



Colorado Association of Transit Agencies

Years Ended December 31, 2016, 2015 and 2014
with
Independent Auditors' Report

Draft 04.17.17

Colorado Association of Transit Agencies

**Years Ended December 31, 2016, 2015 and 2014
(See Independent Auditors' Report)**

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Colorado Association of Transit Agencies

Statements of Financial Position
December 31, 2016, 2015 and 2014
(See Independent Auditors' Report)

	Assets		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current assets:			
Cash and cash equivalents:			
Unrestricted	\$ 29,452	\$ 39,223	\$ 18,631
Restricted	-	-	38,622
Investments	29,966	4,754	36,938
Accounts receivable	135,323	79,198	113,435
Prepaid expenses	<u>13,382</u>	<u>12,650</u>	<u>10,402</u>
Total current assets	<u>208,123</u>	<u>135,825</u>	<u>218,028</u>
Property and equipment, at cost:			
Furniture and equipment	8,404	9,442	9,442
Less accumulated depreciation	<u>5,326</u>	<u>6,473</u>	<u>5,494</u>
Total property and equipment	<u>3,078</u>	<u>2,969</u>	<u>3,948</u>
Other assets:			
Deposit	<u>1,563</u>	<u>1,563</u>	<u>1,563</u>
Total assets	<u>\$ 212,764</u>	<u>\$ 140,357</u>	<u>\$ 223,539</u>

(See Notes to Financial Statements)

Colorado Association of Transit Agencies

Statements of Financial Position
December 31, 2016, 2015 and 2014
(See Independent Auditors' Report)

Liabilities and Net Assets

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current liabilities:			
Accounts payable:			
Trade	\$ 1,700	\$ 9,494	\$ 874
Other	-	-	38,622
Deferred revenue	<u>104,473</u>	<u>-</u>	<u>86,717</u>
Total liabilities	<u>106,173</u>	<u>9,494</u>	<u>126,213</u>
Net assets, unrestricted:			
Operating	103,513	127,894	93,378
Net investment in property and equipment	<u>3,078</u>	<u>2,969</u>	<u>3,948</u>
Total net assets	<u>106,591</u>	<u>130,863</u>	<u>97,326</u>
Total liabilities and net assets	<u>\$ 212,764</u>	<u>\$ 140,357</u>	<u>\$ 223,539</u>

(See Notes to Financial Statements)

Colorado Association of Transit Agencies

**Statements of Activities and Changes in Net Assets
Years Ended December 31, 2016, 2015 and 2014
(See Independent Auditors' Report)**

	2016		2015		2014	
	Unrestricted	Percent of Total Revenue	Unrestricted	Percent of Total Revenue	Unrestricted	Percent of Total Revenue
Revenues:						
Conferences	\$ 141,395	24.5 %	\$ 143,790	24.1 %	\$ 101,655	19.1 %
Federal grants	179,546	31.2	157,584	26.4	178,934	33.7
Membership income	235,230	40.8	260,949	43.6	232,027	43.6
Other income	19,979	3.5	35,201	5.9	18,737	3.5
Interest income	76	-	213	-	350	0.1
Total revenues	576,226	100.0	597,737	100.0	531,703	100.0
Expenses:						
Program	516,143	89.7	513,547	85.9	470,635	88.7
Management and general	84,355	14.5	50,653	8.4	56,317	10.6
Total expenses	600,498	104.2	564,200	94.3	526,952	99.3
Change in net assets	(24,272)	(4.2) %	33,537	5.7 %	4,751	0.7 %
Net assets, beginning of year	130,863		97,326		92,575	
Net assets, end of year	\$ 106,591		\$ 130,863		\$ 97,326	

(See Notes to Financial Statements)

