



**COLORADO ASSOCIATION
OF SCHOOL BOARDS**

FINANCIAL STATEMENTS

June 30, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Colorado Association of School Boards (CASB) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and cash flows for the year 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 CASB as of June 30, 2022, 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.

Statements of financial position, activities, and cash flows from our audit report for the prior year are presented for comparison purposes.

Basis For Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 CASB 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, 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 CASB's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted auditing standards 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 statement

In performing an audit in accordance with generally accepted auditing standards, 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 CASB'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 CASB'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.

Cahill & Associates

CAHILL & ASSOCIATES, P.C.
Boulder, Colorado
September 30, 2022

COLORADO ASSOCIATION OF SCHOOL BOARDS
Statement of Financial Position
June 30, 2022

ASSETS	OPERATING PROGRAM	PERA PENSION	CAPITAL PROGRAM	NON-OBJES PROGRAM	CASH TOTAL ACCOUNTS	ATTORNEYS' COUNCIL PROGRAM	2022	2021
							TOTAL	TOTAL
CURRENT ASSETS								
Cash and Cash Equivalents	\$ 489,869	\$ -	742,112	1,425	1,183,206	24,655	\$ 1,207,881	\$ 1,355,947
Accounts Receivable	1,239,428	-	-	-	1,239,428	-	1,239,428	1,357,307
Due From 2253 S Onaida Condo Association	5,428	-	-	-	5,428	-	5,428	-
Investments	1,141,817	-	-	-	1,141,817	-	1,141,817	438,769
Prepaid Expenses	89,288	-	-	-	89,288	-	89,288	18,110
Notes Receivable	-	-	622,820	-	622,820	-	622,820	648,255
Total Current Assets	<u>2,895,630</u>	<u>-</u>	<u>1,364,932</u>	<u>1,425</u>	<u>4,261,987</u>	<u>24,655</u>	<u>4,276,642</u>	<u>3,818,388</u>
PROPERTY AND EQUIPMENT								
Land	-	-	318,313	-	318,313	-	318,313	318,313
Buildings	-	-	1,361,554	-	1,361,554	-	1,361,554	1,285,103
Furniture and Equipment	-	-	45,612	-	45,612	-	45,612	45,612
Less: Accumulated Depreciation	-	-	1,726,479	-	1,726,479	-	1,725,479	1,649,028
Total Property and Equipment	<u>-</u>	<u>-</u>	<u>(348,467)</u>	<u>-</u>	<u>(348,467)</u>	<u>-</u>	<u>(348,467)</u>	<u>(279,150)</u>
OTHER ASSETS								
Cash Surrender Value of Life Insurance Policies	-	-	1,724,000	-	1,724,000	-	1,724,000	1,690,866
PERA Net Pension Deferred Outflows	-	705,622	-	-	705,622	-	705,622	721,757
Total Other Assets	<u>-</u>	<u>705,622</u>	<u>1,724,000</u>	<u>-</u>	<u>2,429,622</u>	<u>-</u>	<u>2,429,622</u>	<u>2,412,623</u>
TOTAL ASSETS	<u>\$ 2,895,630</u>	<u>\$ 705,622</u>	<u>\$ 4,487,944</u>	<u>\$ 1,425</u>	<u>\$ 8,060,621</u>	<u>\$ 24,655</u>	<u>\$ 8,085,276</u>	<u>\$ 7,600,889</u>
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts Payable	\$ 27,055	\$ -	-	-	27,055	-	27,055	36,445
Deferred Revenue	1,857,531	-	-	-	1,857,531	12,450	1,869,981	1,760,058
Total Current Liabilities	<u>1,884,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,884,586</u>	<u>12,450</u>	<u>1,887,036</u>	<u>1,796,513</u>
Accrued Compensation	141,072	-	-	-	141,072	-	141,072	100,399
Washington Employer Admin Fund	(90)	-	-	-	(90)	-	(90)	-
PERA Net Pension Liability	-	2,625,984	-	-	2,625,984	-	2,625,984	2,884,786
PERA Net Pension Deferred Inflows	-	534,166	-	-	534,166	-	534,166	239,118
Paycheck Protection Program Loan	-	-	-	-	-	-	-	279,820
Total Liabilities	<u>2,025,566</u>	<u>3,160,150</u>	<u>-</u>	<u>-</u>	<u>5,185,716</u>	<u>12,450</u>	<u>5,198,166</u>	<u>5,410,636</u>
Intercompany Due To (From)	(30,437)	-	32,789	-	2,362	(2,362)	-	-
NET ASSETS								
Without Donor Restrictions	890,499	(2,454,528)	4,435,145	1,425	2,872,541	14,567	2,887,108	2,190,253
Total Net Assets	<u>890,499</u>	<u>(2,454,528)</u>	<u>4,435,145</u>	<u>1,425</u>	<u>2,872,541</u>	<u>14,567</u>	<u>2,887,108</u>	<u>2,180,253</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,895,630</u>	<u>\$ 705,622</u>	<u>\$ 4,487,944</u>	<u>\$ 1,425</u>	<u>\$ 8,060,621</u>	<u>\$ 24,655</u>	<u>\$ 8,085,276</u>	<u>\$ 7,600,889</u>

