

**Government Finance Officers
Association of the United
States and Canada
and
GFOA Endowment
Corporation**

Consolidated Financial Report
March 31, 2021

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Independent Auditor's Report

RSM US LLP

Board of Directors
Government Finance Officers Association of the United States and Canada
and GFOA Endowment Corporation

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Government Finance Officers Association of the United States and Canada and GFOA Endowment Corporation (collectively, GFOA), which comprise the consolidated statement of financial position as of March 31, 2021, the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, 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.

Auditor's 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 auditor's 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 auditor considers 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 Government Finance Officers Association of the United States and Canada and GFOA Endowment Corporation as of March 31, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of GFOA as of and for the year ended March 31, 2020, were audited by other auditors, whose report, dated September 3, 2020, expressed an unmodified opinion on those statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating information, for the year ended March 31, 2021, is presented for purposes of additional analysis rather than to present the financial position, changes in net assets and cash flows of the individual entities and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The consolidating information, for the year ended March 31, 2021, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Chicago, Illinois
October 20, 2021

Government Finance Officers Association of the United States
and Canada and GFOA Endowment Corporation

Consolidated Statements of Financial Position
March 31, 2021, (with consolidating information) and 2020
(in Thousands of Dollars)

	2021				2020 Consolidated
	Consolidating Information				
	GFOA	GFOA Endowment Corporation	Eliminations	Consolidated	
Assets					
Current assets:					
Cash and cash equivalents	\$ 831	\$ 55	\$ -	\$ 886	\$ 410
Interorganization balances	19	-	(19)	-	-
Accounts receivable, net	1,624	-	-	1,624	1,441
Accrued interest receivable	7	-	-	7	16
Publication inventory	380	-	-	380	651
Prepaid expenses and other current assets	387	-	-	387	638
Total current assets	3,249	55	(19)	3,285	3,156
Investments	12,854	32,189	-	45,043	36,342
Property and equipment, net	826	-	-	826	1,426
Intangible assets, net	549	-	-	549	-
Total assets	\$ 17,478	\$ 32,244	\$ (19)	\$ 49,703	\$ 40,924
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 207	\$ -	\$ -	\$ 207	\$ 1,167
Interorganization balances	-	19	(19)	-	-
Accrued expenses	3,302	-	-	3,302	2,512
Deferred revenue	5,523	-	-	5,523	5,433
Total current liabilities	9,032	19	(19)	9,032	9,112
Deferred rent	1,191	-	-	1,191	1,210
Total liabilities	10,223	19	(19)	10,223	10,322
Net assets without donor restrictions:					
Operating fund	4,623	-	-	4,623	4,372
Contingency reserve	1,363	-	-	1,363	1,363
Research reserve	797	-	-	797	834
Scholarship reserve	253	-	-	253	236
GFOA Endowment Corporation	-	32,225	-	32,225	23,630
Total net assets without donor restrictions	7,036	32,225	-	39,261	30,435
Net assets with donor restrictions:					
Scholarship and grants	219	-	-	219	167
Total net assets	7,255	32,225	-	39,480	30,602
Total liabilities and net assets	\$ 17,478	\$ 32,244	\$ (19)	\$ 49,703	\$ 40,924

See notes to consolidated financial statements.

Government Finance Officers Association of the United States and
Canada and GFOA Endowment Corporation

Consolidated Statements of Activities
Years ended March 31, 2021 (with consolidating information) and 2020
(in Thousands of Dollars)

