

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

Combining Financial Statements with Independent Auditor's Report

Year Ended December 31, 2022



**WIPFLI**

## **Independent Auditor's Report**

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

### ***Opinion***

We have audited the combining financial statements of Colorado Counties, Inc., CCI Foundation, Inc., and CCI Public Lands, Inc. (collectively referred to as the "Organization"), which comprise the combining statement of financial position as of December 31, 2022, and the related combining statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combining financial statements.

In our opinion, the accompanying combining financial statements referred to above present fairly, in all material respects, the combining financial position of the Organization as of December 31, 2022, and the changes in its combining net assets and its combining cash flows for the year then ended in accordance with accounting standards generally accepted in the United States ("U.S. GAAP").

### ***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 Combining Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of the combining financial statements in accordance with accounting principles generally accepted in the United States, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combining financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combining financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combining financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combining financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

*Wipfli LLP*

Wipfli LLP

Lakewood, Colorado

June 20, 2023

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

## Combining Statement of Financial Position

<i>December 31, 2022</i>	Colorado Counties, Inc.	CCI Foundation, Inc.	CCI Public Lands, Inc.	Eliminations	Combined Total
<b><u>Assets</u></b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 399,582	\$ 490,788	\$ 103,528	\$ -	\$ 993,898
Accounts receivable	7,123	25,872	-	-	32,995
Interest receivable	3,270	-	-	-	3,270
Certificates of deposit, current	790,739	-	-	-	790,739
Investments in U.S. Treasury notes	672,172	-	-	-	672,172
Interorganizational receivables	13,174	-	-	(13,174)	-
Prepaid expenses	24,882	16,358	-	-	41,240
Total current assets	1,910,942	533,018	103,528	(13,174)	2,534,314
<b>Property and equipment, net</b>	975,115	-	-	-	975,115
<b>Other assets:</b>					
Certificates of deposit, long-term	589,789	-	-	-	589,789
<b>Total assets</b>	<b>\$ 3,475,846</b>	<b>\$ 533,018</b>	<b>\$ 103,528</b>	<b>\$ (13,174)</b>	<b>\$ 4,099,218</b>
<b><u>Liabilities and Net Assets</u></b>					
<b>Current liabilities:</b>					
Accounts payable	\$ 7,409	\$ 205,358	\$ -	\$ -	\$ 212,767
Accrued payroll related costs	47,371	-	-	-	47,371
Deferred dues	-	86,183	-	-	86,183
Interorganizational payables	-	13,174	-	(13,174)	-
Total current liabilities	54,780	304,715	-	(13,174)	346,321
<b>Net assets:</b>					
Net assets without donor restrictions:					
Board designated	919,000	-	-	-	919,000
Undesignated	2,502,066	228,303	103,528	-	2,833,897
Total net assets	3,421,066	228,303	103,528	-	3,752,897
<b>Total liabilities and net assets</b>	<b>\$ 3,475,846</b>	<b>\$ 533,018</b>	<b>\$ 103,528</b>	<b>\$ (13,174)</b>	<b>\$ 4,099,218</b>

See accompanying notes to the combining financial statements.

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

## Combining Statement of Activities

<i>December 31, 2022</i>	Colorado Counties, Inc.	CCI Foundation, Inc.	CCI Public Lands, Inc.	Eliminations	Combined Total
<b>Revenues and support:</b>					
Dues and assessments	\$ 1,238,000	\$ 98,750	\$ 49,347	\$ -	\$ 1,386,097
Conference registration fees	-	432,365	-	-	432,365
Marketing services income	104,359	-	-	-	104,359
Public lands administration	12,254	-	-	(12,254)	-
Management fee income	131,300	-	-	(131,300)	-
Interest income, net	9,926	-	15	-	9,941
Unrealized loss on investments, net	(31,380)	-	-	-	(31,380)
Miscellaneous income	403	-	-	-	403
<b>Total revenues and support</b>	<b>1,464,862</b>	<b>531,115</b>	<b>49,362</b>	<b>(143,554)</b>	<b>1,901,785</b>
<b>Expenses:</b>					
Program services	913,933	548,883	28,830	(143,554)	1,348,092
General and administrative	463,706	-	-	-	463,706
<b>Total expenses</b>	<b>1,377,639</b>	<b>548,883</b>	<b>28,830</b>	<b>(143,554)</b>	<b>1,811,798</b>
<b>Change in net assets</b>	<b>87,223</b>	<b>(17,768)</b>	<b>20,532</b>	<b>-</b>	<b>89,987</b>
<b>Net assets without donor restrictions</b>					
Beginning of year	3,333,843	246,071	82,996	-	3,662,910
End of year	\$ 3,421,066	\$ 228,303	\$ 103,528	\$ -	\$ 3,752,897