See Accompanying Notes to Financial Statements

COLORADO ASSOCIATION OF SCHOOL BOARDS
Statement of Activities
For the Year Ended June 30, 2022

	CASB Operating Program	CASB PERA Pension	CASB Capital Fund	CASB Non-Dues	CASB Accounts Total	Attorney Council	2022 TOTAL	2021 TOTAL
SUPPORT AND REVENUE								
Membership Dues	\$ 1,582,776	\$ -	-	-	\$ 1,582,776	\$ 20,205	\$ 1,602,981	\$ 1,599,519
Registrations	884,260	-	-	-	884,260	3,665	887,925	71,625
Product Sales	218,618	-	-	-	218,618	-	218,618	227,928
Services Provided	-	-	-	-	-	-	-	3,800
Advertising and Sponsorships	108,082	-	-	-	108,082	-	108,082	61,949
Investment Income	3,049	-	58,924	1	61,974	15	61,989	143,767
Superintendent Search Revenue	11,200	-	-	-	11,200	-	11,200	5,925
PPP Loan Forgiveness	278,820	-	-	-	278,820	-	278,820	338,419
Other Income	69,052	-	-	-	69,052	-	69,052	68,749
Total Support and Revenue	3,158,857	-	58,924	1	3,216,782	23,885	3,239,667	2,521,681
EXPENSES								
Advocacy Expense	22,000	-	-	-	22,000	-	22,000	22,000
Assessment Expense	72,550	-	-	-	72,550	-	72,550	64,758
Bad Debt Expense	15,856	-	-	-	15,856	-	15,856	72,407
Conferences and Meetings	652,074	-	-	-	652,074	2,525	654,599	25,672
Capital Fund Contribution	-	-	-	-	-	-	-	54,497
Credit Card Processing Fees	44,389	-	-	-	44,389	-	44,389	17,686
Depreciation	-	-	67,317	-	67,317	-	67,317	66,942
Dues, Subscriptions and Memberships	65,397	-	-	-	65,397	19,628	85,025	80,709
Insurance	13,774	-	-	-	13,774	-	13,774	15,367
Investigation Expense	16,495	-	-	-	16,495	-	16,495	23,525
Maintenance	5,708	-	13,878	-	19,586	-	19,588	25,047
Miscellaneous	4,325	-	-	92	4,417	-	4,417	-
Office Expenses	5,253	-	10	-	5,263	131	5,394	1,590
Payroll Taxes and Benefits	265,289	-	-	-	265,289	-	265,289	284,204
PERA Net Pension Adjustment	225,292	(282,903)	-	-	(57,611)	-	(57,611)	(708,448)
Policy Expense	52,014	-	-	-	52,014	-	52,014	41,827
Professional Development	30	-	-	-	30	-	30	317
Professional Fees	27,898	-	-	-	27,898	-	27,898	13,403
Publication Expenses	8,400	-	-	-	8,400	-	8,400	-
Salaries	1,142,361	-	-	-	1,142,361	-	1,142,361	1,204,085
Supplies	1,569	-	14,682	-	16,251	-	16,261	5,943
Telephone	9,694	-	-	-	9,694	-	9,694	11,564
Travel	78,585	-	-	-	78,585	-	78,585	5,025
Website	8,365	-	-	-	8,365	-	8,365	9,030
Total Expenses	2,737,319	(282,903)	95,898	92	2,550,405	22,284	2,572,680	1,339,149
CHANGE IN NET ASSETS	419,538	282,903	(36,974)	(91)	666,577	1,601	668,178	1,182,532
Beginning Net Assets	441,083	(2,737,431)	4,472,119	1,516	2,177,287	12,966	2,190,253	1,097,721
Capitalized Funds	29,876	-	-	-	29,876	-	29,876	-
Ending Net Assets	\$ 890,499	\$ (2,454,528)	\$ 4,435,145	\$ 1,425	\$ 2,872,641	\$ 14,567	\$ 2,887,108	\$ 2,190,253

