
COLORADO MUNICIPAL LEAGUE

FINANCIAL STATEMENTS

DECEMBER 31, 2022

Contents

| | Page |
|--|-------------|
| Independent Auditors' Report | 1 - 3 |
| Management's Discussion And Analysis | i - iv |
| Basic Financial Statements | |
| Statement Of Financial Position..... | 4 |
| Statement Of Activities | 5 |
| Statement Of Functional Expenses | 6 |
| Statement Of Cash Flows..... | 7 |
| Notes To Financial Statements..... | 8 - 18 |
| Supplementary Information | |
| Budgetary Comparison Schedule - Non-GAAP Budgetary Basis..... | 19 |



1900 16th Street
Suite 1700
Denver, CO 80202

T: 303.698.1883
E: info@rubinbrown.com
www.RubinBrown.com

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

Board of Directors
Colorado Municipal League
Denver, Colorado

Opinion

We have audited the financial statements of Colorado Municipal League, which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Colorado Municipal League as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of Colorado Municipal League and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities Of Management For The Financial Statements

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

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

Auditors' Responsibilities For The Audit Of The Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Colorado Municipal League's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Colorado Municipal League's ability to continue as a going concern for a reasonable period of time.

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

Other Matter

Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. Management's discussion and analysis on pages i - iv and the budgetary comparison schedule on page 19, which are the responsibility of management, are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

RubinBrown LLP

May 2, 2023

COLORADO MUNICIPAL LEAGUE MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis has been prepared by management and is designed to provide an analysis of the Colorado Municipal League's (CML) financial condition and operating results and to inform the reader on CML's financial issues and activities.

The CML Management Discussion and Analysis (MD&A) should be read in conjunction with the CML financial statements.

Financial Highlights

- In 2022, total net assets increased by \$138,728.
- Total revenues and support were \$3,105,355 in 2022, an increase of \$344,872 or 12.5%, from 2021.
- During 2022, total expenses were \$2,966,627, an increase of \$310,647, or 11.7%, compared to 2021.

Overview of the Financial Statements

The financial statements of CML are presented in its status as a nonprofit instrumentality of the cities and towns of the State of Colorado.

The *Statement of Financial Position* presents information on all of CML's assets and liabilities. Over time, increases or decreases in the net assets may serve as a useful indicator of whether the financial position of CML is improving or deteriorating.

The *Statement of Activities* presents information which reflects how CML's net assets changed during the past year.

The *Statement of Cash Flows* reports CML's cash flows from operating, capital and investing activities.

The financial statements distinguish functions of CML that are principally supported by operating revenues, and non-operating revenues. The primary business of CML is providing services to our members in the areas of advocacy, information and training. The principal functions of CML include developing policy, advocacy of municipal interests, providing research, producing publications, conducting training, and providing information services and assistance to Colorado municipal officials.

The *Notes to Financial Statements* provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis

| ASSETS | | | |
|---------------------------|--------------------|--------------------|-----------------|
| Years ending December 31, | 2022 | 2021 | % Change |
| CURRENT ASSETS | \$3,088,752 | \$1,751,102 | 76.4% |
| NONCURRENT ASSETS | 2,843,425 | 4,001,659 | -40.7% |
| | | | |
| TOTAL ASSETS | \$5,932,177 | \$5,752,761 | 3.1% |

| LIABILITIES AND NET ASSETS | | | |
|---|--------------------|--------------------|-----------------|
| Years ending December 31, | 2022 | 2021 | % Change |
| CURRENT LIABILITIES | \$541,544 | \$500,856 | 8.1% |
| | | | |
| NET ASSETS | | | |
| Unrestricted | 5,390,633 | 5,251,905 | 2.6% |
| | | | |
| TOTAL NET ASSETS & LIABILITIES | \$5,932,177 | \$5,752,761 | -1.36% |

As noted earlier, net assets may serve over time as a useful indicator of CML's financial position. As of December 31, 2022 CML's assets exceeded liabilities by \$5,390,633.

