



**COLORADO SPRINGS CONVENTION AND VISITORS BUREAU
dba VISIT COLORADO SPRINGS**

FINANCIAL STATEMENTS

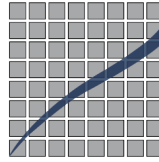
WITH

INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022 AND 2021

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Finance Committee
Visit Colorado Springs
Colorado Springs, Colorado

Opinion

We have audited the accompanying financial statements of Visit Colorado Springs (a Colorado nonprofit organization), which comprise the statements 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 Visit Colorado Springs 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 Auditor's Responsibilities for the Audit of the Financial Statements section of the report. We are required to be independent of Visit Colorado Springs and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Visit Colorado Springs' 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 Visit Colorado Springs' 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2023 on our consideration of Visit Colorado Springs' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Visit Colorado Springs' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Visit Colorado Springs' internal control over financial reporting and compliance.

BiggsKofford, P.C.

Colorado Springs, Colorado
April 17, 2023

COLORADO SPRINGS CONVENTION AND VISITORS BUREAU
dba VISIT COLORADO SPRINGS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
<u>ASSETS</u>		
Current assets:		
Cash and equivalents	\$ 2,167,316	\$ 3,907,368
Accounts receivable, net	51,217	42,461
Prepaid expenses	163,839	288,978
Total current assets	2,382,372	4,238,807
Noncurrent assets:		
Investments	2,258,477	-
Property and equipment, net	427,359	369,697
Investment in joint venture	8,523	17,107
Operating lease right-of-use asset	866,421	968,108
Deposits	5,527	5,527
Total noncurrent assets	3,566,307	1,360,439
Total assets	<u>\$ 5,948,679</u>	<u>\$ 5,599,246</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 131,019	\$ 101,086
Deferred revenue	134,559	17,377
Current portion of finance lease liabilities	29,032	38,103
Current portion of operating lease liability	95,674	88,937
Total current liabilities	390,284	245,503
Noncurrent liabilities:		
Finance lease liabilities, net of current portion	8,182	23,291
Operating lease liability, net of current portion	809,329	903,259
Total noncurrent liabilities	817,511	926,550
Total liabilities	1,207,795	1,172,053
Net assets:		
Without donor restrictions:		
Equity in property and equipment, net	390,145	308,303
Board-designated reserve	2,258,477	-
Operating	2,092,262	4,118,890
Total net assets without donor restrictions	4,740,884	4,427,193
Total liabilities and net assets	<u>\$ 5,948,679</u>	<u>\$ 5,599,246</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

COLORADO SPRINGS CONVENTION AND VISITORS BUREAU
dba VISIT COLORADO SPRINGS
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>SUPPORT AND REVENUE WITHOUT DONOR RESTRICTIONS</u>		
Governmental sources:		
City of Colorado Springs	\$ 4,410,000	\$ 4,200,000
County, state, and federal funding	1,090,000	367,342
Total governmental sources	5,500,000	4,567,342
Member derived revenues	349,080	416,379
In-kind contributions	39,401	57,304
Product sales and membership development events, net	3,447	(9,182)
Investment income	15,006	21,646
Other income (loss)	(7,934)	47,528
Total support and revenue without donor restrictions	5,899,000	5,101,017
<u>EXPENSES</u>		
Program services	4,652,293	3,537,531
Supporting services:		
General and administrative	734,028	585,159
Membership development	198,988	262,428
Total expenses	5,585,309	4,385,118
Change in net assets without donor restrictions	313,691	715,899
Net assets without donor restrictions, beginning of year	4,427,193	3,711,294
Net assets without donor restrictions, end of year	<u>\$ 4,740,884</u>	<u>\$ 4,427,193</u>

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should be read with these financial statements.

