

VIRGINIA GOVERNMENT FINANCE OFFICERS' ASSOCIATION
FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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, 2016, 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, 2016, 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 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 7, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Robinson, Farmer, Cox Associates

Richmond, Virginia
February 17, 2017

FINANCIAL STATEMENTS

Virginia Government Finance Officers' Association
Statement of Financial Position
December 31, 2016
(With Comparative Totals for 2015)

Assets

	2016	2015
Current Assets:		
Cash and cash equivalents	\$ 156,834	\$ 190,854
Investments	62,233	59,769
Accounts receivable	1,110	3,040
Prepaid expenses	3,361	2,608
Total Assets	\$ 223,538	\$ 256,271

Liabilities

Liabilities

Current Liabilities:		
Accounts payable	\$ 3,215	\$ 1,350
Deferred revenue	32,350	35,575
Total Liabilities	\$ 35,565	\$ 36,925

Net Assets

Unrestricted	\$ 187,973	\$ 219,346
Total Liabilities and Net Assets	\$ 223,538	\$ 256,271

The accompanying notes are an integral part of these statements.

Virginia Government Finance Officers' Association
Statement of Activities
For the Year Ended December 31, 2016
(With Comparative Totals for 2015)

	2016	2015
Revenue and Support		
Educational courses	\$ 59,875	\$ 57,950
Conferences	212,585	202,375
Membership dues	33,015	33,070
Investment income	503	161
Regional organizations	4,391	16,455
Other revenue	2,965	1,550
Total Revenue and Support	\$ 313,334	\$ 311,561
Expenses		
Program Services:		
Conferences	\$ 205,662	\$ 181,814
Educational courses	51,274	46,109
Other program services	13,825	27,996
Total Program Services	\$ 270,761	\$ 255,919
Supporting Services:		
Management and General:		
Accounting	4,750	4,750
Board meetings and travel	29,381	27,402
Management contract services	15,750	14,404
Other administration	24,065	20,165
Total Supporting Services	\$ 73,946	\$ 66,721
Total Expenses	\$ 344,707	\$ 322,640
Change in net assets	\$ (31,373)	\$ (11,079)
Net Assets, beginning of year	219,346	230,425
Net Assets, end of year	\$ 187,973	\$ 219,346

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, 2016
(With Comparative Totals for 2015)

CASH FLOWS FROM OPERATING ACTIVITIES:	<u>2016</u>	<u>2015</u>
Change in net assets	\$ (31,373)	\$ (11,079)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
(Increase)/Decrease in prepaid expenses	(753)	(29)
(Increase)/Decrease in accounts receivable	1,930	(1,750)
(Decrease)/Increase in accounts payable	1,865	(3,224)
(Decrease)/Increase in deferred revenue	<u>(3,225)</u>	<u>8,335</u>
Net cash provided by (used for) operating activities	<u>\$ (31,556)</u>	<u>\$ (7,747)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of investments	\$ -	\$ 541
Unrealized (gain)/loss on investments	(2,464)	-
Interest income from investments	<u>-</u>	<u>(161)</u>
Net cash provided by (used for) investing activities	<u>\$ (2,464)</u>	<u>\$ 380</u>
Net increase (decrease) in cash and cash equivalents	\$ (34,020)	\$ (7,367)
Cash and cash equivalents at beginning of year	<u>190,854</u>	<u>198,221</u>
Cash and cash equivalents at end of year	<u><u>\$ 156,834</u></u>	<u><u>\$ 190,854</u></u>

The accompanying notes are an integral part of these statements.

Virginia Government Finance Officers' Association
Notes to Financial Statements
December 31, 2016

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, 2016

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, 2016 and 2015.

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, 2016, accounts receivable consisted of \$1,110. The Association had no bad debt expense for the year ended December 31, 2016.

NOTE 2 - INVESTMENTS:

At December 31, 2016, investments consisted of fixed income holdings with SunTrust Investment Services and amounted to \$62,233. At December 31, 2015, investments consisted of fixed income holdings with SunTrust Investment Services and amounted to \$59,769.

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Virginia Government Finance Officers' Association
Notes to Financial Statements
December 31, 2016

NOTE 3 - MANAGEMENT SERVICES AND SHARED REVENUE:

Management Services:

In 2016, the Association entered into a Memorandum of Understanding with the Virginia Local Government Finance Corporation (VML/VACo) to provide management services for the Association beginning January 1, 2016. The fee was set at \$3,750 per month for 2016, 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 2016 and 2015, respectively was \$45,000 and \$41,154 which was allocated between program and administrative expenses as follows:

	<u>2016</u>	<u>2015</u>
Program Services - conferences	\$ 22,500	\$ 20,577
Program Services - educational courses	6,750	6,173
Administrative - management contract services	15,750	14,404
Total	\$ 45,000	\$ 41,154

Shared Revenue:

The Association has entered into a Memorandum of Understanding with Radford University's Governmental and Nonprofit Assistance Center (GNAC) to jointly administer the Virginia Government Finance Officers' Certificate program and co-sponsor other courses. Under the terms of the agreement, the Association receives \$70 for each participant in each program class, and the GNAC receives the remaining net proceeds. In addition, an additional \$50 charge to non-members is split 50/50 between GNAC and the Association. Gross revenue from co-sponsored courses is recognized by the Association, while GNAC's portion is reported as a program services expense for the corresponding course. The Association paid GNAC \$23,613 and \$16,766 in 2016 and 2015, 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 - SUBSEQUENT EVENTS:

Management has evaluated events and transactions for potential recognition or disclosure through February 17, 2017, the date on which the financial statements were available to be issued.