

**WASHINGTON FINANCE
OFFICERS ASSOCIATION**

**Financial Statements and
Independent Auditors' Report**

December 31, 2019 and 2018

Washington Finance Officers Association

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Washington Finance Officers Association
Seattle, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of Washington Finance Officers Association (a nonprofit Association), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets without donor restrictions, and cash flows for the years 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 audits. We conducted our audits 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 auditors consider 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 Washington Finance Officers Association as of December 31, 2019 and 2018, 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.

Northwest CPA Group PLLC

Tri-Cities, Washington
November 10, 2020

Washington Finance Officers Association Statements of Financial Position

	December 31,	
	2019	2018
ASSETS		
<i>CURRENT ASSETS:</i>		
Cash and cash equivalents	\$ 368,469	\$ 367,896
Prepaid expenses	718	-
Deposits, <i>current</i>	8,178	11,600
Total current assets	377,365	379,496
<i>DEPOSITS, NONCURRENT</i>	27,723	14,153
	\$ 405,088	\$ 393,649
 LIABILITIES AND NET ASSETS		
<i>CURRENT LIABILITIES:</i>		
Accounts payable and other accruals	\$ 19,498	\$ -
<i>NET ASSETS:</i>		
Without donor restrictions	385,590	393,649
	\$ 405,088	\$ 393,649

Washington Finance Officers Association

Statements of Activities and Changes in Net Assets Without Donor Restrictions

	Years Ended December 31,	
	2019	2018
<i>REVENUE:</i>		
Conference	\$ 487,537	\$ 469,337
Classes and seminars	100,780	109,250
Membership dues	76,700	61,350
Finance contract fees	16,500	11,000
Interest income	846	488
Other income	797	545
	683,160	651,970
<i>EXPENSES:</i>		
Program services:		
Conferences	491,682	530,462
Classes and seminars	68,536	45,155
Member services	31,210	41,589
Newsletter	960	600
	592,388	617,806
General and administrative:		
Board meetings	45,742	40,436
Professional fees	22,010	21,790
Other conferences and meetings	10,764	11,615
Bank fees	9,640	8,000
Website enhancement	4,487	4,536
Insurance	2,236	1,518
Office expenses	1,162	582
Supplies	894	-
Travel	557	2,027
Recruitment	539	1,217
Postage	347	256
Other	453	1,347
	98,831	93,324
Total expenses	691,219	711,130
<i>CHANGES IN NET ASSETS</i>	(8,059)	(59,160)
<i>NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR</i>	393,649	452,809
<i>NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR</i>	\$ 385,590	\$ 393,649

Washington Finance Officers Association Statements of Cash Flows

	Years Ended December 31,	
	2019	2018
<i>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</i>		
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>		
Cash received from operations	\$ 682,314	\$ 651,482
Cash paid to vendors	(682,587)	(716,684)
Interest received	846	488
	573	(64,714)
<i>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</i>		
	573	(64,714)
<i>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</i>	367,896	432,610
<i>CASH AND CASH EQUIVALENTS, END OF YEAR</i>	\$ 368,469	\$ 367,896
<i>Reconciliation of Changes in Net Assets to Net Cash Provided by (Used in) Operating Activities:</i>		
Changes in net assets	\$ (8,059)	\$ (59,160)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Decrease (increase) in assets:		
Prepaid expenses	(718)	-
Deposits	(10,148)	(4,820)
Increase (decrease) in liabilities:		
Accounts payable and other accruals	19,498	(734)
Total adjustments	8,632	(5,554)
Net cash provided by (used in) operating activities	\$ 573	\$ (64,714)

Washington Finance Officers Association

Notes to Financial Statements

Years Ended December 31, 2019 and 2018

NOTE 1 – ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Association:

Washington Finance Officers Association (the Association), a nonprofit corporation, promotes excellence in governmental finance in the state of Washington through leadership, education, and communication for the public benefit. To accomplish its mission, the Association conducts an annual conference, numerous seminars and classes, and facilitates cooperation and exchange of information among members.

Summary of Significant Accounting Policies:

Basis of presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and cash equivalents – For the purpose of the statements of cash flows, the Association considers highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The Association maintains its cash in bank accounts with financial institutions. Cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation at various times during the year; management does not consider this to be a significant risk.

Net assets – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and net asset changes are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

Financial instruments – At December 31, 2019 and 2018, the carrying value of the Association's financial instruments approximated fair value.

