



**VIRGINIA GOVERNMENT FINANCE OFFICERS' ASSOCIATION**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

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Prepared by:

VML/VACo Finance

# VIRGINIA GOVERNMENT FINANCE OFFICERS' ASSOCIATION

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**Independent Auditors' Report**

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

**Opinion**

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 Virginia Government Finance Officers' Association as of December 31, 2021, and the changes in net assets and its 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 Financial Statements section of our report. We are required to be independent of Virginia Government Finance Officers' Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of 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 Virginia Government Finance Officers' Association 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 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 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 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 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 Virginia Government Finance Officers' Association 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 Virginia Government Finance Officers' Association'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.

#### **Report on Summarized Comparative Information**

We have previously audited Virginia Government Finance Officers' Association's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 22, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Management Discussion and Analysis, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Richmond, Virginia  
February 18, 2022

# **VIRGINIA GOVERNMENT FINANCE OFFICERS' ASSOCIATION MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

*DECEMBER 31, 2021*

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This discussion and analysis provides an overview of the financial position and the results of activities of the Virginia Government Finance Officers' Association ("VGFOA") as of and for the fiscal year ended December 31, 2021. Management offers the following discussion and analysis as a narrative introduction to the basic financial statements, which includes comparative information as of and for the fiscal year ended December 31, 2020, where applicable. This narrative is intended as a supplement and should be read in conjunction with the basic financial statements and accompanying notes.

The VGFOA is a state-wide professional organization formed in 1968, currently with over 500 active members, and is registered as a non-profit 501(c)6 entity as defined by the Internal Revenue Service. The primary mission of the VGFOA is to foster excellence in government by creating opportunities for professional development.

The VGFOA is governed by an eleven-member Executive Board, comprised of four officers and seven at-large members. The four officers include President (one-year term), President-Elect (one-year term before serving as President), Past-President (one-year term following one-year term as President), and Treasurer (three-year term). The seven members elected at-large serve staggered three-year terms.

There are three classes of membership:

- Full Membership which includes individuals active during the calendar year as public sector employees in the Commonwealth of Virginia, including retired members. Full members are eligible to vote.
- Lifetime Membership which includes recipients of the Joseph N. Black Lifetime Member Award and those who have served as a past-president of the VGFOA. Lifetime members are eligible to vote.
- Associate Membership which includes all other members who are not otherwise full or lifetime members. Associate members are ineligible to vote.

The VGFOA offers the following services and programs:

- Provide education opportunities to members through the VGFOA Certification Program, as well as other training courses that best meet membership training needs;
- Provide networking and education opportunities to members and vendors at Fall and Spring conferences;
- Update members on the impact of actions taken by standard-setting bodies (GASB, OMB) with a suggested educational program designed to orient members to proposed changes in standards;
- Provide to members a State legislative update in a timely manner and working with officials on legislative issues that affect VGFOA members;
- Provide scholarship and award opportunities to members;
- Provide oversight of the solicitation and production of virtually all content delivered to the membership via newsletter, website, and/or e-mail distribution outlets, and managing related technologies (e.g., e-mail distribution) in order for content providers to best communicate to the membership and other interested parties; and
- Provide oversight of any advertising for sponsor programs, scholarships, training programs, and newsletters, including exhibitors for Fall and Spring conferences and vendor relations to promote services via the website and/or newsletter.

# **VIRGINIA GOVERNMENT FINANCE OFFICERS' ASSOCIATION MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

*DECEMBER 31, 2021*

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The VGFOA has the following committees that deliver their services and programs:

- Associate Member Relations Committee
- Communications, Legislative, and Standards Setting Committee
- Education Committee
- Membership/Mentorship and Awards Committee
- Fall Conference Committee
- Spring Conference Committee

## **VGFOA and Radford University's Government and Nonprofit Assistance Center ("GNAC") Education Program**

The VGFOA 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 VGFOA. Under the terms of the agreement, the VGFOA will compensate GNAC to develop and administer live educational courses, online courses and live Certified Public Finance Officers review courses. Revenues from the Certificate Program courses are split between VGFOA and GNAC, with GNAC using its share of revenues as a funding source.

