

**COLORADO COUNTIES, INC.
CCI FOUNDATION, INC.
CCI PUBLIC LANDS, INC.**

Combining Financial Statements and Independent Auditor's Report
December 31, 2023

**COLORADO COUNTIES, INC., CCI FOUNDATION, INC. AND CCI PUBLIC LANDS,
INC.**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
COMBINING FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023 AND FOR THE YEAR THEN ENDED:	
Combining Statement of Financial Position	3
Combining Statement of Activities	4
Combining Statement of Functional Expenses	5
Combining Statement of Cash Flows	6
Notes to the Combining Financial Statements	7



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

INDEPENDENT AUDITOR'S REPORT

Report on the Combining Financial Statements

We have audited the accompanying combining financial statements of Colorado Counties, Inc., CCI Foundation, Inc., and CCI Public Lands, Inc. (nonprofit organizations) (collectively, "Organization"), which comprise the combining statement of financial position as of December 31, 2023, 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 combining financial statements referred to above present fairly, in all material respects, the combined financial position of the Organization as of December 31, 2023, and the changes in its combined net assets and its combined cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

Management's Responsibility 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 of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 within one year after the date that the combining financial statements are available to be issued.

Artesian CPA, LLC

1624 Market Street, Suite 202 | Denver, CO 80202
p: 877.968.3330 f: 720.634.0905
info@ArtesianCPA.com | www.ArtesianCPA.com

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 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, including omissions, 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 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 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.

Artesian CPA, LLC

Artesian CPA, LLC

Denver, Colorado

June 12, 2024

Artesian CPA, LLC

1624 Market Street, Suite 202 | Denver, CO 80202

p: 877.968.3330 f: 720.634.0905

info@ArtesianCPA.com | www.ArtesianCPA.com

COLORADO COUNTIES, INC., CCI FOUNDATION, INC. AND CCI PUBLIC LANDS, INC.
COMBINING STATEMENT OF FINANCIAL POSITION
As of December 31, 2023

	Colorado Counties, Inc.	CCI Foundation, Inc.	CCI Public Lands, Inc.	Eliminations	Combined Total
ASSETS					
Current Assets:					
Cash and equivalents-unrestricted	\$ 354,190	\$ 194,798	\$ 117,731	\$ -	\$ 666,719
Certificates of deposit, current	1,146,786	49,992	-	-	1,196,778
US Treasury notes	494,714	-	-	-	494,714
Accounts receivable	31,186	54,951	-	-	86,137
Prepaid expenses	32,517	46,371	-	-	78,888
Interest receivable	15,551	662	-	-	16,213
Interorganizational receivables	13,329	-	-	(13,329)	-
Total Current Assets	<u>2,088,273</u>	<u>346,774</u>	<u>117,731</u>	<u>(13,329)</u>	<u>2,539,449</u>
Noncurrent Assets:					
Property and equipment, net	994,657	-	-	-	994,657
Certificates of deposit, long-term	559,972	25,000	-	-	584,972
Total Noncurrent Assets	<u>1,554,629</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>1,579,629</u>
TOTAL ASSETS	<u>\$ 3,642,902</u>	<u>\$ 371,774</u>	<u>\$ 117,731</u>	<u>\$ (13,329)</u>	<u>\$ 4,119,078</u>
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Accounts payable	\$ 3,951	\$ 4,667	\$ -	\$ -	\$ 8,618
Accrued expenses	31,777	-	-	-	31,777
Deferred revenue	-	72,333	-	-	72,333
Interorganizational payables	-	13,329	-	(13,329)	-
Total Liabilities	<u>35,728</u>	<u>90,329</u>	<u>-</u>	<u>(13,329)</u>	<u>112,728</u>
Net Assets:					
Without donor restrictions:					
Undesignated	2,658,174	281,445	117,731	-	3,057,350
Board designated	949,000	-	-	-	949,000
Total Net Assets	<u>3,607,174</u>	<u>281,445</u>	<u>117,731</u>	<u>-</u>	<u>4,006,350</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,642,902</u>	<u>\$ 371,774</u>	<u>\$ 117,731</u>	<u>\$ (13,329)</u>	<u>\$ 4,119,078</u>

See Independent Auditor's Report and accompanying notes, which are an integral part of these combining financial statements.

