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***COLORADO MUNICIPAL LEAGUE***

*FINANCIAL STATEMENTS*

*DECEMBER 31, 2020*

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

## Independent Auditors' Report

Board of Directors  
Colorado Municipal League  
Denver, Colorado

### Report On The Financial Statements

We have audited the accompanying financial statements of the Colorado Municipal League, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows 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 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 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 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 Colorado Municipal League as of December 31, 2020 and the changes 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.

***Report On Summarized Comparative Information***

We have previously audited the Colorado Municipal League's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 24, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The management's discussion and analysis on pages i - iv and budgetary comparison schedule on page 18 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*RubinBrown LLP*

March 24, 2021

# **COLORADO MUNICIPAL LEAGUE MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion and analysis has been prepared by management and is designed to provide an analysis of the Colorado Municipal League's (CML) financial condition and operating results and to inform the reader on CML's financial issues and activities.

The CML Management Discussion and Analysis (MD&A) should be read in conjunction with the CML financial statements.

## **Financial Highlights**

- In 2020, total net assets increased by \$17,720.
- Total revenues and support were \$2,456,606 in 2020, a decrease of \$440,534 or 15.2%, from 2019.
- During 2020, total expenses were \$2,438,886, a decrease of \$195,981, or 7.4%, compared to 2019.

## **Overview of the Financial Statements**

The financial statements of CML are presented in its status as a nonprofit instrumentality of the cities and towns of the State of Colorado.

The *Statement of Financial Position* presents information on all of CML's assets and liabilities. Over time, increases or decreases in the net assets may serve as a useful indicator of whether the financial position of CML is improving or deteriorating.

The *Statement of Activities* presents information which reflects how CML's net assets changed during the past year.

The *Statement of Cash Flows* reports CML's cash flows from operating, capital and investing activities.

The financial statements distinguish functions of CML that are principally supported by operating revenues, and non-operating revenues. The primary business of CML is providing services to our members in the areas of advocacy, information and training. The principal functions of CML include developing policy, advocacy of municipal interests, providing research, producing publications, conducting training, and providing information services and assistance to Colorado municipal officials.

The *Notes to Financial Statements* provide additional information that is essential to a full understanding of the data provided in the financial statements.

## Financial Analysis

<b>ASSETS</b>			
Years ending December 31,	<b>2020</b>	<b>2019</b>	<b>% Change</b>
<b>CURRENT ASSETS</b>	\$2,708,402	\$2,119,815	27.7%
<b>NONCURRENT ASSETS</b>	\$3,123,395	3,632,261	-14.0%
<b>TOTAL ASSETS</b>	<b>\$5,831,797</b>	<b>\$5,752,076</b>	1.39%

<b>LIABILITIES AND NET ASSETS</b>			
Years ending December 31,	<b>2020</b>	<b>2019</b>	<b>% Change</b>
<b>CURRENT LIABILITIES</b>	\$684,395	\$622,394	10.0%
<b>NET ASSETS</b>			
Unrestricted	5,147,402	5,129,682	.34%
<b>TOTAL NET ASSETS &amp; LIABILITIES</b>	<b>\$5,831,797</b>	<b>\$5,752,076</b>	1.40%

As noted earlier, net assets may serve over time as a useful indicator of CML's financial position. As of December 31, 2020 CML's assets exceeded liabilities by \$5,147,402.

### Change in Net Assets

<b>Review of Revenue</b>			
Years ending December 31,	<b>2020</b>	<b>2019</b>	<b>% Change</b>
<b>REVENUES AND SUPPORT</b>			
Membership Dues	\$2,147,808	\$2,089,346	2.8%
Publications	20,734	23,830	-13.0%
Annual Conference	102,085	548,999	-81.4%
Workshops and meetings	47,900	67,200	-28.7%
Investment income	79,145	81,773	-3.2%
Other	58,934	85,992	-31.5%
<b>Total revenues and support</b>	<b>\$2,456,606</b>	<b>\$2,897,140</b>	-15.2%

Total revenue decreased 15.2% in comparison to 2019. In 2020, dues were increased 2.8% and a 3% rebate was provided for all municipal members whose dues were paid by January 31, 2020. CML provided a 3% rebate in 2019. Annual conference and meetings revenue decreased due to use of virtual meetings for most of 2020 in response to the COVID-19 pandemic. Partnership income decreased in 2020 due to changes and subsequent cancelation of the Omnia partnership in 2020.

