
COLORADO MUNICIPAL LEAGUE

FINANCIAL STATEMENTS

DECEMBER 31, 2021

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Independent Auditors' Report

Board of Directors
Colorado Municipal League
Denver, Colorado

Opinion

We have audited the financial statements of Colorado Municipal League, which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Colorado Municipal League as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities For The Audit Of The Financial Statements* section of our report. We are required to be independent of Colorado Municipal League 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 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.

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

Auditors' Responsibilities For The Audit Of The Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 auditing standards generally accepted in the United States of America 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Municipal League'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 financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Colorado Municipal League'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.

Other Matter

Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. Management's discussion and analysis on pages i - iv and the budgetary comparison schedule on page 19, which are the responsibility of management, are presented for the 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 financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

RubinBrown LLP

April 5, 2022

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 2021, total net assets increased by \$104,503.
- Total revenues and support were \$2,760,483 in 2021, an increase of \$303,877 or 12.4%, from 2020.
- During 2021, total expenses were \$2,655,980, an increase of \$217,094, or 8.9%, compared to 2020.

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

ASSETS			
Years ending December 31,	2021	2020	% Change
CURRENT ASSETS	\$1,751,102	\$2,708,402	-35.3%
NONCURRENT ASSETS	4,001,659	3,123,395	28.1%
TOTAL ASSETS	\$5,752,761	\$5,831,797	-1.4%

LIABILITIES AND NET ASSETS			
Years ending December 31,	2021	2020	% Change
CURRENT LIABILITIES	\$500,856	\$684,395	-26.8%
NET ASSETS			
Unrestricted	5,251,905	5,147,402	2.0%
TOTAL NET ASSETS & LIABILITIES	\$5,752,761	\$5,831,797	-1.4%

As noted earlier, net assets may serve over time as a useful indicator of CML's financial position. As of December 31, 2021 CML's assets exceeded liabilities by \$5,251,905.

Change in Net Assets

Review of Revenue			
Years ending December 31,	2021	2020	% Change
REVENUES AND SUPPORT			
Membership Dues	\$2,215,713	\$2,147,808	3.2%
Annual Conference	398,715	102,085	290.6%
Publications	18,389	20,734	-11.3%
Workshops and meetings	44,046	47,900	-8.1%
Investment income	44,404	79,145	-43.9%
Other	39,216	58,934	-33.5%
Total revenues and support	\$2,760,483	\$2,456,606	12.4%

Total revenue increased 12.4% in comparison to 2020. In 2021, municipal dues were frozen at the 2020 amount. In addition, the dues rebate was discontinued, resulting in an increase in dues of 3.2% compared to 2020. CML provided a 3% municipal dues rebate in 2020. Annual conference and meetings revenue increased with the in person special conference in September 2021. The 2020 annual conference was virtual. Investment income decreased with lower returns in 2021. Other income decreased due to cancellation of the Omnia partnership and lower program sponsorship.

Review of Expenses			
Years Ended December 31,	2021	2020	% Change
EXPENSES			
Program Expenses			
State & Federal Issues	\$866,468	\$901,994	-3.9%
Annual Conference & Events	559,044	299,695	86.5%
Publications & Periodicals	346,827	322,256	7.6%
Advocacy & Legal Services	145,223	150,156	-3.3%
Lessons on Local Government	12,010	18,224	-34.1%
Support Services			
Administrative	613,107	627,937	-2.4%
Building Occupancy Costs	113,301	118,625	-4.5%
TOTAL EXPENSES	\$2,655,980	\$2,438,886	8.9%
CHANGE IN NET ASSETS			
	\$104,503	\$17,720	489.8%
NET ASSETS, BEGINNING OF YEAR			
	\$5,147,402	\$5,129,682	.4%
NET ASSETS, END OF YEAR			
	\$5,251,905	\$5,147,402	2.0%

CML's expenses increased by 8.9%, primarily due to increased expenses for annual conference and publications and periodicals. Net assets increased by \$104,503 in 2021, to a total of \$5,251,905.

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 19, actual 2021 change in net assets of \$101,239 exceeded the budget of (\$241,408) by \$342,647.

