

NORTHERN COLORADO REGIONAL TOURISM AUTHORITY
Larimer County, Colorado
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

**NORTHERN COLORADO REGIONAL TOURISM AUTHORITY
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YEAR ENDED DECEMBER 31, 2021**

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Board of Directors
Northern Colorado Regional Tourism Authority
Larimer County, Colorado

Independent Auditor's Report

Opinion

We have audited the accompanying financial statements of the business-type activities of Northern Colorado Regional Tourism Authority (the "Authority"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Northern Colorado Regional Tourism Authority as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority 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 the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), and for 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 the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 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 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 GAAS, 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 the Authority'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 the Authority'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 Matters

Required Supplemental Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Wipfli LLP

Wipfli LLP
Lakewood, Colorado

September 26, 2022

FINANCIAL STATEMENTS

**NORTHERN COLORADO REGIONAL TOURISM AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

ASSETS

CURRENT ASSETS

Cash	\$ 181,777
Accounts Receivable	1,721
Total Current Assets	<u>183,498</u>
 Total Assets	 <u><u>\$ 183,498</u></u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts Payable	\$ 27,927
Total Current Liabilities	<u>27,927</u>

NET POSITION

Restricted	155,571
Total Net Position	<u>155,571</u>
 Total Liabilities and Net Position	 <u><u>\$ 183,498</u></u>

See accompanying Notes to Financial Statements.

**NORTHERN COLORADO REGIONAL TOURISM AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2021**

OPERATING REVENUES	
Sales Tax Increment	\$ 10,827
Total Operating Revenues	<u>10,827</u>
OPERATING EXPENSES	
Accounting	22,789
Administrative	359
Audit	6,170
Legal	45,307
Total Operating Expenses	<u>74,625</u>
OPERATING INCOME (LOSS)	(63,798)
NONOPERATING REVENUES (EXPENSES)	
Other Contributions	11,500
Other Expenses	(16,282)
Transfer to Aurora Urban Renewal Authority	(344,364)
Total Nonoperating Revenues	<u>(349,146)</u>
CHANGE IN NET POSITION	(412,944)
Net Position - Beginning of Year	<u>568,515</u>
NET POSITION - END OF YEAR	<u><u>\$ 155,571</u></u>

See accompanying Notes to Financial Statements.

**NORTHERN COLORADO REGIONAL TOURISM AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES

Sales Tax Increment	\$ 10,827
Payments for Goods and Services	<u>(90,400)</u>
Net Cash Used by Operating Activities	<u>(79,573)</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Other Contributions	11,500
Other Expenses	(16,282)
Transfer to Aurora Urban Renewal Authority	<u>(344,364)</u>
Net Cash Used (Required) by Capital Financing Activities	<u>(349,146)</u>

NET DECREASE IN CASH

(428,719)

Cash - Beginning of Year

610,496

CASH - END OF YEAR

\$ 181,777

**RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH
USED BY OPERATING ACTIVITIES**

Loss from Operations	\$ (63,798)
Adjustments to Reconcile Change in Net Position	
Net Cash Used by Operating Activities:	
Net Increase (Decrease) in Accounts Payable	(14,054)
Net (Increase) Decrease in Accounts Receivable	<u>(1,721)</u>
Total Adjustments	<u>(15,775)</u>
Net Cash Used by Operating Activities	<u><u>\$ (79,573)</u></u>

See accompanying Notes to Financial Statements.

**NORTHERN COLORADO REGIONAL TOURISM AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY

In 2014, City of Loveland, Town of Windsor, Town of Estes Park, and Larimer County (collectively, Governmental Entities) joined together to form a nonprofit organization known as “Go NoCO” to collaborate and apply for tourism grant funding from the State of Colorado Regional Tourism Authority (RTA) program. In 2015, the State of Colorado Economic Development Commission (EDC) awarded RTA grant funding to Go NoCO for four project elements located within the geographic boundaries of the Governmental Entities. The four project elements are: Stanley Film Center, PeliGrande Resort & Windsor Conference Center, Indoor Waterpark Resort of the Rockies, and U.S. Whitewater Adventure Park.

In 2016, Go NoCO was dissolved and converted to the Northern Colorado Regional Tourism Authority (NCRTA) to serve as the financing entity for the awarded project elements.

The NCRTA was organized as a Colorado nonprofit corporation in accordance with Colorado Revised Statutes 24-46-306, with an appointed Board of Directors comprised of elected officials, community members, and commercial landowners from the Governmental Entities to improve the health, safety, and general welfare of the public within the boundaries of the Governmental Entities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The NCRTA’s financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Since the NCRTA’s Board of Directors is composed of more than 50% of members who are appointed by governments, the NCRTA applies GASB accounting standards to financial statement presentation.