<b>Review of Expenses</b>			
<b>Years Ended December 31,</b>	<b>2020</b>	<b>2019</b>	<b>% Change</b>
<b>EXPENSES</b>			
<b>Program Expenses</b>			
Publications & Periodicals	\$312,197	\$287,140	8.7%
Annual Conference & Events	285,142	557,937	-48.9%
State & Federal Issues	846,031	771,765	9.6%
Advocacy & Legal Services	141,346	106,870	32.3%
Cities and Towns	0	20,345	-100%
Lessons on Local Government	18,180	24,772	-26.6%
<b>Support Services</b>			
Administrative	590,007	630,133	-6.4%
Building Occupancy Costs	118,086	129,768	-9.0%
Depreciation & Amortization	127,897	106,137	20.5%
<b>TOTAL EXPENSES</b>	<b>\$2,438,886</b>	<b>\$2,634,867</b>	<b>-7.4%</b>
<b>CHANGE IN NET ASSETS</b>			
	<b>\$17,720</b>	<b>\$262,273</b>	<b>-93.3%</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>			
	<b>\$5,129,682</b>	<b>\$4,867,409</b>	<b>5.4%</b>
<b>NET ASSETS, END OF YEAR</b>			
	<b>\$5,147,402</b>	<b>\$5,129,682</b>	<b>.35%</b>

CML's expenses decreased by 7.4%, primarily due to decreased expenses for annual conference, cities and towns and lessons on local government programs, administration and building occupancy costs. Net assets increased by \$17,720 in 2020, to a total of \$5,147,402.

### **Budgetary Highlights**

CML prepares its budget on a non-GAAP budgetary basis of accounting to recognize the fiscal impact of debt repayments as well as capital outlay. Capital contributions of facilities and depreciation are not reflected on the budget since they do not affect funds available. As shown on page 17, actual 2020 change in net assets of \$103,587 exceeded the budget of (\$128,680) by \$232,267.

Actual revenues were \$378,577 less than budget and actual expenditures were \$610,844 less than budget.

### **Long-Term Debt**

CML currently has no long term debt.

### **Capital Assets**

During 2020 CML purchased capital assets totaling \$42,030. Additional detail on capital assets can be found in Note 4 to the Financial Statements.

### **Economic Factors and Next Year's Budget**

The 2021 dues revenue budget reflects dues calculated based on the municipal dues schedule adopted by the Board and announced to the membership at the June 2016

Annual Business Meeting, and projects continuation of the current membership roster of cities and towns. 2021 dues were frozen at the 2020 dues amount due to the economic hardship brought on by the pandemic.

**Requests for Information**

This report is designed to provide a general overview of CML's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Executive Director or Finance & Administration Manager, Colorado Municipal League, 1144 Sherman St., Denver CO 80203.

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# COLORADO MUNICIPAL LEAGUE

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## STATEMENT OF FINANCIAL POSITION

December 31, 2020

(With Comparative Information At December 31, 2019)

### Assets

	<u>2020</u>	<u>2019</u>
<b>Current Assets</b>		
Cash	\$ 1,680,610	\$ 1,294,580
Investments	913,000	737,000
Accounts receivable	18,740	13,367
Prepaid expenses	96,052	74,868
<b>Total Current Assets</b>	<b>2,708,402</b>	<b>2,119,815</b>
<b>Investments</b>	<b>1,627,000</b>	<b>2,050,000</b>
<b>Property And Equipment, Net</b>	<b>1,496,395</b>	<b>1,582,261</b>
<b>Total Assets</b>	<b>\$ 5,831,797</b>	<b>\$ 5,752,076</b>

