

**MARYLAND GOVERNMENT FINANCE
OFFICERS ASSOCIATION, INC.**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

MARYLAND GOVERNMENT FINANCE OFFICERS ASSOCIATION, INC.
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CliftonLarsonAllen LLP
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ACCOUNTANTS' COMPILATION REPORT

The Executive Committee
Maryland Government Finance Officers Association, Inc.
Annapolis, Maryland

Management is responsible for the accompanying financial statements of the Maryland Government Finance Officers Association, Inc. (the Association), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We are not independent with respect to the Association.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
March 2, 2020

MARYLAND GOVERNMENT FINANCE OFFICERS ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 195,438	\$ 125,049
Investments	50,517	47,178
Receivables	16,672	17,950
Inventory - Speaker Gifts	3,764	-
	\$ 266,391	\$ 190,177
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 98,557	\$ 62,752
Deferred Revenue	8,140	9,790
Total Liabilities	106,697	72,542
NET ASSETS		
With Donor Restrictions	2,548	3,156
Without Donor Restrictions	157,146	114,479
Total Net Assets	159,694	117,635
Total Liabilities and Net Assets	\$ 266,391	\$ 190,177

See accompanying Notes to Financial Statements.

MARYLAND GOVERNMENT FINANCE OFFICERS ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Conferences, Meetings, and Seminars	\$ 206,898	\$ -	\$ 206,898	\$ 206,208	\$ -	\$ 206,208
Membership Dues	25,705	-	25,705	26,705	-	26,705
Dividend Income	1,194	-	1,194	1,016	-	1,016
Realized and Unrealized Gain (Loss) on Investments	2,166	-	2,166	(1,371)	-	(1,371)
In-Kind Services	24,006	-	24,006	24,758	-	24,758
Sponsorships	74,731	-	74,731	81,395	-	81,395
Release of Restrictions	608	(608)	-	608	(608)	-
Total Revenues and Other Support	<u>335,308</u>	<u>(608)</u>	<u>334,700</u>	<u>339,319</u>	<u>(608)</u>	<u>338,711</u>
EXPENSES						
Program Services:						
Conferences, Meetings, and Seminars:						
Meeting Facilities	150,997	-	150,997	156,918	-	156,918
Supplies	7,933	-	7,933	5,497	-	5,497
Audio/Visual	7,405	-	7,405	11,393	-	11,393
Speaker Expenses	11,290	-	11,290	14,673	-	14,673
Review Course Expenses	11,757	-	11,757	9,744	-	9,744
Sponsorship Commissions	1,009	-	1,009	92	-	92
Summer Conference Events	14,854	-	14,854	14,175	-	14,175
Other Miscellaneous	11,082	-	11,082	6,171	-	6,171
Total Conferences, Meetings, and Seminars	<u>216,327</u>	<u>-</u>	<u>216,327</u>	<u>218,663</u>	<u>-</u>	<u>218,663</u>
Executive Committee:						
Meeting Facilities	5,339	-	5,339	5,808	-	5,808
Other	2,412	-	2,412	1,977	-	1,977
Total Executive Committee	<u>7,751</u>	<u>-</u>	<u>7,751</u>	<u>7,785</u>	<u>-</u>	<u>7,785</u>
Scholarships	608	-	608	608	-	608
Total Program Services	<u>224,686</u>	<u>-</u>	<u>224,686</u>	<u>227,056</u>	<u>-</u>	<u>227,056</u>
General and Administrative:						
Administrative Fee	48,800	-	48,800	47,814	-	47,814
Bank Fees	8,180	-	8,180	14,115	-	14,115
Professional Fees	7,515	-	7,515	2,200	-	2,200
Miscellaneous Administrative Expenses	3,460	-	3,460	22,494	-	22,494
Total General and Administrative	<u>67,955</u>	<u>-</u>	<u>67,955</u>	<u>86,623</u>	<u>-</u>	<u>86,623</u>
Total Expenses	<u>292,641</u>	<u>-</u>	<u>292,641</u>	<u>313,679</u>	<u>-</u>	<u>313,679</u>
CHANGE IN NET ASSETS	42,667	(608)	42,059	25,640	(608)	25,032
Net Assets - Beginning of Year	114,479	3,156	117,635	88,839	3,764	92,603
NET ASSETS - END OF YEAR	<u>\$ 157,146</u>	<u>\$ 2,548</u>	<u>\$ 159,694</u>	<u>\$ 114,479</u>	<u>\$ 3,156</u>	<u>\$ 117,635</u>

See accompanying Notes to Financial Statements.

MARYLAND GOVERNMENT FINANCE OFFICERS ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Conferences, Meetings, and Seminars	\$ 208,176	\$ 198,046
Cash Paid to Vendors and Suppliers	(232,830)	(286,637)
Cash Received from Members and Sponsors	98,786	106,780
Dividends Received	1,194	1,016
Net Cash Provided by Operating Activities	75,326	19,205
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Purchases of Investments	(4,937)	(1,016)
NET INCREASE IN CASH AND CASH EQUIVALENTS	70,389	18,189
Cash and Cash Equivalents - Beginning of Year	125,049	106,860
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 195,438	\$ 125,049
RECONCILIATION OF NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Changes in Net Assets	\$ 42,059	\$ 25,032
Realized and Unrealized (Gain) Loss on Investments	(2,166)	1,390
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	1,278	(8,162)
Accounts Payable	35,805	2,265
Deferred Revenue	(1,650)	(1,320)
Net Cash Provided by Operating Activities	\$ 75,326	\$ 19,205

See accompanying Notes to Financial Statements.