The VGFOA and Radford University GNAC Certificate Program provides 1) training in the areas of accounting, budgeting, cash management, debt, administration, internal controls, Virginia law and other topics pertinent to state and local governments; and 2) instructional support for those wishing to pursue the Government Finance Officers Association (GFOA) Certified Public Finance Officer (CPFO).

GNAC provides development, design, and administration of all educational courses; develops course schedules; provides lead instructors; establishes course fees; reviews and approves accounting receipts and disbursements for each course; develops, administers, and grades course tests; maintains records of participants' transcripts; and works with the Education Committee to design appropriate certificates to be approved by the Board.

The VGFOA Education Committee provides assistance in planning the program; developing course material; reviewing and approving new course materials; providing lists of instructors; and reviewing and approving accounting receipts and disbursements for each course.

## **Professional Development Program**

In 2021, VGFOA partnered with the Virginia Institute of Government (VIG), a unit of the Weldon Cooper Center for Public Service at the University of Virginia, to design and deliver a new series of professional and personal development programs focused on addressing a variety of topics critical to today's government finance professionals. The programs strengthen the current offerings of VGFOA, building on the VGFOA's history of providing relevant and timely professional education offerings to its members through conferences and the VGFOA certification program. In the initial year of the partnership, VIG offered three workshops that focused on professional and personal development. Courses addressed topics on setting priorities, understanding communication styles using the DISC model, engaging and motivating employees, and leadership skills. Workshops were designed in collaboration with VGFOA leadership and were available on-line using various media platforms.

# **VIRGINIA GOVERNMENT FINANCE OFFICERS' ASSOCIATION MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

DECEMBER 31, 2021

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## **Virginia Local Government Finance Corporation ("VLGFC")**

The VGFOA entered into a Memorandum of Understanding with the Virginia Local Government Finance Corporation (VLGFC operating as VML/VACo Finance) to provide management services to the VGFOA beginning January 1, 2016. VLGFC serves as the program administrator for the VGFOA. As program administrator, VLGFC acts as VGFOA's staff, assisting members and the Executive Board with day-to-day activities, coordination of conference activities, and financial administration.

## **FINANCIAL HIGHLIGHTS**

- The assets of the VGFOA exceeded the liabilities at December 31, 2021 by \$209,149. This represents an increase from the prior year net assets without donor restrictions of \$11,105.
- Total assets of the VGFOA as of December 31, 2021 were \$278,407 compared to December 31, 2020 at \$248,069, representing a 12.2% increase.
- Total liabilities of the VGFOA as of December 31, 2021 were \$69,258 compared to December 31, 2020 at \$50,025, representing a 38.5% increase. The increase is a result of the accrued 4Q21 GNAC shared revenue due to Radford University and payables due to the VIG for courses delivered in 2021.
- Total operating revenues and support of the VGFOA were \$229,503 for the fiscal year ended December 31, 2021 compared to \$110,641 for the fiscal year ended December 31, 2020. The increase in revenues in 2021 was a result of an increase in certificate courses in 2021 over 2020, and VGFOA hosting a Spring 2021 conference. Due to COVID, VGFOA was unable to host a Spring 2020 conference.
- Total operating expenses of the VGFOA were \$164,542 for the fiscal year ended December 31, 2021 compared to \$77,920 for the fiscal year ended December 31, 2020. The increase in expenses was primarily due to the Spring 2021 conference and an increase in VGFOA Board travel in 2021 over 2020.
- The VGFOA experienced positive cash flow during the fiscal year ended December 31, 2021. The net increase in cash and cash equivalents for fiscal year 2021 was \$55,269 compared to positive cash flow of \$601 for fiscal year 2020. The increase for fiscal year 2021 was due to the liquidation of the Truist Investment Services investment account and the increase in net assets.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This overview serves as an introduction to the VGFOA's basic financial statements. The VGFOA's basic financial statements include the following:

- The *Statement of Financial Position* presents the VGFOA's assets and liabilities. The difference between the assets and liabilities is reported as the net assets. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the VGFOA is improving or deteriorating.
- The *Statement of Activities* presents information showing how the VGFOA's net assets changed during the period. This statement includes revenues and expenses that occurred during the fiscal year.