See Accompanying Notes to Financial Statements

COLORADO ASSOCIATION OF SCHOOL BOARDS
Operating Program Statement of Activities
For the Year Ended June 30, 2022

	Conferences	Convention	Strategic Partnerships	Policy Services	Commun.	Board Development	Legal Council	Public Affairs Advocacy	Operating Fund	Total Program
\$	-	\$ 786,000	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,582,776	\$ 1,582,776
	98,260	-	-	-	-	-	-	-	-	894,260
	-	-	-	218,118	500	-	-	-	-	218,618
	-	-	-	-	-	-	-	-	-	-
	3,500	102,540	-	-	-	250	-	-	1,792	108,082
	-	-	-	-	-	-	-	-	3,049	3,049
	-	-	-	-	-	11,200	-	-	-	11,200
	-	-	-	-	-	-	-	-	279,820	279,820
	6,450	-	11,144	-	-	29,220	-	-	22,238	69,052
	108,210	888,540	11,144	218,118	500	40,670	-	-	1,889,676	3,156,857

SUPPORT AND REVENUE

Membership Dues
 Registrations
 Product Sales
 Services Provided
 Advertising and Sponsorships
 Investment Income
 Superintendent Search Revenue
 PPP Loan Forgiveness
 Other Income
Total Support and Revenue

EXPENSES

Advocacy Expense
 Assessment Expense
 Bad Debts
 Conferences and Meetings
 Credit Card Processing Fees
 Dues, Subscriptions and Memberships
 Insurance
 Investigation
 Maintenance
 Miscellaneous
 Office Expenses
 Payroll Taxes and Benefits
 PERA Net Liability Change
 Policy Expense
 Professional Development
 Professional Fees
 Publication Expenses
 Salaries
 Supplies
 Telephone
 Travel
 Website
Total Expenses

-	-	-	-	-	-	-	-	22,000	-	22,000
-	-	-	-	-	-	-	-	-	72,550	72,550
-	-	-	-	-	-	-	-	-	15,856	15,856
115,323	519,205	-	20	-	-	-	-	9,265	8,261	632,074
-	-	-	-	-	-	455	5,808	1,728	44,389	44,389
-	-	-	-	-	-	-	2,928	-	57,408	65,397
-	-	-	-	-	-	-	-	-	10,846	13,774
-	-	-	-	-	-	-	-	-	16,495	16,495
-	-	-	-	-	-	-	-	-	5,709	5,709
-	385	-	-	-	-	3,940	-	-	-	4,325
278	607	-	128	-	238	83	484	-	3,455	5,253
14,830	14,830	-	61,341	32,124	-	-	47,019	23,905	71,240	255,289
-	-	-	-	-	-	-	-	-	225,292	225,292
-	-	-	-	52,014	-	-	-	-	-	52,014
-	-	-	-	-	-	-	30	-	-	30
7,498	-	-	-	-	299	-	149	-	19,852	27,898
-	-	-	-	-	8,400	-	-	-	-	8,400
65,742	65,742	-	256,371	129,742	-	-	188,603	100,167	335,994	1,142,361
-	-	-	-	1,316	-	-	-	-	253	1,569
-	-	-	-	-	-	-	-	-	9,694	9,694
3,295	172	-	101	4,631	-	-	8,870	4,931	58,685	78,585
-	-	-	-	8,365	-	-	-	-	-	8,365
206,986	600,941	-	369,955	185,135	4,478	253,869	161,896	954,079	2,737,319	