Washington Finance Officers Association

Notes to Financial Statements

Years Ended December 31, 2019 and 2018

NOTE 1 – ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Revenue recognition – The Association’s revenue is largely derived from membership dues, training classes, and the annual conference. Membership dues are recognized as revenue in the applicable membership period. Training and conference registration fees are recorded when earned. Refunds are recorded as a reduction to revenue in the appropriate period.

Income taxes – Under the provisions of Section 501(c)(3) of the Internal Revenue Code, the Association is exempt from federal income taxes, except for net income from unrelated business activities. For the years ended December 31, 2019 and 2018, the Association had no unrelated business activities subject to federal income tax. Management has evaluated the Association’s tax positions and concluded that the Association had taken no uncertain tax positions that require adjustments to the financial statements.

Allocations of functional expenses – Costs of providing program and support services have been summarized on a functional basis in the statement of activities and changes in net assets without donor restrictions. The financial statements report certain categories of expenses that are attributed to either program or general and administrative (supporting) function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Certain costs have been allocated amongst the program and supporting services based on their actual consumption or usage.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

New accounting pronouncements effective in future accounting periods –

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The amended guidance clarifies the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the Association for annual reporting periods beginning after December 15, 2019.

Washington Finance Officers Association

Notes to Financial Statements

Years Ended December 31, 2019 and 2018

NOTE 1 – ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

New accounting pronouncements effective in future accounting periods (continued) –

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this standard should assist entities in 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance, and 2) determining whether a contribution is conditional. This standard will be effective for contributions received for reporting periods beginning after December 15, 2019, and for contributions made for reporting periods beginning after December 15, 2020.

The Association's management is currently in the process of evaluating the impact of the adoption of these ASU's on the financial statements.

NOTE 2 – INFORMATION REGARDING LIQUIDITY AND AVAILABILITY:

The Association strives to maintain liquid financial assets sufficient to cover one-half of the conference expenditures and 60 days of general expenditures. Financial assets in excess of daily cash requirements are invested in money market funds.

The Association's financial assets as of December 31, 2019 and 2018, consisted of cash and cash equivalents of \$368,469 and \$367,896, respectively.

NOTE 3 – DEPOSITS:

The following deposits are conference and board meeting expense prepayments:

	At December 31,	
	2019	2018
Deposits for future conferences:		
2019 conference	\$ -	\$ 10,000
2019 board meetings	-	1,600
2020 conference	-	7,050
2020 board meetings	8,178	7,103
2021 board meetings	2,578	-
2022 conference	24,920	-
2022 board meetings	225	-
Total deposits for future conferences	\$ 35,901	\$ 25,753

Washington Finance Officers Association
Notes to Financial Statements
Years Ended December 31, 2019 and 2018

NOTE 4 – FINANCE CONTRACT FEES:

In March 2007, the Association entered into a master-financing contract with the Washington State Treasurer’s Office. The agreement provides financing to support the State’s consolidated program of lease and purchase of real and personal property for state and local agencies. Financing contracts and certificates are issued under the agreement. Financing contracts establish rental payments in amounts sufficient to satisfy principal and interest payments due on the certificates, and other responsibilities of the contracting parties. The certificates are payable solely from the payments of the state or local agency and the State of Washington contingent upon their ability to appropriate funds. The title to property is retained by the respective agency subject to a security interest for performance and payment of principal and interest. The Association receives fees as the nominal lessor when certificates are sold to state agencies.

The Association entered into various supplemental agreements, which assigned their rights to rental payments and security interest to a fiscal agent (a commercial bank). Ultimate risk of loss lies with the fiscal agent.

The Association earned finance contract fees related to this agreement totaling \$16,500 and \$11,000, for the years ended December 31, 2019 and 2018, respectively.

NOTE 5 – SUBSEQUENT EVENTS:

In March 2020, the federal government and the state of Washington issued guidelines for businesses to limit the spread of the virus COVID-19. The impact of these guidelines is widespread and specific impacts on the Association, its members, customers, and vendors cannot be predicted. Management is closely monitoring the situation and is limiting any potential negative impacts and disruptions to operations within their control. However, COVID-19 may affect the future revenue and expenses, as well as the recognition and measurement of assets and liabilities of the Association.

Subsequent events have been evaluated by management through November 10, 2020, which is the date the financial statements were available to be issued.