**VIRGINIA GOVERNMENT FINANCE OFFICERS' ASSOCIATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

DECEMBER 31, 2021

- The *Statement of Functional Expenses* presents a detailed breakdown of organizational expenses and their classification according to program services or general administration categories. This statement can help determine how funds are being allocated across expense categories to make adjustments to allocate resources where they are needed most.
- The *Statement of Cash Flows* presents the cash from operating activities, investments, and financing activities. This statement is useful in determining short-term viability, and can be a valuable measure of strength, profitability, and long-term future outlook.
- The *Notes to Financial Statements* provide additional information that is essential for understanding the financial data provided in the financial statements and are an integral part of the financial statements.

The summarized financial information as of and for fiscal years ended December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Total Assets	\$ 278,407	\$ 248,069
Total Liabilities	<u>69,258</u>	<u>50,025</u>
Net Assets, December 31	<u>\$ 209,149</u>	<u>\$ 198,044</u>
Total Revenues and Support	\$ 229,503	\$ 110,641
Total Expenses	<u>218,398</u>	<u>115,280</u>
Change in Net Assets, December 31	<u>\$ 11,105</u>	<u>\$ (4,639)</u>
Net assets without donor restrictions, January 1	198,044	202,683
Change in Net Assets	<u>\$ 11,105</u>	<u>\$ (4,639)</u>
Net Assets without donor restrictions, December 31	<u><u>\$ 209,149</u></u>	<u><u>\$ 198,044</u></u>

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**VIRGINIA GOVERNMENT FINANCE OFFICERS' ASSOCIATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

DECEMBER 31, 2021

**FINANCIAL ANALYSIS**

The VGFOA's mission is to foster excellence in government by creating opportunities for professional development and professional growth.

The comparative financial information for fiscal year 2021 to fiscal year 2020 is as follows:

**VIRGINIA GOVERNMENT FINANCE OFFICERS' ASSOCIATION**  
**Summary Schedule of Assets, Liabilities and Net Assets**

	2021	2020	Increase (Decrease)	% Change
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 270,372	\$ 167,666	\$ 102,706	61.26%
Investments	-	71,055	(71,055)	-100.00%
Accounts receivables	2,555	2,825	(270)	-9.56%
Prepaid expenses	5,480	6,523	(1,043)	-15.99%
<b>TOTAL ASSETS</b>	<b>\$ 278,407</b>	<b>\$ 248,069</b>	<b>\$ 30,338</b>	<b>12.23%</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 29,828	\$ 15,900	\$ 13,928	87.60%
Deferred revenue	39,430	34,125	5,305	15.55%
<b>TOTAL LIABILITIES</b>	<b>\$ 69,258</b>	<b>\$ 50,025</b>	<b>\$ 19,233</b>	<b>38.45%</b>
<b>NET ASSETS</b>	<b>\$ 209,149</b>	<b>\$ 198,044</b>	<b>\$ 11,105</b>	

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**VIRGINIA GOVERNMENT FINANCE OFFICERS' ASSOCIATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

DECEMBER 31, 2021

**VIRGINIA GOVERNMENT FINANCE OFFICERS' ASSOCIATION**  
**Summary Schedule of Revenues, Expenses and Changes in Net Assets**