CHANGE IN NET ASSETS

\$ (98,756)	\$ 287,599	\$ 11,144	\$ (151,837)	\$ (184,636)	\$ 35,192	\$ (253,859)	\$ (161,896)	\$ 935,596	\$ 419,538
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COLORADO ASSOCIATION OF SCHOOL BOARDS
Statement of Cash Flows
Year Ended June 30, 2022

	OPERATING PROGRAM	NON-DUES PROGRAM	CAPITAL PROGRAM	ATTORNEY'S PROGRAM	TOTAL 2022	TOTAL 2021
CASH FLOWS FROM OPERATING ACTIVITIES						
Support and Revenue Received	\$ 2,958,084	\$ 1	\$ 61,844	\$ 20,283	\$ 3,041,222	\$ 2,782,969
Salaries and Operating Expenses Paid	(2,381,033)	(92)	1,265	(22,284)	(2,402,144)	(2,331,488)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$78,051</u>	<u>(91)</u>	<u>63,109</u>	<u>(1,991)</u>	<u>639,078</u>	<u>451,503</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of Property and Equipment	-	-	(76,450)	-	(76,450)	(4,496)
Reinvested Investment in Life Insurance (Net)	-	-	(33,134)	-	(33,134)	(114,900)
Purchase of Investments	(700,000)	-	-	-	(700,000)	(359,979)
(Reinvested) Withdrawn Investment Earnings (Net)	(3,047)	-	-	-	(3,047)	(1,224)
Proceeds from Sale of Equipment	-	-	-	-	-	-
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(703,047)</u>	<u>-</u>	<u>(109,584)</u>	<u>-</u>	<u>(812,631)</u>	<u>(480,599)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments On Note Receivable	-	-	25,467	-	25,467	24,438
Proceeds From Paycheck Protection Program Loan	-	-	-	-	-	279,820
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>25,467</u>	<u>-</u>	<u>25,467</u>	<u>304,258</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(124,996)</u>	<u>(91)</u>	<u>(21,008)</u>	<u>(1,991)</u>	<u>(148,086)</u>	<u>275,162</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>564,665</u>	<u>1,916</u>	<u>763,120</u>	<u>26,646</u>	<u>1,355,947</u>	<u>1,080,785</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 439,669</u>	<u>\$ 1,425</u>	<u>\$ 742,112</u>	<u>\$ 24,655</u>	<u>\$ 1,207,861</u>	<u>\$ 1,355,947</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Change in Net Assets	\$ 419,638	\$ (91)	\$ (36,974)	\$ 1,601	\$ 384,074	\$ 476,083
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:						
Depreciation	-	-	67,317	-	67,317	68,942
Paycheck Protection Program Loan Forgiveness	(279,820)	-	-	-	(279,820)	(398,419)
PERA Activity Change	225,293	-	-	-	225,293	-
Write off Receivable from Executive Solutions	(14,736)	-	-	-	(14,736)	-
Capitalized Funds	-	-	29,846	-	29,846	-
Changes in Operating Assets and Liabilities:						
(Increase) Decrease in Accounts Receivable	87,476	-	-	-	87,476	232,173
(Increase) Decrease in Prepaid Expenses	(41,180)	-	-	-	(41,180)	5,042
Increase (Decrease) in Payables	35,216	-	-	-	35,216	(2,667)
Increase (Decrease) from Due To 2253 S. Ornela	(5,429)	-	-	-	(5,429)	(16,766)
Increase in Washington Employer Admin Fund	(80)	-	-	-	(80)	-
Increase (Decrease) in Accrued Compensation	40,640	-	-	-	40,640	1,627
Increase (Decrease) in Deferred Revenue	111,143	-	2,920	(3,592)	110,471	27,488
Total Adjustments	<u>158,513</u>	<u>-</u>	<u>100,083</u>	<u>(3,592)</u>	<u>255,004</u>	<u>(24,580)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 578,061</u>	<u>\$ (91)</u>	<u>\$ 63,109</u>	<u>\$ (1,991)</u>	<u>\$ 639,078</u>	<u>\$ 451,503</u>