### Liabilities

<b>Current Liabilities</b>		
Accounts payable	\$ 25,140	\$ 40,533
Accrued expenses	210	637
Accrued vacation payable	82,573	64,804
Deferred revenue	576,472	516,420
<b>Total Current Liabilities</b>	<b>684,395</b>	<b>622,394</b>

### Net Assets

<b>Net Assets Without Donor Restrictions</b>		
Board designated	2,011,187	2,058,245
Undesignated	3,136,215	3,071,437
<b>Total Net Assets</b>	<b>5,147,402</b>	<b>5,129,682</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 5,831,797</b>	<b>\$ 5,752,076</b>

# COLORADO MUNICIPAL LEAGUE

## STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2020

(With Comparative Information For The Year Ended December 31, 2019)

	Without Donor Restrictions	
	2020	2019
<b>Revenues And Other Support</b>		
Membership dues	\$ 2,147,808	\$ 2,089,346
Publications	20,734	23,830
Annual conference	102,085	548,999
Meetings	47,900	67,200
Investment income	79,145	81,773
Other	58,934	85,992
<b>Total Revenues And Other Support</b>	<b>2,456,606</b>	<b>2,897,140</b>
<b>Expenses</b>		
Program services:		
State and federal issues	846,031	771,765
Annual conference and events	285,142	557,937
Publications and periodicals	312,197	287,140
Advocacy and legal services	141,346	106,870
Cities and Towns Week	—	20,345
Lessons on Local Government website	18,180	24,772
<b>Total Program Services</b>	<b>1,602,896</b>	<b>1,768,829</b>
Support services:		
Administrative	590,007	630,133
Building occupancy costs	118,086	129,768
Depreciation	127,897	106,137
<b>Total Support Services</b>	<b>835,990</b>	<b>866,038</b>
<b>Total Expenses</b>	<b>2,438,886</b>	<b>2,634,867</b>
<b>Change In Net Assets</b>	<b>17,720</b>	<b>262,273</b>
<b>Net Assets - Beginning Of Year</b>	<b>5,129,682</b>	<b>4,867,409</b>
<b>Net Assets - End Of Year</b>	<b>\$ 5,147,402</b>	<b>\$ 5,129,682</b>

**COLORADO MUNICIPAL LEAGUE**  
**STATEMENT OF FUNCTIONAL EXPENSES**

**For The Year Ended December 31, 2020**

	Program Services							Support Services			Total
	State And Federal Issues	Annual Conference And Events	Publications And Periodicals	Advocacy And Legal Service	Cities And Towns Program	Lessons On Local Government	Total Programs	Administration And Depreciation	Building Occupancy	Total Support Services	
<b>Expenses</b>											
Salaries and benefits	\$ 693,753	\$ 180,411	\$ 124,693	\$ 109,213	\$ —	\$ 540	\$ 1,108,610	\$ 470,203	\$ 6,682	\$ 476,885	\$ 1,585,495
Building occupancy	—	—	—	—	—	—	—	—	111,164	111,164	111,164
Depreciation	—	—	—	—	—	—	—	127,897	—	127,897	127,897
Professional services	18,750	5,648	39,976	8,435	—	—	72,809	23,629	32	23,661	96,470
Office expense and information technology	112,360	24,248	20,631	23,253	—	—	180,492	86,033	206	86,239	266,731
Printing and postage	2,079	4,165	126,314	111	—	—	132,669	5,181	—	5,181	137,850
Meetings and travel and entertainment	19,089	1,668	583	334	—	—	21,674	3,387	2	3,389	25,063
Annual conference, workshops and outreach	—	69,002	—	—	—	—	69,002	—	—	—	69,002
Direct program expenses	—	—	—	—	—	17,640	17,640	1,574	—	1,574	19,214
<b>Total Expenses</b>	<b>\$ 846,031</b>	<b>\$ 285,142</b>	<b>\$ 312,197</b>	<b>\$ 141,346</b>	<b>\$ —</b>	<b>\$ 18,180</b>	<b>\$ 1,602,896</b>	<b>\$ 717,904</b>	<b>\$ 118,086</b>	<b>\$ 835,990</b>	<b>\$ 2,438,886</b>

