Northern Virginia Chapter

Association of Government Accountants

Financial Statements

For the Fiscal Years Ended June 30, 2018 and 2017

Northern Virginia Chapter Association of Government Accountants

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees of
Northern Virginia Chapter Association of Government Accountants
P.O. Box 23692
Washington, DC 20026-692

I have reviewed the accompanying financial statements of Northern Virginia Chapter Association of Government Accountants (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

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.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Felix Lindeire

Rockville, Maryland
March 14, 2019

Northern Virginia Chapter Association of Government Accountants

Statement of Financial Position
For the Fiscal Years Ended June 30, 2018 and 2017

	2018	2017
Assets		
Current Assets		
Cash and Cash Equivalents	$ 55,939	$ 80,768
Investments	5,628	5,628
Accounts Receivable	8,405	2,000
Total Current Assets	69,972	88,396
Total Assets	**$ 69,972**	**$ 88,396**
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	$ 5,994	$ 529
Total Current Liabilities	5,994	529
Total Liabilities	5,994	529
Net Assets		
Net Assets without Donor Restrictio	63,978	87,866
Total Net Assets	63,978	87,866
Total Liabilities and Net Assets	**$ 69,972**	**$ 88,396**

See accompanying notes to the financial statements.

Northern Virginia Chapter Association of Government Accountants
Statement of Activities for the Fiscal Years Ended June 30, 2018 and 2017

	2018	2017
Revenue, Gains, and Other Support		
Corporate Sponsorship	$ 20,791	$ 17,642
Other Contributions	2,727	305
Registration Fees	10,256	10,112
Membership Dues	9,627	7,908
Fundraising Activities	90	490
Other Income - Interest	44	41
Total Revenue, Gains, and Other Support	43,534	36,498
Expenses and Losses		
Chapter Meetings		
Food & Beverage	5,215	11,223
Facilities Rental	40,347	19,671
Speaker Fees	693	1,104
Scholarships	-	1,667
Cash Awards and Grants	1,000	-
Charitable Contributions	3,999	4,549
Networking Events	8,442	14,494
Membership relations materials	545	952
Supplies	382	9
Website, Teleconference	453	302
Bank Fees	34	15
Insurance	194	500
Accounting Fees	5,000	5,000
Postage & Mailing Service	67	218
Business Management	24	463
Fundraising	90	1,064
Bad Debt Expense	-	95
Total Expenses and Losses	66,484	61,328
Change in net assets		
Changes in net assets without donor restrictions	(22,949)	(24,830)
(Decrease) Increase in net assets	**(22,949)**	**(24,830)**
Net Assets at beginning of year	87,866	112,696
Net assets at end of year	**$ 64,917**	**$ 87,866**

See accompanying notes to the financial statements.

Northern Virginia Chapter Association of Government Accountants

Statement of Cash Flows
For the Fiscal Years Ended June 30, 2018 and 2017

	2018	2017
Change in Net Assets	$ (23,888)	$ (24,830)
Cash flows from Operating Activities		
(Increase) Decrease in Accounts Receivable	(6,405)	20,000
Increase in Investing Activities	-	-
Decrease in Accounts Payable	5,464	(370)
Net Cash Used In Operating Activities	(24,829)	(5,199)
Cash Flows from Investing Activities		
Cash Flows from Financing Activities		
Net Cash Provided by Financing Activities	-	-
Net Decrease in Cash and Cash Equivalents	**(24,829)**	**(5,199)**
Cash and Cash Equivalents at Beginning of Year	86,396	91,595
Cash and Cash Equivalents at End of Year	**$ 61,567**	**$ 86,396**

See accompanying notes to the financial statements.

Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2018 and 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Northern Virginia Chapter, Association of Government Accountants (NOVAGA) is a nonprofit corporation that was granted a charter under the Association of Government Accountants and formed under the laws of the Commonwealth of Virginia in June 1969, with a purpose to serve professionals in the government financial management community by providing quality education, fostering professional development and certification, and supporting standards and research to advance government accountability.