See accompanying notes to the combining financial statements.

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

## Combining Statement of Functional Expenses

	Program Services				General and Administrative		Combined Total
	Colorado Counties, Inc.	CCI Foundation, Inc.	CCI Public Lands, Inc.	Total Program Services	Colorado Counties, Inc.	Eliminations	
<b>Personnel services:</b>							
Payroll and related expense	\$ 680,832	\$ -	\$ -	\$ 680,832	\$ 335,335	\$ -	\$ 1,016,167
Administration/management fees	-	131,300	12,254	143,554	-	(143,554)	-
Contract labor	30,000	-	-	30,000	-	-	30,000
<b>Total personnel services</b>	<b>710,832</b>	<b>131,300</b>	<b>12,254</b>	<b>854,386</b>	<b>335,335</b>	<b>(143,554)</b>	<b>1,046,167</b>
<b>Office expenses:</b>							
Occupancy	55,578	10,325	-	65,904	27,374	-	93,278
Professional fees	9,551	5,093	750	15,394	19,615	-	35,009
Information services	20,596	1,493	-	22,089	5,184	-	27,273
Telephone	8,288	-	-	8,288	4,082	-	12,370
Postage	1,904	-	-	1,904	938	-	2,842
Office expense	3,448	-	260	3,708	1,698	-	5,406
Books and publications	12,510	6,922	-	19,432	2,206	-	21,638
<b>Total office expenses</b>	<b>111,875</b>	<b>23,833</b>	<b>1,010</b>	<b>136,718</b>	<b>61,097</b>	<b>-</b>	<b>197,815</b>
<b>Other expenses:</b>							
Conferences	-	385,703	-	385,703	-	-	385,703
Sponsorships	-	6,820	-	6,820	-	-	6,820
Insurance	-	1,227	-	1,227	21,441	-	22,668
Registrations, dues, and education	3,665	-	7,268	10,933	-	-	10,933
Miscellaneous	-	-	-	-	3,494	-	3,494
Travel and meals	51,612	-	8,298	59,910	-	-	59,910
Taxes on unrelated business income	-	-	-	-	24,633	-	24,633
Depreciation	35,949	-	-	35,949	17,706	-	53,655
<b>Total other expenses</b>	<b>91,226</b>	<b>393,750</b>	<b>15,566</b>	<b>500,542</b>	<b>67,274</b>	<b>-</b>	<b>567,816</b>
<b>Total expenses</b>	<b>\$ 913,933</b>	<b>\$ 548,883</b>	<b>\$ 28,830</b>	<b>\$ 1,491,646</b>	<b>\$ 463,706</b>	<b>\$ (143,554)</b>	<b>\$ 1,811,798</b>

See accompanying notes to the combining financial statements.