	2021				2020
	Consolidating Information				Consolidated
	GFOA	GFOA Endowment Corporation	Eliminations	Consolidated	
Net assets without donor restrictions					
Revenue:					
Membership dues	\$ 3,960	\$ -	\$ -	\$ 3,960	\$ 4,115
Training and conference	3,544	-	-	3,544	5,503
Award programs	3,550	-	-	3,550	3,856
Publications and subscriptions	992	-	-	992	248
Consulting	2,328	-	-	2,328	2,432
Other	1,130	-	-	1,130	644
Investment return appropriated for spending	152	479	-	631	900
Net assets released from restriction	8	-	-	8	15
	15,664	479	-	16,143	17,713
Expenses:					
Program services:					
Salaries and wages	7,056	-	-	7,056	6,048
Employee benefits	1,874	-	-	1,874	1,852
Office expenses	1,192	-	-	1,192	1,453
Occupancy and equipment expenses	1,532	-	-	1,532	1,360
Travel	44	-	-	44	860
Training and conference	325	-	-	325	2,800
Depreciation and amortization	377	-	-	377	227
Professional fees	1,226	-	-	1,226	1,256
Subcontractors	242	-	-	242	306
Contributions	101	-	-	101	133
Other	235	-	-	235	213
Total program expenses	14,204	-	-	14,204	16,508
Support expenses:					
Salaries and wages	861	-	-	861	893
Employee benefits	215	-	-	215	265
Office expenses	24	-	-	24	219
Occupancy and equipment expenses	21	-	-	21	7
Travel	3	-	-	3	22
Training and conference	1	-	-	1	-
Depreciation and amortization	2	-	-	2	3
Professional fees	64	9	-	73	101
Other	31	-	-	31	58
Total support expenses	1,222	9	-	1,231	1,568
Total program and support expenses	15,426	9	-	15,435	18,076
Increase (decrease) in net assets before other items	238	470	-	708	(363)
Other items:					
Investment return (loss), net of amounts appropriated for spending	1,760	8,125	-	9,885	(1,344)
Increase (decrease) in net assets without donor restrictions	1,998	8,595	-	10,593	(1,707)
Increase in net assets with donor restrictions:					
Contributions	10	-	-	10	8
Investment return (loss)	50	-	-	50	(3)
Net assets released from restriction	(8)	-	-	(8)	(15)
Increase (decrease) in net assets with donor restrictions	52	-	-	52	(10)
Increase (decrease) in net assets	2,050	8,595	-	10,645	(1,717)
Net assets, beginning of year, as previously stated	6,972	23,630	-	30,602	32,319
Cumulative-effect adjustment from adoption of ASC 606	(1,767)	-	-	(1,767)	-
Net assets, beginning of year, as adjusted	5,205	23,630	-	28,835	32,319
Net assets, end of year	\$ 7,255	\$ 32,225	\$ -	\$ 39,480	\$ 30,602

See notes to consolidated financial statements.

**Government Finance Officers Association of the United States and
Canada and GFOA Endowment Corporation**

Consolidated Statements of Cash Flows
Years ended March 31, 2021 (with consolidating information) and 2020
(in Thousands of Dollars)

	2021			2020
	Consolidating Information			Consolidated
	GFOA	GFOA Endowment Corporation	Consolidated	
Cash flows from operating activities:				
Changes in net assets	\$ 2,050	\$ 8,595	\$ 10,645	\$ (1,717)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:				
Net (appreciation) depreciation in fair value of investments	(727)	(3,767)	(4,494)	1,352
Depreciation and amortization	379	-	379	230
(Decrease) increase in deferred rent obligation	(19)	-	(19)	557
Changes in current assets and liabilities:				
Receivables	(175)	-	(175)	(311)
Publication inventory	271	-	271	(136)
Prepaid expenses and other current assets	251	-	251	22
Interorganization balances	(9)	9	-	
Accounts payable and accrued expenses	(170)	-	(170)	397
Deferred revenue	(1,677)	-	(1,677)	(318)
Net cash flows provided by operating activities	174	4,837	5,011	76
Cash flows from investing activities:				
Purchases of furniture, fixtures and equipment	(157)	-	(157)	(1,211)
Addition of intangible asset	(171)	-	(171)	
Proceeds from maturity and sales of investments	13,469	30,053	43,522	5,268
Purchase of investments	(12,894)	(34,835)	(47,729)	(3,821)
Net cash flows provided by (used in) investing activities	247	(4,782)	(4,535)	236
Net increase in cash and cash equivalents	421	55	476	312
Cash and cash equivalents:				
Beginning of year	410	-	410	98
End of year	\$ 831	\$ 55	\$ 886	\$ 410

See notes to consolidated financial statements.

**Government Finance Officers Association of the United States and Canada
and GFOA Endowment Corporation**

Notes to Consolidated Financial Statements

Note 1. Nature of Organization

The Government Finance Officers Association of the United States and Canada is a nonprofit professional association of government finance officers with approximately 21,200 members and serves the government finance profession. GFOA was founded in 1906 and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. GFOA members include state and local government officials and other finance professionals. GFOA's purpose is to promote excellence in state and local government financial management. Revenue is derived primarily from membership dues, training and conference, award programs, publication sales and consulting fees. GFOA conducts its activities from its national headquarters located in Chicago, Illinois, and from an office in Washington D.C.