Basis of Accounting

The financial statements of the NOVAGA have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

In May 2014, the FASB issued a standard on Revenue from Contracts with Customers. This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating the transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard is effective for fiscal years beginning after December 15, 2017. NOVAGA is evaluating the impact this will have on the combined financial statements beginning in fiscal year 2018, if applicable.

In April 2015, the FASB issued a standard on Simplifying the Presentation of Debt Issuance Costs. This standard requires all costs incurred to issue debt to be presented in the statement of financial position as a direct deduction from the carrying value of the associated debt liability. The standard is effective for fiscal years beginning after December 15, 2016. Early adoption is permitted. NOVAGA is evaluating the impact this will have on the combined financial statements beginning in fiscal year 2017, if applicable.

In May 2015, the FASB issued a standard on Fair Value Measurement: Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). The guidance removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share ("NAV") as a practical expedient. The standard is effective for non-public entities for interim and annual reporting periods beginning after December 15, 2016 and should be applied retrospectively. Early application is permitted. NOVAGA is evaluating the impact this will have on the combined financial statements beginning in fiscal year 2017, if applicable.

In January 2016, the FASB issued a standard on Financial Instruments—Overall: Recognition and Measurement of Financial Assets and Financial Liabilities. The amendments eliminate the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities. The standard is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted for all financial statements of fiscal years that have not yet been issued. NOVAGA is evaluating the impact this will have on the combined
financial statements beginning in the fiscal year 2019, is applicable.

In February 2016, the FASB issued a standard on Leases. The standard requires recognition of rights and obligations arising from lease contracts, including existing and new arrangements, as assets and liabilities on the statement of financial position. The standard is effective for annual reporting periods beginning after December 15, 2018. NOVAGA is evaluating the impact this will have on the combined financial statements beginning in fiscal year 2019, if applicable.

In August 2016, the FASB issued a standard on Presentation of Financial Statements for Not-for- Profit Entities, which makes targeted changes to the not-for-profit financial reporting model. The new ASU marks the completion of the first phase of a larger project aimed at improving not-for- profit financial reporting. Under the new standard, net asset reporting will be streamlined and clarified. The existing three-category classification of net assets will be replaced with a simplified model that combines temporarily restricted and permanently restricted into a single category called "net assets with donor restrictions." The guidance for classifying deficiencies in endowment funds and on accounting for the lapsing of restrictions on gifts to acquire property, plant, and equipment have also been simplified and clarified. New disclosures will highlight restrictions on the use of resources that make otherwise liquid assets unavailable for meeting near-term financial requirements. Not-for-profits will continue to have flexibility to decide whether to report an operating subtotal and if so, to self-define what is included or excluded. However, if the operating subtotal includes internal transfers made by the governing board, transparent disclosure must be provided. The standard also imposes several new requirements related to reporting expenses, including providing information about expenses by their natural classification. The standard is effective for fiscal years beginning after December 15, 2017 or fiscal year 2019 for early adoption is permitted. NOVAGA is evaluating the impact of the new guidance on the financial statements.

Basis of Presentation

NOVAGA financial statements follow accounting standards of not-for-profit entities in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, Not-for-Profit Entities Presentation. Under those standards, NOVAGA is required to report information regarding its financial position and activities in two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. NOVAGA's net assets have been classified and reported as follows:

•Net Assets with Donor Restrictions – Net assets that are subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

•Net Assets without Donor Restrictions – The part of net assets that is no subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). There were no net assets with donor restrictions reported in June 30, 2018 and 2017.

Cash and Cash Equivalents

NOVAGA defines cash and cash equivalents as cash on hand, demand deposits and short-term investments with maturities of three months or less when purchased. The carrying amount of cash equivalents approximates fair value. Additional information regarding the NOVAGA's fair value methodologies for investments is provided in footnote 5, Fair Value Measurements.

Investments

Investments are stated at fair value in the statement of financial position. The change in unrealized appreciation or depreciation of investments is reflected in the statements of activities. Investment income includes interest and dividend income, realized and unrealized gains and losses, and are recognized as revenue and reported in the consolidated statement of activities and changes in net assets. Additional information regarding the NOVAGA's fair value methodologies for investments is provided in footnote 5, Fair Value Measurements. These valuations necessarily involve assumptions and estimation methods which are subject to uncertainty, and therefore the estimates could differ materially from actual results. NOVAGA reviews and evaluates the valuation methods and assumptions used in determining the fair value of the investments.