	2021	2020	Increase (Decrease)	% Change
<b>REVENUES and SUPPORT</b>				
Educational courses	\$ 72,650	\$ 51,325	\$ 21,325	41.55%
Conferences	109,100	14,715	94,385	641.42%
Membership dues	45,680	43,585	2,095	4.81%
Investment income	447	936	(489)	-52.24%
Other revenue	1,626	80		
Total Revenues and Support	<u>\$ 229,503</u>	<u>\$ 110,641</u>	<u>\$ 117,316</u>	<u>107.43%</u>
<b>EXPENSES</b>				
Program Services:				
Educational courses	\$ 81,017	\$ 62,894	\$ 18,124	28.82%
Conferences	79,199	14,301	64,898	453.79%
Other program services	4,325	725	3,600	496.55%
Total Program Services	<u>\$ 164,541</u>	<u>\$ 77,920</u>	<u>\$ 86,621</u>	<u>111.17%</u>
Supporting Services:				
Management and general	53,857	37,360	16,497	44.16%
Total Expenses	<u>\$ 218,398</u>	<u>\$ 115,280</u>	<u>\$ 103,118</u>	<u>89.45%</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ 11,105</u>	<u>\$ (4,639)</u>	<u>\$ 14,198</u>	<u>-339.38%</u>
Net assets without donor restrictions, beginning of year	<u>\$ 198,044</u>	<u>\$ 202,683</u>	<u>\$ (4,639)</u>	
Net assets without donor restrictions, end of year	<u>\$ 209,149</u>	<u>\$ 198,044</u>	<u>\$ 9,559</u>	

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**VIRGINIA GOVERNMENT FINANCE OFFICERS' ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

DECEMBER 31, 2021

Schedule of Budget to Actual Performance

The Schedule of Budget to Actual Performance presents management analysis of actual revenues and expenses performance against budgeted targets for the current fiscal year being reported. This schedule is helpful in identifying strategies in developing budget targets, revenue and expense performance issues, and needed changes in budgeting strategies for future years.

Conference revenues were lower than budgeted in fiscal year 2021, most notably in spring and fall conference registrations and spring conference exhibitors. The spring conference was delivered virtually, thereby eliminating the potential for exhibitor revenues. Registrations for both fall and spring conferences were down due to the impact of COVID-19. This resulted in conferences revenues achieving 50.3% of the budget targeted, which drove the overall revenues performance of 68.4% of budget.

Similarly, conference expenses were lower than budgeted in fiscal year 2021 due to the impact of COVID-19, causing actual conference expenses to be 42.7% of budget, which principally drove overall expenses performance of 59.7% of budget.

	<u>Actual</u>	<u>Budget</u>	<u>Over/(Under) Budget</u>	<u>% of Budget</u>
<b>REVENUE and SUPPORT</b>				
Educational courses	\$ 72,650	\$ 66,875	\$ 5,775	108.6%
Conferences	109,100	216,735	(107,635)	50.3%
Membership dues	45,680	44,200	1,480	103.3%
Investment income	447	600	(153)	74.5%
Other revenue	<u>1,626</u>	<u>7,000</u>	<u>(5,374)</u>	<u>23.2%</u>
Total Revenue and Support	<u>\$ 229,503</u>	<u>\$ 335,410</u>	<u>\$ (105,907)</u>	<u>\$ 68.4%</u>
<b>EXPENSES</b>				
Program Services:				
Educational courses	\$ 81,017	\$ 80,200	\$ 817	101.0%
Conferences	79,199	185,470	(106,271)	42.7%
Other program services	<u>4,325</u>	<u>9,860</u>	<u>(5,535)</u>	<u>43.9%</u>
Total Program Services	<u>\$ 164,541</u>	<u>\$ 275,530</u>	<u>\$ (110,989)</u>	<u>59.7%</u>
Supporting Services:				
Management and general	<u>53,857</u>	<u>59,880</u>	<u>(6,023)</u>	<u>89.9%</u>
Total Supporting Services	<u>\$ 53,857</u>	<u>\$ 59,880</u>	<u>\$ (6,023)</u>	<u>89.9%</u>
Total Expenses	<u>\$ 218,398</u>	<u>\$ 335,410</u>	<u>\$ (117,012)</u>	<u>65.1%</u>
Change in net assets	\$ 11,105	\$ -	\$ 11,105	

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**VIRGINIA GOVERNMENT FINANCE OFFICERS' ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

*DECEMBER 31, 2021*

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**REQUESTS FOR INFORMATION**

This financial report is designed to provide the VGFOA Executive Board, creditors of the VGFOA and the general public with an overview of the VGFOA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

VGFOA Executive Secretary  
VML/VACo Finance  
8 E. Canal Street, Suite 100  
Richmond, VA 23219  
(804) 648-0635

