

**COLORADO ASSOCIATION
OF SCHOOL BOARDS**

FINANCIAL STATEMENTS

June 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Colorado Association
Of School Boards
Denver, Colorado

We have audited the accompanying financial statements of the Colorado Association of School Boards (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2020, and the related statements of activities, functional revenues and expenses, and cash flows for the year then ended, and the related notes to the financial statements. The financial statements of the Colorado Association of School Boards as of June 30, 2019 and the year then ended were audited by other auditors whose report dated August 28, 2019, expressed an unqualified opinion on those statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free of 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 auditor's 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 Colorado Association of School Boards as of June 30, 2020, and the activities, change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CAHILL & ASSOCIATES, P.C.
Boulder, Colorado
November 16, 2020

COLORADO ASSOCIATION OF SCHOOL BOARDS
Statement of Financial Position
June 30, 2020

	<u>OPERATING PROGRAM</u>	<u>NON-DUES PROGRAM</u>	<u>CAPITAL PROGRAM</u>	<u>ATTORNEYS' COUNCIL PROGRAM</u>	<u>EXECUTIVE SOLUTIONS</u>	<u>2020 TOTAL</u>	<u>2019 TOTAL</u>
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 374,455	\$ 1,516	\$ 684,100	\$ 20,341	\$ 362	\$ 1,080,774	\$ 553,976
Accounts Receivable	1,585,079	-	-	-	4,391	1,589,470	1,649,226
Investments	77,566	-	-	-	-	77,566	76,273
Prepaid Expenses	23,142	-	-	-	-	23,142	29,894
Note Receivable	-	-	672,693	-	-	672,693	696,176
Total Current Assets	2,060,242	1,516	1,356,793	20,341	4,753	3,443,645	3,005,545
PROPERTY AND EQUIPMENT							
Land	-	-	318,313	-	-	318,313	318,313
Buildings	-	-	1,280,607	-	-	1,280,607	1,280,607
Furniture and Equipment	-	-	45,612	-	-	45,612	45,612
	-	-	1,644,532	-	-	1,644,532	1,644,532
Less: Accumulated Depreciation	-	-	(212,207)	-	-	(212,207)	(145,433)
Total Property and Equipment	-	-	1,432,325	-	-	1,432,325	1,499,099
OTHER ASSETS							
Cash Surrender Value of Life Insurance Policies	-	-	1,575,965	-	-	1,575,965	1,510,583
Total Other Assets	-	-	1,575,965	-	-	1,575,965	1,510,583
TOTAL ASSETS	\$ 2,060,242	\$ 1,516	\$ 4,365,083	\$ 20,341	\$ 4,753	\$ 6,451,935	\$ 6,015,227
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts Payable	\$ 24,384	\$ -	\$ -	\$ -	\$ 14,447	\$ 38,831	\$ 23,118
Due To 2253 S Oneida Condo Association	17,025	-	-	-	-	17,025	-
Deferred Revenue	1,720,514	-	-	12,065	-	1,732,579	1,764,286
Total Current Liabilities	1,761,923	-	-	12,065	14,447	1,788,435	1,787,404
Accrued Compensation	98,772	-	-	-	-	98,772	88,590
Paycheck Protection Program Loan	338,419	-	-	-	-	338,419	-
Total Liabilities	2,199,114	-	-	12,065	14,447	2,225,626	1,875,994
NET ASSETS							
Without Donor Restrictions	(138,872)	1,516	4,365,083	8,276	(9,694)	4,226,309	4,139,233
Total Net Assets	(138,872)	1,516	4,365,083	8,276	(9,694)	4,226,309	4,139,233
TOTAL LIABILITIES AND NET ASSETS	\$ 2,060,242	\$ 1,516	\$ 4,365,083	\$ 20,341	\$ 4,753	\$ 6,451,935	\$ 6,015,227

See Accompanying Notes to Financial Statements

COLORADO ASSOCIATION OF SCHOOL BOARDS
Statement of Activities
For the Year Ended June 30, 2020