Sales Tax Increment

Pursuant to the Resolution by the Colorado Economic Development Commission Concerning the Regional Tourism Act Award to the City of Loveland, Town of Windsor, Town of Estes Park, and Larimer County for the “Go NoCO Project”, executed on December 10, 2015, the NCRTA shall receive 20.48% of state sales tax increment revenue collected within the approved regional tourism zone in excess of the base year revenue of \$7,420,661, calculated by the Colorado Department of Revenue, subject to a total cumulative dollar limit of \$86,119,375.

**NORTHERN COLORADO REGIONAL TOURISM AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sales Tax Increment (Continued)

The financing term for the Go NoCO project, which is the aggregate period within which the NCRTA, as the financing entity, is authorized to receive and utilize state sales tax increment revenue to finance eligible costs of the project, is 30 years from November 12, 2015. Once the total cumulative dollar limit of \$86,119,375 has been received by the financing entity, the Colorado Department of Revenue shall cease all future payments of state sales tax increment revenue to the financing entity even if the financing term for the project has not yet expired.

Income Taxes

The NCRTA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from activities not directly related to the NCRTA's tax-exempt purpose is subject to taxation as unrelated business income. The NCRTA had no unrelated business income during the year ended December 31, 2021, and thus incurred no unrelated business income tax expense.

The NCRTA follows the Accounting for Uncertainty in Income Taxes accounting standard which requires the NCRTA to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The NCRTA believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are significant to the financial statements.

For the years ended December 31, 2016, 2017, 2018, 2019, 2020, and 2021, the NCRTA did not file tax returns which would be subject to examination by the U.S. federal tax authorities.

NOTE 3 CASH

Cash as of December 31, 2021, is classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash	\$ 181,777
Total Cash	\$ 181,777

Cash as of December 31, 2021 consists of the following:

Deposits with Financial Institutions	\$ 181,777
Total Cash	\$ 181,777

**NORTHERN COLORADO REGIONAL TOURISM AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH (CONTINUED)

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2021, the NCRTA's cash deposits had bank and book balances of \$181,777.

NOTE 4 NET POSITION

Restricted net position include assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The NCRTA's restricted net position as of December 31, 2021 is \$155,571.

NOTE 5 INTERGOVERNMENTAL AGREEMENT

In December 2017, the City of Loveland, the Town of Windsor, the Town of Estes Park, and Larimer County (collectively, Governmental Entities) entered into an intergovernmental agreement allowing the Governmental Entities to cooperate or contract with one another to provide any function, service, or facility lawfully authorized to each of the cooperating or contracting units, including the establishment of a separate legal entity, which is known as the NCRTA.

The NCRTA shall be funded by the State of Colorado tax revenue increment per the EDC 2015 award and no member from the Governmental Entities shall be bound or obligated to provide additional funding except as determined to be appropriate by the respective member. In the event the State of Colorado seeks to recover reimbursement or recovery of any RTA funds disbursed to the NCRTA, no member from the Governmental Entities shall be responsible or obligated to pay such amounts.

**NORTHERN COLORADO REGIONAL TOURISM AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 INTERGOVERNMENTAL AGREEMENT (CONTINUED)

The agreement shall be in effect from its executed date and shall terminate no more than 10 years from the date of the EDC award or November 2025 and any party to the agreement can terminate its rights, duties, obligations, or requirements imposed herein upon advance written notice of not less than 180 days.

In July 2021, the NCRTA entered into a Separation and Release Agreement with Grand Heritage Hotel Group LLC (Grand Heritage), as the project sponsor of the Stanley Film Center (SFC) project element. Grand Heritage, with the Town of Estes Park's consent, desired to transfer the Financing Entity designation and responsibilities of the SFC project element from the NCRTA to the Aurora Urban Renewal Authority (AURA). Pursuant to the agreement, within 30 days of separation, the NCRTA shall transfer to the AURA a sum totaling 64.9% of all unspent State Sales Tax Increment Revenue received by the NCRTA through the date of separation. These funds are to be used to pay for eligible costs including administrative costs incurred by the AURA as Financing Entity, for the SFC project element. In August 2022, the NCRTA transferred \$344,364 to the AURA according to the agreement.

NOTE 6 SUBSEQUENT REVIEW

Subsequent events have been evaluated through September 26, 2022, which was the date the financial statements were available to be issued.