## *FINANCIAL STATEMENTS*

**VIRGINIA GOVERNMENT FINANCE OFFICERS' ASSOCIATION**  
**December 31, 2021**  
**(With Comparative Totals for 2020)**  
**Statement of Financial Position**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 270,372	\$ 167,666
Investments	-	71,055
Accounts receivables	2,555	2,825
Prepaid expenses	5,480	6,523
Total Assets	<u>\$ 278,407</u>	<u>\$ 248,069</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	\$ 29,828	\$ 15,900
Deferred revenue	39,430	34,125
Total Liabilities	<u>\$ 69,258</u>	<u>\$ 50,025</u>
<b>NET ASSETS</b>		
Net assets without donor restrictions	<u>\$ 209,149</u>	<u>\$ 198,044</u>
Total Liabilities and Net Assets	<u><u>\$ 278,407</u></u>	<u><u>\$ 248,069</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**VIRGINIA GOVERNMENT FINANCE OFFICERS' ASSOCIATION**  
**For the Year Ended December 31, 2021**  
**(With Comparative Totals for 2020)**

**Statement of Activities**

	<u>2021</u>	<u>2020</u>
<b>REVENUE and SUPPORT</b>		
Educational courses	\$ 72,650	\$ 51,325
Conferences	109,100	14,715
Memberhip dues	45,680	43,585
Investment income	447	936
Other revenue	1,626	80
	<u>229,503</u>	<u>110,641</u>
Total Revenue and Support	\$ <u>229,503</u>	\$ <u>110,641</u>
<b>EXPENSES</b>		
Program Services:		
Educational courses	\$ 81,017	\$ 62,894
Conferences	79,199	14,301
Other program services	4,325	725
	<u>164,541</u>	<u>77,920</u>
Total Program Services	\$ <u>164,541</u>	\$ <u>77,920</u>
Supporting Services:		
Management and general	\$ 53,857	\$ 37,360
	<u>53,857</u>	<u>37,360</u>
Total Supporting Services	\$ <u>53,857</u>	\$ <u>37,360</u>
Total Expenses	\$ <u>218,398</u>	\$ <u>115,280</u>
Change in net assets	\$ 11,105	\$ (4,639)
Net Assets without donor restrictions, beginning of year	<u>198,044</u>	<u>202,683</u>
Net Assets without donor restrictions, end of year	<u><u>209,149</u></u>	<u><u>198,044</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**VIRGINIA GOVERNMENT FINANCE OFFICERS' ASSOCIATION**  
**For the Year Ended December 31, 2021**  
**(With Comparative Totals for 2020)**  
**Statement of Functional Expenses**

	Program Services			Supporting Services	Total 2021	Total 2020
	Educational Courses	Conferences	Other	Management and General		
Supplies	\$ -	\$ -	\$ -	\$ 294	\$ 294	\$ 333
Credit card discount	-	-	-	7,364	7,364	5,578
Website development	-	-	-	1,915	1,915	1,815
Postage	-	-	-	90	90	40
Other office expenses	-	-	-	522	522	436
Travel	-	-	-	17,321	17,321	1,204
Audit fees	-	-	-	5,250	5,250	5,250
Legal fees	-	-	-	963	963	2,579
Insurance	-	-	-	3,023	3,023	3,010
Conference - spring	-	23,812	-	-	23,812	-
Conference - fall	-	48,052	-	-	48,052	6,966
Administrative support	24,450	7,335	-	17,115	48,900	48,901
Scholarships and grants	-	-	4,325	-	4,325	725
Education courses	47,567	-	-	-	47,567	31,048
Other education courses	9,000	-	-	-	9,000	7,395
<b>Total expenses</b>	<b>\$ 81,017</b>	<b>\$ 79,199</b>	<b>\$ 4,325</b>	<b>\$ 53,857</b>	<b>\$ 218,398</b>	<b>\$ 115,280</b>

The accompanying notes to financial statements are an integral part of this statement.