Accounts Receivable

Accounts Receivables are booked when invoiced or when commitments for contributions are made. NOVAGA uses the direct write-off method for uncollectible accounts receivable, as opposed to the allowance method, because of the varying degree of collectability from period to period. Using the allowance method would cause accounts receivable to materially vary from year to year. Further, the majority of accounts receivable recognized consists of unconditional pledges or membership dues, which materially vary from year to year, but may be easily justified as to collectability. Therefore, the direct write-off method more accurately reflects the economic phenomena of NOVAGA. In fiscal year ending June 30, 2018, there were no bad debts expensed.

Federal Income Taxes

NOVAGA is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. This section allows an organization to be exempt if it operates exclusively to promote social welfare. NOVAGA has no income subject to taxation as unrelated business income.

Use of Estimates

The preparation of financial statements in accordance with US GAAP 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 revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include collectability of accounts receivable and fair value measurement. Actual results could differ materially, in the near term, from the amounts reported.

NOTE 2: REVENUE

Revenue from unrestricted contributions is recognized when pledged. NOVAGA reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities 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 restrictions. Revenue from contracts is recognized as the related qualifying expenses are incurred. Revenue is deferred when funds are received but not yet expended for the contractual purpose.

NOTE 3: ALLOCATION OF JOINT COSTS

In 2018, NOVAGA conducted membership development activities that included solicitation of membership dues and solicitation of contributions. Those activities included open chapter meetings, guest speakers, membership relations materials, and special networking events. The costs of conducting those activities included a total of $48,517 of joint costs, which are not specifically attributable to particular components of the activities (joint costs). These joint costs were allocated as follows.

Charter meeting	$46,562
Supplies (Charter meetings)	382
Speaker Fees	693
Networking Events	8,442
Membership Relation	545
Fund Raising	90
Total	$56,714

NOTE 4: CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject NOVAGA to significant concentrations of credit risk principally consist of cash and cash equivalents, investments, and accounts receivable. NOVAGA maintains bank accounts at an institution that is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000.

NOTE 5: FAIR VALUE MEASUREMENTS

Authoritative guidance on fair value measurements establishes 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).

Observable inputs reflect market data obtained from sources independent of NOVAGA and unobservable inputs reflect management's assumptions about how market participants would value an asset or liability based on the best information available. NOVAGA follows the guidance and adopts a three-level hierarchy which prioritizes the inputs, of which the first two are considered observable and the last unobservable. The three levels of the fair value hierarchy under the authoritative guidance are as follows:

- •Level 1 is based upon quoted prices in active markets that NOVAGA has the ability to access for identical assets or liabilities. Market price data is generally obtained from exchange or dealer markets. NOVAGA does not adjust the quoted price for such assets and liabilities.
- Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers and brokers.
- Level 3 is based on valuation techniques that use significant inputs that are unobservable as they trade infrequently or not at all.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. NOVAGA assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer. There were no transfers among Levels 1, 2 and 3 during the fiscal year.

The following table presents the financial instruments carried at fair value as of June 30, 2018, by caption on the statement of financial position based on the valuation hierarchy defined above:

	Quoted Prices in Active Markets for Identifiable Assets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Cash Equivalent		$ 55,939		$ 55,939
Investment				
Certificate of Deposit		$ 5,628		$ 5,628

The following table presents the financial instruments carried at fair value as of June 30, 2017, by caption on the statement of financial position based on the valuation hierarchy defined above:

	Quoted Prices in Active Markets for Identifiable Assets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Cash Equivalent		$ 80,768		$ 80,768
Investment				
Certificate of Deposit		$ 5,628		$ 5,628

NOTE 6: SUBSEQUENT EVENTS
NOVAGA has performed an evaluation of subsequent events through March 14, 2019, which is the date the financial statements were issued, noting no additional events which affect the financial statements as of June 30, 2018.