

**WASHINGTON FINANCE  
OFFICERS ASSOCIATION**

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**Financial Statements and  
Independent Auditors' Report**

**December 31, 2020**

# 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 organization), which comprise the statement of assets and net assets – modified cash basis as of December 31, 2020, and the related statement of revenues, expenses, and changes in net assets without donor restrictions - modified cash basis 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### *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 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 assets and net assets of Washington Finance Officers Association as of December 31, 2020, and its revenue and expenses for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

***Emphasis of Matter — Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Northwest CPA Group PLLC**

Tri-Cities, Washington  
July 14, 2021

**Washington Finance Officers Association**  
**Statement of Assets and**  
**Net Assets - Modified Cash Basis**  
**December 31, 2020**

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***ASSETS***

Cash and cash equivalents	\$ 392,250
Deposits	32,873
	<u>\$ 425,123</u>

***NET ASSETS***

Net assets without donor restrictions	<u>\$ 425,123</u>
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**Washington Finance Officers Association  
Statement of Revenues, Expenses and  
Changes in Net Assets Without Donor  
Restrictions - Modified Cash Basis  
Year Ended December 31, 2020**

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*REVENUE:*

Conference		\$ 134,275
Classes and seminars		36,860
Membership dues		63,425
Finance contract fees		16,500
Interest income		251
		251,311

*EXPENSES:*

Program services:		
Conferences	\$ 107,287	
Classes and seminars	30,175	
Member services	26,554	
Newsletter	1,300	
	165,316	
General and administrative:		
Board meetings	19,593	
Professional fees	17,880	
Bank fees	11,917	
Website enhancement	6,025	
Other conferences and meetings	2,701	
Insurance	2,236	
Office expenses	841	
Recruitment	687	
Travel	546	
Supplies	160	
Postage	57	
Other	521	
	63,164	
Total expenses		228,480

<i>CHANGES IN NET ASSETS</i>	22,831
<i>NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR</i>	402,292
<i>NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR</i>	\$ 425,123

# Washington Finance Officers Association

## Notes to Financial Statements

### Year Ended December 31, 2020

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#### **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 accounting* – The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Consequently, the Association has not recognized accounts receivable or deferred revenue from members/customers or accounts payable to vendors and their related effects on earnings in the accompanying financial statements. However, the Association has included in net assets – conference deposits designated for future periods, which will be expensed at the time of the respective conference.

*Change in basis of accounting* – Effective January 1, 2020, the Association changed its basis of accounting from accounting principles generally accepted in the United States of America to the modified cash basis to provide a more meaningful financial statement presentation to the Association's financial statement users. The effect of the change at January 1, 2020, in the amount of \$16,702, has been applied retrospectively through an addition in net assets without donor restrictions.

*Cash and cash equivalents* – 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.

# Washington Finance Officers Association

## Notes to Financial Statements

### Year Ended December 31, 2020

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

##### *Summary of Significant Accounting Policies (continued):*

*Net assets* – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed 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.

*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 year ended December 31, 2020, 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 revenues, expenses, and 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.

# Washington Finance Officers Association

## Notes to Financial Statements

### Year Ended December 31, 2020

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**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, 2020, consisted of cash and cash equivalents of \$392,250.

**NOTE 3 – DEPOSITS:**

The following deposits are conference and board meeting expense prepayments at December 31, 2020:

Deposits for Future Conferences:	
2021 Board Meetings	\$ 500
2022 Conference	28,870
2022 Board Meetings	2,303
2023 Conference	1,200
Total Deposits for Future Conferences	<u>\$ 32,873</u>

**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.

**Washington Finance Officers Association**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

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***NOTE 4 – FINANCE CONTRACT FEES (continued):***

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, for the year ended December 31, 2020.

***NOTE 5 – RISKS AND UNCERTAINTIES:***

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 of the Association.

***NOTE 6 – SUBSEQUENT EVENTS:***

Subsequent events have been evaluated by management through July 14, 2021, which is the date the financial statements were available to be issued.