Actual revenues were \$45,743 less than budget and actual expenditures were \$388,390 less than budget.

Long-Term Debt

CML currently has no long term debt.

Property and Equipment

During 2021 CML purchased capital assets totaling \$137,597. Additional detail on property and equipment can be found in Note 4 to the Financial Statements.

Economic Factors and Next Year's Budget

The 2022 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.

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

COLORADO MUNICIPAL LEAGUE

STATEMENT OF FINANCIAL POSITION

December 31, 2021 And 2020

Assets

	2021	2020
Current Assets		
Cash	\$ 1,302,637	\$ 1,680,610
Investments	354,000	913,000
Accounts receivable	11,187	18,740
Prepaid expenses	83,278	96,052
Total Current Assets	1,751,102	2,708,402
Investments	2,502,000	1,627,000
Property And Equipment, Net	1,499,659	1,496,395
Total Assets	\$ 5,752,761	\$ 5,831,797

Liabilities

Current Liabilities		
Accounts payable	\$ 18,515	\$ 25,140
Accrued expenses	614	210
Accrued vacation payable	70,094	82,573
Deferred revenue	411,633	576,472
Total Current Liabilities	500,856	684,395

Net Assets

Net Assets Without Donor Restrictions		
Board designated	2,061,810	2,011,187
Undesignated	3,190,095	3,136,215
Total Net Assets	5,251,905	5,147,402
Total Liabilities And Net Assets	\$ 5,752,761	\$ 5,831,797

COLORADO MUNICIPAL LEAGUE

STATEMENT OF ACTIVITIES For The Years Ended December 31, 2021 And 2020

	Without Donor Restrictions	
	2021	2020
Revenues And Other Support		
Membership dues	\$ 2,215,713	\$ 2,147,808
Annual conference	398,715	102,085
Publications	18,389	20,734
Meetings	44,046	47,900
Investment income	44,404	79,145
Other	39,216	58,934
Total Revenues And Other Support	2,760,483	2,456,606
Expenses		
Program services:		
State and federal issues	866,468	901,994
Annual conference and events	559,044	299,695
Publications and periodicals	346,827	322,256
Advocacy and legal services	145,223	150,156
Lessons on Local Government website	12,010	18,224
Total Program Services	1,929,572	1,692,324
Support services:		
Administrative	613,107	627,937
Building occupancy costs	113,301	118,625
Total Support Services	726,408	746,562
Total Expenses	2,655,980	2,438,886
Change In Net Assets	104,503	17,720
Net Assets - Beginning Of Year	5,147,402	5,129,682
Net Assets - End Of Year	\$ 5,251,905	\$ 5,147,402

COLORADO MUNICIPAL LEAGUE
STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended December 31, 2021

	Program Services						Support Services			Total
	State And Federal Issues	Annual Conference And Events	Publications And Periodicals	Advocacy And Legal Service	Lessons On Local Government	Total Programs	Administrative	Building Occupancy	Total Support Services	
Expenses										
Salaries and benefits	\$ 670,258	\$ 192,943	\$ 150,412	\$ 108,353	\$ 943	\$ 1,122,909	\$ 448,119	\$ 6,501	\$ 454,620	\$ 1,577,529
Building occupancy	—	—	—	—	—	—	—	106,246	106,246	106,246
Depreciation	57,075	16,430	12,808	9,227	80	95,620	38,159	554	38,713	134,333
Professional services	20,483	11,730	44,699	3,032	—	79,944	37,178	—	37,178	117,122
Office expense and information technology	110,097	28,137	25,857	23,940	—	188,031	61,480	—	61,480	249,511
Printing and postage	4,020	8,667	112,163	311	—	125,161	5,894	—	5,894	131,055
Meetings and travel and entertainment	4,535	9,956	888	360	—	15,739	15,403	—	15,403	31,142
Annual conference, workshops and outreach	—	291,181	—	—	—	291,181	—	—	—	291,181
Direct program expenses	—	—	—	—	10,987	10,987	6,874	—	6,874	17,861
Total Expenses	\$ 866,468	\$ 559,044	\$ 346,827	\$ 145,223	\$ 12,010	\$ 1,929,572	\$ 613,107	\$ 113,301	\$ 726,408	\$ 2,655,980