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

## Combining Statement of Cash Flows

<i>December 31, 2022</i>	Colorado Counties, Inc.	CCI Foundation, Inc.	CCI Public Lands, Inc.	Eliminations	Combined Total
<b>Cash flows from operating activities:</b>					
Change in net assets	\$ 87,223	\$ (17,768)	\$ 20,532	\$ -	\$ 89,987
Adjustments to reconcile change in net assets to net cash from operating activities:					
Depreciation	53,655	-	-	-	53,655
Unrealized loss on investments, net	31,380	-	-	-	31,380
Changes in assets and liabilities:					
Accounts receivable	(7,123)	(21,872)	-	-	(28,995)
Interest receivable	(1,797)	-	-	-	(1,797)
Prepaid expenses	(3,078)	(8,741)	-	-	(11,819)
Interorganizational, net	(446)	446	-	-	-
Accounts payable	(10,598)	201,908	-	-	191,310
Accrued payroll related costs	1,325	-	-	-	1,325
Accrued tax liability	(2,220)	-	-	-	(2,220)
Deferred dues	-	37,600	-	-	37,600
<b>Net cash flows from operating activities</b>	<b>148,321</b>	<b>191,573</b>	<b>20,532</b>	<b>-</b>	<b>360,426</b>
<b>Cash flows from investing activities:</b>					
Purchase of property and equipment	(70,552)	-	-	-	(70,552)
Proceeds from sales of U.S. Treasury notes	338,263	-	-	-	338,263
Purchase of U.S. Treasury notes	(425,000)	-	-	-	(425,000)
Proceeds from sales of certificates of deposit	500,763	-	-	-	500,763
Purchase of certificates of deposit	(900,000)	-	-	-	(900,000)
<b>Net cash flows from investing activities</b>	<b>(556,526)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(556,526)</b>
<b>Net change in cash and cash equivalents</b>	<b>(408,205)</b>	<b>191,573</b>	<b>20,532</b>	<b>-</b>	<b>(196,100)</b>
Cash and cash equivalents, beginning of year	807,787	299,215	82,996	-	1,189,998
<b>Cash and cash equivalents, end of year</b>	<b>\$ 399,582</b>	<b>\$ 490,788</b>	<b>\$ 103,528</b>	<b>\$ -</b>	<b>\$ 993,898</b>
<b>Supplemental disclosure:</b>					
Unrelated business income taxes paid	\$ 24,633	\$ -	\$ -	\$ -	\$ 24,633

See accompanying notes to the combining financial statements.

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

## Notes to the Financial Statements

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### **Note 1: Organization and Summary of Significant Accounting Policies**

#### **Organization**

The combining financial statements include the activity of Colorado Counties, Inc. ("CCI"), CCI Foundation, Inc. (the "Foundation"), and CCI Public Lands, Inc. ("Public Lands") (collectively referred to as the "Organization"), which are under common control.

- Colorado Counties, Inc. is a Colorado nonprofit corporation formed in 1974 from the contributions of assets of the former Colorado State Association of County Commissioners. The mission of CCI is to cultivate a more general knowledge of, and to encourage a greater interest among, the counties of Colorado in the administration and function of county government.
- CCI Foundation, Inc. is a Colorado nonprofit corporation formed in 2012. The Foundation sponsors statewide conferences and workshops to facilitate county information sharing and problem solving. The Foundation also conducts research, prepares publications on issues of interest to counties and, through the County Information Center, provides an electronic repository of these publications.
- CCI Public Lands, Inc. is a Colorado nonprofit corporation formed in 2012. Public Lands supports strong working relationships among State, Federal, and Local governments to coordinate planning functions and implement various policies that minimize burdens on local governments and individual private property rights.

#### **Principles of Combination**

The accompanying combining financial statements include the accounts of CCI, the Foundation, and Public Lands. All significant intercompany balances and transactions are eliminated in the combination.

#### **Method of Accounting**

The accompanying combining financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

#### **Use of Estimates**

The preparation of combining financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") requires management to make estimates and assumptions that affect the results of reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

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

## Notes to the Financial Statements

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### **Note 1: Organization and Summary of Significant Accounting Policies** (Continued)

#### **Classification of Net Assets**

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net assets without donor restrictions* - Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, funds to be held for specific purposes.

*Net assets with donor restrictions* - Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of December 31, 2022, the Organization had no net assets with donor restrictions.

#### **Functional Allocation of Expenses**

The costs of providing the various programs and supporting services have been summarized on a functional basis in the combining statement of activities. The combining statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and fringes are allocated based on estimations of time and effort. Indirect costs such as occupancy and office related expenses are allocated based upon time spent, utilization, and square footage. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different results.

