

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

Combining Financial Statements with Independent Auditor's Report

Year Ended December 31, 2021



**WIPFLI**

**COLORADO COUNTIES, INC.  
CCI FOUNDATION, INC.  
CCI PUBLIC LANDS, INC.  
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## **INDEPENDENT AUDITOR'S REPORT**

Boards of Directors  
Colorado Counties, Inc.  
CCI Foundation, Inc.  
CCI Public Lands, Inc.  
Denver, Colorado

### ***Opinion***

We have audited the combining financial statements of Colorado Counties, Inc., CCI Foundation, Inc., and CCI Public Lands, Inc., which comprise the combining statement of financial position as of December 31, 2021, 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.

In our opinion, the accompanying combining financial statements referred to above present fairly, in all material respects, the combining financial position of Colorado Counties, Inc., CCI Foundation, Inc., and CCI Public Lands, Inc. as of December 31, 2021, and the changes in its combining net assets and its combining cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combining Financial Statements section of our report. We are required to be independent of Colorado Counties, Inc., CCI Foundation, Inc., and CCI Public Lands, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Combining Financial Statements***

Management is responsible for the preparation and fair presentation of the combining financial statements in accordance with accounting principles generally accepted in the United States, and for 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.

In preparing the combining financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Colorado Counties, Inc., CCI Foundation, Inc., and CCI Public Lands, Inc.'s ability to continue as a going concern for one year after the date the combining financial statements are available to be issued.

## ***Auditor's Responsibility for the Audit of the Combining Financial Statements***

Our objectives are to obtain reasonable assurance whether the combining financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the combining financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combining financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combining financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Colorado Counties, Inc., CCI Foundation, Inc., and CCI Public Lands, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combining financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Colorado Counties, Inc., CCI Foundation, Inc., and CCI Public Lands, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Wipfli LLP*

Wipfli LLP

April 6, 2022  
Denver, Colorado

**COLORADO COUNTIES, INC.  
CCI FOUNDATION, INC.  
CCI PUBLIC LANDS, INC.**

**Combining Statement of Financial Position  
December 31, 2021**

**ASSETS**

	Colorado Counties, Inc.	CCI Foundation, Inc.	CCI Public Lands, Inc.	Eliminations	Combined Total
<b>Current Assets</b>					
Cash and cash equivalents	\$ 807,787	\$ 299,216	\$ 82,996	\$ -	\$ 1,189,999
Accounts receivable	-	4,000	-	-	4,000
Interest receivable	1,473	-	-	-	1,473
Certificates of deposit, current	500,763	-	-	-	500,763
Investments in U.S. Treasury notes	599,429	-	-	-	599,429
Interorganizational receivables	12,728	-	-	(12,728)	-
Prepaid expenses	21,804	7,617	-	-	29,421
<b>Total Current Assets</b>	<b>1,943,984</b>	<b>310,833</b>	<b>82,996</b>	<b>(12,728)</b>	<b>2,325,085</b>
<b>Property and Equipment, net</b>	<b>958,218</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>958,218</b>
<b>Other Assets</b>					
Certificates of deposit, long-term	497,914	-	-	-	497,914
<b>Total Assets</b>	<b>\$ 3,400,116</b>	<b>\$ 310,833</b>	<b>\$ 82,996</b>	<b>\$ (12,728)</b>	<b>\$ 3,781,217</b>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>					
Accounts payable	\$ 18,007	\$ 3,450	\$ -	\$ -	\$ 21,457
Accrued payroll related costs	46,046	-	-	-	46,046
Accrued tax liability	2,220	-	-	-	2,220
Deferred dues	-	48,583	-	-	48,583
Interorganizational payables	-	12,728	-	(12,728)	-
<b>Total Current Liabilities</b>	<b>66,273</b>	<b>64,761</b>	<b>-</b>	<b>(12,728)</b>	<b>118,306</b>
<b>Net Assets</b>					
Net assets without donor restrictions:					
Board designated	824,000	-	-	-	824,000
Undesignated	2,509,843	246,072	82,996	-	2,838,911
<b>Total Net Assets</b>	<b>3,333,843</b>	<b>246,072</b>	<b>82,996</b>	<b>-</b>	<b>3,662,911</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,400,116</b>	<b>\$ 310,833</b>	<b>\$ 82,996</b>	<b>\$ (12,728)</b>	<b>\$ 3,781,217</b>