GFOA Endowment Corporation (Endowment Corporation) is also a nonprofit corporation and is also exempt from income taxes under Section 501(c)(3). The purpose of the Endowment Corporation is to operate as a supporting organization of GFOA, as described in Section 509(a)(3), exclusively for the benefit of, to perform the functions of, or to carry out the purposes of the GFOA. The GFOA and the Endowment Corporation are also affiliated through the common membership of their Executive Board of Directors.

GFOA as used herein refers to GFOA individually or collectively with the Endowment Corporation, as the context may require.

Note 2. Significant Accounting Policies

Basis of presentation: The consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to nonprofit organizations. The consolidated financial statements include the accounts of both the GFOA and the Endowment Corporation. Significant interorganization accounts and transactions have been eliminated upon consolidation.

Financial statement presentation: For financial reporting purposes, GFOA classifies its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed stipulations. Contributions are considered to be without donor restrictions and available for general use unless specifically restricted by the donor. Net assets without donor restrictions include various reserve funds; which are designated by GFOA's Executive Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to donor-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. Net assets with donor restrictions are reclassified to net assets without donor restrictions when the restrictions have been met or have expired.

GFOA held net assets with donor restrictions of \$219 and \$167 as of March 31, 2021 and 2020, respectively. These net assets are restricted for the purpose of awarding future scholarships and grants.

**Government Finance Officers Association of the United States and Canada
and GFOA Endowment Corporation**

Notes to Consolidated Financial Statements

Note 2. Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements in conformity with U.S. 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 revenue and expenses during the reporting period. Actual results could differ from these estimates.

Cash and cash equivalents: GFOA considers highly liquid investments with an original maturity date of three months or less to be cash equivalents. GFOA maintains cash and cash equivalents in accounts at financial institutions which, at times, may exceed the amount insured by the Federal Deposit Insurance Corporation. Management believes that GFOA is not exposed to any significant credit risk on cash and GFOA has not experienced any losses in such accounts.

Accounts receivable: Receivables are recorded for the annual conference, contracts, publication sales and training and are stated at the amount management expects to collect from outstanding balances. At March 31, 2021 and 2020, receivables consisted primarily of annual conference, training receivables and contracts, which include accrued receivables for work completed but not yet billed. An allowance for doubtful accounts is recorded based upon specific identification of uncollectible accounts and historical collection experience. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Publication inventory: Inventories of publications offered for sale are valued at the lower of cost or market value using the first-in, first-out method to determine cost, including all production costs. Management has determined that no inventory valuation allowance is necessary as of March 31, 2021 and 2020, respectively. Obsolete inventory is written off in the year it is deemed to have no resale value.

Investments and fair value measurements: Investments are recorded at their fair value based on quoted market prices. Interest and dividends, as well as realized and unrealized gains (losses) on investments, are included in the statements of activities and reported as net investment return. Investment return is presented net of any related investment fees.

GFOA invests in equity, fixed income, bonds, exchange traded funds and treasury notes. These investments are exposed to various risks, such as interest rate, market and credit risks. Because of these risks, it is possible that changes in the fair value of investments may occur and that such changes could materially affect GFOA's financial statements.

GFOA follows the requirements of Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value in U.S. GAAP and expands disclosures about fair value measurements.

Property and equipment: Property and equipment are recorded at cost. Acquisitions of property and equipment in excess of \$500 and expenditures for improvements and betterments that significantly prolong the useful lives of assets are capitalized. General maintenance and repairs which do not improve or extend the lives of the assets are expensed.

Depreciation and amortization of all property and equipment is charged as expense against operations. Depreciation is computed on the straight-line basis over the estimated useful life of the asset. Estimated useful life for furniture and fixtures is five years and equipment is three years. Leasehold improvements are amortized over the shorter of the associated lease term or the estimated useful life of the asset of ten years.

**Government Finance Officers Association of the United States and Canada
and GFOA Endowment Corporation**

Notes to Consolidated Financial Statements

Note 2. Significant Accounting Policies (Continued)

Intangible assets: These assets include website development costs, as well as internal use software. Costs incurred in the planning stage of development are expensed as incurred. Costs incurred in the application and infrastructure stage, which involve developing software to operate the website, have been capitalized. Capitalization of costs ceased and amortization of capitalized costs commenced when the website became functional. These intangible assets are amortized on a straight-line basis over a five-year useful life.