COLORADO COUNTIES, INC., CCI FOUNDATION, INC. AND CCI PUBLIC LANDS, INC.
COMBINING STATEMENT OF ACTIVITIES
For the year ended December 31, 2023

	CCI				Total
	Colorado Counties, Inc.	Foundation, Inc.	CCI Public Lands, Inc.	Eliminations	
Operating Activities:					
Public support and revenue:					
Dues and assessments	\$ 1,241,500	\$ 139,500	\$ 52,404	\$ -	\$ 1,433,404
Conference registration fees	-	506,748	-	-	506,748
Marketing services income	115,723	-	-	-	115,723
Miscellaneous income	523	4,525	-	-	5,048
Management fee income	138,860	-	-	(138,860)	-
Public lands administration	12,254	-	-	(12,254)	-
Total public support and revenue	<u>1,508,860</u>	<u>650,773</u>	<u>52,404</u>	<u>(151,114)</u>	<u>2,060,923</u>
Expenses:					
Program services	1,115,742	592,320	39,203	(151,114)	1,596,151
Supporting services:					
General and Administration	333,917	7,506	841	-	342,264
Total expenses	<u>1,449,659</u>	<u>599,826</u>	<u>40,044</u>	<u>(151,114)</u>	<u>1,938,415</u>
Change in net assets without donor restrictions from operating activities	59,201	50,947	12,360	-	122,508
Non-Operating Activities:					
Interest income, net	77,162	1,542	1,843	-	80,547
Unrealized Gain/(Loss) from investments	49,745	653	-	-	50,398
Change in net assets without donor restrictions from non-operating activities	<u>126,907</u>	<u>2,195</u>	<u>1,843</u>	<u>-</u>	<u>130,945</u>
Change in net assets without donor restrictions	186,108	53,142	14,203	-	253,453
Net assets without donor restrictions at beginning of year	3,421,066	228,303	103,528	-	3,752,897
Net assets without donor restrictions at end of year	<u>\$ 3,607,174</u>	<u>\$ 281,445</u>	<u>\$ 117,731</u>	<u>\$ -</u>	<u>\$ 4,006,350</u>

See Independent Auditor's Report and accompanying notes, which are an integral part of these combining financial statements.

COLORADO COUNTIES, INC., CCI FOUNDATION, INC. AND CCI PUBLIC LANDS, INC.
COMBINING STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2023

	Program Services			Supporting Services		Total Expenses
	Colorado Counties, Inc.	CCI Foundation, Inc.	CCI Public Lands, Inc.	General and Administrative	Eliminations	
Payroll and related expenses	\$ 839,510	\$ -	\$ -	\$ 209,878	\$ -	\$ 1,049,388
Conference expenses	-	428,156	-	-	-	428,156
Management fee	-	138,860	12,254	-	(151,114)	-
Occupancy fees	76,189	10,325	-	19,047	-	105,561
Travel and meals	65,337	-	19,386	-	-	84,723
Depreciation	40,600	-	-	19,997	-	60,597
Professional fees	9,477	-	-	30,698	-	40,175
Contract labor	38,000	-	-	-	-	38,000
Insurance	-	1,227	-	25,295	-	26,522
Information services	18,724	1,144	-	4,681	-	24,549
Books and publications	11,795	8,734	-	2,082	-	22,611
Taxes on unrelated business income	-	-	-	19,567	-	19,567
Registration, dues and education	5,210	-	7,563	-	-	12,773
Telephone	5,637	-	-	2,777	-	8,414
Office expenses	3,357	-	-	3,834	-	7,191
Miscellaneous expense	-	-	-	3,931	-	3,931
Sponsorship	-	3,874	-	-	-	3,874
Postage	1,906	-	-	477	-	2,383
	<u>\$ 1,115,742</u>	<u>\$ 592,320</u>	<u>\$ 39,203</u>	<u>\$ 342,264</u>	<u>\$ (151,114)</u>	<u>\$ 1,938,415</u>

See Independent Auditor's Report and accompanying notes, which are an integral part of these combining financial statements.