Colorado Association of Transit Agencies

Statements of Cash Flows
 Years Ended December 31, 2016, 2015 and 2014
 (See Independent Auditors' Report)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:			
Cash received from customers	\$ 519,889	\$ 632,694	\$ 529,107
Cash paid to vendors and employees	(500,654)	(682,188)	(490,315)
Interest received	<u>76</u>	<u>213</u>	<u>350</u>
Net cash provided (used) by operating activities	<u>19,311</u>	<u>(49,281)</u>	<u>39,142</u>
Cash flows from investing activities:			
Purchases of property and equipment	(4,082)	-	(1,463)
Investments:			
Purchases	(100,000)	(42,000)	(75,000)
Withdrawals	<u>75,000</u>	<u>73,251</u>	<u>38,000</u>
Net cash provided (used) by investing activities	<u>(29,082)</u>	<u>31,251</u>	<u>(38,463)</u>
Net increase (decrease) in cash and cash equivalents	(9,771)	(18,030)	679
Cash and cash equivalents, beginning	<u>39,223</u>	<u>57,253</u>	<u>56,574</u>
Cash and cash equivalents, ending	<u>\$ 29,452</u>	<u>\$ 39,223</u>	<u>\$ 57,253</u>

(continued)
 (See Notes to Financial Statements)

Colorado Association of Transit Agencies

Statements of Cash Flows (continued)
 Years Ended December 31, 2016, 2015 and 2014
 (See Independent Auditors' Report)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:			
Change in net assets	\$ (24,272)	\$ 33,537	\$ 4,751
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:			
Depreciation	3,118	979	751
Unrealized (gain) loss on investments	(212)	933	62
Loss on disposition of asset	855	-	-
(Increase) decrease in:			
Accounts receivable	(56,125)	34,237	(86,233)
Prepaid expenses	(732)	(2,248)	(1,863)
Increase (decrease) in:			
Accounts payable:			
Trade	(7,794)	8,620	(935)
Other	-	(38,622)	38,622
Deferred revenue	<u>104,473</u>	<u>(86,717)</u>	<u>83,987</u>
Net cash provided (used) by operating activities	<u>\$ 19,311</u>	<u>\$ (49,281)</u>	<u>\$ 39,142</u>

(See Notes to Financial Statements)

Colorado Association of Transit Agencies

Notes to Financial Statements
Years Ended December 31, 2016, 2015 and 2014
(See Independent Auditors' Report)

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of operations

Colorado Association of Transit Agencies ("Organization") is a Colorado non-profit organization established in 1985. The Organization is a trade association dedicated to the interest of transit providers. The association provides training programs, conferences, and newsletters on transit issues of interest to its membership.

Basis of presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Topic 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

The financial statements of the Organization are prepared using the accrual method of accounting under accounting principles generally accepted in the United States of America whereby income is reported as earned and expenses reported as incurred.

Cash and cash equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents. The Organization maintains cash in bank deposit accounts at a financial institution in which the deposits are guaranteed by the Federal Deposit Insurance Corporation ("FDIC").

The operating accounts of the Organization are held at an institution that provides coverage on non-interest bearing accounts, along with the balance of other accounts under common ownership, up to \$250,000 per FDIC-insured depository institution. Topic 825 of the FASB Accounting Standards Codification ("FASB ASC"), *Financial Instruments* identifies such accounts as a concentration of credit risk requiring disclosure regardless of the degree of risk. Risk related to deposits held outside of institutions participating in the above program is managed by maintaining deposits with high quality financial institutions and monitoring cash such that balances are rarely, if ever, in excess of any applicable FDIC insurance limits that may be in place. In addition, management does not believe that the Organization is exposed to any significant risk related to cash.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the statements of activities. Donated investments are reflected as contributions at their market values at date of receipt.

Colorado Association of Transit Agencies

Notes to Financial Statements
Years Ended December 31, 2016, 2015 and 2014
(See Independent Auditors' Report)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Accounts receivable

Accounts receivable are carried at their estimated collectible amounts and are periodically evaluated for collectability. The Organization uses the allowance method to record uncollectible accounts. The allowance is based on past experience and on specific analysis of the collectability of individual account balances. As of December 31, 2016, 2015 and 2014, there was no established allowance for losses on the outstanding receivable balance.