Change in Net Assets

| Review of Revenue | | | |
|-----------------------------------|--------------------|--------------------|-----------------|
| Years ending December 31, | 2022 | 2021 | % Change |
| REVENUES AND SUPPORT | | | |
| Membership Dues | \$2,283,158 | \$2,215,713 | 3.0% |
| Publications | 13,490 | 18,389 | -26.6% |
| Annual Conference | 629,832 | 398,715 | 58.0% |
| Workshops and meetings | 64,900 | 44,046 | 47.4% |
| Investment income | 67,827 | 44,404 | 52.7% |
| Other | 46,148 | 39,216 | 17.7% |
| Total revenues and support | \$3,105,355 | \$2,760,483 | 12.5% |

Total revenue increased 12.5% in comparison to 2021. In 2022, municipal dues increased 3.5%. Annual conference and meetings revenue increased with a return to the June annual conference in Breckenridge with the highest ever participation of 1300. In 2021 CML held a special conference in September 2021. Investment income increased rising interest rates. Other income increased due to greater activity in the Lessons on Local Government project.

| Review of Expenses | | | |
|--------------------------------------|--------------------|--------------------|-----------------|
| Years Ended December 31, | 2022 | 2021 | % Change |
| EXPENSES | | | |
| Program Expenses | | | |
| Publications & Periodicals | \$369,519 | \$346,827 | 6.5% |
| Annual Conference & Events | 688,981 | 559,044 | 23.2% |
| State & Federal Issues | 861,828 | 866,468 | -0.5% |
| Advocacy & Legal Services | 162,977 | 145,223 | 12.2% |
| Lessons on Local Government | 29,564 | 12,010 | 146.2% |
| Support Services | | | |
| Administrative | 689,547 | 613,107 | 12.5% |
| Building Occupancy Costs | 164,211 | 113,301 | 45.0% |
| TOTAL EXPENSES | \$2,966,627 | \$2,655,980 | 11.7% |
| CHANGE IN NET ASSETS | | | |
| | \$138,728 | \$104,503 | 32.8% |
| NET ASSETS, BEGINNING OF YEAR | | | |
| | \$5,251,905 | \$5,147,402 | 2.0% |
| NET ASSETS, END OF YEAR | | | |
| | \$5,390,633 | \$5,251,905 | 2.6% |

CML's expenses increased by 11.7%, primarily due to increased expenses for annual conference and administrative costs. Net assets increased by \$138,728 in 2022, to a total of \$5,390,633.

Budgetary Highlights

CML prepares its budget on a non-GAAP budgetary basis of accounting to recognize the fiscal impact of debt repayments as well as capital outlay. Capital contributions of facilities and depreciation are not reflected on the budget since they do not affect funds available. As shown on page 14, actual 2022 change in net assets of \$229,962 exceeded the budget of (\$109,469) by \$339,431.

Actual revenues were \$90,930 greater than budget and actual expenditures were \$248,501 less than budget.

Long-Term Debt

CML currently has no long term debt.

Capital Assets

During 2022 CML purchased capital assets totaling \$22,157. Additional detail on capital assets can be found in Note 4 to the Financial Statements.

Economic Factors and Next Year's Budget

The 2023 dues revenue budget reflects dues calculated based on the municipal dues schedule adopted by the Board and announced to the membership at the June 2022 Annual Business Meeting, and projects continuation of the current membership roster of cities and towns.

Requests for Information

This report is designed to provide a general overview of CML's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Executive Director or Finance & Administration Manager, Colorado Municipal League, 1144 Sherman St., Denver CO 80203.

COLORADO MUNICIPAL LEAGUE

STATEMENT OF FINANCIAL POSITION

December 31, 2022 And 2021

Assets

| | <u>2022</u> | <u>2021</u> |
|------------------------------------|---------------------|---------------------|
| Current Assets | | |
| Cash | \$ 1,499,604 | \$ 1,302,637 |
| Investments | 1,472,000 | 354,000 |
| Accounts receivable | 26,133 | 11,187 |
| Prepaid expenses | 91,015 | 83,278 |
| Total Current Assets | 3,088,752 | 1,751,102 |
| Investments | 1,435,000 | 2,502,000 |
| Property And Equipment, Net | 1,408,425 | 1,499,659 |
| Total Assets | \$ 5,932,177 | \$ 5,752,761 |

