



**ASSOCIATION OF GOVERNMENT  
ACCOUNTANTS**

**Financial Statements**

*For the Year Ended March 31, 2021*

*(With Summarized Financial Information for the Year Ended March 31, 2020)*



**and  
Report Thereon**



**ASSOCIATION OF GOVERNMENT ACCOUNTANTS**

**TABLE OF CONTENTS**  
**For the Year Ended March 31, 2021**

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	<i><b>Page</b></i>
Independent Auditors' Report.....	1-2
Financial Statements	
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7-15
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	16-17

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the  
Association of Government Accountants

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Association of Government Accountants (AGA) which comprise the statement of financial position as of March 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP); 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 2021 financial statements referred to above present fairly, in all material respects, the financial position of the Association of Government Accountants as of March 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Report on Prior Year Summarized Comparative Information*

We have previously audited AGA's 2020 financial statements, and in our report dated July 13, 2020, we expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2021, on our consideration of AGA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of AGA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AGA's internal control over financial reporting and compliance.

*Marcum LLP*

Washington, DC  
July 13, 2021

**ASSOCIATION OF GOVERNMENT ACCOUNTANTS**  
**STATEMENT OF FINANCIAL POSITION**  
**March 31, 2021**  
**(With Summarized Financial Information as of March 31, 2020)**

	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,659,515	\$ 2,502,628
Accounts receivable, net	76,257	93,595
Prepaid expenses and deposits	143,330	170,941
Investments	2,667,605	2,610,192
Property and equipment, net	285,255	329,606
<b>TOTAL ASSETS</b>	<b>\$ 6,831,962</b>	<b>\$ 5,706,962</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 374,567	\$ 510,022
Contract liabilities	1,545,585	1,554,590
<b>TOTAL LIABILITIES</b>	1,920,152	2,064,612
<b>Net Assets</b>		
Without donor restrictions	4,857,488	3,589,813
With donor restrictions	54,322	52,537
<b>TOTAL NET ASSETS</b>	4,911,810	3,642,350
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,831,962</b>	<b>\$ 5,706,962</b>

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

**ASSOCIATION OF GOVERNMENT ACCOUNTANTS**

**STATEMENT OF ACTIVITIES**

**For the Year Ended March 31, 2021**

**(With Summarized Financial Information for the Year Ended March 31, 2020)**

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>REVENUE AND SUPPORT</b>				
Education programs	\$ 3,135,352	\$ -	\$ 3,135,352	\$ 4,884,722
Membership dues	1,178,532	-	1,178,532	1,272,373
Debt extinguishment forgiveness	420,383	-	420,383	-
Certification	337,533	-	337,533	334,823
Certificate of Excellence in Accountability Reporting (CEAR)	205,540	-	205,540	231,295
Other income	116,864	-	116,864	140,242
Investment income	57,429	-	57,429	106,408
Contributions	1,080	28,340	29,420	33,172
Net assets released from purpose restrictions	26,555	(26,555)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>5,479,268</b>	<b>1,785</b>	<b>5,481,053</b>	<b>6,967,734</b>
<b>EXPENSES</b>				
Program Services:				
Membership services	1,066,704	-	1,066,704	1,134,683
Conferences	734,140	-	734,140	2,782,041
Education	380,986	-	380,986	465,118
Corporate Partner Advisory Group (CPAG)	340,287	-	340,287	436,838
Governance	327,123	-	327,123	516,618
Certification	320,985	-	320,985	395,625
Certificate of Excellence in Accountability Reporting (CEAR)	147,754	-	147,754	188,112
<b>Total Program Services</b>	<b>3,317,979</b>	<b>-</b>	<b>3,317,979</b>	<b>5,919,035</b>
Supporting Services:				
Management and general	893,614	-	893,614	874,408
<b>TOTAL EXPENSES</b>	<b>4,211,593</b>	<b>-</b>	<b>4,211,593</b>	<b>6,793,443</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,267,675</b>	<b>1,785</b>	<b>1,269,460</b>	<b>173,592</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>3,589,813</b>	<b>52,537</b>	<b>3,642,350</b>	<b>3,468,758</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 4,857,488</b>	<b>\$ 54,322</b>	<b>\$ 4,911,810</b>	<b>\$ 3,642,350</b>