Property and equipment

Property and equipment are recorded at acquisition cost with donated property and equipment recorded at estimated fair market value. When items are disposed, the cost and related depreciation are removed from the accounts, with gains or losses on disposal recorded. Depreciation is computed by the straight-line method, over the estimated useful lives of the assets ranging from five to seven years. Expenditures for maintenance, repairs and minor replacements are charged to operations.

Depreciation expense was approximately \$3,300, \$1,000 and \$750 for the years ended December 31, 2016, 2015 and 2014, respectively.

Income taxes

No provision for income taxes has been made in these financial statements as the Organization has been granted non-profit status with the Internal Revenue Service under Section 501(c)(6). As such, the Organization is only subject to taxes on unrelated business income. During the years ended December 31, 2016, 2015 and 2014, the Organization had no unrelated business income.

The Organization accounts for any uncertainty in tax positions on the basis of any position "more likely than not" to be sustained upon examination by an applicable tax authority based on the technical merits of the positions. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than fifty percent likelihood of being realized. Tax positions which previously would have failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent financial reporting period in which the threshold is met. Conversely, previously recognized tax positions which no longer meet the more-likely-than-not recognition threshold should be derecognized in the first subsequent financial reporting period in which the threshold is no longer met. The Organization records a liability for the difference between the benefit recognized and measured pursuant to the applicable guidance and the tax position taken, or expected to be taken on the tax return. To the extent that the Organization's assessment of such tax positions changes, the change in estimate is recorded in the period the determination is made. The Organization reports any tax-related interest and penalties as a component of income tax expense.

Colorado Association of Transit Agencies

Notes to Financial Statements
Years Ended December 31, 2016, 2015 and 2014
(See Independent Auditors' Report)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Income taxes (continued)

The Organization files income tax returns in the U.S. federal jurisdiction and is no longer subject to U.S. federal examinations by tax authorities for years ending before December 31, 2012. No authorities have commenced income tax examinations as of the date of these financial statements.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair value measurements

The Organization records its investments at fair value. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization utilizes valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. Assets and liabilities recorded at fair value are categorized within the fair value hierarchy based on the level of judgment associated with the inputs used to measure their value. The hierarchy for measuring fair value prioritizes the inputs to valuation techniques used to measure fair value and gives the highest priority to unadjusted quoted prices for securities traded in active markets (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices for financial instruments traded in active markets

Level 2 – Quoted prices for financial instruments not traded in active markets, or financial instruments for which all significant inputs are observable, either directly or indirectly

Level 3 – Prices or valuations of financial instruments that are not traded in active markets and significant inputs are unobservable

Colorado Association of Transit Agencies

Notes to Financial Statements
Years Ended December 31, 2016, 2015 and 2014
(See Independent Auditors' Report)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Fair value measurements (continued)

The Organization's portfolio investments were classified as follows, based on the lowest level of input that is significant to the fair value measurement:

Balances as of December 31, 2016 are comprised of the following:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Managed investments:				
Cash and money market funds	<u>\$ 29,966</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,966</u>

Balances as of December 31, 2015 are comprised of the following:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Managed investments:				
Cash and money market funds	<u>\$ 4,754</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,754</u>

Balances as of December 31, 2014 are comprised of the following:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Managed investments:				
Cash and money market funds	<u>\$ 36,938</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,938</u>

2. Commitments

The Organization entered into a five year lease agreement for office space in December 2012 which expires in November 2017. The agreement calls for initial monthly payments of \$1,375 for the first year of the lease with annual increases up to \$1,562 in the final year.

The Organization subleases a portion of their office space to an unrelated third party under an agreement that expired in December 2013 but continues on a month-to-month basis effective January 2014 for \$250 per month. The income derived from this agreement is recorded as a reduction of rent expense. In addition to rent, the organization is also responsible for its proportionate share of building operating costs.