Liabilities

| | | |
|----------------------------------|----------------|----------------|
| Current Liabilities | | |
| Accounts payable | \$ 33,779 | \$ 18,515 |
| Accrued expenses | 996 | 614 |
| Accrued vacation payable | 62,936 | 70,094 |
| Deferred revenue | 443,833 | 411,633 |
| Total Current Liabilities | 541,544 | 500,856 |

Net Assets

| | | |
|--|---------------------|---------------------|
| Net Assets Without Donor Restrictions | | |
| Board designated | 2,238,613 | 2,061,810 |
| Undesignated | 3,152,020 | 3,190,095 |
| Total Net Assets Without Donor Restrictions | 5,390,633 | 5,251,905 |
| Total Liabilities And Net Assets | \$ 5,932,177 | \$ 5,752,761 |

COLORADO MUNICIPAL LEAGUE

STATEMENT OF ACTIVITIES

| | Without Donor Restrictions | |
|---|-------------------------------------|---------------------|
| | For The Years Ended December 31, | |
| | 2022 | 2021 |
| Revenues And Other Support | | |
| Membership dues | \$ 2,283,158 | \$ 2,215,713 |
| Annual conference | 629,832 | 398,715 |
| Publications | 13,490 | 18,389 |
| Meetings | 64,900 | 44,046 |
| Investment income | 67,827 | 44,404 |
| Other | 46,148 | 39,216 |
| Total Revenues And Other Support | 3,105,355 | 2,760,483 |
| Expenses | | |
| Program services: | | |
| State and federal issues | 861,828 | 866,468 |
| Annual conference and events | 688,981 | 559,044 |
| Publications and periodicals | 369,519 | 346,827 |
| Advocacy and legal services | 162,977 | 145,223 |
| Lessons on Local Government website | 29,564 | 12,010 |
| Total Program Services | 2,112,869 | 1,929,572 |
| Support services: | | |
| Administrative | 689,547 | 613,107 |
| Building occupancy costs | 164,211 | 113,301 |
| Total Support Services | 853,758 | 726,408 |
| Total Expenses | 2,966,627 | 2,655,980 |
| Change In Net Assets | 138,728 | 104,503 |
| Net Assets - Beginning Of Year | 5,251,905 | 5,147,402 |
| Net Assets - End Of Year | \$ 5,390,633 | \$ 5,251,905 |

COLORADO MUNICIPAL LEAGUE
STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended December 31, 2022

| | Program Services | | | | | Support Services | | | Total | |
|---|--------------------------------|------------------------------------|------------------------------------|----------------------------------|-----------------------------------|---------------------|-------------------|-----------------------|-------------------|------------------------------|
| | State And Federal Issues | Annual Conference And Events | Publications And Periodicals | Advocacy And Legal Service | Lessons On Local Government | Total Programs | Administrative | Building Occupancy | | Total Support Services |
| Expenses | | | | | | | | | | |
| Salaries and benefits | \$ 664,252 | \$ 236,459 | \$ 173,550 | \$ 125,314 | \$ 1,661 | \$ 1,201,236 | \$ 518,755 | \$ 9,060 | \$ 527,815 | \$ 1,729,051 |
| Building occupancy | — | — | — | — | — | — | — | 154,092 | 154,092 | 154,092 |
| Depreciation | 43,562 | 15,507 | 11,381 | 8,218 | 109 | 78,777 | 34,020 | 594 | 34,614 | 113,391 |
| Professional services | 10,681 | 4,518 | 36,913 | 2,312 | — | 54,424 | 15,075 | — | 15,075 | 69,499 |
| Office expense and information technology | 110,861 | 35,078 | 26,520 | 25,844 | 43 | 198,346 | 91,072 | 465 | 91,537 | 289,883 |
| Printing and postage | 2,505 | 11,717 | 118,371 | 252 | — | 132,845 | 4,305 | — | 4,305 | 137,150 |
| Meetings and travel and entertainment | 29,967 | 20,129 | 2,784 | 1,037 | — | 53,917 | 20,530 | — | 20,530 | 74,447 |
| Annual conference, workshops and outreach | — | 365,573 | — | — | — | 365,573 | — | — | — | 365,573 |
| Direct program expenses | — | — | — | — | 27,751 | 27,751 | 5,790 | — | 5,790 | 33,541 |
| Total Expenses | \$ 861,828 | \$ 688,981 | \$ 369,519 | \$ 162,977 | \$ 29,564 | \$ 2,112,869 | \$ 689,547 | \$ 164,211 | \$ 853,758 | \$ 2,966,627 |