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

**COLORADO COUNTIES, INC.  
CCI FOUNDATION, INC.  
CCI PUBLIC LANDS, INC.**

**Combining Statement of Activities  
Year Ended December 31, 2021**

	Colorado Counties, Inc.	CCI Foundation, Inc.	CCI Public Lands, Inc.	Eliminations	Combined Total
<b>Revenues and Support</b>					
Dues and assessments	\$ 1,212,000	\$ 81,750	\$ 12,403	\$ -	\$ 1,306,153
Conference registration fees	-	354,438	-	-	354,438
Marketing services income	116,444	-	-	-	116,444
Public lands administration	12,254	-	-	(12,254)	-
Management fee income	127,503	-	-	(127,503)	-
Interest income, net	18,995	-	1	-	18,996
Unrealized (loss) on investments, net	(20,453)	-	-	-	(20,453)
Miscellaneous income	102	-	-	-	102
<b>Total Revenues and Support</b>	<b>1,466,845</b>	<b>436,188</b>	<b>12,404</b>	<b>(139,757)</b>	<b>1,775,680</b>
<b>Expenses</b>					
Program services	879,045	394,107	27,231	(139,757)	1,160,626
General and administrative	451,189	-	-	-	451,189
<b>Total Expenses</b>	<b>1,330,234</b>	<b>394,107</b>	<b>27,231</b>	<b>(139,757)</b>	<b>1,611,815</b>
<b>Change in Net Assets</b>	<b>136,611</b>	<b>42,081</b>	<b>(14,827)</b>	<b>-</b>	<b>163,865</b>
<b>Net Assets Without Donor Restrictions</b>					
Beginning of Year	3,197,232	203,991	97,823	-	3,499,046
End of Year	<u>\$ 3,333,843</u>	<u>\$ 246,072</u>	<u>\$ 82,996</u>	<u>\$ -</u>	<u>\$ 3,662,911</u>

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

**COLORADO COUNTIES, INC.  
CCI FOUNDATION, INC.  
CCI PUBLIC LANDS, INC.**

**Combining Statement of Functional Expenses  
Year Ended December 31, 2021**

	Program Services			Total Program Services	General and Administrative (Colorado Counties, Inc.)		Eliminations	Combined Total
	Colorado Counties, Inc.	CCI Foundation, Inc.	CCI Public Lands, Inc.					
<b>Personnel Services:</b>								
Payroll and related expense	\$ 653,211	\$ -	\$ -	\$ 653,211	\$ 321,731	\$ -	\$ 974,942	
Administration/management fees	-	127,503	12,254	139,757	-	(139,757)	-	
Contract labor	30,000	-	-	30,000	-	-	30,000	
<b>Total Personnel Services</b>	<b>683,211</b>	<b>127,503</b>	<b>12,254</b>	<b>822,968</b>	<b>321,731</b>	<b>(139,757)</b>	<b>1,004,942</b>	
<b>Office Expenses:</b>								
Occupancy	59,805	10,325	-	70,130	29,456	-	99,586	
Professional fees	8,230	5,198	750	14,178	17,353	-	31,531	
Information services	17,345	1,330	-	18,675	4,336	-	23,011	
Telephone	9,206	-	-	9,206	4,534	-	13,740	
Postage	1,682	-	-	1,682	829	-	2,511	
Office expense	2,464	120	260	2,844	4,373	-	7,217	
Books and publications	12,038	4,914	-	16,952	1,640	-	18,592	
<b>Total Office Expenses</b>	<b>110,770</b>	<b>21,887</b>	<b>1,010</b>	<b>133,667</b>	<b>62,521</b>	<b>-</b>	<b>196,188</b>	
<b>Other Expenses:</b>								
Conferences	-	243,547	-	243,547	-	-	243,547	
Insurance	-	1,170	-	1,170	20,437	-	21,607	
Registrations, dues, and education	9,176	-	9,481	18,657	-	-	18,657	
Travel and meals	41,147	-	4,486	45,633	-	-	45,633	
Taxes on unrelated business income	-	-	-	-	29,389	-	29,389	
Depreciation	34,741	-	-	34,741	17,111	-	51,852	
<b>Total Other Expenses</b>	<b>85,064</b>	<b>244,717</b>	<b>13,967</b>	<b>343,748</b>	<b>66,937</b>	<b>-</b>	<b>410,685</b>	
<b>Total Expenses</b>	<b>\$ 879,045</b>	<b>\$ 394,107</b>	<b>\$ 27,231</b>	<b>\$ 1,300,383</b>	<b>\$ 451,189</b>	<b>\$ (139,757)</b>	<b>\$ 1,611,815</b>	