COLORADO SPRINGS CONVENTION AND VISITORS BUREAU dba VISIT COLORADO SPRINGS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services	General and Administrative	Membership Development	Total
Salaries and wages	\$ 863,708	\$ 384,304	\$ 108,201	\$ 1,356,213
Benefits	208,820	92,914	26,160	327,894
Payroll taxes	71,163	31,664	8,915	111,742
Total personnel costs	1,143,691	508,882	143,276	1,795,849
Advertising	2,603,492	-	-	2,603,492
Business development	92,994	-	-	92,994
Community events assistance	122,319	-	-	122,319
Depreciation and amortization	99,634	25,090	13,454	138,178
Dues and subscriptions	40,934	48,211	1,819	90,964
Insurance	-	9,792	-	9,792
Interest	291	73	39	403
Miscellaneous	-	21,662	-	21,662
Office	51,226	12,900	6,917	71,043
Postage	32,583	4,073	370	37,026
Professional fees	-	41,593	-	41,593
Promotional material, public relations, and trade shows	80,389	-	-	80,389
Rent	95,592	23,589	12,649	131,830
Repairs and maintenance	116,849	29,909	16,038	162,796
Travel	139,521	-	-	139,521
Utilities	32,778	8,254	4,426	45,458
Total expenses	\$ 4,652,293	\$ 734,028	\$ 198,988	\$ 5,585,309
Percentage of total functional expenses	83%	14%	3%	100%

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should be read with these financial statements.

COLORADO SPRINGS CONVENTION AND VISITORS BUREAU dba VISIT COLORADO SPRINGS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services	General and Administrative	Membership Development	Total
Salaries and wages	\$ 737,353	\$ 344,098	\$ 147,471	\$ 1,228,922
Benefits	167,148	78,047	33,449	278,644
Payroll taxes	59,807	27,910	11,961	99,678
Total personnel costs	964,308	450,055	192,881	1,607,244
Advertising	1,814,684	-	-	1,814,684
Business development	57,018	-	-	57,018
Community events assistance	134,628	-	-	134,628
Depreciation and amortization	28,815	8,714	5,608	43,137
Dues and subscriptions	56,265	23,155	798	80,218
Insurance	4,549	1,376	885	6,810
Miscellaneous	9,561	37	10,692	20,290
Office	40,803	11,433	8,845	61,081
Professional fees	-	17,603	-	17,603
Promotional material, public relations, and trade shows	23,851	-	-	23,851
Postage	73,382	6,656	160	80,198
Rent	88,062	26,630	17,138	131,830
Repairs and maintenance	102,795	31,085	20,005	153,885
Travel	110,982	-	-	110,982
Utilities	27,828	8,415	5,416	41,659
Total expenses	\$ 3,537,531	\$ 585,159	\$ 262,428	\$ 4,385,118
Percentage of total functional expenses	81%	13%	6%	100%

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should be read with these financial statements.

COLORADO SPRINGS CONVENTION AND VISITORS BUREAU
dba VISIT COLORADO SPRINGS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 313,691	\$ 715,899
Adjustments in reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	138,178	43,137
Realized and unrealized (gains) losses	15,400	-
Noncash operating lease expense	101,687	99,085
Net (income) loss from joint venture	8,584	(5,954)
(Increase) decrease in operating assets:		
Accounts receivable	(8,756)	17,560
Other assets	-	(40)
Prepaid expenses	125,139	(120,246)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	29,933	(32,099)
Deferred revenue	117,182	(2,379)
Operating lease liability	(87,193)	(84,257)
Net change in cash flows from operating activities	<u>753,845</u>	<u>630,706</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of investments	(3,095,975)	-
Proceeds from sales of investments	822,098	-
Dividends received from joint venture	-	27,119
Purchases of fixed assets	<u>(175,324)</u>	<u>(21,389)</u>
Net change in cash flows from investing activities	<u>(2,449,201)</u>	<u>5,730</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payments on finance lease liability	<u>(44,696)</u>	<u>(36,308)</u>
Net change in cash flows from financing activities	<u>(44,696)</u>	<u>(36,308)</u>
Net change in cash and equivalents	(1,740,052)	600,128
Cash and equivalents, beginning of year	<u>3,907,368</u>	<u>3,307,240</u>
Cash and equivalents, end of year	<u><u>\$ 2,167,316</u></u>	<u><u>\$ 3,907,368</u></u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

COLORADO SPRINGS CONVENTION AND VISITORS BUREAU
dba VISIT COLORADO SPRINGS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Colorado Springs Convention and Visitors Bureau dba Visit Colorado Springs, ("Organization") was incorporated as a nonprofit organization in 1980 to attract visitors to the Pikes Peak Region. The Organization engages in promotional programs which include, but are not limited to, a national advertising plan, sales missions, operating a visitor information center, involvement in special community projects, membership drives, familiarizing meeting, and convention planners with the Pikes Peak Region and its facilities, and distributing informational brochures, maps, and other publications.