	CASB Operating Program	Non-Dues	Capital Fund	Attorney Council	Executive Solutions	2020 TOTAL	2019 TOTAL
SUPPORT AND REVENUE							
Membership Dues	1,582,625	\$ -	-	\$ 20,315	\$ -	\$ 1,602,940	1,523,094
Registrations	664,301	-	-	3,180	-	667,481	507,720
Product Sales	212,508	-	-	-	-	212,508	224,310
Services Provided	42,140	-	-	-	-	42,140	118,246
Advertising and Sponsorships	67,673	-	-	-	-	67,673	55,686
Rental Income	-	-	-	-	-	-	72,564
Investment Income	7,630	-	102,946	3	-	110,579	68,366
Royalties	-	-	-	-	-	-	10,652
Superintendent Search Revenue	82,600	-	-	-	48,894	131,494	29,700
Gain On Sale of Assets	-	-	-	-	-	-	134,567
Other Income	28,123	-	-	-	-	28,123	21,899
Total Support and Revenue	2,687,600	-	102,946	23,498	48,894	2,862,938	2,766,804
EXPENSES							
Advocacy Expense	23,557	-	-	-	-	23,557	-
Assesment Expense	60,386	-	-	-	-	60,386	-
Conferences and Meetings	612,944	-	-	2,115	-	615,059	553,722
Depreciation	-	-	66,774	-	-	66,774	64,492
Dues, Subscriptions and Memberships	67,125	-	-	17,235	-	84,360	78,909
Insurance	13,319	-	-	-	5,321	18,640	12,116
Life Insurance Policy Expense	-	-	-	-	-	-	39,740
Loss On Disposal of Assets	-	-	-	-	-	-	49,518
Maintenance	10,691	-	23,522	-	-	34,213	353,554
Miscellaneous	5,233	-	-	-	146	5,379	45,455
Office Expenses	23,279	-	3	-	2	23,284	65,939
Payroll Taxes and Benefits	288,693	-	-	-	-	288,693	344,693
Policy Expense	21,553	-	-	-	-	21,553	-
Professional Development	1,828	-	-	-	-	1,828	-
Professional Fees	95,790	-	-	-	48,894	144,684	-
Publication Expenses	17,980	-	-	-	-	17,980	2,233
Salaries	1,258,875	-	-	-	-	1,258,875	1,399,863
Staff Training	-	-	-	-	-	-	2,661
Supplies	443	-	12,183	-	4,725	17,351	-
Telephone	19,459	-	-	-	-	19,459	-
Travel	63,535	-	-	-	-	63,535	94,868
Utilities	-	-	-	-	-	-	25,792
Website	10,252	-	-	-	-	10,252	5,813
Total Expenses	2,594,942	-	102,482	19,350	59,088	2,775,862	3,139,368
CHANGE IN NET ASSETS	92,658	-	464	4,148	(10,194)	87,076	(372,564)
Beginning Net Assets	(231,530)	1,516	4,364,619	4,128	500	4,139,233	4,511,797
Ending Net Assets	\$ (138,872)	\$ 1,516	\$ 4,365,083	\$ 8,276	\$ (9,694)	\$ 4,226,309	\$ 4,139,233

See Accompanying Notes to Financial Statements

COLORADO ASSOCIATION OF SCHOOL BOARDS
Operating Program Statement of Activities
For the Year Ended June 30, 2020

