

FLORIDA GOVERNMENT FINANCE
OFFICERS ASSOCIATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

DRAFT

Florida Government Finance Officers Association, Inc.
Financial Statements
June 30, 2023 and 2022

TABLE OF CONTENTS

<u>Title</u>	<u>Page Number</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6 - 11

DRAFT

SHORSTEIN & SHORSTEIN, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

8265 BAYBERRY ROAD

JACKSONVILLE, FLORIDA 32256

JACK F. SHORSTEIN, C.P.A., J.D. (1929-2014)

SAMUEL R. SHORSTEIN

MARK J. SHORSTEIN, C.P.A.

BENJAMIN I. SHORSTEIN, C.P.A.

BARBARA J. HOUSTON, C.P.A.

MARGARET R. CONOVER, C.P.A.

JEFFREY C. PHILLIPS, C.P.A.

MICHAEL K. PARRISH, C.P.A.

TELEPHONE (904) 739-1311

FACSIMILE (904) 739-2069

WWW.SHORSTEINCPA.COM

JOAN B. MOELL, C.P.A.

WALTER L. HUNTER, C.P.A.

MELISSA R. STEPHENS, C.P.A.

PHILLIP H. CAMPBELL, C.P.A.

JEWEL A. MCCANCE, C.P.A.

BEVERLY W. PARKER, C.P.A.

MICHAEL H. BROSS, C.P.A.

MARINA CUNNINGHAM, C.P.A.

DATE

Independent Auditor's Report

To the Board of Directors of the
Florida Government Finance
Officers Association, Inc.:

Opinion

We have audited the accompanying financial statements of the Florida Government Finance Officers Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and cash flows for the years 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 the Florida Government Finance Officers Association, Inc. as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits 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 the Florida Government Finance Officers Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility 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 the Florida Government Finance Officers Association, Inc.'s 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 the Florida Government Finance Officers Association, Inc.'s 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 the Florida Government Finance Officers Association, Inc.'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.

Florida Government Finance Officers Association, Inc.

*STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

ASSETS

	<u>2023</u>	<u>2022</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 859,512	\$ 782,304
Investments	252,928	195,549
Accounts Receivable - Other	7,930	8,144
Deposits	2,550	1,000
Prepaid Expenses and Other Current Assets	7,082	6,508
Total Current Assets	<u>1,130,002</u>	<u>993,505</u>
<u>Equipment</u>		
Computers and Equipment	1,274	2,162
Less: Accumulated Depreciation	<u>(1,274)</u>	<u>(2,098)</u>
Net Equipment	<u>-</u>	<u>64</u>
<u>Other Assets</u>		
Deposits	<u>1,500</u>	<u>4,000</u>
Total Other Assets	<u>1,500</u>	<u>4,000</u>
Total Assets	<u>\$ 1,131,502</u>	<u>\$ 997,569</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accounts Payable	<u>\$ 741,254</u>	<u>\$ 450,227</u>
Total Current Liabilities	741,254	450,227
<u>Net Assets Without Donor Restrictions</u>	<u>390,248</u>	<u>547,342</u>
Total Liabilities and Net Assets	<u>\$ 1,131,502</u>	<u>\$ 997,569</u>

*The accompanying notes are an integral part of these financial statements.

Florida Government Finance Officers Association, Inc.
 *STATEMENTS OF ACTIVITIES
 For the Years Ended June 30, 2023 and 2022

	Year Ended June 30, 2023	Year Ended June 30, 2022
<u>Revenues</u>		
Membership Dues	\$ 154,250	\$ 144,700
Conference Revenue	709,530	649,544
School of Governmental Finance	47,100	141,905
Investment Income	3,879	538
Leadership FGFOA	19,900	19,900
Other Programs (CGFO, Boot Camps, Divergent)	97,105	97,280
Total Revenues	1,031,764	1,053,867
<u>Expenses</u>		
Conference Expenses	801,533	706,744
School of Governmental Finance	45,906	104,909
Seminars	37,215	31,583
Leadership FGFOA	60,654	68,230
Other Programs (CGFO, Boot Camps, Divergent)	116,749	121,487
Management and General	126,801	115,374
Total Expenses	1,188,858	1,148,327
<u>(Decrease) in Net Assets Without Donor Restrictions</u>	(157,094)	(94,460)
<u>Net Assets Without Donor Restrictions, Beginning of Year</u>	547,342	641,802
<u>Net Assets Without Donor Restrictions, End of Year</u>	\$ 390,248	\$ 547,342

*The accompanying notes are an integral part of these financial statements.