**For The Year Ended December 31, 2019**

	Program Services							Support Services			Total
	State And Federal Issues	Annual Conference And Events	Publications And Periodicals	Advocacy And Legal Service	Cities And Towns Program	Lessons On Local Government	Total Programs	Administration And Depreciation	Building Occupancy	Total Support Services	
<b>Expenses</b>											
Salaries and benefits	\$ 584,294	\$ 201,377	\$ 97,622	\$ 79,721	\$ 5,281	\$ 1,731	\$ 970,026	\$ 461,766	\$ 8,327	\$ 470,093	\$ 1,440,119
Building occupancy	—	—	—	—	—	—	—	—	120,418	120,418	120,418
Depreciation	—	—	—	—	—	—	—	106,137	—	106,137	106,137
Professional services	27,931	11,521	30,261	4,362	10,345	26	84,446	36,409	194	36,603	121,049
Office expense and information technology	109,513	31,884	17,105	21,263	300	121	180,186	94,446	687	95,133	275,319
Printing and postage	7,863	23,045	140,131	591	4,389	6	176,025	10,946	66	11,012	187,037
Meetings and travel and entertainment	42,164	14,259	2,021	933	30	30	59,437	22,227	76	22,303	81,740
Annual conference, workshops and outreach	—	275,851	—	—	—	—	275,851	—	—	—	275,851
Direct program expenses	—	—	—	—	—	22,858	22,858	4,339	—	4,339	27,197
<b>Total Expenses</b>	<b>\$ 771,765</b>	<b>\$ 557,937</b>	<b>\$ 287,140</b>	<b>\$ 106,870</b>	<b>\$ 20,345</b>	<b>\$ 24,772</b>	<b>\$ 1,768,829</b>	<b>\$ 736,270</b>	<b>\$ 129,768</b>	<b>\$ 866,038</b>	<b>\$ 2,634,867</b>

# COLORADO MUNICIPAL LEAGUE

## STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2020

(With Comparative Information For The Year Ended December 31, 2019)

	2020	2019
<b>Cash Flows From Operating Activities</b>		
Cash received from members	\$ 2,202,487	\$ 2,261,783
Cash received from publications, annual conference and meetings	170,719	640,029
Cash received from others	138,079	167,765
Cash payments to employees	(1,126,712)	(1,137,271)
Cash payments to suppliers	(1,203,512)	(1,390,210)
<b>Net Cash Provided By Operating Activities</b>	<b>181,061</b>	<b>542,096</b>
<b>Cash Flows From Investing Activities</b>		
Purchases of capital assets	(42,031)	(110,929)
Purchases of investment securities	(490,000)	(862,000)
Redemption of investment securities	737,000	787,000
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>204,969</b>	<b>(185,929)</b>
<b>Net Increase In Cash</b>	<b>386,030</b>	<b>356,167</b>
<b>Cash - Beginning Of Year</b>	<b>1,294,580</b>	<b>938,413</b>
<b>Cash - Ending Of Year</b>	<b>\$ 1,680,610</b>	<b>\$ 1,294,580</b>

# COLORADO MUNICIPAL LEAGUE

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## NOTES TO FINANCIAL STATEMENTS

December 31, 2020

### 1. Summary Of Significant Accounting Policies

The Colorado Municipal League (CML) was formed in 1923 and incorporated as a nonprofit organization in 1944. CML is an advocate of municipal interests on state and federal policies affecting municipalities and functions as a source of information for municipal officials. CML is supported primarily by membership dues and conference revenue.