		Strategic	Member	Policy		Board	Legal	Public	Operating	Total
	Conferences	Partnerships	Relations	Services	Commun.	Development	Council	Affairs	Fund	Program
	Convention							Advocacy		
SUPPORT AND REVENUE										
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,582,625	\$ 1,582,625
Registrations	135,613	528,688	-	-	-	-	-	-	-	664,301
Product Sales	-	-	-	211,008	-	1,500	-	-	-	212,508
Services Provided	-	-	42,690	-	-	-	-	-	(550)	42,140
Advertising and Sponsorships	-	61,505	-	-	450	3,500	-	-	2,218	67,673
Investment Income	-	-	-	-	-	-	-	-	7,630	7,630
Superintendent Search Revenue	-	-	-	-	-	82,600	-	-	-	82,600
Other Income	-	-	1,119	2,450	-	-	-	-	24,554	28,123
Total Support and Revenue	135,613	590,193	43,809	2,450	211,008	450	87,600	-	1,616,477	2,687,600
EXPENSES										
Advocacy Expense	-	-	-	-	-	-	-	23,557	-	23,557
Assesment Expense	-	-	-	-	-	-	-	-	60,386	60,386
Conferences and Meetings	132,655	467,378	-	-	-	-	-	5,785	7,126	612,944
Dues, Subscriptions and Memberships	-	-	156	50	-	1,749	5,644	1,757	57,755	67,125
Insurance	-	-	-	-	-	-	3,479	-	9,840	13,319
Maintenance	-	-	-	-	-	-	-	-	10,691	10,691
Miscellaneous	1,500	-	235	-	-	3,498	-	-	-	5,233
Office Expenses	151	105	-	256	108	23	362	-	22,274	23,279
Payroll Taxes and Benefits	14,291	14,291	-	26,837	49,582	29,650	48,532	23,092	82,418	288,693
Policy Expense	-	-	-	-	21,553	-	-	-	-	21,553
Professional Development	-	-	-	628	-	-	-	871	-	1,828
Professional Fees	-	-	-	-	13,924	-	41,459	2,244	38,163	95,790
Publication Expenses	-	-	7,840	-	-	10,140	-	-	-	17,980
Salaries	65,028	65,028	-	123,420	219,826	129,182	195,727	96,098	364,566	1,258,875
Supplies	-	-	-	-	-	-	-	-	443	443
Telephone	-	-	-	1,003	160	-	594	108	17,594	19,459
Travel	1,690	-	-	10,335	1,844	1,369	4,864	5,511	37,668	63,535
Website	-	-	-	-	-	10,252	-	-	-	10,252
Total Expenses	215,315	546,802	8,231	162,529	306,997	180,630	46,960	262,317	156,237	708,924
CHANGE IN NET ASSETS	\$ (79,702)	\$ 43,391	\$ 35,578	\$ (160,079)	\$ (95,989)	\$ (180,180)	\$ 40,640	\$ (262,317)	\$ (156,237)	\$ 907,553
									\$ 92,658	

COLORADO ASSOCIATION OF SCHOOL BOARDS
Statement of Cash Flows
Year Ended June 30, 2020