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	Lessons On Local Government	Total Programs	Administrative	Building Occupancy	Total Support Services	
Expenses										
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	55,963	14,553	10,059	8,810	44	89,428	37,930	539	38,469	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
Total Expenses	\$ 901,994	\$ 299,695	\$ 322,256	\$ 150,156	\$ 18,224	\$ 1,692,324	\$ 627,937	\$ 118,625	\$ 746,562	\$ 2,438,886

COLORADO MUNICIPAL LEAGUE

STATEMENT OF CASH FLOWS For The Years Ended December 31, 2021 And 2020

	2021	2020
Cash Flows From Operating Activities		
Cash received from members	\$ 2,058,427	\$ 2,202,487
Cash received from publications, annual conference and meetings	461,150	170,719
Cash received from others	83,620	138,079
Cash payments to employees	(1,264,046)	(1,126,712)
Cash payments to suppliers	(1,263,527)	(1,203,512)
Net Cash Provided By Operating Activities	75,624	181,061
Cash Flows From Investing Activities		
Purchases of capital assets	(137,597)	(42,031)
Purchases of investment securities	(1,229,000)	(490,000)
Redemption of investment securities	913,000	737,000
Net Cash Provided By (Used In) Investing Activities	(453,597)	204,969
Net Increase (Decrease) In Cash	(377,973)	386,030
Cash - Beginning Of Year	1,680,610	1,294,580
Cash - Ending Of Year	\$ 1,302,637	\$ 1,680,610

COLORADO MUNICIPAL LEAGUE

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 And 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 2021 and 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, 2021 and 2020, CML reported only net assets without donor restrictions.

COLORADO MUNICIPAL LEAGUE

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, 2021 and 2020 and periodically throughout the years, 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 property and equipment 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

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

Notes To Financial Statements (Continued)

The following table represents CML's revenue streams by type for the years ended December 31, 2021 and 2020:

	December 31,	
	2021	2020
Municipal dues	\$ 2,096,296	\$ 2,034,408
Associate member dues	119,417	113,400
Total Membership Dues Revenues	2,215,713	2,147,808
Annual conference sponsorship	208,115	53,907
Annual conference registrations and ticketed events	190,600	48,178
Total Annual Conference Revenues	398,715	102,085
Magazine advertising	13,665	15,965
Publication sales	4,404	4,489
Magazine subscriptions	320	280
Total Publications Revenues	18,389	20,734
Workshop sponsorship	2,750	—
Other sponsorship	—	2,327
Workshop registrations	41,296	45,573
Total Meetings Revenues	44,046	47,900
Investment income	44,404	79,145
Mailing label sales	715	890
Program revenue	10,750	11,381
Partnership revenue	27,751	45,163
Other miscellaneous revenue	—	1,500
Total Other Revenues	39,216	58,934
Total Revenue	\$ 2,760,483	\$ 2,456,606

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 1st start of the membership year are deferred and presented as a liability on the statement of financial position.

COLORADO MUNICIPAL LEAGUE

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

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 1st 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 years ended December 31, 2021 and 2020, CML recognized revenue of \$576,472 and \$516,420, respectively, primarily for municipal and associate member dues that was included in the deferred revenue balance. Deferred revenue for the municipal and associate member dues paid in advance as of December 31, 2021 and 2020 was \$399,508 and \$495,805, respectively. Deferred revenue for conference sponsorship paid in advance as of December 31, 2021 and 2020 was \$12,125 and \$80,667, respectively.

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.

Reclassification

Certain reclassifications have been made to the prior-year financial statements to conform to the current-year presentation. These reclassifications had no effect on previously reported results of operations.