Revenue recognition: The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers when control of the promised goods or services is transferred to the customer. The updated standard replaced most existing revenue recognition guidance in U.S. GAAP when it became effective. GFOA has adopted the ASU in fiscal year 2021, using the modified retrospective method of adoption.

Revenue from contracts with customers is derived primarily from membership dues, training and conference fees, award programs, publications and subscriptions and consulting fees.

Membership dues: Membership dues provide members with access to various benefits including industry networking opportunities, discounted membership pricing for meetings and webcasts and a subscription to GFOA's publication. GFOA recognizes membership dues revenue ratably over the membership period from performance obligations satisfied over time. These performance obligations have an expected duration of one year, based on the membership period. Dues collected prior to fiscal year-end that relate to a subsequent fiscal year are recorded as deferred revenue.

Training and conference fees: Training and conference revenues include registration fees, exhibit fees, mailing list rental, and event tickets. Training and conference expenses include facility rentals, audio/visual services and food service. The related revenues and expenses are recognized when the event takes place. Funds received and expenses incurred in advance of events held are deferred.

Award programs: Award program revenue includes application, review and delivery fees for awards. An applicant pays the related fee at the time their award application is submitted and the related revenue is deferred. Following the award review process, an applicant will receive notification of their potential award. The award review process and the delivery of the related award are considered to be a combined performance obligation. All related revenue is deferred until the combined performance obligation has been completed (i.e., the award has been delivered to the applicant).

Consulting fees: These fees relate to system implementation and other special project related contracts with customers. The related revenue is recognized, over the expected average period of performance, in proportion to the estimated personnel time incurred to fulfill the obligations under the related contract.

GFOA did not have any impairment or credit losses on any receivables arising from contracts with members and/or award applicants. There are also no incremental costs of obtaining a contract and no significant financing components. Finally, there are no significant changes in the judgments affecting the determination of the amount and timing of revenue from contracts with members and/or award applicants.

Functional expenses: The costs of providing various programs and 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.

**Government Finance Officers Association of the United States and Canada
and GFOA Endowment Corporation**

Notes to Consolidated Financial Statements

Note 2. Significant Accounting Policies (Continued)

Occupancy expense: Rental expense related to operating leases for office space is recognized on a straight-line basis over the term of the lease. Deferred rent represents the cumulative amount by which rental expense recognized exceeds rentals paid.

Measure of operations: GFOA's operating revenues greater than (less than) expenses include all operating revenue and expenses that are an integral part of its programs and supporting activities, net assets released from donor restriction to support operating expenditures and the portion of investment return appropriated for spending. The measure of operations excludes investment return in excess of the amount appropriated for spending and contributions to the GFOA from the Endowment Corporation.

Income taxes: The GFOA and the Endowment Corporation are both tax-exempt organizations as permitted under Section 501(c)(3) of the Internal Revenue Code. The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the GFOA and the Endowment Corporation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the GFOA or the Endowment Corporation and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the reporting period presented in these financial statements.

COVID-19: COVID-19 has impacted GFOA's operations and member base. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines in certain areas and prohibitions on group meetings. The actions taken to mitigate COVID-19 have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical areas in which GFOA operates. It is unknown at this time how long these conditions will last and what the complete financial effect will be to GFOA. GFOA continues to work to adapt to providing a mixture of existing in-person programming and virtual programming.

Adopted accounting pronouncement: The FASB has issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. This new accounting guidance reduces and modifies certain fair value measurement disclosures related to investments classified as Level 3 in the fair value hierarchy. This impacts the disclosures related to GFOA's Level 3 investments. The disclosures related to these investments have been reduced in accordance with the new standard.

Recent accounting pronouncement: The FASB has issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for GFOA in fiscal year 2023, and early adoption is allowed. GFOA is currently evaluating the impact of Topic 842 on the financial statements.

**Government Finance Officers Association of the United States and Canada
and GFOA Endowment Corporation**

Notes to Consolidated Financial Statements

Note 3. Adoption of ASU 2014-09, Revenue from Contracts with Customers (Topic 606)

GFOA adopted ASU No. 2014-09 (Topic 606) effective April 1, 2020, on a modified retrospective basis for all open contracts as of that date. Adoption of the new standard resulted in changes to GFOA's accounting policy for revenue recognition of award program revenues. Previously, revenue was recognized in line with the related progress billings, throughout the award review process, but is now recognized upon the completion of the award review process and delivery of the award notification to the applicant. Deferred revenue is recorded until such time.