	<u>OPERATING PROGRAM</u>	<u>NON-DUES PROGRAM</u>	<u>CAPITAL PROGRAM</u>	<u>ATTORNEY'S PROGRAM</u>	<u>EXECUTIVE SOLUTIONS</u>	<u>TOTAL 2020</u>	<u>TOTAL 2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES							
Support and Revenue Received	\$ 2,757,845	\$ -	\$ 102,946	\$ 23,498	\$ 44,851	\$ 2,929,140	\$ 2,696,729
Salaries and Operating Expenses Paid	<u>(2,585,743)</u>	<u>-</u>	<u>(35,708)</u>	<u>(26,629)</u>	<u>(49,489)</u>	<u>(2,697,569)</u>	<u>(3,167,383)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>172,102</u>	<u>-</u>	<u>67,238</u>	<u>(3,131)</u>	<u>(4,638)</u>	<u>231,571</u>	<u>(470,654)</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of Property and Equipment	-	-	-	-	-	-	(24,313)
Reinvested Investment In Life Insurance (Net)	-	-	(65,381)	-	-	(65,381)	(52,738)
(Reinvested) Withdrawn Investment Earnings (Net)	(1,292)	-	-	-	-	-	120,441
Proceeds from Sale of Equipment	-	-	-	-	-	-	97,859
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(1,292)</u>	<u>-</u>	<u>(65,381)</u>	<u>-</u>	<u>-</u>	<u>(65,381)</u>	<u>141,249</u>
CASH FLOWS FROM FINANCING ACTIVITIES							
Payments On Note Receivable	-	-	23,482	-	-	23,482	3,823
Proceeds From Paycheck Protection Program Loan	338,419	-	-	-	-	338,419	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>338,419</u>	<u>-</u>	<u>23,482</u>	<u>-</u>	<u>-</u>	<u>361,901</u>	<u>3,823</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>509,229</u>	<u>-</u>	<u>25,339</u>	<u>(3,131)</u>	<u>(4,638)</u>	<u>528,091</u>	<u>(325,582)</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>(134,774)</u>	<u>1,516</u>	<u>658,761</u>	<u>23,473</u>	<u>5,000</u>	<u>553,976</u>	<u>879,558</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 374,455</u>	<u>\$ 1,516</u>	<u>\$ 684,100</u>	<u>\$ 20,342</u>	<u>\$ 362</u>	<u>\$ 1,082,067</u>	<u>\$ 553,976</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES							
Change in Net Assets	<u>\$ 92,658</u>	<u>\$ -</u>	<u>\$ 464</u>	<u>\$ 4,148</u>	<u>\$ (10,194)</u>	<u>\$ 87,076</u>	<u>\$ (372,564)</u>
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:							
Depreciation	-	-	66,774	-	-	66,774	64,492
Gain On Sale of Assets	-	-	-	-	-	-	(85,049)
Changes in Operating Assets and Liabilities:							
(Increase) Decrease in Accounts Receivable	58,745	-	-	-	(4,043)	54,702	(91,360)
(Increase) Decrease in Prepaid Expenses	6,751	-	-	-	-	6,751	(4,054)
Increase (Decrease) in Payables	11,168	-	-	-	9,599	20,767	(12,862)
Increase (Decrease) in Due To 2253 S. Oneida	17,025	-	-	-	-	17,025	-
Increase (Decrease) in Accrued Compensation	10,182	-	-	-	-	10,182	(50,000)
Increase (Decrease) in Deferred Revenue	<u>(24,427)</u>	<u>-</u>	<u>-</u>	<u>(7,279)</u>	<u>-</u>	<u>(31,706)</u>	<u>80,743</u>
Total Adjustments	<u>79,444</u>	<u>-</u>	<u>66,774</u>	<u>(7,279)</u>	<u>5,556</u>	<u>144,495</u>	<u>(98,090)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 172,102</u>	<u>\$ -</u>	<u>\$ 67,238</u>	<u>\$ (3,131)</u>	<u>\$ (4,638)</u>	<u>\$ 231,571</u>	<u>\$ (470,654)</u>

See Accompanying Notes to Financial Statements

**COLORADO ASSOCIATION
OF SCHOOL BOARDS**
Notes to Financial Statements
June 30, 2020

NOTE 1 - ORGANIZATION

Organization and Activities

The Colorado Association of School Boards (CASB), (The Association), a non-profit Organization, was established in 1940 and originally incorporated in Colorado in 1955.

The Association provides a structure through which school board members can unite in their efforts to promote the interests and welfare of Colorado's 178 school districts.

CASB represents and advocates for over 1,000 school board members statewide to groups both within and outside the public education community. CASB provides services, information and training programs to support school board members as they govern their local districts. Membership benefits and solutions are designed to enhance school board effectiveness and help board members increase their knowledge, boost their efficiency and connect with their communities.

To meet its goals, CASB operates five primary programs:

Operating Program accounts for all operations of the Association, except for those operations for which a separate program has been established.

Non-Dues Program accounts for non-dues revenue that can be used without restriction. These operations are generally used for expenses for which school district dues cannot be used, such as campaign contributions.

Capital Program is used primarily for property and equipment purchases.

Attorney's Program accounts for the Colorado Council of School Board Attorneys (CCSBA). This association was created by CASB, however it does not have separate legal status. The members of CCSBA pay dues which are passed through directly to the National School Board Association (NASB).