MARYLAND GOVERNMENT FINANCE OFFICERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Maryland Government Finance Officers Association, Inc. (the Association) is a nonprofit Association of finance persons in a public jurisdiction of the state of Maryland or any other persons interested in the principles and practices of governmental finance. The purpose of this Association is to promote the professional practice of government financial management including: accounting, auditing, budgeting, debt management, education, financial reporting, recruitment, training, treasury management, and other matters of mutual interest to the members.

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting and in accordance with Accounting Codification Section FASB ASC 958.

Estimates, Risks and Uncertainties

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents for purposes of the statements of cash flows consists of deposits with financial institutions, a money market mutual fund and investment securities with a maturity of three months or less at the time of purchase.

Investments

Investments are reported at fair value, and any realized and unrealized gains, losses, and investment income are reflected in the statement of activities as a change in unrestricted net assets, unless their use is restricted by explicit donor-imposed stipulations or by law.

Accounts Receivable

Accounts receivable are carried at unpaid balances, less an allowance for doubtful accounts. Management reviews receivables to determine if any receivables are potentially uncollectible. Receivable balances that are determined to be uncollectible are included in the allowance for doubtful accounts. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. No allowance was considered necessary at June 30, 2019 and 2018.

Revenue Recognition

Membership fees are recognized ratably over the terms of the membership. Sponsorship revenues are recognized ratably over the sponsorship period. Conference revenue is recognized at the time the conference occurs. Unearned membership dues and registration fees are recorded as deferred revenue.

MARYLAND GOVERNMENT FINANCE OFFICERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on both a functional basis and natural in the statements of activities. The allocations are based on estimates of time and effort.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods, except for the liquidity disclosure which is for the current year only.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and Cash Equivalents	\$ 195,438
Operating Investments	50,517
Accounts Receivable	16,672
Less: Amounts Unavailable for General Disbursement	(2,548)
Total	\$ 260,079

MARYLAND GOVERNMENT FINANCE OFFICERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 3 CASH EQUIVALENTS

Included in cash and cash equivalents at June 30, 2019 and 2018 are 6,433 and 6,331 shares (\$1 value/share), respectively, of the T. Rowe Price Prime Reserve Fund, a money market fund seeking preservation of capital, liquidity, and consistent with these objectives, the highest possible current income.

NOTE 4 FAIR VALUE MEASUREMENTS

ASC 820-10-35-37 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under ACS 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liabilities;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019 and 2018.

Money Market Funds: Valued and transacted at a stable \$1.00 net asset value, which approximates fair value. The money market fund the Association invests in is actively traded on the market and is, therefore, classified as a Level 1 investment.

Fixed Income Mutual Funds: The market value is based on the net asset value, as quoted in an active market, which is determined by the amount of shares held by the Association at year-end. Such securities are classified as a Level 1 investment.

MARYLAND GOVERNMENT FINANCE OFFICERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value as of June 30:

	2019			
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
Money Market Mutual Fund	\$ 6,433	\$ -	\$ -	\$ 6,433
Fixed Income Mutual Funds	44,084	-	-	44,084
Total	<u>\$ 50,517</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,517</u>

	2018			
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
Money Market Mutual Fund	\$ 6,331	\$ -	\$ -	\$ 6,331
Fixed Income Mutual Fund	40,847	-	-	40,847
Total	<u>\$ 47,178</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,178</u>

NOTE 5 TAX STATUS OF THE ASSOCIATION

On February 3, 1977, the Internal Revenue Service granted the Association a certificate of exemption from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. During 2008, the tax-exempt status of the Association was changed to 501(c)(3). Therefore, the accompanying financial statements do not reflect any provision or liability for federal or state income taxes.

NOTE 6 UNCERTAINTY IN INCOME TAXES

The Association follows the FASB requirements for accounting for uncertain tax positions. The Association has determined that they are not required to record a liability related to uncertain tax positions.

MARYLAND GOVERNMENT FINANCE OFFICERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 7 CONTRIBUTIONS IN-KIND

The Association receives professional services and sponsored events at the Association's conferences donated by companies that support the Association's mission. These in-kind contributions include accounting services as well as sponsored networking events during the Association's summer conference. The value of these donated services and sponsored events that are included in the financial statements and the corresponding expenses for the years ended June 30, 2019 and 2018 are \$24,006 and \$24,758, respectively.

NOTE 8 SUBSEQUENT EVENT

Management evaluated subsequent events through March 2, 2020, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2019, but prior to March 2, 2020 that provided additional evidence about conditions that existed at June 30, 2019, have been recognized in the financial statements for the year ended June 30, 2019. Events or transactions that provided evidence about conditions that did not exist at June 30, 2019 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2019.