**VIRGINIA GOVERNMENT FINANCE OFFICERS' ASSOCIATION**  
**For the Year Ended December 31, 2021**  
**(With Comparative Totals for 2020)**

**Statements of Cash Flows**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 11,105	\$ (4,639)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
(Increase) Decrease in prepaid expenses	1,043	(1,513)
(Increase) Decrease in accounts receivable	270	(1,000)
(Decrease) Increase in accounts payable	13,928	7,290
(Decrease) Increase in deferred revenue	5,305	865
Net cash provided by (used for) operating activities	<u>\$ 31,651</u>	<u>\$ 1,003</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of investments	\$ 23,618	\$ 47,390
Purchase of investments	-	(47,390)
Investment income	-	(402)
Net cash provided by (used for) investing activities	<u>\$ 23,618</u>	<u>\$ (402)</u>
Net increase (decrease) in cash and cash equivalents	\$ 55,269	\$ 601
<b>Cash and cash equivalents at beginning of year</b>	<u>215,103</u>	<u>167,065</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>\$ 270,372</u></u>	<u><u>\$ 167,666</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**VIRGINIA GOVERNMENT FINANCE OFFICERS' ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2021

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Reporting Entity – For financial reporting purposes, the Virginia Government Finance Officers' Association (VGFOA) includes all organizations for which it is considered financially accountable.

The VGFOA is a member organization formed in 1968, and is registered with the Internal Revenue Service as a non-profit 501(c)6 entity. The primary mission of the VGFOA is to foster excellence in government by creating opportunities for professional development.

The VGFOA is governed by an eleven-member Executive Board, comprised of four officers and seven at-large members. The VGFOA offers three classes of membership: full membership, lifetime membership, and associate membership.

The Virginia Local Government Finance Corporation ("VLGFC") serves as the program administrator for the VGFOA. As program administrator, VLGFC acts as VGFOA's staff, assisting members and the Executive Board with day-to-day activities, coordination of conference activities, and financial administration.

Measurement Focus and Basis of Accounting – The financial statements are presented utilizing the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when incurred regardless of timing of the cash flows.

Financial Statement Presentation – The VGFOA is required to report information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions:

*Net assets without donor restrictions* – Net assets that are not subject to any donor-imposed stipulations. At December 31, 2021, the VGFOA had net assets without donor restrictions of \$209,149.

*Net assets with donor restrictions* – Net assets that are subject to donor-imposed stipulations. Some of these restrictions may be met either by actions of the VGFOA or the passage of time. Other net assets are subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the VGFOA. At December 31, 2021, the VGFOA had no net assets with donor restrictions.

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**VIRGINIA GOVERNMENT FINANCE OFFICERS' ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2021

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash and Cash Equivalents – The VGFOA considers all deposits in banks and short-term highly liquid investments that are readily convertible to cash to be cash and cash equivalents. Cash and cash equivalents are reported at cost, which approximates fair value. Cash and cash equivalents include amounts in demand deposits and when applicable, short-term investments with a maturity date within three months of the date acquired by the VGFOA. For purposes of the statement of cash flows, the VGFOA considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

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

Income Taxes – VGFOA 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. Form 990 as required by the Internal Revenue Service has been filed for the years ended December 31, 2021 and 2020.

Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates and assumptions.

Comparative Totals – Comparative totals are presented for informational purposes only.

Accounts Receivable – Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management uses the direct write-off method for known uncollectible accounts. All receivable balances at December 31, 2021 were expected to be collected by management. As of December 31, 2021, accounts receivable consisted of \$2,555.

**NOTE 2 – DEPOSITS AND INVESTMENTS RISK**

The following information regarding disclosures of risks are designed to inform financial statement users about the VGFOA's various risks.

VGFOA deposits with banks are covered by FDIC but are not subject to the Virginia Security for Public Deposits Act Section 2.2-4400 et. seq. of the *Code of Virginia*. Management evaluates each financial institution with which VGFOA deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories or custodians.

Cash and Cash Equivalents on Deposit – As of December 31, 2021, cash and cash equivalents consisted of bank deposits in a checking account with Wells Fargo of \$109,959, a checking account with Blue Ridge Bank of \$89,089, and a money market account with First Internet Bank of \$71,324. As of December 31, 2020, the money market account balance of \$47,437 was classified as Investments; however as of December 31, 2021 with no time restrictions on money market cash balances, the First Internet Bank cash holdings are classified as Cash and Cash Equivalents.