Florida Government Finance Officers Association, Inc.
*STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022

	Year Ended June 30, 2023	Year Ended June 30, 2022
<u>Cash Flows from Operating Activities</u>		
Receipts from Members and Associates	\$ 732,455	\$ 692,310
Receipts from Exhibitors and Hotel Sites	295,510	352,859
Interest and Dividends	4,013	556
Fees Paid to Florida League of Cities, Inc.	(197,957)	(145,173)
Payments to Vendors	(699,434)	(596,684)
Net Cash Provided by Operating Activities	<u>134,587</u>	<u>303,868</u>
<u>Cash Flows from Investing Activities</u>		
Proceeds from Redemption of Certificates of Deposit	196,003	195,530
Investment in Certificates of Deposit	(253,382)	(196,057)
Net Cash Used by Investing Activities	<u>(57,379)</u>	<u>(527)</u>
<u>Net Increase in Cash and Cash Equivalents</u>	77,208	303,341
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>782,304</u>	<u>478,963</u>
<u>Cash and Cash Equivalents, End of Year</u>	<u>\$ 859,512</u>	<u>\$ 782,304</u>

*The accompanying notes are an integral part of these financial statements.

Florida Government Finance Officers Association, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

Note 1- Organization and Significant Accounting Policies

- A. The Florida Government Finance Officers Association, Inc. (Association) is an organization whose purpose is to promote the improvement of government financial administration in Florida.
- B. 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.
- C. Revenues and expenses are recorded on the accrual basis.
- D. The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.
- E. The Association reports donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted program revenue.
- F. The Association is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code except on net income derived from unrelated business activities.
- G. The Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.
- H. The Association maintains a portion of its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The amount on deposit in excess of federally insured limits was approximately \$597,000 at June 30, 2023 and \$516,000 at June 30, 2022. Additionally, approximately \$17,300 was invested in a money market account at June 30, 2023 and \$16,700 at June 30, 2022, which is not insured. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.
- I. Equipment is recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives.
- J. Association policy established by the Board of Directors requires that net assets be maintained at a minimum level equal to twice the average monthly operating expenses for the prior three-year period.
- K. Management has evaluated subsequent events through _____, the date the financial statements were available to be issued.

Florida Government Finance Officers Association, Inc.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023 and 2022

Note 2 – Investments

The Association held one certificate of deposit as of June 30, 2023 and two as of June 30, 2022. The interest rate for the certificate held at June 30, 2023 was 3.32%. Interest rates for the certificates held at June 30, 2022 were .03% and .4%. The certificate held at June 30, 2023 matures February 22, 2024. The certificates held on June 30, 2022 were closed in December 2022 & March 2023.

These certificates of deposit are not *securities* as defined by current financial accounting standards; therefore, the disclosures about fair-value measurements are not applicable. They are valued at cost plus accrued interest, which approximates fair value due to their relatively short terms.

Investment income is summarized as follows:

	2023	2022
Interest Income	\$ 3,248	\$ 510
Dividend Income	631	28
Total	\$ 3,879	\$ 538

Note 3 – Revenue Recognition

Payment of fees for the Association’s conference and educational/developmental programs is generally required at the time of registration although in some cases the fees are billed when due, resulting in accounts receivable. The Association recognizes revenue when the events have been completed. Payment of membership dues is required at the beginning of the membership period, which is the fiscal year, and dues revenue is recognized ratably over the same period, since the benefits to Association members are consistent throughout the year. Amounts received in advance are deferred to the applicable periods, resulting in contract liabilities. Beginning and ending balances from these transactions with members are presented on the statements of financial position as accounts receivable and deferred revenues.

Substantially all revenue relates to activities of Association members who are financial professionals serving Florida municipalities, providing stability with respect to the nature, amount and timing of revenue and cash flows.

Florida Government Finance Officers Association, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

Note 4 – Administrative Fees

The Association engages the Florida League of Cities, Inc. (FLC) to provide administrative services for an annual fee plus reimbursement of certain out-of-pocket expenses. In September 2020, the administrative services agreement was extended through June 30, 2023. The fee arrangement is based on a fee of \$125,000 for the year ended June 30, 2021, with an annual increase of 3% for the next two years.

In August 2023, the Association entered into a new administrative services agreement with FLC. The agreement is for a three-year term ending June 30, 2026. The fee arrangement is based on a fee of \$137,000 for the year ended June 30, 2024, with an annual increase of 3% for the next two years.

Administrative fees of \$133,000 and \$128,750 were incurred during the years ended June 30, 2023 and 2022, respectively.

Accounts payable at June 30, 2023 and 2022 included \$709,861 and \$373,633, respectively, in fees and expense reimbursements due to FLC.

Note 5 – Meeting Management Fees

The Association engages FLC to provide meeting management services for the Association's Annual Conference and School of Governmental Finance (SOGF) for fees based on the number of registrants. The Association also engages the FLC to provide meeting management services for the Association's Leadership FGFOA Conference. The contract also provides for reimbursement to FLC for certain out-of-pocket expenses. In September 2020, the current agreement was extended through June 30, 2023 and is cancelable by either party with 120 days written notice.