GFOA recorded a \$1,767 cumulative-effect adjustment at April 1, 2020, reducing net assets without donor restrictions, for the cumulative effect of adopting Topic 606, as follows:

	At April 1, 2020		
	As previously reported	Topic 606 adjustments	As adjusted
Deferred revenue	\$ 5,433	\$ 1,767	\$ 7,200
Net assets	30,602	(1,767)	28,835

The impact of adoption on GFOA's statement of financial position and statement of activities, as of and for the year ended March 31, 2021, was as follows:

Statement of Financial Position

	At March 31, 2021		
	As reported under Topic 606	Balances without adoption of Topic 606	Effect of change higher/(lower)
Deferred revenue	\$ 5,523	\$ 4,901	\$ 622
Net assets	39,480	40,102	(622)

Statement of Activities

	Year ended March 31, 2021		
	As reported under Topic 606	Balances without Adoption of Topic 606	Effect of change higher/(lower)
Award program fees	\$ 3,550	\$ 2,405	\$ 1,145
Increase in net assets	10,645	9,500	1,145

Adoption of the new revenue standard had no impact to cash from or used in operating, financing or investing activities on the statement of cash flows.

**Government Finance Officers Association of the United States and Canada
and GFOA Endowment Corporation**

Notes to Consolidated Financial Statements

Note 4. Fair Value Measurements and Investments

ASC 820, *Fair Value Measurements and Disclosures*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the most advantageous market for the asset or liability in an orderly transaction at the measurement date. Fair value measurement is based on a hierarchy of observable or unobservable inputs. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the Topic as assumptions market participants would use in pricing an asset or liability.

The standard describes three levels of inputs that may be used to measure fair value.

Level 1 - *Quoted Prices in Active Markets for Identical Assets* - Inputs to the valuation methodology are quoted prices available in active markets, such as the New York Stock Exchange, for identical investments as of the reporting date;

Level 2 - *Significant Other Observable Inputs* - Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the measurement date, and the fair value can be determined through the use of models or other valuation methodologies; and

Level 3 - *Significant Unobservable Inputs* - Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity of the asset and liability and the reporting entity makes estimates and assumptions relating to the pricing of the asset or liability including assumptions regarding risk.

GFOA's investments have fair values determined by quoted market prices, directly observable prices in active markets for identical assets and unobservable market assumptions (Levels 1, 2 and 3 Classification).

For the fiscal years ended March 31, 2021 and 2020, the application of valuation techniques applied to similar assets and liabilities has been consistent. In determining the appropriate levels, GFOA performs a detailed analysis of the assets and liabilities that are subject to the Topic. GFOA's investments and investments held for the 457(b) retirement plan are the only assets or liabilities that are measured at fair value on a recurring basis.

For the years ended March 31, 2021 and 2020, total investment return (loss) of \$10,516 and (\$447), respectively, consisted of investment income of \$6,022 and \$905, and a net appreciation (depreciation) in fair value of investments of \$4,494 and (\$1,352), respectively.

**Government Finance Officers Association of the United States and Canada
and GFOA Endowment Corporation**

Notes to Consolidated Financial Statements

Note 4. Fair Value Measurements and Investments (Continued)

Investment return is reported on the statement of activities as investment return appropriated for spending within the revenue section of the statement, as well as investment return, net of amounts appropriated for spending in the other items section. The amount appropriated for spending represents the dividend and interest income earned in the related fiscal year. This is appropriated by the Board of Directors through the annual budget approval process. See reconciliation of total investment return for the years ended March 31, 2021 and 2020, below.

	2021	2020
Investment return appropriated for spending	\$ 631	\$ 900
Investment return (loss), net of amounts appropriated for spending	9,885	(1,344)
Investment return (loss) with donor restrictions	50	(3)
	<u>\$ 10,566</u>	<u>\$ (447)</u>

