, Inc. 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.
- CCI Public Lands, Inc. 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.

Principles of Combination

The accompanying combining financial statements include the accounts of CCI, the Foundation and Public Lands. All significant intercompany balances and transactions are eliminated in the combination.

Basis of Presentation

The accompanying combining financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Use of Estimates

The preparation of combining financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the results of reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

1. Organization and Summary of Significant Accounting Policies (continued)

Net Assets

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, funds to be held for specific purposes.

Net assets with donor restrictions - Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of December 31, 2019, the Organization had no net assets with donor restrictions.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and fringes are allocated based on estimations of time and effort. Indirect costs such as occupancy and office related expenses are allocated based upon time spent, utilization, and square footage.

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: CCI – Section 501(c)4, Public Lands - Section 501(c)4, and the Foundation - Section 501(c)3.

CCI is subject to income tax at corporate tax rates for unrelated business income received under certain marketing agreements. During 2019, CCI reported taxable income of \$47,168 and incurred Federal and state income tax expense totaling \$11,240. Public Lands and the Foundation did not recognize any unrelated business income in 2019.

The Organization applies a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amounts have been recognized as of December 31, 2019.

1. Organization and Summary of Significant Accounting Policies (continued)

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, US treasury notes, 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.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Certificates of Deposit

The Organization invests funds in a professionally managed portfolio that includes various types of fixed income investments. 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 investments value during subsequent periods.

Certificates of deposit are carried at cost plus accrued interest. Certificates of deposit are not required to be classified in one of the levels prescribed by the fair value hierarchy.

At December 31, 2019, the Organization held 14 certificates of deposit totaling \$1,303,381, at yields ranging from 1.7% to 2.69%, which are scheduled to mature in the following years:

2020	\$901,810
2021	\$401,571

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.

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, 2019, no allowance for doubtful accounts was recorded because management believes the accounts are fully collectible.

1. Organization and Summary of Significant Accounting Policies (continued)

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; 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, 2019.

Contribution Revenues

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization.

1. Organization and Summary of Significant Accounting Policies (continued)

Change in Accounting Policy

In May 2014, the FASB issued ASU 2014-09 - *Revenue From Contracts with Customers* (Topic 606). The amendments in this ASU, along with numerous clarifications and modifications, require an entity to recognize revenue to depict the transfer of 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 Organization adopted this guidance as of January 1, 2019 and applied Topic 606 on a modified retrospective basis, with no effect on its recognition of revenue from contracts with customers.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in ASU No. 2018-08 assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and in determining whether a contribution transaction is conditional. The Organization adopted this guidance as of January 1, 2019, with no effect on its recognition of contributions received.

2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the combining statement of financial position date, are comprised of the following as of December 31, 2019:

Cash and cash equivalents	\$ 905,938
Accounts receivable	3,560
Interest receivable	8,373
Certificates of deposit - Current	901,810
Investments in U.S. Treasury notes	<u>199,953</u>
Total financial assets	2,019,634
Less: Board designations	<u>(714,000)</u>
Total financial assets available for general expenditure	<u>\$ 1,305,634</u>

The Organization has established a reserve fund policy to ensure the stability of the mission, programs, and ongoing operations of the Organization. The established reserve funds are intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, or unanticipated loss of funding sources. At December 31, 2019, the Board of Directors has established a number of reserve funds as described in Note 6.

3. Property and equipment

Property and equipment consists of the following at December 31, 2019:

Buildings and improvements	\$ 1,560,693
Furniture and equipment	<u>202,489</u>
Total property and equipment	1,763,182
Less: accumulated depreciation	<u>789,522</u>
Property and equipment, net	<u>\$ 973,660</u>

4. Investments

At December 31, 2019, investments were comprised of the following:

Certificates of Deposit	\$ 1,303,381
US Treasury Notes	<u>199,953</u>
Total investments	<u>\$ 1,503,334</u>

Investment income, net of related fees, consists of the following for the year ended December 31, 2019:

Interest and dividends	\$ 38,258
Unrealized gains on investments, net	14,819
Investment fees	<u>(175)</u>
Total investment income, net	<u>\$ 52,902</u>

5. Reimbursements in Lieu of Colorado Unemployment Insurance Premiums

The Organization has elected the direct reimbursement method with respect to Colorado Unemployment Tax in accordance with Section 8-76-110, Paragraph 4 of the Colorado Unemployment Security Act.

Accordingly, the Organization does not pay Colorado unemployment tax, but is required to reimburse the State for any unemployment benefits paid on its behalf.

6. Board Designated Net Assets

At December 31, 2019, the Organization's Board of Director's has designated net assets without donor restrictions for the following purposes:

Membership stabilization fund	\$ 350,000
Conference cancellation fund	150,000
CCI building maintenance fund	100,000
Capital equipment replacement fund	60,000
Unemployment insurance fund	30,000
Health insurance fund	<u>24,000</u>
Total	<u>\$ 714,000</u>

The amounts designated for the above purposes remain unchanged from the amounts designated as of December 31, 2018.