For The Year Ended December 31, 2021

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

COLORADO MUNICIPAL LEAGUE

STATEMENT OF CASH FLOWS

| | For The Years Ended December 31, | |
|--|-------------------------------------|---------------------|
| | 2022 | 2021 |
| Cash Flows From Operating Activities | | |
| Cash received from members | \$ 2,300,412 | \$ 2,058,427 |
| Cash received from publications, annual conference and meetings | 708,222 | 461,150 |
| Cash received from others | 113,975 | 83,620 |
| Cash payments to employees | (1,396,681) | (1,264,046) |
| Cash payments to suppliers | (1,455,804) | (1,263,527) |
| Net Cash Provided By Operating Activities | 270,124 | 75,624 |
| Cash Flows From Investing Activities | | |
| Purchases of capital assets | (22,157) | (137,597) |
| Purchases of investment securities | (405,000) | (1,229,000) |
| Redemption of investment securities | 354,000 | 913,000 |
| Net Cash Used In Investing Activities | (73,157) | (453,597) |
| Net Increase (Decrease) In Cash | 196,967 | (377,973) |
| Cash - Beginning Of Year | 1,302,637 | 1,680,610 |
| Cash - Ending Of Year | \$ 1,499,604 | \$ 1,302,637 |

COLORADO MUNICIPAL LEAGUE

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 And 2021

1. Summary Of Significant Accounting Policies

The Colorado Municipal League (CML) was formed in 1923 and incorporated as a nonprofit organization in 1944. CML is an advocate of municipal interests on state and federal policies affecting municipalities and functions as a source of information for municipal officials. CML is supported primarily by membership dues and conference revenue.

CML has elected to follow generally accepted accounting principles (GAAP) applicable to not-for-profit entities.

CML operates as an instrumentality of its member municipalities under the provisions of Colorado Revised Statutes, Section 29-1-401.

CML's membership is voluntary and included 270 municipalities during 2022 and 2021.

Basis Of Presentation

The accompanying financial statements are presented in accordance with GAAP, which requires CML to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of CML's management and executive board.

Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

As of December 31, 2022 and 2021, CML reported only net assets without donor restrictions.

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements *(Continued)*

Functional Allocation Of Expenses

The accompanying financial statements report certain categories of expenses that are attributable to more than one program or support function. Those expenses include staff salaries and benefits, office supplies, insurance, bank charges, phones, equipment maintenance, postage, printing, technology, meetings, staff development and travel, professional services, other administrative expenses and certain consulting fees. These costs are allocated on the basis of time and effort reported to programs.

Use Of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.

Cash

CML continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. As of December 31, 2022 and 2021 and periodically throughout the years, CML had balances in various operating accounts in excess of federally insured limits.

Prepaid Expenses

Payments made to vendors for services which will benefit subsequent periods are recorded as prepaid expenses.

Property And Equipment

Property and equipment includes land, buildings and improvements, equipment, furniture and vehicles. Property and equipment is defined by CML as assets with an individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated property and equipment are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (*Continued*)

Property and equipment of CML are depreciated using the straight-line method over the following estimated useful lives.

| | |
|-----------------------------------|---------------|
| Building and improvements | 15 - 40 years |
| Equipment, furniture and vehicles | 3 - 7 years |

Revenue Recognition

CML accounts for revenue recognition in accordance with Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which aligns revenue recognition with the timing of when promised goods or services are transferred to customers in an amount that reflects the consideration to which CML expects to be entitled in exchange for those goods or services. The core principle is achieved through the application of the following five-step model: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to performance obligations in the contract and (5) recognize revenue as performance obligations are satisfied.

CML's revenue streams are generally comprised of membership dues, events and sponsorships, publications and other program revenues. The transaction price is allocated to each product or service sold and is the amount of consideration to which CML expects to be entitled in exchange for those goods or services. No consideration is variable as there are no price curves for volume purchasing and any increases or decreases in goods or services are at stand-alone selling prices of those goods or services.