CASB Executive Solutions accounts for the services that CASB Executive Solutions, a separate entity, provides to Districts within the State of Colorado for superintendent search and hiring purposes. Executive Solutions is a for-profit Limited Liability Company with CASB as the sole member.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation Financial statements are prepared using the accrual basis of accounting in conformity with US generally accepted accounting principles applicable to non-for-profit organizations. These principles include reporting activities according to two classes of net assets - Net Assets Without Restrictions and Net Assets With Restrictions. Net Assets With Restrictions are composed of two types; Temporarily Restricted and Permanently Restricted. For the years presented, there are no Net Assets With Restrictions.

Cash and Cash Equivalents For cash flow reporting, cash and cash equivalents includes cash on hand, and in bank checking, savings and money market accounts.

Property and Equipment Property and equipment are stated at cost if purchased and at fair market value if donated. Depreciation is calculated using the straight-line method over estimated useful lives ranging from 5 to 20 years. Expenditures for maintenance, repairs and minor replacements are expensed as incurred; major replacements and improvements are capitalized. Depreciation for the years ended June 30, 2020 and 2019 was \$66,774 and \$64,492 respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allocations of Expenses The overall costs of programs and supporting functions are reported in the statement of activities. Certain costs are allocated to programs and supporting functions. The statement of functional expenses also presents the natural classification of expenses.

Estimates The preparation of financial statements may require management to make estimates and assumptions that affect amounts and disclosures presented. Accordingly, actual results could differ from such estimates and assumptions.

Income Tax Exemption The Association's revenue is exempt from income taxes and the Organization is exempt, from filing a federal form 990 information return under Section 115 of the Internal Revenue Code,

Credit Risk The Association's cash deposit policy is in accordance with The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. Amounts on deposit with the depositories that are above the FDIC limits of \$250,000 must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At June 30, 2020 and 2019, all of the Associations cash deposits were either insured by the FDIC or collateralized under PDPA.

NOTE 3 – INVESTMENTS

Colorado Government Liquid Asset Trust

The Association invests in the Colorado Government Liquid Asset Trust (Colotrust) which is an investment vehicle established for local entities in Colorado to pool surplus funds. The Trust operates similarly to a money market fund and each share is equal to one dollar. Investments of the Trust consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to the Trust in connection with the direct investment and withdrawal functions of the Trust. Substantially all securities owned by the Trust are held by the Federal Reserve bank in the account maintained for the custodial bank. CASB had \$77,566 and \$76,273 invested in the Colotrust at June 30, 2020 and 2019 respectively.

Life Insurance Policies

The Association purchased fully funded life insurance policies on certain current and former employees. The Association is the primary beneficiary of the policies which were purchased through The Penn Mutual Life Insurance Company. Payment on the policies is subject to risks related to the financial health of Penn Mutual. The policies had a cash surrender value of \$1,575,965 and \$1,510,583 at June 30, 2020 and 2019 respectively. The Association recognized investment earnings of \$65,382 and \$55,360 on the value of the outstanding policies at June 30, 2020 and 2019 respectively.

NOTE 3 – INVESTMENTS (Continued)

Life Insurance Policies Activity:

	<u>Cash Value</u>	<u>Life Ins. Loans</u>	<u>Loan Accrd Interest</u>	<u>Cash Surr. Value</u>
Beginning, July 1, 2019	\$ 1,510,583	\$ -	\$ -	\$ 1,510,583
Investment Earnings	<u>65,382</u>	<u>-</u>	<u>-</u>	<u>65,382</u>
Ending June 30, 2020	<u>\$ 1,575,965</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,575,965</u>

Cash and Investment balances by type and presentation are as follows:

	<u>Cash</u>	<u>Investments</u>	<u>Long-Term Investments</u>	<u>Total</u>
Bank Accounts	\$ 396,633	\$ -	\$ -	\$ 396,633
Certificates of Deposit	-	684,100	-	684,100
Petty Cash	42	-	-	42
Local Government Pools	-	77,566	-	77,566
Cash Value Life Insurance	-	-	1,575,965	1,575,965
Total	<u>\$ 396,675</u>	<u>\$ 761,666</u>	<u>\$ 1,575,965</u>	<u>\$ 2,734,348</u>