See Accompanying Notes to Financial Statements

**COLORADO ASSOCIATION
OF SCHOOL BOARDS**
Notes to Financial Statements
June 30, 2022 and 2021

NOTE 1 - ORGANIZATION

Organization and Activities

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

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

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

To meet its goals, CASB operates four primary programs:

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

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

Capital Program is used primarily for property and equipment purchases.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Property and Equipment Property and equipment are stated at cost if purchased and at fair market value if donated. Depreciation is calculated using the straight-line method over estimated useful lives ranging from 5 to 20 years. Expenditures for maintenance, repairs and minor replacements are expensed as incurred; major replacements and improvements are capitalized. Depreciation for the years ended June 30, 2022 and 2021 was \$67,317 and \$66,942 respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allocations of Expenses The overall costs of programs and supporting functions are reported in the statement of activities. Certain costs are allocated to programs and supporting functions.

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

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

Credit Risk The Association's cash deposit policy is in accordance with The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. Amounts on deposit with the depositories that are above the FDIC limits of \$250,000 must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At June 30, 2022 the Association had two cash deposits that totaled \$718,462 in excess of the FDIC insurance limits. The remaining cash deposits were collateralized under PDPA.

NOTE 3 – INVESTMENTS

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described below:

(i) Level 1—Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

(ii) Level 2—Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

(i) Level 3—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 3 – INVESTMENTS (Continued)

The following is a description of the valuation methodologies used for assets measured at fair value, on a recurring basis. There have been no changes to the methodologies used at June 30, 2022 and 2021.

(i) Mutual funds: Valued at the net asset value (NAV) of shares on the last trading day of the fiscal year, which is the basis for transactions at that date.

(ii) Governmental obligations: Valued at the closing price reported on the active market on which the individual securities are traded. If the obligation is not actively traded, the Association uses a pricing service. The service employs a proprietary market approach method that uses as inputs observed interest rates and yield curves, prices in active markets for similar assets, and prices for identical assets in inactive markets that have been adjusted by observable indexes.

(iii) Real estate investments funds: Valued at the net asset value (NAV) of shares held by the Association at year end.

(iv) Certificates of deposit: Valued at cost plus accrued interest, which approximates fair value due to the short-term nature of these investments.

(v) Life insurance policy: Valued at the cash surrender value at year end.

The following table sets forth by level, within the fair value hierarchy, the Association's financial instruments at fair value as of June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Measured using Level 1 fair value measures:		
Certificates of Deposit	\$ 742,112	\$ 891,134
Local Government Pools	1,141,817	438,769
	<u>\$ 1,883,929</u>	<u>\$ 1,329,903</u>
Measured using Level 2 fair value Measures:		
Cash Value Life Insurance	<u>\$ 1,724,000</u>	<u>\$ 1,690,866</u>

Colorado Government Liquid Asset Trust

The Association invests in the Colorado Government Liquid Asset Trust (Colotrust) which is an investment vehicle established for local entities in Colorado to pool surplus funds. The Trust operates similarly to a money market fund and each share is equal to one dollar. Investments of the Trust consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to the Trust in connection with the direct investment and withdrawal functions of the Trust. Substantially all securities owned by the Trust are held by the Federal Reserve bank in the account maintained for the custodial bank. CASB had \$1,141,817 and \$438,769 invested in the Colotrust at June 30, 2022 and 2021 respectively.

Life Insurance Policies

The Association purchased fully funded life insurance policies on certain current and former employees. The Association is the primary beneficiary of the policies which were purchased through The Penn Mutual Life Insurance Company. Payment on the policies is subject to risks related to the financial health of Penn Mutual. The policies had a cash surrender value of \$1,724,000 and \$1,690,866 at June 30, 2022 and 2021 respectively. The Association recognized investment earnings of \$33,134 and \$114,901 on the value of the outstanding policies at June 30, 2022 and 2021 respectively.