CML has elected to follow generally accepted accounting principles (GAAP) applicable to not-for-profit entities.

CML operates as an instrumentality of its member municipalities under the provisions of Colorado Revised Statutes, Section 29-1-401.

CML's membership is voluntary and included 270 municipalities during 2020.

#### **Basis Of Presentation**

The accompanying financial statements are presented in accordance with GAAP, which requires CML to report information regarding its financial position and activities according to the following net asset classifications:

*Net Assets Without Donor Restrictions* - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of CML's management and executive board.

*Net Assets With Donor Restrictions* - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

As of December 31, 2020, CML reported only net assets without donor restrictions.

# **COLORADO MUNICIPAL LEAGUE**

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## Notes To Financial Statements *(Continued)*

### **Functional Allocation Of Expenses**

The accompanying financial statements report certain categories of expenses that are attributable to more than one program or support function. Those expenses include staff salaries and benefits, office supplies, insurance, bank charges, phones, equipment maintenance, postage, printing, technology, meetings, staff development and travel, professional services, other administrative expenses and certain consulting fees. These costs are allocated on the basis of time and effort reported to programs.

### **Use Of Estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.

### **Cash**

CML continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. As of December 31, 2020 and periodically throughout the year, CML had balances in various operating accounts in excess of federally insured limits.

### **Prepaid Expenses**

Payments made to vendors for services which will benefit subsequent periods are recorded as prepaid expenses.

### **Property And Equipment**

Property and equipment includes land, buildings and improvements, equipment, furniture and vehicles. Property and equipment is defined by CML as assets with an individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

# COLORADO MUNICIPAL LEAGUE

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## Notes To Financial Statements (*Continued*)

Property and equipment of CML are depreciated using the straight-line method over the following estimated useful lives.

Building and improvements	15 - 40 years
Equipment, furniture and vehicles	3 - 7 years

### **Revenue Recognition**

CML accounts for revenue recognition in accordance with Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which aligns revenue recognition with the timing of when promised goods or services are transferred to customers in an amount that reflects the consideration to which CML expects to be entitled in exchange for those goods or services. The core principle is achieved through the application of the following five-step model: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to performance obligations in the contract and (5) recognize revenue as performance obligations are satisfied.

CML's revenue streams are generally comprised of membership dues, events and sponsorships, publications and other program revenues. The transaction price is allocated to each product or service sold and is the amount of consideration to which CML expects to be entitled in exchange for those goods or services. No consideration is variable as there are no price curves for volume purchasing and any increases or decreases in goods or services are at stand-alone selling prices of those goods or services.

# COLORADO MUNICIPAL LEAGUE

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## Notes To Financial Statements (*Continued*)

The following table represents CML's revenue streams by type:

Municipal dues	\$ 2,034,408
Associate member dues	113,400
<b>Total Membership Dues Revenues</b>	<b>2,147,808</b>
Annual conference sponsorship	53,907
Annual conference registrations and ticketed events	48,178
<b>Total Annual Conference Revenues</b>	<b>102,085</b>
Other sponsorship	2,327
Workshop registrations	45,573
<b>Total Meetings Revenues</b>	<b>47,900</b>
Magazine advertising	15,965
Publication and mailing label sales	5,379
<b>Total Publications Revenues</b>	<b>21,344</b>
Magazine subscriptions	280
Program revenue	11,381
Partnership revenue	45,163
Other miscellaneous revenue	1,500
<b>Total Other Revenues</b>	<b>58,324</b>
Investment income	79,145
<b>Total Revenue</b>	<b>\$ 2,456,606</b>

### *Membership Dues Revenue*

CML receives nonrefundable annual membership revenue from municipal and associate members. Memberships cover a calendar year period, and CML recognizes revenue from memberships within the calendar year that the membership represents and as services are provided. Municipal dues services include advocacy, policy development, legal inquiry service, listservs, annual bimonthly magazine subscriptions, one free copy of newly released publications and discounted event registration fees. Associate member dues services include annual bimonthly magazine subscriptions, discounted sponsorship rates, discounted event registration fees and networking opportunities. Payments made in advance of the January 1<sup>st</sup> start of the membership year are deferred and presented as a liability on the statement of financial position.