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30 ,

	<u>2020</u>	<u>2019</u>
Dues Receivable	\$ 1,479,385	\$ 1,547,454
CASB Executive Solutions	10,066	-
Colorado BOCES Association	17	-
Attorney Council	(1,770)	-
Best Health Plan Set-Up Charges	<u>101,772</u>	<u>101,772</u>
	1,589,470	1,649,226
Less: Allowance for Doubtful Accounts	<u>-</u>	<u>-</u>
	<u>\$ 1,589,470</u>	<u>\$ 1,649,226</u>

Management has reviewed all receivables as of June 30, 2020 and considers the entire amount to be collectable, therefore, no allowance for doubtful accounts has been accrued (See Note 10).

NOTE 5 – NOTE RECEIVABLE

The Association issued a note receivable in the amount of \$700,000 related to the partial sale of its building in April of 2019. The note matures on May 31, 2029 and has an interest rate of 4% from April 2019 until May 2029. After this date the rate changes to the Wall Street Journal prime rate plus one percent. The interest rate cannot exceed two percent of the previous year's rate and is capped at a maximum of 8%. The Association collected \$27,420 of interest for the year ending June 30, 2020 and the balance on the note was \$672,694 at June 30, 2020.

NOTE 5 – DEFINED BENEFIT PENSION PLAN

CASB participates in the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees’ Retirement Association of Colorado (“PERA”). The SDTF provides retirement and disability, annual increases and death benefits for members or their beneficiaries. All employees of the Association are members of the SDTF. Terms and management of this plan are not functions in which the Organization has direct control or involvement

Plan benefits are specified in Title 24, ARTICLE 51 OF THE Colorado Revised Statutes (CRS), administrative rules set forth at 8 C.C.R 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly.

General Information about the Pension Plan

The SDTF serves as a defined benefit retirement plan whereby eligible retirees receive a monthly benefit for their lifetime when certain age and service-credit requirements are met. Eligibility may vary by the membership date and consider service-credits at key dates. The benefits are based upon a defined multiplier calculated based on age, years of credited service, and highest average salary. If a member reaches early retirement eligibility and wishes to begin benefit payments prior to achieving the full retirement requirements, then the monthly amount is reduced to consider the early receipt of monthly payments. Alternatively, if greater, a lifetime benefit is available that is calculated by annuitizing the member’s account. At benefit commencement, the member can choose from different payment options, some of which can continue after the retiree’s death to a named beneficiary, and for which the benefit amount is properly adjusted

In addition to retirement benefits, the SDTF provides refund opportunities with matching employer dollars, if eligible, when leaving covered employment, and disability retirement and survivor benefits for those meeting certain criteria.

Employer Contributions

Employers are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. 24-51-401, et seq. Employer contribution requirements, as a percentage of salary, are summarized on the following tables:

January 1 st through June 30 th 2019	Rate
Employer Contribution Rate ¹	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%
Amount Apportioned to the LGDTF ¹	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	5.00%
Total Employer Contribution Rate to the LGDTF¹	19.13%

NOTE 5 - DEFINED BENEFIT PENSION PLAN- (Continued)

July 1 st through December 31 st 2019	Rate
Employer Contribution Rate ¹	10.40%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%
Amount Apportioned to the LGDTF ¹	9.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	5.00%
Total Employer Contribution Rate to the LGDTF ¹	19.38%

¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions received by the trust fund from CASB were \$236,020, \$267,353 and \$236,835 for the years ended June 30, 2020, 2019 and 2018 respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

PERA conducts an annual actuarial study as of December 31 to calculate the net pension liability of the overall plan. The Association's proportion of this total net pension liability is based on CASB's contributions to the SDTF for the calendar year 2019 relative to the total contributions of all participating employers. CASB's proportionate share of the net pension liability of the plan to be \$3,784,522 at December 31, 2019.