NOTE 3 – INVESTMENTS (Continued)

Life Insurance Policies Activity:

	<u>Cash Value</u>	<u>Life Ins. Loans</u>	<u>Loan Accrd Interest</u>	<u>Cash Surr. Value</u>
Beginning, July 1, 2021	\$ 1,690,866	\$ -	\$ -	\$ 1,690,866
Investment Earnings	33,134	-	-	33,134
Ending June 30, 2022	<u>\$ 1,724,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,724,000</u>

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

	<u>Cash</u>	<u>Investments</u>	<u>Long-Term Investments</u>	<u>Total</u>
Bank Accounts	\$ 465,707	\$ -	\$ -	\$ 465,707
Certificates of Deposit	742,112	-	-	742,112
Petty Cash	42	-	-	42
Local Government Pools	-	1,141,817	-	1,141,817
Cash Value Life Insurance	-	-	1,724,000	1,724,000
Total	<u>\$ 1,207,861</u>	<u>\$ 1,141,817</u>	<u>\$ 1,724,000</u>	<u>\$ 4,073,678</u>

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30,

	<u>2022</u>	<u>2021</u>
Dues Receivable	\$ 1,241,438	\$ 1,342,668
Employees	(1,925)	-
CASB Executive Solutions	-	14,736
Miscellaneous	11	-
Best Health Plan Set-Up Charges	(97)	(97)
	<u>1,239,427</u>	<u>1,357,307</u>
Less: Allowance for Doubtful Accounts	-	-
	<u>\$ 1,239,427</u>	<u>\$ 1,357,307</u>

Management has reviewed all receivables as of June 30, 2022 and considers the entire amount to be collectable, therefore, no allowance for doubtful accounts has been accrued (See Note 10).

NOTE 5 – NOTE RECEIVABLE

The Association issued a note receivable in the amount of \$700,000 related to the sale of a portion of its building in April of 2019. The note matures on May 31, 2029 and has an interest rate of 4% from April 2019 until May 2029. After this date, if the note has not been paid in full, the rate changes to the Wall Street Journal prime rate plus one percent. The interest rate cannot exceed two percent of the previous year's rate and is capped at a maximum of 8%. The Association collected \$25,467 of interest for the year ending June 30, 2022 and the balance on the note was \$622,820 at June 30, 2022. This loan was paid in full in August of 2022 (See note 10).

NOTE 6 – DEFINED BENEFIT PENSION PLAN

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

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

General Information about the Pension Plan

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

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

Employer Contributions

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

2021	Rate
Employer Contribution Rate ¹	10.90%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%
Amount Apportioned to the LGDTF ¹	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	6.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	5.00%
Defined contribution supplement as specified in § 24-51-411 ¹	.05%
Total Employer Contribution Rate to the LGDTF¹	19.93%

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

NOTE 6 - DEFINED BENEFIT PENSION PLAN- (Continued)

Employer contributions received by the trust fund from CASB were \$225,292, \$230,948 and \$236,020 for the years ended June 30, 2022, 2021 and 2020 respectively.

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

At June 30, 2022, CASB reported a liability of \$2,625,984 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The CASB proportion of the net pension liability was based on CASB's contributions to the SDTF for the calendar year 2021 relative to the total contributions of participating employers to the SDTF.

For the year ended June 30, 2022, CASB recognized pension expense adjustment of (\$1,183,361). At June 30, 2022, CASB reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	14,930	3,053
Changes of assumptions or other inputs	78,233	-
Net difference between projected and actual earnings on pension plan investments	-	755,097
Changes in proportion and differences between contributions recognized and proportionate share of contributions	498,478	(223,984)
Contributions subsequent to the measurement date	115,983	-
Total	705,622	534,166

Deferred outflows of resources resulting from contributions subsequent to the measurement date is recognized as a reduction of the net pension liability for the year ended December 31, 2021. The net of the differences between expected and actual experiences and changes in assumptions will be recognized in pension expense for each of the subsequent five years.

NOTE 6 - DEFINED BENEFIT PENSION PLAN- (Continued)

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.30 – 10.90 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount Rate	7.25 percent
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	1.00 percent

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2021 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2012 through December 31, 2015, adopted by PERA's Board on November 18, 2016, and an economic assumption study, adopted by PERA's Board on November 18, 2016.