## **COLORADO MUNICIPAL LEAGUE**

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

#### *Annual Conference Sponsorship*

CML receives nonrefundable sponsorship revenue for the annual conference, workshops and other events from associate members and other nonmember business and government entities. Sponsorship revenue is recognized at a point in time when services are rendered or the event is held. Sponsorship services include listings in CML communications, event program and materials and name badges with access to conference or workshop events and sessions. Some sponsorship levels receive exhibit tables and tickets to sponsored events.

#### *Registration And Ticketed Events Revenue*

CML receives registration from municipal and associate members and nonmembers for the CML annual conference, workshops and other events. Registration revenue is recognized at a point in time when the event is held. Registrations may be canceled up to one week in advance and after this time become nonrefundable. Registration revenue received in advance of the event is deferred.

#### *Program Revenue*

CML receives program revenue from other organizations that contract to assist in funding the Municipal Clerks Advisory and Lessons on Local Government programs. Partner organizations are billed for their share of the expenses during the year. When the contract involves multiple elements, the contract price is allocated to each performance obligation based on its relative fair value.

#### *Partnership Revenue*

CML receives Partnership revenue from select organizations who contract to offer premier or discounted services to CML municipal members on an annual renewable basis. Partner organizations receive a complimentary associate membership, conference sponsorship and magazine advertising opportunities. CML receives a flat annual fee or a percentage of sales revenue from the partner organization. This revenue is recognized over the annual contract period.

#### *Magazine Advertising*

CML receives advertising revenue from businesses, governments and organizations that contract to place advertising in CML's bimonthly magazine, *Colorado Municipalities*. Advertising revenue is recognized at a point in time when the magazine issue is completed and shipped to members.

# COLORADO MUNICIPAL LEAGUE

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## Notes To Financial Statements (*Continued*)

### *Magazine Subscriptions*

CML receives revenue from subscriptions to the *Colorado Municipalities* magazine from libraries and other nonmember organizations. Revenue is recognized over time as each issue of the magazine is shipped. Payments made in advance of the January 1<sup>st</sup> start of the subscription year are deferred.

### *Publication And Mailing Label Sales*

CML receives revenue from the sale of publications to members and nonmembers. Mailing labels are sold only to municipal and associate members. Revenue is recognized at a point in time when the publications or mailing labels are shipped or delivered to the customer.

### **Deferred Revenue**

CML records deferred revenue when cash payments are received in advance of the related performance obligation. In the year ended December 31, 2020, CML recognized revenue of \$516,420 primarily for municipal and associate member dues that was included in the deferred revenue balance as of December 31, 2019. Deferred revenue as of December 31, 2020 is \$495,805 for 2021 municipal and associate member dues paid in advance and \$80,667 in prepayments for 2021 conference sponsorship.

### **Income Tax Status**

CML is exempt from federal income taxes as a wholly owned instrumentality of its member municipalities, which are political subdivisions of the State of Colorado.

### **Prior-Year Summarized Comparative Information**

The accompanying basic financial statements include certain prior-year comparative information for which the corresponding disclosures are omitted from the notes to financial statements. Because these disclosures are not presented, the prior-year information does not include sufficient detail to constitute a presentation in accordance with GAAP. Accordingly, such information should be read in conjunction with the entity's financial statements as of and for the year ended December 31, 2019, from which the information was derived.