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

**COLORADO COUNTIES, INC.  
CCI FOUNDATION, INC.  
CCI PUBLIC LANDS, INC.**

**Combining Statement of Cash Flows  
Year Ended December 31, 2021**

	Colorado Counties, Inc.	CCI Foundation, Inc.	CCI Public Lands, Inc.	Eliminations	Combined Total
<b>Cash Flows From Operating Activities</b>					
Change in net assets	\$ 136,611	\$ 42,081	\$ (14,827)	\$ -	\$ 163,865
Adjustments to reconcile change in net assets to net cash from operating activities:					
Depreciation	51,852	-	-	-	51,852
Unrealized loss on investments, net	20,453	-	-	-	20,453
Changes in assets and liabilities:					
Accounts receivable	43	(4,000)	-	-	(3,957)
Interest receivable	4,065	-	-	-	4,065
Prepaid expenses	(1,907)	(117)	-	-	(2,024)
Interorganizational, net	(417)	417	-	-	-
Accounts payable	8,114	3,062	-	-	11,176
Accrued payroll related costs	2,768	-	-	-	2,768
Accrued tax liability	(19,980)	-	-	-	(19,980)
Deferred sponsorship revenue	-	(1,750)	-	-	(1,750)
Deferred dues	-	3,750	-	-	3,750
Net Cash Flows From Operating Activities	<u>201,602</u>	<u>43,443</u>	<u>(14,827)</u>	<u>-</u>	<u>230,218</u>
<b>Cash Flows From Investing Activities</b>					
Purchase of property and equipment	(78,042)	-	-	-	(78,042)
Proceeds from sales of U.S. Treasury notes	389,943	-	-	-	389,943
Purchase of U.S. Treasury notes	(599,429)	-	-	-	(599,429)
Proceeds from sales of certificates of deposit	705,756	-	-	-	705,756
Purchase of certificates of deposit	(500,763)	-	-	-	(500,763)
Net Cash Flows From Investing Activities	<u>(82,535)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(82,535)</u>
<b>Net Change in Cash and Cash Equivalents</b>	119,067	43,443	(14,827)	-	147,683
CASH AND CASH EQUIVALENTS, beginning of year	688,720	255,773	97,823	-	1,042,316
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 807,787</u>	<u>\$ 299,216</u>	<u>\$ 82,996</u>	<u>\$ -</u>	<u>\$ 1,189,999</u>
<b>SUPPLEMENTAL DISCLOSURE:</b>					
Unrelated business income taxes paid	<u>\$ 26,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,000</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.

### ***Method of Accounting***

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 in the Preparation of Combining Financial Statements***

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)

### **Classification of 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, 2021, 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 combining statement of activities. The combining statement of functional expenses presents 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 2021, CCI reported taxable income of \$116,444 and incurred Federal and State income tax expense totaling \$29,389. Public Lands and the Foundation did not recognize any unrelated business income in 2021.

The Organization applies a more-likely-than-not measurement methodology to reflect the combining 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, 2021.

## 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, U.S. 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. As of December 31, 2021, the cash accounts maintained exceeded federally insured limits by approximately \$440,000.

### ***Cash and Cash Equivalents***

For purposes of the combining statement 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 combining 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, 2021, the Organization held 10 certificates of deposit totaling \$998,677, at yields ranging from 0.10% to 1.60%, which are scheduled to mature in the following years:

2022	\$ 500,763
2023	\$ 497,914

### ***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, 2021, 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, 2021.

### ***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 identification 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 combining 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)

### ***Subsequent Events***

Management is required to evaluate, through the date the combining financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the combining financial statements, and to disclose the date through which subsequent events were evaluated. The Organization's combining financial statements were available to be issued on April 6, 2022, and this is the date through which subsequent events were evaluated.

### ***Upcoming Accounting Pronouncements***

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), which requires lessees to recognize on the statements of financial condition a right-to-use asset and a lease liability for most lease arrangements with a term greater than one year. The new standard also requires new disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from the leases. ASU 2016-02 is effective for nonpublic companies for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating the effect that ASU 2016-02 will have on its combining financial statements.

