

**VIRGINIA GOVERNMENT FINANCE OFFICERS' ASSOCIATION**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

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Virginia Government Finance Officers' Association  
Financial Statements  
Year Ended December 31, 2017

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditors' Report

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To the Board of Directors  
Virginia Government Finance Officers' Association  
Richmond, Virginia

We have audited the accompanying financial statements of Virginia Government Finance Officers' Association (a nonprofit organization) which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Virginia Government Finance Officers' Association as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited Virginia Government Finance Officers' Association's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 17, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Robinson, Farmer, Cox Associates*

Richmond, Virginia  
March 23, 2018

## *FINANCIAL STATEMENTS*

Virginia Government Finance Officers' Association  
Statement of Financial Position  
December 31, 2017  
(With Comparative Totals for 2016)

Assets	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash and cash equivalents	\$ 143,847	\$ 156,834
Investments	65,776	62,233
Accounts receivable	1,455	1,110
Prepaid expenses	<u>6,445</u>	<u>3,361</u>
Total Assets	<u>\$ 217,523</u>	<u>\$ 223,538</u>
<u>Liabilities</u>		
Liabilities		
Current Liabilities:		
Accounts payable	\$ 5,352	\$ 3,215
Deferred revenue	<u>34,545</u>	<u>32,350</u>
Total Liabilities	<u>\$ 39,897</u>	<u>\$ 35,565</u>
Net Assets		
Unrestricted	<u>\$ 177,626</u>	<u>\$ 187,973</u>
Total Liabilities and Net Assets	<u><u>\$ 217,523</u></u>	<u><u>\$ 223,538</u></u>

The accompanying notes are an integral part of these statements.

Virginia Government Finance Officers' Association  
Statement of Activities  
For the Year Ended December 31, 2017  
(With Comparative Totals for 2016)

	2017	2016
<b>Revenue and Support</b>		
Educational courses	\$ 84,965	\$ 59,875
Conferences	210,970	212,585
Membership dues	33,120	33,015
Investment income	4,142	2,967
Regional organizations	-	4,391
Other revenue	500	501
Total Revenue and Support	\$ 333,697	\$ 313,334
<b>Expenses</b>		
<b>Program Services:</b>		
Educational courses	\$ 89,741	51,274
Conferences	185,526	205,662
Other program services	8,934	13,825
Total Program Services	\$ 284,200	\$ 270,761
<b>Supporting Services:</b>		
<b>Management and General:</b>		
Accounting	4,750	4,750
Board meetings and travel	20,862	29,381
Management contract services	16,081	15,750
Other administration	18,151	24,065
Total Supporting Services	\$ 59,844	\$ 73,946
Total Expenses	\$ 344,044	\$ 344,707
Change in net assets	\$ (10,347)	\$ (31,373)
Net Assets, beginning of year	187,973	219,346
Net Assets, end of year	\$ 177,626	\$ 187,973

The accompanying notes are an integral part of these statements.

Virginia Government Finance Officers' Association  
Statement of Cash Flows  
For the Year Ended December 31, 2017  
(With Comparative Totals for 2016)

CASH FLOWS FROM OPERATING ACTIVITIES:	<u>2017</u>	<u>2016</u>
Change in net assets	\$ (10,347)	\$ (31,373)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
(Increase)/Decrease in prepaid expenses	(3,084)	(753)
(Increase)/Decrease in accounts receivable	(345)	1,930
(Decrease)/Increase in accounts payable	2,137	1,865
(Decrease)/Increase in deferred revenue	<u>2,195</u>	<u>(3,225)</u>
Net cash provided by (used for) operating activities	<u>\$ (9,444)</u>	<u>\$ (31,556)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Unrealized (gain)/loss on investments	<u>\$ (3,543)</u>	<u>\$ (2,464)</u>
Net cash provided by (used for) investing activities	<u>\$ (3,543)</u>	<u>\$ (2,464)</u>
Net increase (decrease) in cash and cash equivalents	\$ (12,987)	\$ (34,020)
Cash and cash equivalents at beginning of year	<u>156,834</u>	<u>190,854</u>
Cash and cash equivalents at end of year	<u><u>\$ 143,847</u></u>	<u><u>\$ 156,834</u></u>

The accompanying notes are an integral part of these statements.