# COLORADO MUNICIPAL LEAGUE

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## Notes To Financial Statements (Continued)

### 2. Liquidity And Availability

The following represents CML's financial assets at December 31, 2020:

<b>Financial Assets At Year End</b>	
Cash	\$ 1,680,610
Investments - short term	913,000
Investments - long term	1,627,000
Accounts receivable	18,740
<b>Total Financial Assets</b>	<u>4,239,350</u>
<b>Less Amounts Not Available To Be Used Within One Year</b>	
Board designated net assets	<u>2,011,187</u>
<b>Financial Assets Available To Meet General Expenditures Over The Next 12 Months</b>	<u>\$ 2,228,163</u>

As of December 31, 2020, CML had \$2,228,163 in financial assets available to meet operating cash needs for general expenditures within one year of the statement of financial position date. Investments - long term, consist of certificates of deposit that, although they mature on dates beyond December 31, 2021, are included in resources available to meet obligations throughout 2021 as CML has the ability to liquidate them, subject to penalty, on demand.

CML's goal is to maintain financial assets to meet at least six months of operating expenses (approximately \$1.3 million at December 31, 2020). As part of its liquidity plan, excess cash is invested in certificates of deposit with varying maturity dates.

# COLORADO MUNICIPAL LEAGUE

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Notes To Financial Statements (Continued)

### 3. Cash And Investments

CML investments in Colorado Local Government Liquid Asset Trust (COLOTRUST) are rated AAAM by Standard & Poor’s, Fitch’s and Moody’s Investor Service. COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements for creating and operating the pool. The pool operates similar to a money market fund with each share equal in value to \$1.00. Investments are limited to those allowed by state statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify the investments owned by participants.

COLOTRUST is valued using the net asset value per share (or its equivalent) of the investments and does not have any unfunded commitments, redemption restrictions or redemption notice periods. As of December 31, 2020, CML had \$1,249,086 invested in COLOTRUST, with a rating of AAAM. Separately issued financial statements for COLOTRUST may be obtained at their website at [www.colotrust.com](http://www.colotrust.com).

#### Investments

As of December 31, 2020, CML’s investment portfolio had a maturity value of \$2,540,000 with a book yield of 2.14%. The portfolio is invested in certificates of deposit across several banks in individual amounts equal to or less than \$250,000 to provide for full Federal Deposit Insurance Corporation insurance per instrument. CML intends to hold these certificates to maturity; and therefore, the certificates are reported at amortized cost.

Investment maturities at December 31, 2020 are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 913,000
2022	354,000
2023	980,000
2024	293,000
	<u>\$ 2,540,000</u>

# COLORADO MUNICIPAL LEAGUE

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## Notes To Financial Statements (Continued)

### 4. Property And Equipment

Property and equipment consists of the following:

Land	\$ 300,000
Building and improvements	2,302,290
Equipment and furniture	<u>603,182</u>
	3,205,472
Accumulated depreciation	<u>(1,709,077)</u>
<b>Property And Equipment, Net</b>	<b><u>\$ 1,496,395</u></b>

### 5. Net Assets

The CML Executive Board has internally designated net assets at December 31, 2020 as follows:

<b>Board-Designated Net Assets</b>	
Building and capital reserve	\$ 378,966
Ballot issues	124,829
Capacity building fund	176,362
Designated operating reserve	<u>1,331,030</u>
<b>Total Board-Designated Net Assets</b>	<b><u>\$ 2,011,187</u></b>

The board-designated funds are available for the following purposes:

*Building And Capital Reserve:* To provide a source of funds for the repair of the CML building and fixtures and for the acquisition of building improvements and fixtures

*Ballot Issues:* To provide funds for ballot issue participation. This reserve fund is made up of private sector funds and does not include any public moneys.

*Capacity-Building Fund:* To provide funds for opportunities that further the mission of CML and as a source of internal funds for organizational capacity building or investment in technology that builds long-term capacity

# COLORADO MUNICIPAL LEAGUE

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## Notes To Financial Statements (*Continued*)

*Designated Operating Reserve:* To provide a cushion against unexpected events and expenses, uninsured losses and losses of income.