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.17 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount Rate	7.25 percent
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	1.25 percent

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

NOTE 5 - DEFINED BENEFIT PENSION PLAN- (Continued)

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2012 through December 31, 2015, adopted by PERA's Board on November 18, 2016, and an economic assumption study, adopted by PERA's Board on November 18, 2016.

The SDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 18, 2016, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

The discount rate used to measure the total pension liability at December 31, 2019 was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those assumptions, the SDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	4,851,121	3,784,522	2,867,065

Generally Accepted Accounting Principles do not require the net pension liability to be included in the financial statements but do require disclosure in the footnotes.

NOTE 5 - DEFINED BENEFIT PENSION PLAN- (Continued)

Other Post-Employment Benefits

Health Care Trust Fund

CASB contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF.

CASB is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Association are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2020, June 30, 2019 and June 30, 2018, contributions to the HCTF were \$12,422, \$13,705 and \$11,989, respectively, equal to their required contributions for each year.

NOTE 6 - SBA PPP LOAN PAYABLE

In April of 2020, the Organization applied for and received loan proceeds in the amount of \$338,419 under the Paycheck Protection Program (PPP). The PPP established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses and organizations for amounts up to 2.5 times the average monthly payroll expenses of the qualifying applicant. The loans and accrued interest may be forgiven if the Organization uses the loan proceeds for eligible purposes and maintains its payroll levels. Eligible purposes include payroll, benefits, rent and utilities. The amount of loan forgiveness could be reduced if the Organization terminates employees or reduces salaries during a specified time period.

Any unforgiven portion of the PPP loan will be repayable over two years at an interest rate of 1% with a deferral of payments for the first six months. The Organization intends to use the proceeds for purposes consistent with the PPP. While the Organization currently believes that it's use of the loan proceeds will meet the conditions for forgiveness of the loan as currently understood, it cannot assure that there won't be actions taken that could cause the Organization to become ineligible for forgiveness of the loan in whole or part.

NOTE 7 – DEFERRED REVENUE

Deferred revenue consists primarily of advance payments made by members for dues and other services provided by the Association and is recognized in a future period. Deferred revenue consisted of the following at June 30, 2020:

District Dues	\$1,568,129
BOCES Dues	9,200
Exhibit Hall Use	14,385
Convention Sponsors	5,000
Partner Program	12,050
Policy Support Payments	111,750
Colorado Attorney Dues	1,840
National Attorney Dues	10,225
	<u>\$1,732,579</u>

NOTE 8 - BOARD DESIGNATED NET ASSETS

In order to be proactive in maintaining operations during seasonal cash flow fluctuations and unforeseen declines in revenues, Board policy mandates the designation of three months of the annual budget as an Operating Reserve. This designation was \$457,633 at June 30, 2019 and the June 30, 2020 amount has yet to be decided.

NOTE 9 – RELATED PARTIES

2253 S Oneida Condominium Association. In the prior year CASB sold a portion of the building it had acquired which created the need for a separate entity to administer collection and payment of cost common of the overall property. CASB is manager of the condo association and as such collects fees from CASB and the other occupant of the building for common area charges to be paid by the association. CASB had a balance due to the association of \$17,025 at June 30, 2020.

Colorado Association of School Boards Foundation is a 501(c)(3) non-profit entity that the Association operates with the CASB Executive Committee serving as its board.

NOTE 10 - SUBSEQUENT EVENTS

As stated in Note 5 the Association has receivable balance from the Best Health Plan in the amount of \$101,772 at June 30, 2020. In September of 2020 Best Health Plan made an offer to CASB to settle this receivable for \$50,000. The Board has accepted this offer dependent upon collection of the \$50,000, which as of November 16, 2020 has yet to be received.

Management has evaluated all other subsequent events through November 16, 2020 which is the date the financial statements were available to be issued and found nothing that would have a material effect on the financials.