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## 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, 2021:

Cash and cash equivalents	\$ 1,189,999
Accounts receivable	4,000
Interest receivable	1,473
Certificates of deposit - Current	500,763
Investments in U.S. Treasury notes	<u>599,429</u>
Total financial assets	2,295,664
Less: Board designations	<u>(824,000)</u>
Total combining financial assets available for general expenditure	<u>\$ 1,471,664</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, 2021, 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, 2021:

Buildings and improvements	\$ 1,560,693
Furniture and equipment	205,969
Construction in process – parking garage repairs	<u>68,672</u>
Total property and equipment	1,835,334
Less: accumulated depreciation	<u>877,116</u>
Property and equipment, net	<u>\$ 958,218</u>

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### 4. Investments

At December 31, 2021, investments were comprised of the following:

Certificates of Deposit	\$ 998,677
U.S. Treasury Notes	<u>599,429</u>
Total investments	<u>\$ 1,598,106</u>

Investment income, net of related fees, consists of the following for the year ended December 31, 2021:

Interest and dividends	\$ 19,171
Unrealized (losses) on investments, net	(20,453)
Investment fees	<u>(175)</u>
Total investment (loss), net	<u>\$ (1,457)</u>

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### 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. No amounts were paid to the State in 2021.

## **6. Board Designated Net Assets**

At December 31, 2021, the Organization's Board of Director's has designated net assets without donor restrictions for the following purposes:

Membership stabilization fund	\$ 410,000
Conference cancellation fund	150,000
CCI building maintenance fund	150,000
Capital equipment replacement fund	60,000
Unemployment insurance fund	30,000
Health insurance fund	<u>24,000</u>
 Total	 <u>\$ 824,000</u>

During the year ended December 31, 2021, the board authorized an increase of \$30,000 for the membership stabilization fund.

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## **7. Related-Party Transactions**

CCI provides management and administrative services for the Foundation and Public Lands. In 2021, the Foundation paid CCI \$127,503 and Public Lands paid CCI \$12,254 for management fees. At December 31, 2021, the Foundation owed CCI \$12,728.

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## **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 2021, CCI contributed \$112,135 to the Plan.

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## **9. 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, 2021:

Colorado Counties, Inc.	
Dues and assessments	\$ 1,212,000
Marketing services	116,444
CCI Foundation, Inc.	
Dues and assessments	81,750
Conference registration fees	354,438
CCI Public Lands, Inc.	
Dues and assessments	<u>12,403</u>
 Total	 <u>\$ 1,777,035</u>

**9. Revenue from Contracts with Customers (continued)**

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 1<sup>st</sup> for the calendar year. Any member that fails to pay its membership dues by February 15<sup>th</sup> 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, 2021, is comprised of the following:

Balance at beginning of year	\$ 44,833
Membership revenue sold	85,500
Membership revenue earned	<u>(81,750)</u>
Balance at end of year	<u>\$ 48,583</u>

*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 1<sup>st</sup> 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.

## 9. Revenue from Contracts with Customers (continued)

Receivables and contract assets and liabilities from contracts with customers were as follows:

	<u>Accounts Receivable</u>	<u>Deferred Dues</u>
January 1, 2020	<u>\$ 3,560</u>	<u>\$ 40,083</u>
December 31, 2020	<u>\$ 43</u>	<u>\$ 44,833</u>
December 31, 2021	<u>\$ 4,000</u>	<u>\$ 48,583</u>

The key factor affecting the amount, timing, and uncertainty of the Organization's revenue is its concentration of revenue attributed to dues and assessments. Management does not believe that the Organization is exposed to any significant risk to its concentration of revenues.

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## 10. 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 methodology 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, 2021</u>	Fair Value Measurements Using			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury notes	<u>\$ -</u>	<u>\$ 599,429</u>	<u>\$ -</u>	<u>\$ 599,429</u>

The method 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 method is 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.

## 11. 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 \$99,586 in 2021.

### Conference Fees:

CCI has entered into contracts with hotels for certain conferences to be held in 2022 and 2023. Commitments under these contracts total the following for the years ended December 31<sup>st</sup>:

2022	\$ 238,270
2023	<u>241,185</u>
Total	<u>\$ 479,455</u>

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## 12. Risks and Uncertainties

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 individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations.

COVID-19 will impact various segments of the Organization's 2022 operations and financial results. Management believes that the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.