### **6. Employee Benefit Plans**

#### **Money Purchase Plan**

CML contributes to a single-employer defined contribution money purchase pension plan (the Plan) on behalf of its employees. CML is required to contribute 5% of each participating employee's compensation, and each employee must contribute 1% to 5% of his/her compensation, depending on length of employment. The contribution requirements of CML and eligible employees are established and may be amended by the CML Executive Board.

Employees are eligible to participate in the Plan the first of the month following employment and become fully vested after five years of service.

For the year ended December 31, 2020, CML made the required contributions, totaling \$60,580, to the Plan. All of the Plan investments are managed by the International City Management Association Retirement Corporation, an outside administrator.

#### **Deferred Compensation Plan**

CML offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. CML contributes 1% of compensation for each employee who has at least 5 years of service, increasing to 2% and 3% after 10 and 15 years of service, respectively. This deferred compensation plan permits employees to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. For the year ended December 31, 2020, CML made contributions totaling \$9,358 to the deferred compensation plan.

# COLORADO MUNICIPAL LEAGUE

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## Notes To Financial Statements *(Continued)*

### **7. Risks And Uncertainties**

CML 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. CML maintains commercial insurance for these risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

On March 11, 2020, the World Health Organization recognized COVID-19 as a global pandemic, prompting many national, regional and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures and wide-sweeping quarantines and stay-at-home orders. The restrictive measures have led to unanticipated cancellations and delays of certain conferences and events causing an adverse impact on operations. It is impossible to predict the effect and ultimate impact of the COVID-19 pandemic as the situation continues to evolve. CML plans to resume normal operations within governmental guidelines.

### **8. Subsequent Events**

Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

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## **Supplementary Information**

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# COLORADO MUNICIPAL LEAGUE

## BUDGETARY COMPARISON SCHEDULE - NON-GAAP BUDGETARY BASIS For The Year Ended December 31, 2020 (With Summarized Comparative Actual Amounts For The Year Ended December 31, 2019)

	2020			2019
	Actual	Budget	Variance	Actual
<b>Revenues</b>				
Membership dues	\$ 2,147,808	\$ 2,143,463	\$ 4,345	\$ 2,089,346
Publications	20,734	21,200	(466)	23,830
Annual conference	102,085	485,500	(383,415)	548,999
Meetings	47,900	61,500	(13,600)	67,200
Investment income	79,145	65,000	14,145	81,773
Other	58,934	58,520	414	85,992
<b>Total Revenues</b>	<b>2,456,606</b>	<b>2,835,183</b>	<b>(378,577)</b>	<b>2,897,140</b>
<b>Expenditures</b>				
Salaries and related costs	1,585,495	1,660,443	74,948	1,440,119
Professional services	96,470	135,200	38,730	121,049
Office expense and information technology	266,731	322,850	56,119	275,319
Building and equipment purchases	42,031	35,000	(7,031)	121,929
Direct program expenses	19,214	33,250	14,036	27,197
Printing and postage	137,850	201,400	63,550	187,037
Meetings, travel and staff development	25,063	121,600	96,537	81,740
Annual conference, workshops and outreach	69,002	341,400	272,398	275,850
Building occupancy costs	111,164	112,720	1,556	120,419
<b>Total Expenditures</b>	<b>2,353,020</b>	<b>2,963,863</b>	<b>610,843</b>	<b>2,650,659</b>
<b>Change In Net Assets - Budgetary</b>	<b>103,586</b>	<b>\$ (128,680)</b>	<b>\$ 232,266</b>	<b>246,481</b>
<b>Reconciliation To GAAP Basis</b>				
Add: Capital outlay	42,031			121,929
Less: Depreciation and amortization	(127,897)			(106,137)
<b>Change In Net Assets - GAAP Basis</b>	<b>\$ 17,720</b>			<b>\$ 262,273</b>

Note: A positive variance is favorable, a negative variance is unfavorable.