#### **Income Taxes**

CCI, the Foundation, and Public Lands qualify as tax-exempt organizations and are generally not subject to income tax under the following sections of the Internal Revenue Code: CCI – Section 501(c)4, Public Lands - Section 501(c)4, and the Foundation - Section 501(c)3.

CCI is subject to income tax at corporate tax rates for unrelated business income received under certain marketing agreements. During 2022, CCI reported taxable income of \$97,979 and incurred Federal and State income tax expense totaling \$24,633. Public Lands and the Foundation did not recognize any unrelated business income in 2022.

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

## Notes to the Financial Statements

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### Note 1: Organization and Summary of Significant Accounting Policies (Continued)

#### Income Taxes (Continued)

The Organization applies a more-likely-than-not measurement methodology to reflect the combining financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amounts have been recognized as of December 31, 2022.

#### Credit Risk and Concentrations

Financial instruments, which potentially subject the Organization to credit risk, consist of cash, accounts receivable, and investments. Credit risk with respect to accounts receivable is spread among the county governments in Colorado that utilize the Organization's services and programs. Investments consist primarily of certificates of deposit, U.S. Treasury notes, and cash from high-quality financial institutions. Cash balances may occasionally exceed insured limits, but the Organization places its temporary cash investments with high-credit-quality financial institutions and has not suffered losses from this exposure. As of December 31, 2022, the cash accounts maintained exceeded federally insured limits by approximately \$271,600.

#### Cash and Cash Equivalents

For purposes of the combining statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

#### Certificates of Deposit

The Organization invests funds in a professionally managed portfolio that includes various types of fixed income investments. These investments are exposed to various risks, such as fluctuations in market value, interest rate, or credit risk. Therefore, the Organization's investments may be subject to significant fluctuations in fair value. As a result, the investment balances reported in the accompanying combining financial statements may not be reflective of the investments value during subsequent periods.

Certificates of deposit are carried at cost plus accrued interest. Certificates of deposit are not required to be classified in one of the levels prescribed by the fair value hierarchy.

At December 31, 2022, the Organization held 14 certificates of deposit totaling \$1,380,528, at yields ranging from 0.15% to 4.79%, which are scheduled to mature in the following years:

2023	\$	790,739
2024	\$	589,789

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

## Notes to the Financial Statements

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### **Note 1: Organization and Summary of Significant Accounting Policies** (Continued)

#### **Accounts Receivable**

Receivables are uncollateralized obligations due from members and associates for conference fees, member dues, and sponsorships. Receivables are due under normal trade terms requiring payment within 30 to 45 days. The Organization generally bills for unpaid fees within 30 days after the conference. Payments against receivables are allocated to the specific invoices identified on the remittance advice, or, if unspecified, are applied to the earliest unpaid invoices.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected, based on past experience and analysis of current accounts receivable. As of December 31, 2022, no allowance for doubtful accounts was recorded because management believes the accounts are fully collectible.

#### **Property and Equipment**

Property and equipment is stated at cost if purchased and at estimated fair value if donated. Depreciation is computed using the straight-line method over the assets estimated useful lives, as follows: building and improvements - 39 years; furniture and equipment - 3 to 5 years. The Organization capitalizes property and equipment additions greater than \$3,000.

Management assesses the carrying value of long-lived assets for impairment when circumstances indicate such amounts may not be recoverable from future operations. Generally, assets to be held and used in operations are considered impaired if the sum of expected undiscounted future cash flows are less than the carrying amount of the asset. If impairment has occurred, the loss is measured based on the amount by which the carrying value exceeds its fair market value. Management does not believe that any impairment has occurred as of December 31, 2022.

#### **Contribution Revenues**

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

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

## Notes to the Financial Statements

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### **Note 1: Organization and Summary of Significant Accounting Policies** (Continued)

#### **Contribution Revenues** (Continued)

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combining statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization.