The Organization is generally exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code ("Code").

Accounting pronouncements adopted

On January 1, 2021, the Organization adopted ASU No. 2020-07, *Not-for-Profit Entities: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASC Topic 958") on a retrospective basis. These amendments increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The amendments in this update also require not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statements of activities.

Basis of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Use of estimates

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Cash and equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

See independent auditor's report.

COLORADO SPRINGS CONVENTION AND VISITORS BUREAU
dba VISIT COLORADO SPRINGS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and equivalents (continued)

The Organization maintains its cash and equivalents in bank deposit accounts in which the deposits are guaranteed by the National Credit Union Administration ("NCUA") up to \$250,000. At certain times during the years ended December 31, 2022 and 2021, the Organization had deposits in excess of NCUA limits. The Organization places cash and equivalents with financial institutions evaluated as highly creditworthy by management.

Accounts receivable

Accounts receivable are unsecured and recorded at the amount the Organization expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances that are not expected to be collected. The Organization provides an allowance for uncollectable accounts receivable, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. As of December 31, 2022 and 2021, accounts receivable are recorded net of an allowance for uncollectable accounts of \$22,477 and \$20,000, respectively, which is estimated based on historical experience.

Investments

Investments having a readily determinable fair value are carried at fair value. Gains and losses are recorded when incurred and included in the statements of activities. Donated investments are recorded at the estimated fair value on the date of the gift. Interest and dividends and other investment income including realized and unrealized gains and losses are included in the statements of activities. Unrealized gains and losses are included in the change in net assets.

Investment in joint venture

The Organization has an investment in The Official Visitors Guide ("Joint Venture"), which has been accounted for under the equity method.

Property and equipment

Property, equipment, and website development fees are stated at cost or, if donated, at the fair value at the date of the donation. The Organization capitalizes purchases in excess of \$2,000 with lesser amounts expensed in the year purchased. Depreciation and amortization expense is provided using the straight-line method over the estimated useful lives of the assets, which range from three to 20 years.

See independent auditor's report.

COLORADO SPRINGS CONVENTION AND VISITORS BUREAU
dba VISIT COLORADO SPRINGS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Management determines if an arrangement is a lease at inception of the arrangement. Operating leases are included in the operating lease right-of-use asset and operating lease liability in the accompanying statements of financial position. Finance leases are included in property and equipment and finance lease liabilities in the accompanying statements of financial position.

Right-of-use assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The right-of-use assets include any lease payments made and exclude lease incentives. The Organization's lease terms may include options to extend or terminate the lease at management's discretion. Such options are included in the calculation of the right-of-use asset and lease liability, and are included in the future maturities of lease liabilities in Note 6, if management determines they are reasonably certain to exercise the options. Operating lease expense for lease payments is recognized on a straight-line basis over the lease term. Finance lease expense includes amortization of the right-of-use assets on a straight-line basis, and interest on the lease liabilities using the effective interest method.

Upon adoption of ASC Topic 842, the Organization elected certain practical expedients permitted under the transition guidance that allowed the Organization not to reassess: (1) whether expired or previously existing contracts are or contain leases, (2) lease classification for expired or previously existing leases, and (3) initial direct costs for expired or previously existing leases.

For leases that do not state or imply an interest rate, the Organization elected a practical expedient to use a risk-free rate based on asset composition.

The Organization elected to account for all leases with original terms of 12 months or less as short-term leases, which are expensed over the term of the lease and do not require recognition of right-of-use assets or lease liabilities.

Deferred revenue

Deferred revenue consists mainly of member derived fees which have been received but not earned. Member derived revenues are deferred and recognized over the periods to which the fees relate.

See independent auditor's report.

COLORADO SPRINGS CONVENTION AND VISITORS BUREAU
dba VISIT COLORADO SPRINGS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net assets

The financial statements present information regarding the financial position and activities according to two classes of net assets: net assets without donor restrictions; and net assets with donor restrictions, which represent resources restricted by donors as to purpose or by the passage of time. Board-designated net assets as of December 31, 2022 consists of a board reserve for emergency situations and unbudgeted opportunities.