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (Continued)

2. Liquidity And Availability

The following represents CML's financial assets at December 31, 2021:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Financial Assets At Year End		
Cash	\$ 1,302,637	\$ 1,680,610
Investments - short term	354,000	913,000
Investments - long term	2,502,000	1,627,000
Accounts receivable	11,187	18,740
Total Financial Assets	4,169,824	4,239,350
Less Amounts Not Available To Be Used Within One Year		
Board-designated net assets	2,061,810	2,011,187
Financial Assets Available To Meet General Expenditures Over The Next 12 Months	\$ 2,108,014	\$ 2,228,163

As of December 31, 2021, CML had \$2,108,014 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, 2022, are included in resources available to meet obligations throughout 2022 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, 2021). As part of its liquidity plan, excess cash is invested in certificates of deposit with varying maturity dates.

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (Continued)

3. 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, 2021, CML had \$1,220,050 invested in COLOTRUST, with a rating of AAAM. Separately issued financial statements for COLOTRUST may be obtained at their website at www.colotruster.com.

Investments

As of December 31, 2021, CML’s investment portfolio had a maturity value of \$2,856,000 with a book yield of 1.33%. 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, 2021 are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 354,000
2023	1,472,000
2024	538,000
2025	492,000
	<u>\$ 2,856,000</u>

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (Continued)

4. Property And Equipment

Property and equipment consists of the following:

	December 31,	
	2021	2020
Land	\$ 300,000	\$ 300,000
Building and improvements	2,361,140	2,302,290
Equipment and furniture	681,928	603,182
	3,343,068	3,205,472
Accumulated depreciation	(1,843,409)	(1,709,077)
Property And Equipment, Net	\$ 1,499,659	\$ 1,496,395

5. Net Assets

The CML Executive Board has internally designated net assets at December 31, 2021 and 2020 as follows:

	December 31,	
	2021	2020
Board-Designated Net Assets		
Building and capital reserve	\$ 405,496	\$ 378,966
Ballot issues	124,829	124,829
Capacity building fund	177,706	176,362
Designated operating reserve	1,353,779	1,331,030
Total Board-Designated Net Assets	\$ 2,061,810	\$ 2,011,187

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

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 years ended December 31, 2021 and 2020, CML made the required contributions, totaling \$61,232 and \$60,580, respectively, 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 years ended December 31, 2021 and 2020, CML made contributions totaling \$9,980 and \$9,358, respectively, to the deferred compensation plan.

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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.

Supplementary Information

COLORADO MUNICIPAL LEAGUE

BUDGETARY COMPARISON SCHEDULE - NON-GAAP BUDGETARY BASIS

For The Year Ended December 31, 2021
(With Summarized Comparative Actual Amounts
For The Year Ended December 31, 2020)

	2021			2020
	Actual	Budget	Variance	Actual
Revenues				
Membership dues	\$ 2,215,713	\$ 2,206,291	\$ 9,422	\$ 2,147,808
Annual conference	398,715	416,335	(17,620)	102,085
Publications	18,389	18,200	189	20,734
Meetings	44,046	57,400	(13,354)	47,900
Investment income	44,404	65,000	(20,596)	79,145
Other	39,216	43,000	(3,784)	58,934
Total Revenues	2,760,483	2,806,226	(45,743)	2,456,606
Expenditures				
Salaries and related costs	1,577,529	1,693,509	115,980	1,585,495
Professional services	117,122	136,650	19,528	96,470
Office expense and information technology	249,511	324,850	75,339	266,731
Building and equipment purchases	137,597	162,000	24,403	42,031
Direct program expenses	17,861	32,100	14,239	19,214
Printing and postage	131,055	173,550	42,495	137,850
Meetings, travel and staff development	31,142	101,500	70,358	25,063
Annual conference, workshops and outreach	291,181	298,575	7,394	69,002
Building occupancy costs	106,246	124,900	18,654	111,164
Total Expenditures	2,659,244	3,047,634	388,390	2,353,020
Change In Net Assets - Budgetary	101,239	\$ (241,408)	\$ 342,647	103,586
Reconciliation To GAAP Basis				
Add: Capital outlay	137,597			42,031
Less: Depreciation and amortization	(134,333)			(127,897)
Change In Net Assets - GAAP Basis	\$ 104,503			\$ 17,720

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