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

As of the most recent analysis of the long-term expected rate of return, reaffirmed by the PERA Board on November 15, 2019, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

The discount rate used to measure the total pension liability at December 31, 2021 was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those assumptions, the SDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 6 - DEFINED BENEFIT PENSION PLAN- (Continued)

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	3,703,856	2,625,984	1,719,841

Other Post-Employment Benefits

Health Care Trust Fund

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

CASB is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Association are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2022, June 30, 2021 and June 30, 2020, contributions to the HCTF were \$11,233, \$11,849 and \$12,422, respectively, equal to their required contributions for each year.

NOTE 7 - SBA PPP LOAN PAYABLE

In April of 2020 and May of 2021, the Organization applied for and received loan proceeds in the amount of \$338,419 and \$279,820, respectively, under the Paycheck Protection Program (PPP). The PPP established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses and organizations for amounts up to 2.5 times the average monthly payroll expenses of the qualifying applicant. The loans and accrued interest may be forgiven if the Organization uses the loan proceeds for eligible purposes and maintains its payroll levels. Eligible purposes include payroll, benefits, rent and utilities. The amount of loan forgiveness could be reduced if the Organization terminates employees or reduces salaries during a specified time period.

Any unforgiven portion of the PPP loan will be repayable over two years at an interest rate of 1% with a deferral of payments for the first six months. The Organization used the proceeds from both loans for purposes consistent with the PPP and the loans were forgiven.

NOTE 8 – DEFERRED REVENUE

Deferred revenue consists primarily of advance payments made by members for dues and other services provided by the Association and is recognized in a future period. Deferred revenue consisted of the following at June 30, 2022:

District Dues	\$1,677,425
BOCES Dues	10,350
Exhibit Hall Use	21,156
Convention Sponsors	28,000
Fall Delegate Assembly	6,785
Fall Regionals	1,400
Partner Program	540
Policy Support Payments	111,750
Colorado Attorney Dues	1,840
National Attorney Dues	10,610
Miscellaneous	125
	<u>\$1,869,981</u>

NOTE 9 - BOARD DESIGNATED NET ASSETS

In order to be proactive in maintaining operations during seasonal cash flow fluctuations and unforeseen declines in revenues, Board policy mandates the designation of three months of the annual budget as an Operating Reserve. This designation was \$449,186 at June 30, 2022 and is included in Cash & Cash Equivalents of the Capital Fund.

NOTE 10 – RELATED PARTIES

2253 S Onelda Condominium Association. In the 2019 fiscal year CASB sold a portion of the building it had acquired which created the need for a separate entity to administer collection and payment of costs common to the overall property. CASB is manager of the condo association and as such collects fees from CASB and the other occupant of the building for common area expenses that will be paid by the association. CASB had a balance due from the Association of \$5,429 at June 30, 2022.

Colorado Association of School Boards Foundation is a 501(c)(3) non-profit entity that the Association operates with the CASB Executive Committee serving as its board. This organization has not been active for the past two years.

NOTE 11 - SUBSEQUENT EVENTS

The note receivable discussed in Note 5 was paid in full in August of 2022. This note receivable and the subsequent collection are reportable in the Capital Fund.

Management has evaluated all other subsequent events through September 30, 2022 which is the date the financial statements were available to be issued and found nothing that would have a material effect on the financials.

NOTE 12 – PRIOR PERIOD ADJUSTMENT

GASB No. 68, Accounting and Financial reporting for Pensions, revises and establishes financial reporting requirements for government associations that provide their employees with pension benefits. Statement 68 requires government associations providing defined benefit pensions, including multiple-employer pension plans, to recognize their long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits.

NOTE 12 – PRIOR PERIOD ADJUSTMENT (Continued)

Adjustments have been reported to the summary statements of financial position and for the statement of activities for the year ended June 30, 2021 to include the following pension-related accounts.

At June 30, 2021 the association recorded a liability of \$2,994,786 for their proportionate share of the net pension liability. The pension liability for the plan in total was measured as of December 31, 2020 and determined by an actuarial valuation as of that date.