Investments – At December 31, 2021, VGFOA held no investments. At December 31, 2020, investments consisted of fixed income holdings with Truist Investment Services and amounted to \$23,618. In March 2021, the balance of \$23,618 held in Truist Investment Services was liquidated and transferred to First Internet Bank.

**VIRGINIA GOVERNMENT FINANCE OFFICERS' ASSOCIATION**  
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**NOTE 3 – LIQUIDITY AND RESERVES:**

The VGFOA monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The VGFOA's investment policy limits investments held to Federal Deposit Insurance Corporation (FDIC) insured money market accounts and bank certificates of deposit not to exceed a 10-year maturity. The VGFOA has the following financial assets that could be readily made available within one year of the statement of financial position to fund expenses without limitations:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 270,372	\$ 167,666
Investments	-	71,055
Accounts receivables	<u>2,555</u>	<u>2,825</u>
	<u>\$ 272,927</u>	<u>\$ 241,546</u>

The VGFOA operates with a near-balanced budget and anticipated a minimal operating deficit in 2021 and an operating surplus in 2020. The VGFOA's policy states that the VGFOA shall maintain a minimum net asset balance of 15% of the total projected revenues each year; and if the net asset balance falls below this amount, the VGFOA will restore its net asset balance to the prescribed level within a five-year period. The VGFOA's ending net asset balance compared to the minimum net asset balance policy for the year under audit and prior year comparison is presented below:

	<u>2021</u>	<u>2020</u>
Projected Revenues	<u>\$ 335,410</u>	<u>\$ 377,030</u>
Minimum 15% net asset balance	<u>\$ 50,312</u>	<u>\$ 56,555</u>
Actual ending net asset balance	<u>\$ 209,149</u>	<u>\$ 198,044</u>

**NOTE 4 – PREPAIDS:**

Prepaid expenses are accounted for as other assets in the VGFOA's statement of financial position, and include expenses for prepaid insurance premiums and future conference deposits. The prepaid balance as of December 31, 2021 is comprised of the 2021-22 insurance premium of \$2,980 and future conference deposits of \$2,500.

**NOTE 5 – MANAGEMENT SERVICES AND SHARED REVENUE:**

**Management Services** – The VGFOA entered into a Memorandum of Understanding with the Virginia Local Government Finance Corporation (VLGFC operating as VML/VACo Finance) to provide management services to the VGFOA beginning January 1, 2016. The fee was \$12,225 per quarter for 2021, 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 Finance for management services for 2021 and 2020, respectively was \$48,900 and \$48,901.

**VIRGINIA GOVERNMENT FINANCE OFFICERS' ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**

*DECEMBER 31, 2021*

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**NOTE 5 – MANAGEMENT SERVICES AND SHARED REVENUE: (continued)**

Shared Revenue – The VGFOA 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 VGFOA. Under the terms of the agreement, the VGFOA will compensate GNAC to develop and administer live educational courses, online courses and live Certified Public Finance Officers review courses. The VGFOA 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 VGFOA paid GNAC \$38,947 and \$26,960 in 2021 and 2020, respectively, under terms of this agreement.

**NOTE 6 – 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. Specifically identifiable expenses are directly allocated. Administrative support costs of \$48,900 have been allocated among the program services and supporting services based on estimated activities benefitted.

**NOTE 7– SUBSEQUENT EVENTS:**

Management has performed an evaluation of subsequent events through February 18, 2022, the date the basic financial statements were available to be issued.

COVID-19 continues to be a concern, with the latest coronavirus variant, Omicron, rapidly spreading throughout the United States. Management cannot predict what impact this will ultimately have on the economy and the VGFOA's financial position. However, based on its experience since the pandemic was declared by the World Health Organization in March 2020, Management believes the VGFOA is well positioned to respond to an economic downturn caused by the latest, or any future, coronavirus variant, if one should occur.

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