

VIRGINIA GOVERNMENT FINANCE OFFICERS' ASSOCIATION

FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019

Virginia Government Finance Officers' Association

Financial Statements
For the Year Ended December 31, 2019

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Independent Auditors' Report

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, 2019, and the related statements of activities, functional expenses, 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, 2019, 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 21, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Robinson, Farmer, Cox Associates

Richmond, Virginia
March 17, 2020

FINANCIAL STATEMENTS

Virginia Government Finance Officers' Association
Statement of Financial Position
December 31, 2019
(With Comparative Totals for 2018)

Assets

	2019	2018
Current Assets:		
Cash and cash equivalents	\$ 167,065	\$ 123,076
Investments	70,653	65,630
Accounts receivable	1,825	2,845
Prepaid expenses	5,010	6,080
Total Assets	\$ 244,553	\$ 197,631

Liabilities

Current Liabilities:		
Accounts payable	\$ 8,610	\$ 3,600
Deferred revenue	33,260	30,915
Total Liabilities	\$ 41,870	\$ 34,515

Net Assets

Net assets without donor restrictions	\$ 202,683	\$ 163,116
Total Liabilities and Net Assets	\$ 244,553	\$ 197,631

The accompanying notes are an integral part of these statements.

Virginia Government Finance Officers' Association
Statement of Activities
For the Year Ended December 31, 2019
(With Comparative Totals for 2018)

	2019	2018
Revenue and Support		
Educational courses	\$ 94,075	\$ 71,775
Conferences	235,670	233,560
Membership dues	48,300	43,165
Investment income	6,306	1,301
Other revenue	1,150	700
Total Revenue and Support	\$ 385,501	\$ 350,501
Expenses		
Program Services:		
Educational courses	\$ 106,643	\$ 96,156
Conferences	173,503	199,459
Other program services	6,243	4,700
Total Program Services	\$ 286,389	\$ 300,315
Supporting Services:		
Management and general	\$ 59,545	\$ 64,696
Total Supporting Services	\$ 59,545	\$ 64,696
Total Expenses	\$ 345,934	\$ 365,011
Change in net assets	\$ 39,567	\$ (14,510)
Net Assets, beginning of year	163,116	177,626
Net Assets, end of year	\$ 202,683	\$ 163,116

The accompanying notes are an integral part of these statements.

Virginia Government Finance Officers' Association
Statement of Functional Expenses
For the Year Ended December 31, 2019
(with Comparative Totals for 2018)

	Program Services			Supporting Services	Total	2018
	Educational Courses	Conferences	Other	Management and General		
Supplies	\$ -	\$ -	\$ -	\$ 654	\$ 654	\$ 1,208
Credit card discount	-	-	-	9,884	9,884	8,328
Website development	-	-	-	1,815	1,815	1,815
Printing	-	-	-	171	171	41
Postage	-	-	-	59	59	61
Other office expenses	-	-	-	386	386	317
Travel	-	-	-	22,056	22,056	27,527
Audit fees	-	-	-	4,750	4,750	4,750
Legal fees	-	-	-	25	25	1,251
Insurance	-	-	-	3,015	3,015	2,980
Conference - spring	-	91,285	-	-	91,285	110,808
Conference - fall	-	75,048	-	-	75,048	81,614
Administrative support	23,901	7,170	-	16,730	47,801	46,910
Scholarships and grants	-	-	6,243	-	6,243	4,700
Education courses	60,257	-	-	-	60,257	46,224
CPFO certification	550	-	-	-	550	3,944
Other educational courses	21,935	-	-	-	21,935	22,533
Total expenses	\$ 106,643	\$ 173,503	\$ 6,243	\$ 59,545	\$ 345,934	\$ 365,011

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

Virginia Government Finance Officers' Association
Statement of Cash Flows
For the Year Ended December 31, 2019
(With Comparative Totals for 2018)

CASH FLOWS FROM OPERATING ACTIVITIES:	<u>2019</u>	<u>2018</u>
Change in net assets	\$ 39,567	\$ (14,510)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
(Increase) Decrease in prepaid expenses	1,070	365
(Increase) Decrease in accounts receivable	1,020	(1,390)
(Decrease) Increase in accounts payable	5,010	(1,752)
(Decrease) Increase in deferred revenue	<u>2,345</u>	<u>(3,630)</u>
Net cash provided by (used for) operating activities	\$ <u>49,012</u>	\$ <u>(20,917)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Unrealized (gain) loss on investments	\$ <u>(5,023)</u>	\$ <u>146</u>
Net cash provided by (used for) investing activities	\$ <u>(5,023)</u>	\$ <u>146</u>
Net increase (decrease) in cash and cash equivalents	\$ 43,989	\$ (20,771)
Cash and cash equivalents at beginning of year	<u>123,076</u>	<u>143,847</u>
Cash and cash equivalents at end of year	<u><u>\$ 167,065</u></u>	<u><u>\$ 123,076</u></u>

The accompanying notes are an integral part of these statements.

Virginia Government Finance Officers' Association
Notes to Financial Statements
December 31, 2019

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 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, 2019, the Association had net assets without donor restrictions of \$202,683.

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 Association 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 Association. At December 31, 2019, the Association had no net assets with donor restrictions.

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.

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, 2019 and 2018.

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

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, 2019, accounts receivable consisted of \$1,825. The Association had no bad debt expense for the year ended December 31, 2019.

NOTE 2 - INVESTMENTS:

At December 31, 2019, investments consisted of fixed income holdings with SunTrust Investment Services and amounted to \$70,653. At December 31, 2018, investments consisted of fixed income holdings with SunTrust Investment Services and amounted to \$65,630.

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 Finance) to provide management services to the Association beginning January 1, 2016. The fee was \$11,950 per quarter for 2019, 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 2019 and 2018, respectively was \$47,801 and \$46,910.

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 \$43,061 and \$27,525 in 2019 and 2018, 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. Specifically identifiable expenses are directly allocated. Administrative support costs of \$47,801 have been allocated among the program services and supporting services based on estimated activities benefitted.

NOTE 5 - LIQUIDITY AND RESERVES:

The Association 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 Association'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 Association 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>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 167,065	\$ 123,076
Investments	70,653	65,630
Accounts receivable	1,825	2,845
	<u>\$ 239,543</u>	<u>\$ 191,551</u>

The Association operates with a near-balanced budget and anticipated an operating deficit in 2019 and 2018. The Association's policy states that the Association 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 Association will restore its net asset balance to the prescribed level within a five-year period. The Association's ending net asset balance compared to their minimum net asset balance policy for the year under audit and prior year comparison is presented below:

	<u>2019</u>	<u>2018</u>
Projected revenues	\$ 369,470	\$ 378,100
Minimum 15% net asset balance	\$ 55,421	\$ 56,715
Actual ending net asset balance	\$ 202,683	\$ 163,116

NOTE 6 -SUBSEQUENT EVENTS:

In December 2019, a novel strain of coronavirus disease (“COVID-19”) was first reported in Wuhan, China. Less than four months later, on March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The extent of COVID-19’s effect on the Association’s operational and financial performance will depend on future developments, including the duration of the pandemic. The Association has cancelled its Spring conference that was scheduled to be held in May 2020 in Norfolk, Virginia as a result of the COVID-19 pandemic. It is not currently possible to ascertain the overall impact of COVID-19 on the Association’s future business and cash flows. Management believes that it has adequate liquidity and business plans to continue to operate for the next twelve months from the date of this report.

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