Colorado Association of Transit Agencies

Notes to Financial Statements
Years Ended December 31, 2016, 2015 and 2014
(See Independent Auditors' Report)

2. Commitments (continued)

The following is a summary of the minimum annual commitments under the terms of these leases for years ending after December 31, 2016:

<u>Year Ended</u> <u>December 31,</u>	
2017	<u>\$ 17,181</u>

Rent expense was approximately \$16,600, \$14,800 and \$14,100 for the years ended December 31, 2016, 2015, and 2014, respectively.

3. Employee Benefit Plan

Salary deferral profit sharing plan

The Organization has a salary deferral profit sharing plan covering all of its employees. Qualified participants must receive a minimum salary of \$5,000 in each the current or prior years. The contribution to the salary deferral profit sharing plan is equal to 100% of the salary deferral election of each participant to the extent that the employer's matching contribution does not exceed 3% of each participant's compensation. The Organization's contributions to the plan for the years ended December 31, 2016, 2015 and 2014 were approximately \$4,000, \$3,800 and \$5,400, respectively.

4. Subsequent Events

Subsequent events have been evaluated by management as of the date of these financial statements. This date represents the date the financial statements were available to be issued.

Supplemental Information
(See Independent Auditors' Report on Supplemental Information)

Draft 04.17.17

Colorado Association of Transit Agencies

Schedule of Expenses Year Ended December 31, 2016 (See Independent Auditors' Report on Supplemental Information)

	Program	Percent of Total Revenue	Management and General	Percent of Total Revenue	Total	Percent of Total Revenue
Awards	\$ 1,531	0.3 %	\$ -	- %	\$ 1,531	0.3 %
Bad Debts	6,055	1.1	-	-	6,055	1.1
Board meetings	723	0.1	2,892	0.5	3,615	0.6
Conference services	154,254	26.8	-	-	154,254	26.8
Consultant services	39,000	6.8	-	-	39,000	6.8
Contract labor	1,650	0.3	-	-	1,650	0.3
Credit card fees	3,382	0.6	-	-	3,382	0.6
Depreciation	3,118	0.5	-	-	3,118	0.5
Development and training	3,381	0.6	-	-	3,381	0.6
Dues and publications	3,379	0.6	-	-	3,379	0.6
Employee benefits	7,125	1.2	2,915	0.5	10,040	1.7
Insurance	3,316	0.6	1,356	0.2	4,672	0.8
Office equipment	4,091	0.7	1,674	0.3	5,765	1.0
Office supplies	1,401	0.2	573	0.1	1,974	0.3
Postage	1,485	0.3	607	0.1	2,092	0.4
Printing and copying	2,620	0.5	1,072	0.2	3,692	0.7
Professional fees	-	-	10,200	1.8	10,200	1.8
Programs	60,402	10.5	-	-	60,402	10.5
Rent	11,746	2.0	4,805	0.8	16,551	2.8
Salaries	128,443	22.3	52,549	9.1	180,992	31.4
Scholarships	59,216	10.3	-	-	59,216	10.3
Taxes, payroll	8,856	1.5	3,623	0.6	12,479	2.1
Telephone	4,716	0.8	1,930	0.3	6,646	1.1
Travel and lodging	5,865	1.0	-	-	5,865	1.0
Workers compensation	388	0.1	159	-	547	0.1
	<u>\$ 516,143</u>	<u>89.7 %</u>	<u>\$ 84,355</u>	<u>14.5 %</u>	<u>\$ 600,498</u>	<u>104.2 %</u>
Percentage of total expenses	<u>86.0%</u>		<u>14.0%</u>		<u>100.0%</u>	