Virginia Government Finance Officers' Association  
Notes to Financial Statements  
December 31, 2017

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Nature of Activities:

Virginia Government Finance Officers' Association (the Association) is a member organization formed in 1968. The primary mission of the Association is to foster governmental excellence by providing education, training, fellowship and career enhancement for governmental professionals throughout Virginia.

B. Basis of Accounting:

The Association maintains its assets and liabilities, and records its income and expenses by use of the accrual basis of accounting. Under the accrual basis, revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

C. Financial Statement Presentation:

The Association is required to report information regarding its financial position and activities according to three classes of net assets based on the existence or absence of donor-imposed restrictions:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations. Unrestricted net assets include designated and undesignated resources available for support of the Association's activities.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations. Temporarily restricted net assets include time and purpose restricted resources that will become available for support of the Association's activities once the restrictions are satisfied.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations. Permanently restricted net assets include those resources of the Association that are permanently restricted for a specific purpose.

The Association had no temporarily or permanently restricted net assets during the fiscal year.

D. Deferred Revenue:

Deferred revenue consists of advance registration fees for courses and advance membership dues.

E. Cash and Cash Equivalents:

For purposes of the statement of cash flows, cash and cash equivalents consist of highly liquid investments with an initial maturity of three months or less from the date of acquisition.

Virginia Government Finance Officers' Association  
Notes to Financial Statements  
December 31, 2017

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

F. Income Taxes:

Virginia Government Finance Officers' Association is exempt from Federal income taxes under Section 501(c)(6) of the Internal Revenue Code and therefore no provision for Federal income taxes has been reported in the accompanying financial statements. A form 990 as required by the Internal Revenue Service has been filed for the years ended December 31, 2017 and 2016.

G. Use of Estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Comparative Totals:

Comparative totals are presented for informational purposes only.

I. Accounts Receivable:

Grants, contracts, and accounts receivable are deemed to be fully collectible by management and are composed of federal, state, and local monies. As of December 31, 2017, accounts receivable consisted of \$1,455. The Association had no bad debt expense for the year ended December 31, 2017.

NOTE 2 - INVESTMENTS:

At December 31, 2017, investments consisted of fixed income holdings with SunTrust Investment Services and amounted to \$65,776. At December 31, 2016, investments consisted of fixed income holdings with SunTrust Investment Services and amounted to \$62,233.

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Virginia Government Finance Officers' Association  
Notes to Financial Statements  
December 31, 2017

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**NOTE 3 - MANAGEMENT SERVICES AND SHARED REVENUE:**

**Management Services:**

The Association entered into a Memorandum of Understanding with the Virginia Local Government Finance Corporation (operating as VML/VACo) to provide management services to the Association beginning January 1, 2016. The fee was \$11,486 per quarter for 2017, payable in arrears, and provides for an automatic inflation adjustment equaling the lesser of the percentage of increase per the Consumer Price Index (CPI) or 3.0%. The adjustment becomes effective as of January 1 of each subsequent year. The total amount paid to VML/VACo for management services for 2017 and 2016, respectively was \$45,945 and \$45,000 which was allocated between program and administrative expenses as follows:

	<u>2017</u>	<u>2016</u>
Program Services - conferences	\$ 22,973	\$ 22,500
Program Services - educational courses	6,892	6,750
Administrative - management contract services	16,081	15,750
Total	<u>\$ 45,945</u>	<u>\$ 45,000</u>

**Shared Revenue:**

The Association has entered into a revised Memorandum of Understanding dated January 1, 2017 with Radford University's Governmental and Nonprofit Assistance Center (GNAC) to jointly administer the Virginia Government Finance Officers' Certificate program and develop and administer other education programs for the Association. Under the terms of the agreement, the Association will compensate GNAC to develop and administer live educational courses, online courses and live Certified Public Finance Officers review courses. The Association will pay GNAC the net proceeds from live educational classes after deducting \$50 per participant, \$75 per participant for online courses, and \$1,500 for the development and administration of live Certified Public Finance Officers' review courses. The Association paid GNAC \$34,860 and \$23,613 in 2017 and 2016, respectively, under terms of this agreement.

**NOTE 4 - FUNCTIONAL ALLOCATION OF EXPENSES:**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

**NOTE 5 - EVALUATION OF SUBSEQUENT EVENTS:**

Management has evaluated events and transactions for potential recognition or disclosure through March 23, 2018, the date on which the financial statements were available to be issued.