The following tables disclose the fair value hierarchy of GFOA's investment assets at fair value as of March 31, 2021 and 2020. Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	As of March 31, 2021			Total Fair Value
	Level 1	Level 2	Level 3	
Vanguard Total Bond Market Exchange Traded Funds (GFOA)	\$ 3,106	\$ -	\$ -	\$ 3,106
Vanguard Total Bond Market Exchange Traded Funds (Endowment Corporation)	9,713	-	-	9,713
Vanguard Total Stock Market Exchange Traded Funds (GFOA)	4,616	-	-	4,616
Vanguard Total Stock Market Exchange Traded Funds (Endowment Corporation)	22,476	-	-	22,476
Corporate Bonds	-	100	-	100
US Savings Bonds	550	-	-	550
US Treasury Note	-	2,000	-	2,000
	<u>40,461</u>	<u>2,100</u>	<u>-</u>	<u>42,561</u>
457 Plan(b) investments (see Note 8):				
CREF Stock Account	489	-	-	489
CREF Global Equities Account	95	-	-	95
CREF Growth Account	126	-	-	126
CREF Bond Market Account	15	-	-	15
CREF Money Market Account	52	-	-	52
TIAA Traditional Guaranteed Annuity	-	-	427	427
TIAA Access Intl Equity T3 Account	-	31	-	31
TIAA Access Intl Equity Idx T3 Account	-	8	-	8
TIAA Access Lifecycle 2015 T3 Account	-	15	-	15
TIAA Real Estate Account	109	-	-	109
Vanguard Balanced Index Account	222	-	-	222
Vanguard FTSE Social Index Account	29	-	-	29
Vanguard Global Equity Account	69	-	-	69
Vanguard Growth Index Account	214	-	-	214
Vanguard Long-Term Treasury Account	10	-	-	10
Vanguard REIT Index Account	19	-	-	19
Vanguard Total Bond Mkt Idx Account	175	-	-	175
Vanguard Total International Stock Idx Account	144	-	-	144
Vanguard Total Stock Mkt Idx Account	233	-	-	233
	<u>2,001</u>	<u>54</u>	<u>427</u>	<u>2,482</u>
	<u>\$ 42,462</u>	<u>\$ 2,154</u>	<u>\$ 427</u>	<u>\$ 45,043</u>

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Notes to Consolidated Financial Statements

Note 4. Fair Value Measurements and Investments (Continued)

As of March 31, 2020				
	Level 1	Level 2	Level 3	Total Fair Value
Vanguard Balanced Index Fund (GFOA)	\$ 6,648	\$ -	\$ -	\$ 6,648
Vanguard Balanced Index Fund (Endowment Corporation)	23,630	-	-	23,630
Corporate Bonds	-	500	-	500
US Savings Bonds	531	-	-	531
US Treasury Note	-	3,247	-	3,247
	<u>30,809</u>	<u>3,747</u>	<u>-</u>	<u>34,556</u>
457 Plan(b) investments (see Note 8):				
CREF Stock Account	338	-	-	338
CREF Global Equities Account	59	-	-	59
CREF Growth Account	76	-	-	76
CREF Bond Market Account	20	-	-	20
CREF Money Market Account	52	-	-	52
TIAA Traditional Guaranteed Annuity	-	-	301	301
TIAA Access Intl Equity T3 Account	-	25	-	25
TIAA Access Intl Equity Idx T3 Account	-	6	-	6
TIAA Access Lifecycle 2015 T3 Account	-	12	-	12
TIAA Real Estate Account	117	-	-	117
Vanguard Balanced Index Account	130	-	-	130
Vanguard FTSE Social Index Account	14	-	-	14
Vanguard Global Equity Account	81	-	-	81
Vanguard Growth Index Account	126	-	-	126
Vanguard Long-Term Treasury Account	11	-	-	11
Vanguard REIT Index Account	11	-	-	11
Vanguard Total Bond Mkt Idx Account	236	-	-	236
Vanguard Total International Stock Idx Account	55	-	-	55
Vanguard Total Stock Mkt Idx Account	116	-	-	116
	<u>1,442</u>	<u>43</u>	<u>301</u>	<u>1,786</u>
	<u>\$ 32,251</u>	<u>\$ 3,790</u>	<u>\$ 301</u>	<u>\$ 36,342</u>

Note 5. Property and Equipment

Details of property and equipment at March 31, 2021 and 2020, are as follows:

	2021	2020
Equipment	\$ 1,700	\$ 1,670
Furniture and fixtures	745	741
Leasehold improvements	1,006	982
Construction in progress	79	515
	<u>3,530</u>	<u>3,908</u>
Less accumulated depreciation and amortization	(2,704)	(2,482)
	<u>\$ 826</u>	<u>\$ 1,426</u>

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Notes to Consolidated Financial Statements

Note 5. Property and Equipment (Continued)

Depreciation expense totaled \$242 and \$230 for the fiscal years ended March 31, 2021 and 2020, respectively. The construction in progress at March 31, 2021 relates to development costs incurred for GFOA's internal use software. The project is expected to be completed in fiscal year 2022 with minimal additional cost.