Colorado Association of Transit Agencies

**Schedule of Expenses
Year Ended December 31, 2015
(See Independent Auditors' Report on Supplemental Information)**

	<u>Program</u>	<u>Percent of Total Revenue</u>	<u>Management and General</u>	<u>Percent of Total Revenue</u>	<u>Total</u>	<u>Percent of Total Revenue</u>
Awards	\$ 1,149	0.2 %	\$ -	- %	\$ 1,149	0.2 %
Board meetings	1,405	0.2	5,622	0.9	7,027	1.1
Conference services	128,422	21.5	-	-	128,422	21.5
Consultant services	37,876	6.3	-	-	37,876	6.3
Contract labor	10,530	1.8	-	-	10,530	1.8
Credit card fees	3,287	0.5	-	-	3,287	0.5
Depreciation	979	0.2	-	-	979	0.2
Development and training	5,820	1.0	-	-	5,820	1.0
Dues and publications	4,714	0.8	-	-	4,714	0.8
Employee benefits	12,264	2.1	2,262	0.4	14,526	2.5
Insurance	3,840	0.6	708	0.1	4,548	0.7
Office equipment	552	0.1	102	-	654	0.1
Office supplies	1,710	0.3	315	0.1	2,025	0.4
Postage	1,484	0.2	274	-	1,758	0.2
Printing and copying	3,357	0.6	619	0.1	3,976	0.7
Professional fees	-	-	6,814	1.1	6,814	1.1
Programs	45,646	7.6	-	-	45,646	7.6
Rent	12,443	2.1	2,295	0.4	14,738	2.5
Salaries	152,623	25.5	28,149	4.7	180,772	30.2
Scholarships	51,001	8.5	-	-	51,001	8.5
Taxes, payroll	12,965	2.2	2,391	0.4	15,356	2.6
Telephone	5,553	0.9	1,024	0.2	6,577	1.1
Travel and lodging	15,504	2.6	-	-	15,504	2.6
Workers compensation	423	0.1	78	-	501	0.1
	<u>\$ 513,547</u>	<u>85.9 %</u>	<u>\$ 50,653</u>	<u>8.4 %</u>	<u>\$ 564,200</u>	<u>94.3 %</u>
Percentage of total expenses	<u>91.0%</u>		<u>9.0%</u>		<u>100.0%</u>	

Colorado Association of Transit Agencies

Schedule of Expenses Year Ended December 31, 2014 (See Independent Auditors' Report on Supplemental Information)

	Program	Percent of Total Revenue	Management and General	Percent of Total Revenue	Total	Percent of Total Revenue
Awards	\$ 1,346	0.3 %	\$ -	- %	\$ 1,346	0.3 %
Board meetings	1,217	0.2	4,868	0.9	6,085	1.1
Conference services	120,985	22.8	-	-	120,985	22.8
Consultant services	38,250	7.2	-	-	38,250	7.2
Contract labor	1,984	0.4	-	-	1,984	0.4
Credit card fees	3,253	0.6	-	-	3,253	0.6
Depreciation	751	0.1	-	-	751	0.1
Development and training	9,583	1.8	-	-	9,583	1.8
Dues and publications	4,111	0.8	-	-	4,111	0.8
Employee benefits	19,719	3.7	3,912	0.7	23,631	4.4
Insurance	4,790	0.9	950	0.2	5,740	1.1
Office equipment	906	0.2	180	-	1,086	0.2
Office supplies	1,551	0.3	308	0.1	1,859	0.4
Postage	1,012	0.2	201	-	1,213	0.2
Printing and copying	265	-	53	-	318	-
Professional fees	-	-	8,105	1.5	8,105	1.5
Programs	42,591	8.0	-	-	42,591	8.0
Rent	11,775	2.2	2,336	0.4	14,111	2.6
Salaries	134,698	25.3	32,267	6.2	166,965	31.6
Scholarships	42,886	8.1	-	-	42,886	8.1
Taxes, payroll	11,718	2.2	2,325	0.4	14,043	2.6
Telephone	4,090	0.8	812	0.2	4,902	1.0
Travel and lodging	13,154	2.5	-	-	13,154	2.5
	<u>\$ 470,635</u>	<u>88.7 %</u>	<u>\$ 56,317</u>	<u>10.6 %</u>	<u>\$ 526,952</u>	<u>99.3 %</u>
Percentage of total expenses	<u>89.3%</u>		<u>10.7%</u>		<u>100.0%</u>	