Revenue - City of Colorado Springs

On January 1, 2020, the Organization entered into a three-year contract with the City of Colorado Springs to provide visitor and convention promotion services for the period January 1, 2020 to December 31, 2022. Subject to appropriation and terms and conditions of the contract, the City paid the Organization \$4,410,000 and \$4,200,000 for the years ended December 31, 2022 and 2021, respectively.

On January 1, 2023, the contract with the City of Colorado Springs to provide visitor and convention promotion services was renewed for a five-year period from January 1, 2023 to December 31, 2027.

Revenue - member derived revenues

The Organization receives revenue from membership dues, conferences, meetings, events, and publication and advertising sales. Revenue from these sources is considered to be contracts with customers under ASC Topic 606. The Organization has elected to use a portfolio approach as a practical expedient to account for contracts with customers as a group rather than individually since the financial statement effects are not expected to materially differ from an individual contract approach. Revenue is recognized as performance obligations are met. For membership dues, performance obligations for annual dues are considered to be met on a monthly basis. For all other revenues, performance obligations are met when services are rendered or when goods are exchanged.

See independent auditor's report.

COLORADO SPRINGS CONVENTION AND VISITORS BUREAU
dba VISIT COLORADO SPRINGS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contribution and grant income

Contribution and grant income is recorded when cash is received, when unconditional promises are made, or when ownership of contributed assets is transferred to the Organization. In accordance with US GAAP, contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of donor restrictions. County, state, and federal funding consisted of contributions and grants for the years ended December 31, 2022 and 2021.

In-kind contributions

Donated services and materials are recorded as both revenues and expenditures in the accompanying statements of activities at their estimated fair values. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization. These donated services are not reflected in the accompanying financial statements since they do not meet the criteria for recognition under US GAAP.

Functional allocation of expenses

Expenses are recognized when incurred in accordance with the accrual basis of accounting. The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities and functional expenses. These expenses require allocation on a reasonable basis that is consistently applied. Any costs that could be directly assigned to a specific function are allocated to that function. Personnel costs are allocated based on time and effort. Rent, office, utilities, repairs and maintenance, depreciation and amortization, and interest are allocated based on an estimate of headcount by department.

Advertising expenses

The Organization expenses advertising costs as incurred. Total advertising expense, which includes third-party research to support the Organization's marketing plan totaled approximately \$2,603,000 and \$1,810,000 for the years ended December 31, 2022 and 2021, respectively.

See independent auditor's report.

COLORADO SPRINGS CONVENTION AND VISITORS BUREAU
dba VISIT COLORADO SPRINGS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

The Organization is exempt from income taxes under Section 501(c)(6) of the Code. The Organization evaluates the effect of uncertain income tax positions, if any, and provides for those positions in accordance with the provisions of FASB ASC 450, Contingencies. No tax accrual for uncertain tax positions has been recorded as management believes there are no uncertain tax positions. The Organization has unrelated business income from advertising revenues. There was no unrelated business income tax expense for the years ended December 31, 2022 and 2021.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation. There was no impact on the change in net assets due to these reclassifications.

Subsequent events

Management has evaluated subsequent events through the date of the attached audit report, the date on which the financial statements were available to be issued.

See independent auditor's report.

COLORADO SPRINGS CONVENTION AND VISITORS BUREAU
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following on December 31,:

	<u>2022</u>	<u>2021</u>
Cash and equivalents	\$ 2,167,316	\$ 3,907,368
Accounts receivable, net	51,217	42,461
Investments	<u>2,258,477</u>	<u>-</u>
Total financial assets	4,477,010	3,949,829
Less amounts unavailable for general within one year due to:		
Board-designated reserve	<u>(2,258,477)</u>	<u>-</u>
Financial assets available to meet cash general expenditures within one year	<u><u>\$ 2,218,533</u></u>	<u><u>\$ 3,949,829</u></u>

As part of the Organization's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to the above, the Organization operates in accordance with a board-approved budget and anticipates collecting sufficient revenue to cover general expenditures.

See independent auditor's report.