Intangible assets, of \$549, as reflected on the March 31, 2021 statement of financial position consist of \$686 of capitalized website development and internal use software costs and accumulated amortization of \$137.

Note 6. Net Assets Without Donor Restrictions and Reserve Funds

The GFOA Executive Board has designated net assets without donor restrictions for special purposes and activities as follows:

Contingency

The GFOA Executive Board established a contingency reserve in 1987. The balance of this reserve at March 31, 2021 and 2020 is \$1,363. A portion of this reserve can be used for advances and contingencies related to the work of future Local Conference Committees that help prepare for the GFOA's annual conference. During fiscal years 2021 and 2020, there was no activity in the contingency reserve. The portion of this reserve designated for the annual conference at March 31, 2021 and 2020, is \$750.

Research

The research reserve has been designated by the GFOA Executive Board to be used for GFOA sponsored research projects. The research reserve balance at March 31, 2021 and 2020 is \$797 and \$834, respectively. During fiscal year 2021, GFOA transferred \$350 from the operating fund to the research reserve and \$387 was utilized for research projects. During fiscal year 2020, GFOA transferred \$350 from the operating fund to the research reserve and \$451 was utilized for research projects.

Scholarship

The GFOA Executive Board adopted a policy in 2005 whereby any portion of the contingency reserve designated for the annual conference in excess of \$750 at the end of each fiscal year be transferred to a separate scholarship reserve to support and expand the GFOA scholarships. The scholarship reserve balance at March 31, 2021 and 2020, is \$253 and \$236, respectively. During fiscal year 2021, \$57 of investment income was allocated to the scholarship reserve and \$40 was utilized for scholarships. During fiscal year 2020, \$4 of investment losses were allocated to the scholarship reserve and \$40 was utilized for scholarships.

Note 7. Net Assets With Donor Restrictions

Net assets with donor restrictions represent resources from contributions and grants that are subject to spending restrictions imposed by the donor for future scholarships and grant awards. Net assets with donor restrictions totaled \$219 and \$167 at March 31, 2021 and 2020, respectively. Amounts expended for scholarships and therefore released from restriction totaled \$8 and \$15 at March 31, 2021 and 2020, respectively.

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Notes to Consolidated Financial Statements

Note 8. Retirement Plans

GFOA participates in two separate defined contribution retirement plans administered by the Teachers Insurance and Annuity Association (TIAA), a 403(b) plan and a 457(b) plan further described below. All full-time employees have the option to participate after one year of continuous service in GFOA's 403(b) plan. Participating employees contribute 5% of gross salary and GFOA matches that contribution with 10% of gross salary. All funds are immediately vested. Retirement plan expense in 2021 and 2020 for this plan was \$690 and \$624, respectively. Employees may also make voluntary contributions to the TIAA/CREF supplemental retirement annuity program. GFOA makes no contributions related to voluntary contributions by employees in this program.

The chief executive officer and Center directors, as defined, also have the option of participating in a 457(b) plan. GFOA matches individual employee contributions on a dollar-for-dollar basis. Combined GFOA/employee contributions are not to exceed the Internal Revenue Service tax-deferred annual contribution limit (\$19.5 for 2021 and 2020). Section 457(b) plans for tax-exempt employers must be unfunded and all plan assets remain part of GFOA's general assets and, as such, are subject to the claims of its creditors. The related liability is included in accrued expenses. The liability is equal to plan assets totaling \$2,482 and \$1,786 as of March 31, 2021 and 2020, respectively. Related retirement plan expense in 2021 and 2020 for this plan was \$68 and \$57, respectively.

Note 9. Commitments

As of March 31, 2021, two operating leases for office space require the following minimum fiscal year rental payments, exclusive of any future rent escalation charges for real estate taxes and operating expenses:

2022	\$	763
2023		782
2024		802
2025		822
2026		843
Thereafter		3,689
	\$	<u>7,701</u>

Office rental expense totaled \$1,129 and \$1,032 for the fiscal years ended March 31, 2021 and 2020, respectively. The Chicago and Washington, D.C. leases terminate on September 30, 2029 and October 31, 2032, respectively. The Chicago lease has a five-year renewal option. The Washington, D.C. lease has two five-year renewal options.