#### **Recently Adopted Accounting Pronouncement**

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842). ASC 842 is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases on the combining statements of net position. The most significant change for lessees is the recognition of both a liability to make lease payments (the lease liability) and a right-of-use ("ROU") asset representing its right to use the underlying asset for the lease term for those leases classified as operating leases under current GAAP. The Organization does not have any significant leases to apply this guidance to for the year ended December 31, 2022 and, as such, this did not have a material impact on the combining financial statements of the Organization.

#### **Subsequent Events**

Management is required to evaluate, through the date the combining financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the combining financial statements, and to disclose the date through which subsequent events were evaluated. The Organization's combining financial statements were available to be issued on June 20, 2023, and this is the date through which subsequent events were evaluated.

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

## Notes to the Financial Statements

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### Note 2: Availability and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the combining statement of financial position date, are comprised of the following as of December 31, 2022:

Cash and cash equivalents	\$ 993,898
Accounts receivable	32,995
Interest receivable	3,270
Certificates of deposit - current	790,739
Investments in U.S. Treasury notes	672,172
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Total financial assets	2,493,074
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Less: Board designations	(919,000)
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Total combining financial assets available for general expenditure	\$ 1,574,074

The Organization has established a reserve fund policy to ensure the stability of the mission, programs, and ongoing operations of the Organization. The established reserve funds are intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, or unanticipated loss of funding sources. At December 31, 2022, the Board of Directors has established a number of reserve funds as described in Note 6.

### Note 3: Property and Equipment

Property and equipment consists of the following at December 31, 2022:

Buildings and improvements	\$ 1,699,917
Furniture and equipment	205,969
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Total property and equipment	1,905,886
Less: accumulated depreciation	(930,771)
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Property and equipment, net	\$ 975,115

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

## Notes to the Financial Statements

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### Note 4: Investments

At December 31, 2022, investments were comprised of the following:

Certificates of Deposit	\$ 1,380,528
U.S. Treasury Notes	672,172
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Total investments	\$ 2,052,700

Investment income, net of related fees, consists of the following for the year ended December 31, 2022:

Interest and dividends	\$ 10,291
Unrealized (losses) on investments, net	(31,380)
Investment fees	(350)
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Total investment (loss), net	\$ (21,439)

### Note 5: Reimbursements in Lieu of Colorado Unemployment Insurance Premiums

The Organization has elected the direct reimbursement method with respect to Colorado Unemployment Tax in accordance with Section 8-76-110, Paragraph 4 of the Colorado Unemployment Security Act.

Accordingly, the Organization does not pay Colorado unemployment tax, but is required to reimburse the State for any unemployment benefits paid on its behalf. No amounts were paid to the State in 2022.

### Note 6: Board Designated Net Assets

At December 31, 2022, the Organization's Board of Director's has designated net assets without donor restrictions for the following purposes:

Membership stabilization	\$ 410,000
Conference cancellation fund	220,000
CCI building maintenance fund	225,000
Capital equipment replacement fund	10,000
Unemployment insurance fund	30,000
Health insurance fund	24,000
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Total	\$ 919,000

During the year ended December 31, 2022, the Board authorized an increase of \$70,000 for the conference cancellation fund and \$75,000 for the CCI building maintenance fund.

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

## Notes to the Financial Statements

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### Note 7: Related-Party Transactions

CCI provides management and administrative services for the Foundation and Public Lands. In 2022, the Foundation paid CCI \$131,300 and Public Lands paid CCI \$12,254 for management fees. At December 31, 2022, the Foundation owed CCI \$13,174.

### Note 8: Retirement Plan

CCI maintains a Simplified Employee Pension Plan (the Plan) for the benefit of all employees. Employer contributions are 15% of eligible wages. In 2022, CCI contributed \$117,907 to the Plan.