COLORADO SPRINGS CONVENTION AND VISITORS BUREAU
dba VISIT COLORADO SPRINGS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31,:

	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ 414,351	\$ 283,828
Leasehold improvements	245,684	233,181
Website	<u>79,200</u>	<u>124,400</u>
 Total fixed assets	 739,235	 641,409
 Less accumulated depreciation and amortization	 <u>(311,876)</u>	 <u>(271,712)</u>
 Fixed assets, net	 <u><u>\$ 427,359</u></u>	 <u><u>\$ 369,697</u></u>

Depreciation and amortization expense for the years ended December 31, 2022 and 2021 totaled \$138,178 and \$43,137, respectively.

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

US GAAP defines fair value and establishes a framework for measuring fair value and disclosure regarding fair value measurements.

Fair value is defined as 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. Therefore, the term "price" refers to the exit price as opposed to the entry price, which is the price paid to acquire the asset or received to assume the liability. US GAAP also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs when

US GAAP describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities that are based on inputs not quoted in active markets that can be corroborated by observable market data

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

See independent auditor's report.

COLORADO SPRINGS CONVENTION AND VISITORS BUREAU
dba VISIT COLORADO SPRINGS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy:

The fair values of equities and money market funds are based on quoted market prices and other relevant information generated by market transactions.

The fair value of fixed-income securities is based on their face value and the current interest rate environment.

Fair value of assets measured on a recurring basis is as follows as of December 31, 2022:

	Level 1	Level 2	Total
Equities	\$ 160,778	\$ -	\$ 160,778
Fixed income bonds	567,670	-	567,670
Certificates of deposit	-	993,000	993,000
Total investments at fair value	<u>\$ 728,448</u>	<u>\$ 993,000</u>	1,721,448
Money market funds, at cost			537,029
			<u>\$ 2,258,477</u>

The following schedule summarizes the investment returns included in the statement of activities for the year ended December 31, 2022:

Interest and dividends	\$ 35,638
Net realized and unrealized gains	(15,400)
Investment expenses	<u>(5,232)</u>
Total investment income	<u>\$ 15,006</u>

See independent auditor's report.

COLORADO SPRINGS CONVENTION AND VISITORS BUREAU
dba VISIT COLORADO SPRINGS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

5. INVESTMENT IN JOINT VENTURE

The Organization has a 50 percent ownership interest in the Joint Venture and exercises significant influence over its operations. The Joint Venture is renewed annually with Pikes Peak Country Attractions Association for the purpose of producing, publishing, and distributing an official tourism and visitors' information guide for the City and the Pikes Peak Region. The cost of producing the guide is offset by sales of advertising within the publication. Any resulting deficiency or excess of funds is shared equally by both parties.

For the years ended December 31, 2022 and 2021, the Organization recognized as revenue 50 percent of the Joint Venture's net income (loss), which was \$(8,584) and \$5,954, respectively. In addition, commissions and other amounts of \$55,000 were paid to the Organization by the Joint Venture, for the years ended December 31, 2022 and 2021. Commissions of \$15,000 were paid to Pikes Peak Country Attractions Association for the years ended December 31, 2022 and 2021 by the Joint Venture.

Unaudited condensed financial information for the Joint Venture as of and for the years ended December 31, 2022 and 2021 is as follows:

Unaudited Condensed Balance Sheets

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 412,974	\$ 366,547
Accounts receivable, net	19,265	1,673
Other assets	<u>17,890</u>	<u>21,645</u>
Total assets	<u><u>\$ 450,129</u></u>	<u><u>\$ 389,865</u></u>
LIABILITIES AND EQUITY		
Deferred income and accounts payable	\$ 433,082	\$ 355,651
Equity	<u>17,047</u>	<u>34,214</u>
Total liabilities and equity	<u><u>\$ 450,129</u></u>	<u><u>\$ 389,865</u></u>

See independent auditor's report.

COLORADO SPRINGS CONVENTION AND VISITORS BUREAU
dba VISIT COLORADO SPRINGS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

5. INVESTMENT IN JOINT VENTURE (CONTINUED)

Unaudited Condensed Statements of Income

	<u>2022</u>	<u>2021</u>
Net revenue	\$ 323,748	\$ 241,608
Costs of production	<u>(194,417)</u>	<u>(109,560)</u>
Gross profit	129,331	132,048
Other expenses	<u>(146,498)</u>	<u>(120,140)</u>
Net income	<u><u>\$ (17,167)</u></u>	<u><u>\$ 11,908</u></u>

6. LEASES

Operating lease

The Organization leases office facilities under a long-term, non-cancelable operating lease, expiring in July 2030. The lease agreement requires monthly payments ranging from \$9,293 to \$12,506.