COLORADO COUNTIES, INC., CCI FOUNDATION, INC. AND CCI PUBLIC LANDS, INC.
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2023

	Colorado Counties, Inc.	CCI Foundation, Inc.	CCI Public Lands, Inc.	Combined Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Changes in net assets	\$ 186,108	\$ 53,142	\$ 14,203	\$ 253,453
Adjustments to reconcile changes in net assets to net cash provided by/(used in) operating activities:				
Depreciation expense	60,597	-	-	60,597
Unrealized gain on investments	(49,745)	(653)	-	(50,398)
Change in operating assets and liabilities:				
Change in interest receivable	(1,368)	155	-	(1,213)
Change in accounts receivable	(24,063)	(29,079)	-	(53,142)
Change in prepaid expenses	(7,634)	(30,013)	-	(37,647)
Change in accounts payable	(4,275)	(200,692)	-	(204,967)
Change in deferred revenue	-	(13,850)	-	(13,850)
Change in accrued expenses	(15,594)	-	-	(15,594)
Net cash provided by/(used in) operating activities	<u>144,026</u>	<u>(220,990)</u>	<u>14,203</u>	<u>(62,761)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of equipment	(80,138)	-	-	(80,138)
Proceeds from certificate of deposit redemptions	1,100,000	50,000	-	1,150,000
Purchase of certificates of deposit	(1,110,000)	(125,000)	-	(1,235,000)
Proceeds from sale/redemption of US Treasuries	200,000	-	-	200,000
Purchase of US Treasuries	(299,280)	-	-	(299,280)
Net cash used in investing activities	<u>(189,418)</u>	<u>(75,000)</u>	<u>-</u>	<u>(264,418)</u>
Net increase/(decrease) in cash and cash equivalents	(45,392)	(295,990)	14,203	(327,179)
Cash and cash equivalents at beginning of year	399,582	490,788	103,528	993,898
Cash and cash equivalents at end of year	<u>\$ 354,190</u>	<u>\$ 194,798</u>	<u>\$ 117,731</u>	<u>\$ 666,719</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Unrelated business income taxes paid	\$ 19,567	\$ -	\$ -	\$ 19,567

See Independent Auditor's Report and accompanying notes, which are an integral part of these combining financial statements.

COLORADO COUNTIES, INC., CCI FOUNDATION, INC. AND CCI PUBLIC LANDS, INC.

NOTES TO THE COMBINING FINANCIAL STATEMENTS

As of December 31, 2023 and for the year then ended

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The combining financial statements include the activity of Colorado Counties, Inc. (“CCI”), CCI Foundation, Inc. (“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 Associate 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 relationship 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.

Financial Statement Presentation

The combining financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The combining financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

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. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

See accompanying Independent Auditor’s Report

COLORADO COUNTIES, INC., CCI FOUNDATION, INC. AND CCI PUBLIC LANDS, INC.

NOTES TO THE COMBINING FINANCIAL STATEMENTS

As of December 31, 2023 and for the year then ended

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 of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of the combining financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents and Concentrations

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less, except those designated for long-term purposes, to be cash equivalents. 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 deposits, US 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, 2023, the cash accounts maintained did not exceed federally insured limits.

Accounts Receivable

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

Accounts receivable are stated as unpaid balances, less an allowance for doubtful accounts. The allowance is based on collection experience and other circumstances that may affect the ability of agencies and donors to meet their obligations. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. As of December 31, 2023, management deemed that no allowance for doubtful accounts was necessary on contracts and grants receivable.

Property and Equipment

Acquisitions of assets in excess of \$3,000 are capitalized at cost. Property and equipment are depreciated 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.

See accompanying Independent Auditor's Report

COLORADO COUNTIES, INC., CCI FOUNDATION, INC. AND CCI PUBLIC LANDS, INC.

NOTES TO THE COMBINING FINANCIAL STATEMENTS

As of December 31, 2023 and for the year then ended

Management assess 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 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, 2023.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings and equipment are reported as net assets without donor restrictions upon acquisition of the assets and the assets are placed in service.

Contributed Services and Other In-Kind Contributions

Contributed services are recorded if they (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. A number of volunteers have contributed significant amounts of their time in the Organization's program services but are not recognized as contributions in the combining financial statements because they do not meet the aforementioned criteria. For the year ended December 31, 2023, there were no in-kind contribution.

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 promises to give contains a donor or grantor condition when both of the following are present: A) an explicit indication of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized; B) 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 barriers to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

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 up 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.