In August 2023, the Association entered into a new meeting management agreement with FLC. The agreement is for a three-year term ending June 30, 2026 and is cancelable by either party with 120 days written notice.

The rates of \$30 per Annual Conference registrant and \$25 per SOGF registrant remain unchanged. However, should either event offer a virtual registration option, the fee will be \$10 per paid virtual registrant.

Meeting management fees of \$36,400 and \$34,570 were incurred during the years ended June 30, 2023 and 2022, respectively. The SOGF was held virtually due to Hurricane Ian.

Florida Government Finance Officers Association, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

Note 6 – Liquidity and Availability of Financial Assets

As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Association invests cash in excess of immediate requirements in a money-market account.

The Association's governing board has designated, from net assets without donor restrictions of \$390,248, a minimum liquidity reserve of approximately \$142,356 as of June 30, 2023.

The Association's financial assets available for general expenditures within one year of the statement of financial position date are as follows:

Cash and cash equivalents and investments	\$ 1,112,440
Accounts receivable	<u>7,930</u>
Financial assets at year-end	1,120,370
Board-designated liquidity reserve	<u>(142,356)</u>
Financial assets available for general expenditures within one year	<u><u>\$ 978,014</u></u>

Florida Government Finance Officers Association, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

Note 7 – Allocation of Expenses

The tables below present expenses by both their nature and their function for June 30, 2023 and 2022:

June 30, 2023

	Program Activities					Supporting Activities		Total Expenses	
	Annual Conference	SOGF	Seminars	Leadership	Other Programs	Program Subtotal	Mgmt and General		Supporting Subtotal
Administration Fees	\$ -	\$ -	\$ -	\$ -	\$ 66,500	\$ 66,500	\$ 66,500	\$ 66,500	\$ 133,000
Pre-Conference Expenses	-	-	37,215	-	-	37,215	-	-	37,215
Bank Fees	12,523	12,523	-	-	-	25,046	12,524	12,524	37,570
CGFO Program	-	-	-	-	400	400	-	-	400
GFOA Conference	-	-	-	-	6,633	6,633	-	-	6,633
Meeting Expenses	15,898	15,898	-	-	3,912	35,708	33,899	33,899	69,607
Office and Administrative Expenses	-	-	-	-	3,991	3,991	8,366	8,366	12,357
School of Governmental Finance	-	13,768	-	-	-	13,768	-	-	13,768
Annual Conference	769,395	-	-	-	-	769,395	-	-	769,395
Auditor Fee	3,717	3,717	-	-	-	7,434	3,716	3,716	11,150
Leadership Conference	-	-	-	60,654	-	60,654	-	-	60,654
Boot Camp Conference	-	-	-	-	35,313	35,313	-	-	35,313
Depreciation	-	-	-	-	-	-	64	64	64
Travel	-	-	-	-	-	-	1,732	1,732	1,732
Total Expenses	\$801,533	\$ 45,906	\$ 37,215	\$ 60,654	\$116,749	\$ 1,062,057	\$126,801	\$126,801	\$ 1,188,858

Florida Government Finance Officers Association, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

Note 7 – Allocation of Expenses (Continued)

June 30, 2022

	Program Activities					Supporting Activities		Total Expenses	
	Annual Conference	SOGF	Seminars	Leadership	Other Programs	Program Subtotal	Mgmt and General		Supporting Subtotal
Administration Fees	\$ -	\$ -	\$ -	\$ -	\$ 64,375	\$ 64,375	\$ 64,375	\$ 64,375	\$ 128,750
Pre Conference Expenses	-	-	31,583	-	-	31,583	-	-	31,583
Bank Fees	9,290	9,290	-	-	-	18,580	9,290	9,290	27,870
CGFO Program	-	-	-	-	3,213	3,213	-	-	3,213
GFOA Conference	-	-	-	-	15,428	15,428	-	-	15,428
Meeting Expenses	13,643	13,643	-	-	6,269	33,555	26,393	26,393	59,948
Office and Administrative Expenses	-	-	-	-	3,239	3,239	11,144	11,144	14,383
School of Governmental Finance	-	78,439	-	-	-	78,439	-	-	78,439
Annual Conference	680,275	-	-	-	-	680,275	-	-	680,275
Auditor Fee	3,536	3,537	-	-	-	7,073	3,537	3,537	10,610
Leadership Conference	-	-	-	68,230	-	68,230	-	-	68,230
Boot Camp Conference	-	-	-	-	28,963	28,963	-	-	28,963
Depreciation	-	-	-	-	-	-	127	127	127
Travel	-	-	-	-	-	-	508	508	508
Total Expenses	\$706,744	\$104,909	\$ 31,583	\$ 68,230	\$121,487	\$ 1,032,953	\$115,374	\$115,374	\$ 1,148,327

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include bank fees, administration fees, meeting expenses, office and administrative expenses and auditor fees. The allocation is based on the estimated percentage of each shared expense utilized for the respective functional category.