### Note 9: Revenue from Contracts with Customers

The Organization's revenue from contracts with customers is recognized within the following categories for the year ended December 31, 2022:

Colorado Counties, Inc.	
Dues and assessments	\$ 1,238,000
Marketing services	104,359
CCI Foundation, Inc.	
Dues and assessments	98,750
Conference registration fees	432,365
CCI Public Lands, Inc.	
Dues and assessments	49,347
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Total	<u>\$ 1,922,821</u>

A description of the Organization's revenue streams is as follows:

#### Colorado Counties, Inc.

*Dues and Assessments:* All counties of the State of Colorado and any city authorized by Colorado law are eligible for membership. Membership dues are based on that entities assessed valuation and other factors. The dues are assessed and payable on January 1<sup>st</sup> for the calendar year. Any member that fails to pay its membership dues by February 15<sup>th</sup> may be terminated for nonpayment. Membership dues are recognized over the period of membership, generally one calendar year, as the member receives and consumes the benefits provided.

*Marketing Services:* CCI is a member of the National Association of Counties (NACo). NACo generates advertising revenue from its publications. CCI gets a percentage of the revenues generated from this revenue stream. Revenue is recognized monthly based on allocations from NACo.

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

## Notes to the Financial Statements

### Note 9: Revenue from Contracts with Customers (Continued)

#### CCI Foundation, Inc.

*Dues and Assessments:* The Foundation offers various levels of membership. Members receive listings on the CCI website, CCI Annual Report, and in the summer and winter conference printed programs. Members also receive e-newsletters and the CCI Legislative Report publication. Certain membership levels are offered discounts on conference sponsorships and provided two complimentary registrations at a conference. Membership dues are recognized over the period of membership, generally one year, as the member receives and consumes the benefits provided. The change in the Foundation's deferred dues account for the year ended December 31, 2022, is comprised of the following:

Balance at beginning of year	\$	48,583
Membership revenue sold		136,350
Membership revenue earned		(98,750)
Balance at end of year	\$	86,183

*Conference Registration Fees:* The Foundation generally holds both a summer and a winter conference. Conference income is recognized at the date of the conference conclusion.

#### CCI Public Lands, Inc.

*Dues and Assessments:* All counties of the State of Colorado are eligible for membership. Membership dues are based on budgeted expenditures and that entities prior year Federal land funding and other factors. The dues are assessed and payable on January 1<sup>st</sup> for the calendar year. Membership dues are recognized over the period of membership, generally one calendar year, as the member receives and consumes the benefits provided.

In general, the Organization feels the output method is the most faithful depiction of the transfers of goods or services to customers, using time elapsed.

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

	Accounts Receivable	Deferred Dues
January 1, 2021	\$ 43	\$ 44,833
December 31, 2021	\$ 4,000	\$ 48,583
December 31, 2022	\$ 32,995	\$ 86,183

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

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

## Notes to the Financial Statements

### Note 10: Fair Value Measurements

The Organization utilizes three levels of inputs to measure fair value (the fair value hierarchy) in accordance with financial accounting standards. The level of an asset or liability within the fair value hierarchy is based on the lowest level of input significant to the fair value measurement of that asset or liability. The Organization determines fair value as follows:

- Level 1 – Quoted prices are available in active markets.
- Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
- Level 3 – Pricing inputs that are unobservable.

Following is a description of the valuation methodology used for assets measured at fair value:

U.S. Treasury notes are valued using quotes from pricing vendors based on recent trading activity and other observable market data.

The Organization's managed investments were classified as follows on a recurring basis, based on the lowest level of input that is significant to the fair value measurement as of December 31, 2022:

<i>Description</i>	Level 1	Level 2	Level 3	Total
U.S. Treasury notes	\$ -	\$ 672,172	\$ -	\$ 672,172

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the measurement date. There were no changes to the valuation method during 2022.

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

## Notes to the Financial Statements

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### Note 11: Commitments

#### Occupancy Fees:

CCI owns an office condominium in Denver, Colorado, which serves as the Organization's administrative office. As a member of the condominium association, CCI pays monthly occupancy fees that totaled \$93,278 in 2022.

#### Conference Fees:

CCI has entered into contracts with hotels for certain conferences to be held in 2023 and 2024. Commitments under these contracts total the following for the years ended December 31<sup>st</sup>:

2023	\$	241,185
2024		255,285
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Total	\$	496,470

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