Measure of Operation

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate

See accompanying Independent Auditor's Report

COLORADO COUNTIES, INC., CCI FOUNDATION, INC. AND CCI PUBLIC LANDS, INC.

NOTES TO THE COMBINING FINANCIAL STATEMENTS

As of December 31, 2023 and for the year then ended

return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

Functional Allocation of Expenses

The costs of providing 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 fringe 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 Tax

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 2023, CCI reported taxable income of \$112,726 and incurred Federal and State income tax expense totaling \$19,567. Public Lands and the Foundation did not recognize any unrelated business income in 2023.

The Organization has not recognized any cumulative adjustment relating to the adoption of FASB ASC Income Tax Topic, nor are there any unrecognized tax benefits to be disclosed as of December 31, 2023. Uncertainty in income taxes for a not-for-profit organization would include the status of its exemption from taxes, status of filings in local jurisdictions, and unrelated business income, if any. The Organization's information return filing for the years 2021 to 2023 remains subject to examination by the Internal Revenue Service.

Compensated Absences

The Organization provides vacation and sick leave to its employees. These are earned based on years of service and subject to limitations on accumulation. Upon separation from service, employees are paid for unused leaves.

Leases

On January 1, 2022, the Organization adopted ASC 842, *Leases*, as amended, which supersedes the lease accounting guidance under Topic 840, and generally requires lessees to recognize operating and finance lease liabilities and corresponding right-of-use (ROU) assets on the balance sheet and to provide enhanced disclosures surrounding the amount, timing and uncertainty of cash flows arising from lease arrangements. The Organization elected transitional practical expedients for existing leases which eliminated the requirements to reassess existing lease classification, initial direct costs, and whether contracts contain leases. Also, the Organization elected to present the payments

See accompanying Independent Auditor's Report

COLORADO COUNTIES, INC., CCI FOUNDATION, INC. AND CCI PUBLIC LANDS, INC.

NOTES TO THE COMBINING FINANCIAL STATEMENTS

As of December 31, 2023 and for the year then ended

associated with short-term leases as an expense in statements of operations. Short-term leases are leases with a lease term of 12 months or less.

Recent Accounting Pronouncements

Management does not believe that any other recently issued, but not yet effective, accounting standards could have a material effect on the accompanying financial statement. As new accounting pronouncements are issued, we will adopt those that are applicable under the circumstances.

NOTE 2: FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (“FASB”) guidance specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active).

Level 3 - Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when their fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable.

At December 31, 2023, the Organization’s investments resided in the following classifications:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
US Treasury Notes	\$ -	\$ -	\$ 494,714	\$ -
Certificates of Deposit	-	-	1,781,750	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,276,464</u>	<u>\$ -</u>

See accompanying Independent Auditor’s Report

COLORADO COUNTIES, INC., CCI FOUNDATION, INC. AND CCI PUBLIC LANDS, INC.

NOTES TO THE COMBINING FINANCIAL STATEMENTS

As of December 31, 2023 and for the year then ended

The asset's 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 need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

Based upon the Organization's intent and ability to hold its certificates of deposit to maturity (which maturities range up to twelve months at purchase), such securities have been classified as held-to-maturity and are carried at amortized cost, which approximates market value. Certificates of deposit held as of December 31, 2023 have maturities in 2024 for \$1,196,778 and 2025 for \$584,972.

The methods 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 methods are 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 reporting date. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the combining statement of financial position.

Investment income recorded in the combining statement of activities is as follows as of December 31, 2023:

Interest and dividends	\$ 80,547
Unrealized gain/(loss)	50,398
Total	<u>\$ 130,945</u>

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2023 are summarized as follows:

Buildings and Improvements	\$ 1,699,917
Furniture and Equipment	169,258
Total Property and Equipment	<u>1,869,175</u>
Accumulated depreciation	(874,518)
Net Property and Equipment	<u>\$ 994,657</u>

Depreciation expense for the year ended December 31, 2023 totaled \$60,597.

See accompanying Independent Auditor's Report

COLORADO COUNTIES, INC., CCI FOUNDATION, INC. AND CCI PUBLIC LANDS, INC.

NOTES TO THE COMBINING FINANCIAL STATEMENTS

As of December 31, 2023 and for the year then ended

NOTE 4: REIMBURSEMENT 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 2023.