7. Related Party Transactions

CCI provides management and administrative services for the Foundation and Public Lands. In 2019, the Foundation paid CCI \$108,000 and Public Lands paid CCI \$12,254 for management fees. At December 31, 2019, the Foundation owed CCI \$10,018.

8. Retirement Plan

CCI maintains a Simplified Employee Pension Plan (the Plan) for the benefit of all employees. Employer contributions are 15% of eligible wages. In 2019, CCI contributed \$108,484 to the Plan.

9. Prior Period Adjustment

The net asset balance as of December 31, 2018, has been restated to the following in order to properly reflect net assets in accordance with GAAP:

As originally reported	\$ 3,187,635
Properly record deferred revenues at year-end	<u>(31,333)</u>
Restated Net Asset Balance	<u>\$ 3,156,302</u>

10. Revenue from Contracts with Customers

The Organization's revenue from contracts with customers is recognized within the following categories for the year ended December 31, 2019:

Colorado Counties, Inc.	
Dues and assessments	\$ 1,184,500
Marketing services	47,168
CCI Foundation, Inc.	
Dues and assessments	59,750
Conference registration fees	393,760
CCI Public Lands, Inc.	
Dues and assessments	<u>43,579</u>
 Total	 <u>\$ 1,728,757</u>

A description of the Organization's revenue streams is as follows:

Colorado Counties, Inc

Dues and Assessments: All counties of the State of Colorado and any city authorized by Colorado law are eligible for membership. Membership dues are based on that entities assessed valuation and other factors. The dues are assessed and payable on January 1st for the calendar year. Any member that fails to pay its membership dues by February 15th may be terminated for nonpayment. Membership dues are recognized over the period of membership, generally one calendar year, as the member receives and consumes the benefits provided.

Marketing Services: CCI is a member of the National Association of Counties (NACo). NACo generates advertising revenue from its publications. CCI gets a percentage of the revenues generated from this revenue stream. Revenue is recognized monthly based on allocations from NACo.

CCI Foundation, Inc.

Dues and Assessments: The Foundation offers various levels of membership. Members receive listings on the CCI website, CCI Annual Report, and in the summer and winter conference printed programs. Members also receive e-newsletters and the CCI Legislative Report publication. Certain membership levels are offered discounts on conference sponsorships, and provided two complimentary registrations at a conference. Membership dues are recognized over the period of membership, generally one year, as the member receives and consumes the benefits provided. The change in the Foundation's deferred dues account for the year ended December 31, 2019, is comprised of the following:

Balance at beginning of year	\$ 31,333
Membership revenue sold	68,500
Membership revenue earned	<u>(59,750)</u>
 Balance at end of year	 <u>\$ 40,083</u>

10. Revenue from Contracts with Customers (continued)

Conference Registration Fees: The Foundation generally holds both a summer and a winter conference. Conference income is recognized at the date of the conference conclusion.

CCI Public Lands, Inc.

Dues and Assessments: All counties of the State of Colorado are eligible for membership. Membership dues are based on budgeted expenditures and that entities prior year Federal land funding and other factors. The dues are assessed and payable on January 1st for the calendar year. Membership dues are recognized over the period of membership, generally one calendar year, as the member receives and consumes the benefits provided.

In general, the Organization feels the output method is the most faithful depiction of the transfers of goods or services to customers, using time elapsed.

11. Fair Value Measurements

The Organization utilizes three levels of inputs to measure fair value (the fair value hierarchy) in accordance with financial accounting standards. The level of an asset or liability within the fair value hierarchy is based on the lowest level of input significant to the fair value measurement of that asset or liability. The Organization determines fair value as follows:

- Level 1 – Quoted prices are available in active markets.
- Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
- Level 3 – Pricing inputs that are unobservable.

Following is a description of the valuation methodologies used for assets measured at fair value:

U.S. Treasury notes are valued using quotes from pricing vendors based on recent trading activity and other observable market data.

Information regarding the assets measured at fair value on a recurring basis is as follows:

<u>As of December 31, 2019</u>	Fair Value Measurements Using			Total
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
U.S. Treasury notes	<u>\$ -</u>	<u>\$ 199,953</u>	<u>\$ -</u>	<u>\$ 199,953</u>

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the measurement date.

12. Commitments

Occupancy Fees:

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 \$70,188 in 2019.

Conference Fees:

CCI has entered into contracts with hotels for certain conferences to be held in 2020, 2021 and 2022. Commitments under these contracts total the following for the years ended December 31st:

2020	\$ 215,000
2021	247,000
2022	<u>122,000</u>
Total	<u>\$ 584,000</u>

13. Subsequent Events

Subsequent events have been evaluated through April 15, 2020, which is the date the combining financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a "pandemic". First identified in late 2019 and known now as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations. As of the date of issuance of the financial statements, the Organization's operations have not been significantly impacted, however, the Organization continues to monitor the situation. No impairments were recorded as of the statement of financial position date as no triggering events or changes in circumstances had occurred as of year-end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the Organization's results of operations, cash flows and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.