Finance lease

The Organization leases office furniture under long-term, non-cancelable finance leases. The leases expire on various dates through March 2025. The lease agreements require monthly payments ranging from \$593 to \$3,175.

Finance right-of-use assets are included in property and equipment in the accompanying statements of financial position consist of the following as of December 31,:

	<u>2022</u>	<u>2021</u>
Finance right-of-use assets	\$ 134,101	\$ 113,585
Accumulated amortization	<u>(97,057)</u>	<u>(20,283)</u>
	<u><u>\$ 37,044</u></u>	<u><u>\$ 93,302</u></u>

See independent auditor's report.

COLORADO SPRINGS CONVENTION AND VISITORS BUREAU
dba VISIT COLORADO SPRINGS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

6. LEASES (CONTINUED)

A summary of lease expense is as follows for the years ended December 31,:

	<u>2022</u>	<u>2021</u>
Finance lease expense:		
Amortization of right-of-use assets	\$ 76,774	\$ 16,226
Interest on lease liabilities	403	-
Operating lease expense	131,830	131,830
Short-term lease expense	<u>7,153</u>	<u>10,668</u>
Total	<u><u>\$ 216,160</u></u>	<u><u>\$ 158,724</u></u>

Future maturities of lease liabilities are as follows for the years ending:

<u>December 31,</u>	<u>Finance</u>	<u>Operating</u>
2023	\$ 29,346	\$ 121,228
2024	7,119	125,315
2025	1,187	129,524
2026	-	133,860
2027	-	138,326
Thereafter	<u>-</u>	<u>365,623</u>
Total minimum lease payments	37,652	1,013,876
Less amount representing interest	<u>(438)</u>	<u>(108,873)</u>
Present value of operating lease liabilities	<u><u>\$ 37,214</u></u>	<u><u>\$ 905,003</u></u>

Other information with respect to leases is as follows as of and for the year ended December 31,:

	<u>Finance</u>	<u>Operating</u>
Right-of-use assets obtained		
in exchange for new lease liabilities	\$ 20,516	\$ -
Weighted-average remaining lease term (years)	1.22	7.50
Weighted-average discount rate	1.14%	3.00%

See independent auditor's report.

COLORADO SPRINGS CONVENTION AND VISITORS BUREAU
dba VISIT COLORADO SPRINGS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

7. PAYCHECK PROTECTION PROGRAM LOAN

During the year ended December 31, 2021, the Organization applied for and received a \$286,000 forgivable loan from the Small Business Administration as part of round two of the Paycheck Protection Program. This loan was forgiven during the year ended December 31, 2021, and the proceeds were included in county, state, and federal funding in the accompanying statements of activities.

8. RETIREMENT PLAN

The Organization has established a SIMPLE IRA plan for its employees. Employees are eligible to participate immediately upon hire. The Organization contributes up to 3% of the employees' actual annual salaries as a matching contribution which cannot exceed each employee's deferrals. Employer-paid contributions to the retirement plan for the years ended December 31, 2022 and 2021 totaled approximately \$30,000 and \$35,000, respectively.

9. CONCENTRATIONS

For the years ended December 31, 2022 and 2021, City funding accounted for approximately 75% and 85%, respectively, of the Organization's support and revenue.

10. CONTRIBUTED SUPPLIES AND SERVICES

The value of donated supplies and services included in the financial statements as contributions and the corresponding expenses consist of the following for the years ended December 31,:

	<u>2022</u>	<u>2021</u>
Books and other supplies	\$ 80	\$ -
Event space and hotel and spa services	22,550	18,411
Food and beverages	5,755	1,462
Marketing and promotion services	8,086	26,953
Scenic trips and tours	<u>2,930</u>	<u>10,478</u>
Total	<u>\$ 39,401</u>	<u>\$ 57,304</u>

The Organization recognized the above contributed nonfinancial assets in the accompanying statements of activities and functional expenses for the years ended December 31, 2022 and 2021. There were no contributed nonfinancial assets with donor restrictions as of December 31, 2022 and 2021.