The district's proportionate share of the total net pension liability was based on the ratio of the association's actual contributions paid to the State Division Trust Fund for the year ended June 30, 2021 relative to the actual contributions from all participating employers. This ratio resulted in a credit to pension expense of \$706,449 and deferred inflows and outflows of \$721,757 and \$239,118 respectively, for the year ended June 30, 2021.

September 30, 2022

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

We have audited the financial statements of the Colorado Association of School Boards for the year ended June 30, 2022 and have issued our report thereon dated September 30, 2022. Professional standards require that we discuss the following information related to our audit.

Auditor responsibility under generally accepted auditing standards

As stated in our engagement letter, our responsibility as described by professional standards is to plan and perform our audit to obtain reasonable, but not absolute assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance, and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the Organization's internal control. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating if significant matters come to our attention that, in our professional judgement, are relevant to your responsibilities in overseeing the financial reporting process. We are not required to design procedures specifically to identify such matters. No such reportable matters came to our attention.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter we are available to assist management with the appropriateness of accounting policies and their application. The significant accounting policies used by the Organization are described in Note 2 to the financial statements.

We determined that disclosures under GASB 68 regarding employee pension obligations for multi-employer plans should be included in the financial statements in addition to footnote disclosures. We therefore assisted in presenting these disclosures for the current year and in summarized statements for the prior year.

Following is discussion of some of the procedures performed during the course of our audit:

1. We examined bank statements for the year and reviewed the reconciliation of bank records to the financial statements. We further tested revenue relative to bank deposits and expenditures relative to bank withdrawals.
2. Receivables at June 30, 2022 were tested for both existence and subsequent collection. In conjunction with receivables the liability reported for Deferred Income was tested through examination of invoices, the period covered by the billing and bank deposits.
3. Payables were tested for proper timing of recording and subsequent payment. A search for unrecorded liabilities was performed.
4. Credit card charges were tested by reviewing backup documentation and approval.
5. Payroll and payroll tax expenses as reported in the financial statements were reconciled to the reports filed with government agencies.

Management Representations

We have requested certain representations from Management that are included in the management representation letter dated September 30, 2022.

Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

There were no material misstatements noted during the audit.

Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations With Other Independent Accountants

In some case, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second option". If a consultation involves application of an accounting principal to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

To our knowledge, there were no such consultations with other accountants.

Difficulties Encountered In Performing the Audit

We encountered no significant difficulties working with management in performing and completing our audit. Susie was very responsive in providing information, reports and documents whenever requested. We worked primarily remotely on the audit which increased the frequency of our requests for information. Such requests were consistently and quickly answered.

We appreciate the opportunity to work with CASB and are available to discuss the above comments and other issues that may arise throughout the year.

Sincerely,


Cahill & Associates, P.C.



September 30, 2022

To Management
Colorado Association of School Boards

In planning and performing the audit of the financial statements of the Colorado Association of School Boards for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the operations of the accounting system and internal control over financial reporting as a basis for designing our auditing procedures. Our consideration of internal control was for the limited purpose of expressing an opinion on the financial statements and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. Accordingly, we do not express an opinion on the effectiveness of the organization's internal controls.

In the course of performing audit procedures, we communicated with management two areas that are discussed in the attached page. Our comments are intended only to summarize issues discussed with management.

This letter does not affect our report on the financial statements of the Colorado Association of School Boards.

We are available to discuss the following comments in further detail as deemed appropriate.

Sincerely,


Cahill & Associates, P.C.

Segregation of Duties

The size of the organization's staff precludes the implementation of internal controls that would provide optimum segregation of duties as many functions are approved and/or generated by the same two individuals. In expressing our concerns, a more extensive discussion of checks and balances in place to minimize reporting errors was explained. Based on these discussions we believe that management is taking the controls in place very seriously and we have no comments on expanding existing procedures.

Accounting System

Although we have not encountered problems in getting meaningful financial reports and detailed information from the accounting software in use, we are aware that at some point a change in the accounting software may be considered. Management expressed that there may be programs that are more aligned with accounting, scheduling and data base requirements of the Organization. As we do not consult in the area of software selection beyond general ledger packages for small organizations, we have no more to offer in this area and believe management is very capable of making these decisions.