Post-Retirement Health Insurance

GFOA offers retirement health insurance to those employees with a minimum of thirty years of full-time employment at GFOA and who have attained the age of sixty. Benefits are provided to the qualified employee and their spouse for a maximum of five years until the age of sixty-five. At March 31, 2021 and 2020, GFOA has determined that the estimated cost of this benefit was \$38 and \$64, respectively, based upon their internal review of its census. These amounts are included in accrued expenses on the statement of financial position. To date, one employee has participated in this program. GFOA will continue to evaluate the significance of this obligation in the future.

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Notes to Consolidated Financial Statements

Note 10. Liquidity and Funds Available

Financial assets available for general expenditures within one year of the statement of financial position date consist of the following at March 31:

	2021	2020
Cash and cash equivalents	\$ 886	\$ 410
Accounts and interest receivable	1,631	1,457
Investments	45,043	36,342
	<u>47,560</u>	<u>38,209</u>
Less: Amounts not available in following fiscal year		
Contingency reserve	(1,363)	(1,363)
Research reserve	(797)	(834)
Scholarship reserve	(253)	(236)
GFOA Endowment Corporation net assets	(32,225)	(23,630)
GFOA net assets with donor restrictions	(219)	(167)
	<u>(34,857)</u>	<u>(26,230)</u>
	<u>\$ 12,703</u>	<u>\$ 11,979</u>

As part of GFOA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Note 11. Functional Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of GFOA. Therefore, expenses require allocation on a reasonable basis that is consistently applied. These expenses include depreciation, occupancy and equipment, and salaries, wages and benefits. Depreciation and occupancy and equipment expense are allocated based on percentage of headcount while salaries, wages and benefits are allocated based on time and effort.

The expenses by both nature and function for the years ended March 31, 2021 and 2020, are:

	2021						
	Training & Conference	Research & Consulting	Membership Services & Management	Technical Inquiry & Award Programs	Federal Liaison & Standing Committees	Support	Total
Salaries, wages and benefits	\$ 1,609	\$ 2,228	\$ 2,537	\$ 2,126	\$ 756	\$ 1,076	\$ 10,332
Office expenses	105	37	943	74	33	24	1,216
Occupancy and equipment expenses	17	22	1,369	105	19	21	1,553
Travel	26	5	13	-	-	3	47
Training and conference	278	7	22	1	16	1	325
Depreciation and amortization	1	13	293	57	13	2	379
Professional fees	237	59	815	69	46	73	1,299
Subcontractors	-	23	1	218	-	-	242
Contributions	-	-	101	-	-	-	101
Other operating expenses	150	1	67	18	-	31	267
Overhead	482	691	(2,365)	637	229	-	(326)
	<u>\$ 2,905</u>	<u>\$ 3,086</u>	<u>\$ 3,796</u>	<u>\$ 3,305</u>	<u>\$ 1,112</u>	<u>\$ 1,231</u>	<u>\$ 15,435</u>

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Notes to Consolidated Financial Statements

Note 11. Functional Expenses (Continued)

	2020						
	Training & Conference	Research & Consulting	Membership Services & Management	Technical Inquiry & Award Programs	Federal Liaison & Standing Committees	Support	Total
Salaries, wages and benefits	\$ 1,435	\$ 2,001	\$ 1,685	\$ 2,057	\$ 722	\$ 1,158	\$ 9,058
Office expenses	297	94	912	100	50	219	1,672
Occupancy and equipment expenses	4	11	1,196	8	141	7	1,367
Travel	133	436	214	9	68	22	882
Training and conference	2,239	109	336	11	105	-	2,800
Depreciation and amortization	1	23	166	22	15	3	230
Professional fees	460	183	541	18	54	101	1,357
Subcontractors	-	68	-	238	-	-	306
Contributions	-	11	122	-	-	-	133
Other operating expenses	83	-	128	2	-	58	271
Overhead	139	465	(1,055)	451	-	-	-
	<u>\$ 4,791</u>	<u>\$ 3,401</u>	<u>\$ 4,245</u>	<u>\$ 2,916</u>	<u>\$ 1,155</u>	<u>\$ 1,568</u>	<u>\$ 18,076</u>

Note 12. Subsequent Events

GFOA has evaluated subsequent events occurring through October 20, 2021, the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.