See independent auditor's report.

COLORADO SPRINGS CONVENTION AND VISITORS BUREAU
dba VISIT COLORADO SPRINGS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

10. CONTRIBUTED SUPPLIES AND SERVICES (CONTINUED)

Contributed books, event and hotel space, spa services, food and beverages, supplies, and scenic trips and tours are utilized for the Organization's various programs. Contributed marketing and promotion services are utilized for both program and management development matters.

The Organization uses an estimate of fair value to measure contributed nonfinancial assets. The Organization measures contributed books, event and hotel space, spa services, food and beverages, supplies, and scenic trips and tours at the value that would have been paid had the Organization purchased the nonfinancial assets, based on comparable sales prices. The Organization measures contributed marketing and promotion services based on the standard rates provided by the contributing service provider.

* * * * *

See independent auditor's report.

SUPPLEMENTARY INFORMATION

VISIT COLORADO SPRINGS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

<u>Program Title</u>	<u>Pass-Through Organization</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Period Covered</u>	<u>Passed Through to Sub Recipients</u>	<u>Federal Expenditures</u>
U.S. Department of the Treasury						
Coronavirus State and Local Fiscal Recovery Funds	El Paso County	21.027	501-2021-09	12/16/2021 - 11/30/2022	\$ -	\$ 1,025,000
Total Federal Financial Assistance					<u>\$ -</u>	<u>\$ 1,025,000</u>

See independent auditor's report and notes to schedule of expenditures of federal awards.

VISIT COLORADO SPRINGS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2022

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards ("SEFA") includes the federal award activity of Visit Colorado Springs, under programs of the federal government, for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the SEFA presents only a selected portion of the operations of Visit Colorado Springs, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of Visit Colorado Springs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized, following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

3. INDIRECT COSTS

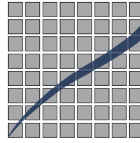
Unless an indirect rate was specified in the grant agreement, Visit Colorado Springs elected to use the 10% de minimis indirect cost rate to recover allowable indirect costs for federal grants.

4. OTHER ITEMS

Pass-through entity identifying numbers have been included where available.

See independent auditor's report.

**OTHER REPORTING REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***



BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors

Visit Colorado Springs

Colorado Springs, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Visit Colorado Springs ("Organization"), which comprise the statements 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, and have issued our report thereon dated April 17, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered Visit Colorado Springs' internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Visit Colorado Springs' internal control. Accordingly, we do not express an opinion on the effectiveness of Visit Colorado Springs's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Visit Colorado Springs's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

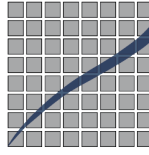
Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BiggsKofford, P.C.

Colorado Springs, Colorado

April 17, 2023



BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors

Visit Colorado Springs

Colorado Springs, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Major Federal Program

We have audited Visit Colorado Springs' compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on Visit Colorado Springs' major federal program for the year ended December 31, 2022. Visit Colorado Springs' major federal program is identified in the Summary of Auditor's Results section of the accompanying schedule of findings and questioned costs.

In our opinion, Visit Colorado Springs complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("US GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Visit Colorado Springs and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of Visit Colorado Springs' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Visit Colorado Springs' federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Visit Colorado Springs' compliance based on our audit. 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 US GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Visit Colorado Springs' compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with US GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Visit Colorado Springs' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Visit Colorado Springs' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Visit Colorado Springs' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BiggsKofford, P.C.

Colorado Springs, Colorado

April 17, 2023

VISIT COLORADO SPRINGS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Visit Colorado Springs were prepared in accordance with accounting principles generally accepted in the United States of America.
2. No material weaknesses or significant deficiencies are reported.
3. No instances of noncompliance material to the financial statements of Visit Colorado Springs, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over the major federal award program disclosed during the audit is reported in the Independent Auditor's Report on Compliance for the Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award program for Visit Colorado Springs expresses an unmodified opinion on the major federal program.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this schedule.
7. The program tested as a major program was the U.S. Department of the Treasury - Coronavirus State and Local Fiscal Recovery Funds, CFDA 21.027.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Visit Colorado Springs was determined to be a high-risk auditee.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None