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (Continued)

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

| | December 31, | |
|---|---------------------|---------------------|
| | 2022 | 2021 |
| Municipal dues | \$ 2,168,591 | \$ 2,096,296 |
| Associate member dues | 114,567 | 119,417 |
| Total Membership Dues Revenues | 2,283,158 | 2,215,713 |
| Annual conference sponsorship | 267,475 | 208,115 |
| Annual conference registrations and ticketed events | 362,357 | 190,600 |
| Total Annual Conference Revenues | 629,832 | 398,715 |
| Magazine advertising | 10,775 | 13,665 |
| Publication sales | 2,595 | 4,404 |
| Magazine subscriptions | 120 | 320 |
| Total Publications Revenues | 13,490 | 18,389 |
| Workshop sponsorship | 3,275 | 2,750 |
| Workshop registrations | 61,625 | 41,296 |
| Total Meetings Revenues | 64,900 | 44,046 |
| Investment income | 67,827 | 44,404 |
| Mailing label sales | 805 | 715 |
| Program revenue | 17,584 | 10,750 |
| Partnership revenue | 27,759 | 27,751 |
| Total Other Revenues | 46,148 | 39,216 |
| Total Revenue | \$ 3,105,355 | \$ 2,760,483 |

Membership Dues Revenue

CML receives nonrefundable annual membership revenue from municipal and associate members. Memberships cover a calendar year period, and CML recognizes revenue from memberships within the calendar year that the membership represents and as services are provided. Municipal dues services include advocacy, policy development, legal inquiry service, listservs, annual bimonthly magazine subscriptions, one free copy of newly released publications and discounted event registration fees. Associate member dues services include annual quarterly magazine subscriptions, discounted sponsorship rates, discounted event registration fees and networking opportunities. Payments made in advance of the January 1st start of the membership year are deferred and presented as a liability on the statement of financial position.

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (*Continued*)

Annual Conference Sponsorship

CML receives nonrefundable sponsorship revenue for the annual conference, workshops and other events from associate members and other nonmember business and government entities. Sponsorship revenue is recognized at a point in time when services are rendered or the event is held. Sponsorship services include listings in CML communications, event program and materials and name badges with access to conference or workshop events and sessions. Some sponsorship levels receive exhibit tables and tickets to sponsored events.

Registration And Ticketed Events Revenue

CML receives registration from municipal and associate members and nonmembers for the CML annual conference, workshops and other events. Registration revenue is recognized at a point in time when the event is held. Registrations may be canceled up to one week in advance and after this time become nonrefundable. Registration revenue received in advance of the event is deferred.

Program Revenue

CML receives program revenue from other organizations that contract to assist in funding the Municipal Clerks Advisory and Lessons on Local Government programs. Partner organizations are billed for their share of the expenses during the year. When the contract involves multiple elements, the contract price is allocated to each performance obligation based on its relative fair value.

Partnership Revenue

CML receives Partnership revenue from select organizations who contract to offer premier or discounted services to CML municipal members on an annual renewable basis. Partner organizations receive a complimentary associate membership, conference sponsorship and magazine advertising opportunities. CML receives a flat annual fee or a percentage of sales revenue from the partner organization. This revenue is recognized over the annual contract period.

Magazine Advertising

CML receives advertising revenue from businesses, governments and organizations that contract to place advertising in CML's bimonthly magazine, *Colorado Municipalities*. Advertising revenue is recognized at a point in time when the magazine issue is completed and shipped to members.

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (*Continued*)

Magazine Subscriptions

CML receives revenue from subscriptions to the *Colorado Municipalities* magazine from libraries and other nonmember organizations. Revenue is recognized over time as each issue of the magazine is shipped. Payments made in advance of the January 1st start of the subscription year are deferred.

Publication And Mailing Label Sales

CML receives revenue from the sale of publications to members and nonmembers. Mailing labels are sold only to municipal and associate members. Revenue is recognized at a point in time when the publications or mailing labels are shipped or delivered to the customer.

Deferred Revenue

CML records deferred revenue when cash payments are received in advance of the related performance obligation. In the years ended December 31, 2022 and 2021, CML recognized revenue of \$411,633 and \$576,472, respectively, primarily for municipal and associate member dues that was included in the deferred revenue balance. Deferred revenue for the municipal and associate member dues paid in advance as of December 31, 2022 and 2021 was \$418,033 and \$399,508, respectively. Deferred revenue for conference sponsorship paid in advance as of December 31, 2022 and 2021 was \$25,800 and \$12,125, respectively.