NOTE 5: BOARD DESIGNATED NET ASSETS

The board has designated a portion of net assets without donor restrictions to be set aside for the following purposes:

Membership Stabilization Fund	\$	410,000
Conference Cancellation Fund		250,000
CCI Building Maintenance Fund		225,000
Unemployment Insurance Fund		30,000
Health Insurance Fund		24,000
Capital Equipment Replacement Fund		10,000
		<u>949,000</u>
	\$	<u>949,000</u>

NOTE 6: RELATED-PARTY TRANSACTIONS

CCI provides management and administrative services for the Foundation and Public Lands. In 2023, the Foundation paid CCI \$138,860 and Public Lands paid CCI \$12,254 for management fees. At December 31, 2023, the Foundation owed CCI \$13,329.

NOTE 7: 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 2023, CCI contributed \$123,058 to the Plan.

NOTE 8: COMMITMENTS & CONTINGENCIES

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 fees that totaled \$105,561.

Conference Fees

CCI has entered into contracts with hotels for certain conferences to be held in 2024. Commitments under these contracts total \$255,285.

See accompanying Independent Auditor’s Report

COLORADO COUNTIES, INC., CCI FOUNDATION, INC. AND CCI PUBLIC LANDS, INC.

NOTES TO THE COMBINING FINANCIAL STATEMENTS

As of December 31, 2023 and for the year then ended

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, 2023:

Colorado Counties, Inc.	
Dues and assessments	\$ 1,241,500
Marketing services	115,723
CCI Foundation, Inc.	
Dues and assessments	139,500
Conference registration fees	506,748
CCI Public Lands, Inc.	
Dues and assessments	52,404
	<u>\$ 2,055,875</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 the entities assessed valuation and other factors. The dues are assessed and payable on January 1st for the calendar year. Any member that fails to pay its membership dues by February 15th 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.

CCI Foundation, Inc.

Dues and assessments: The Foundation offers various levels of membership. Members receive listing 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 accounts for the year ended December 31, 2023, is comprised of the following:

See accompanying Independent Auditor's Report

COLORADO COUNTIES, INC., CCI FOUNDATION, INC. AND CCI PUBLIC LANDS, INC.

NOTES TO THE COMBINING FINANCIAL STATEMENTS

As of December 31, 2023 and for the year then ended

January 1, 2023	\$	84,833
Membership revenues received		127,000
Membership revenues earned		<u>(139,500)</u>
December 31, 2023	\$	<u>72,333</u>

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.

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

	Accounts Receivable	Deferred Dues
January 1, 2023	\$ 32,995	\$ 86,183
December 31, 2023	\$ 86,137	\$ 72,333

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 1st 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.

Contract Balances

Receivables and contract assets and liabilities from contracts with customers were as follows for the year ended December 31, 2023:

	Accounts Receivable	Deferred Dues
January 1, 2023	\$ 32,995	\$ 86,183
December 31, 2023	\$ 86,137	\$ 72,333

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.

NOTE 10: 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, 2023:

See accompanying Independent Auditor's Report

COLORADO COUNTIES, INC., CCI FOUNDATION, INC. AND CCI PUBLIC LANDS, INC.
NOTES TO THE COMBINING FINANCIAL STATEMENTS
As of December 31, 2023 and for the year then ended

Cash and equivalents-unrestricted	\$ 666,719
Certificates of deposit, current	1,196,778
US Treasury notes	494,714
Accounts receivable	86,137
Prepaid expenses	78,888
Interest receivable	<u>16,213</u>
Total financial assets at year-end	\$ 2,539,449
Less: Board designated funds:	<u>(949,000)</u>
Total combined financial assets available for general expenditure	<u><u>\$ 1,590,449</u></u>

The Organization has established a reserve 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 sudden increases in expenses, one-time unbudgeted expenses or unanticipated loss of funding sources. At December 31, 2023, the Board of Directors established a number of reserve funds as described in Note 5.

NOTE 11: SUBSEQUENT EVENTS

Management's Evaluation

Management of the Organization has evaluated events and transactions that occurred after the balance sheet date through June 12, 2024, the date the combining financial statements were available to be issued, and has determined that no additional subsequent events occurred that require recognition or disclosure in the combining financial statements.