Income Tax Status

CML is exempt from federal income taxes as a wholly owned instrumentality of its member municipalities, which are political subdivisions of the State of Colorado.

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (Continued)

2. Liquidity And Availability

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

| | December 31, | |
|--|---------------------|---------------------|
| | 2022 | 2021 |
| Financial Assets At Year End | | |
| Cash | \$ 1,499,604 | \$ 1,302,637 |
| Investments - short term | 1,472,000 | 354,000 |
| Investments - long term | 1,435,000 | 2,502,000 |
| Accounts receivable | 26,133 | 11,187 |
| Total Financial Assets | 4,432,737 | 4,169,824 |
| Less Amounts Not Available To Be Used Within One Year | | |
| Board-designated net assets | 2,238,613 | 2,061,810 |
| Financial Assets Available To Meet General Expenditures Over The Next 12 Months | \$ 2,194,124 | \$ 2,108,014 |

As of December 31, 2022, CML had \$2,194,124 in financial assets available to meet operating cash needs for general expenditures within one year of the statement of financial position date. Investments - long term, consist of certificates of deposit that, although they mature on dates beyond December 31, 2023, are included in resources available to meet obligations throughout 2023 as CML has the ability to liquidate them, subject to penalty, on demand.

CML's goal is to maintain financial assets to meet at least six months of operating expenses (approximately \$1.3 million at December 31, 2022). As part of its liquidity plan, excess cash is invested in certificates of deposit with varying maturity dates.

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (Continued)

3. Investments

CML investments in Colorado Local Government Liquid Asset Trust (COLOTRUST) are rated AAAM by Standard & Poor’s, Fitch’s and Moody’s Investor Service. COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements for creating and operating the pool. The pool operates similar to a money market fund with each share equal in value to \$1.00. Investments are limited to those allowed by state statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify the investments owned by participants.

COLOTRUST is valued using the net asset value per share (or its equivalent) of the investments and does not have any unfunded commitments, redemption restrictions or redemption notice periods. As of December 31, 2022, CML had \$1,376,319 invested in COLOTRUST, with a rating of AAAM. Separately issued financial statements for COLOTRUST may be obtained at their website at www.colotrust.com.

Investments

As of December 31, 2022, CML’s investment portfolio had a maturity value of \$2,907,000 with a book yield of 1.25%. The portfolio is invested in certificates of deposit across several banks in individual amounts equal to or less than \$250,000 to provide for full Federal Deposit Insurance Corporation insurance per instrument. CML intends to hold these certificates to maturity; and therefore, the certificates are reported at amortized cost.

Investment maturities at December 31, 2022 are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------------|
| 2023 | \$ 1,472,000 |
| 2024 | 943,000 |
| 2025 | 492,000 |
| | <u>\$ 2,907,000</u> |

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (Continued)

4. Property And Equipment

Property and equipment consists of the following:

| | <u>December 31,</u> | |
|------------------------------------|---------------------|---------------------|
| | <u>2022</u> | <u>2021</u> |
| Land | \$ 300,000 | \$ 300,000 |
| Building and improvements | 2,361,140 | 2,361,140 |
| Equipment and furniture | 650,073 | 681,928 |
| | <u>3,311,213</u> | <u>3,343,068</u> |
| Accumulated depreciation | (1,902,788) | (1,843,409) |
| Property And Equipment, Net | \$ 1,408,425 | \$ 1,499,659 |

5. Net Assets

The CML Executive Board has internally designated net assets at December 31, 2022 and 2021 as follows:

| | <u>December 31,</u> | |
|--|---------------------|---------------------|
| | <u>2022</u> | <u>2021</u> |
| Board-Designated Net Assets | | |
| Building and capital reserve | \$ 431,373 | \$ 405,496 |
| Ballot issues | 124,829 | 124,829 |
| Capacity building fund | 201,496 | 177,706 |
| Designated operating reserve | 1,480,915 | 1,353,779 |
| | <u>1,480,915</u> | <u>1,353,779</u> |
| Total Board-Designated Net Assets | \$ 2,238,613 | \$ 2,061,810 |

The board-designated funds are available for the following purposes:

Building And Capital Reserve: To provide a source of funds for the repair of the CML building and fixtures and for the acquisition of building improvements and fixtures

Ballot Issues: To provide funds for ballot issue participation. This reserve fund is made up of private sector funds and does not include any public moneys.

Capacity-Building Fund: To provide funds for opportunities that further the mission of CML and as a source of internal funds for organizational capacity building or investment in technology that builds long-term capacity

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements (*Continued*)

Designated Operating Reserve: To provide a cushion against unexpected events and expenses, uninsured losses and losses of income.

6. Employee Benefit Plans

Money Purchase Plan

CML contributes to a single-employer defined contribution money purchase pension plan (the Plan) on behalf of its employees. CML is required to contribute 5% of each participating employee's compensation, and each employee must contribute 1% to 5% of his/her compensation, depending on length of employment. The contribution requirements of CML and eligible employees are established and may be amended by the CML Executive Board.

Employees are eligible to participate in the Plan the first of the month following employment and become fully vested after five years of service.

For the years ended December 31, 2022 and 2021, CML made the required contributions, totaling \$64,955 and \$61,232, respectively, to the Plan. All of the Plan investments are managed by the International City Management Association Retirement Corporation, an outside administrator.

Deferred Compensation Plan

CML offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. CML contributes 1% of compensation for each employee who has at least 5 years of service, increasing to 2% and 3% after 10 and 15 years of service, respectively. This deferred compensation plan permits employees to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. For the years ended December 31, 2022 and 2021, CML made contributions totaling \$11,718 and \$9,980, respectively, to the deferred compensation plan.

COLORADO MUNICIPAL LEAGUE

Notes To Financial Statements *(Continued)*

7. Risks And Uncertainties

CML is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. CML maintains commercial insurance for these risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

8. Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

Supplementary Information

COLORADO MUNICIPAL LEAGUE

BUDGETARY COMPARISON SCHEDULE - NON-GAAP BUDGETARY BASIS For The Year Ended December 31, 2022 (With Summarized Comparative Actual Amounts For The Year Ended December 31, 2021)

| | 2022 | | | 2021 |
|---|-------------------|---------------------|-------------------|-------------------|
| | Actual | Budget | Variance | Actual |
| Revenues | | | | |
| Membership dues | \$ 2,283,158 | \$ 2,283,605 | \$ (447) | \$ 2,215,713 |
| Annual conference | 629,832 | 565,745 | 64,087 | 398,715 |
| Publications | 13,490 | 22,200 | (8,710) | 18,389 |
| Meetings | 64,900 | 63,875 | 1,025 | 44,046 |
| Investment income | 67,827 | 36,000 | 31,827 | 44,404 |
| Other | 46,148 | 43,000 | 3,148 | 39,216 |
| Total Revenues | 3,105,355 | 3,014,425 | 90,930 | 2,760,483 |
| Expenditures | | | | |
| Salaries and related costs | 1,729,051 | 1,782,893 | (53,842) | 1,577,529 |
| Building occupancy costs | 154,092 | 174,130 | (20,038) | 106,246 |
| Building and equipment purchases | 22,157 | — | 22,157 | 137,597 |
| Professional services | 69,499 | 107,200 | (37,701) | 117,122 |
| Office expense and information technology | 289,883 | 317,550 | (27,667) | 249,511 |
| Printing and postage | 137,150 | 178,736 | (41,586) | 131,055 |
| Meetings, travel and staff development | 74,447 | 115,300 | (40,853) | 31,142 |
| Annual conference, workshops and outreach | 365,573 | 416,335 | (50,762) | 291,181 |
| Direct program expenses | 33,541 | 31,750 | 1,791 | 17,861 |
| Total Expenditures | 2,875,393 | 3,123,894 | (248,501) | 2,659,244 |
| Change In Net Assets - Budgetary | 229,962 | \$ (109,469) | \$ 339,431 | 101,239 |
| Reconciliation To GAAP Basis | | | | |
| Add: Capital outlay | 22,157 | | | 137,597 |
| Less: Depreciation and amortization | (113,391) | | | (134,333) |
| Change In Net Assets - GAAP Basis | \$ 138,728 | | | \$ 104,503 |

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