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

**ASSOCIATION OF GOVERNMENT ACCOUNTANTS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended March 31, 2021**  
**(With Summarized Financial Information for the Year Ended March 31, 2020)**

	Program Services							Supporting Services		2021 Total	2020 Total
	Membership Services	Conferences	Education	Corporate Partner Advisory Group (CPAG)	Governance	Certification	Certificate of Excellence in Accountability Reporting (CEAR)	Total Program Services	Management and General		
Salaries and fringe benefits	\$ 764,301	\$ 321,651	\$ 217,853	\$ 235,724	\$ 241,838	\$ 294,581	\$ 52,292	\$ 2,128,240	\$ 453,233	\$ 2,581,473	\$ 2,511,372
On-site expenses	34,019	329,292	99,117	71,271	2,279	322	7,790	544,090	155,267	699,357	1,500,639
Contractors	90,614	33,800	31,150	33,292	-	-	75,900	264,756	208,271	473,027	431,611
Merchant fees	55,390	47,470	9,630	-	-	12,408	-	124,898	825	125,723	174,105
Printing and publications	72,009	-	23,236	-	-	1,589	-	96,834	-	96,834	210,932
Awards and contributions	34,554	-	-	-	22,104	-	11,598	68,256	-	68,256	84,105
Travel	283	448	-	-	60,902	-	174	61,807	-	61,807	424,366
Other	-	-	-	-	-	-	-	-	55,783	55,783	72,817
Marketing	15,534	-	-	-	-	12,085	-	27,619	18,994	46,613	46,328
Food and beverage	-	1,479	-	-	-	-	-	1,479	1,241	2,720	1,283,327
Exam update fees	-	-	-	-	-	-	-	-	-	-	53,841
<b>TOTAL EXPENSES</b>	<b>\$ 1,066,704</b>	<b>\$ 734,140</b>	<b>\$ 380,986</b>	<b>\$ 340,287</b>	<b>\$ 327,123</b>	<b>\$ 320,985</b>	<b>\$ 147,754</b>	<b>\$ 3,317,979</b>	<b>\$ 893,614</b>	<b>\$ 4,211,593</b>	<b>\$ 6,793,443</b>

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

**ASSOCIATION OF GOVERNMENT ACCOUNTANTS**

**STATEMENT OF CASH FLOWS**

**For the Year Ended March 31, 2021**

**(With Summarized Financial Information for the Year Ended March 31, 2020)**

	2021	2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,269,460	\$ 173,592
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	44,351	43,731
Net unrealized and realized gains on investments	2,587	(44,170)
Debt extinguishment forgiveness	(420,383)	-
Changes in assets and liabilities:		
Accounts receivable	17,338	43,424
Prepaid expenses and deposits	27,611	(26,985)
Accounts payable and accrued expenses	(135,455)	7,383
Contract liabilities	(9,005)	37,922
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>796,504</b>	<b>234,897</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	460,000	1,050,000
Purchases of investments	(520,000)	(1,350,000)
Purchases of property and equipment	-	(11,339)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(60,000)</b>	<b>(311,339)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from PPP loan	420,383	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>420,383</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,156,887</b>	<b>(76,442)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>2,502,628</b>	<b>2,579,070</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 3,659,515</b>	<b>\$ 2,502,628</b>

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



# ASSOCIATION OF GOVERNMENT ACCOUNTANTS

## NOTES TO FINANCIAL STATEMENTS For the Year Ended March 31, 2021

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### 1. Organization and Summary of Significant Accounting Policies

#### **Organization**

The Association of Government Accountants (AGA) is a professional organization of members whose work includes accounting, budgeting and related fields in U.S. federal, state and local governments. AGA's program service revenues are derived principally from the Certified Government Financial Manager (CGFM) certification program, professional educational conferences and workshops, and membership dues. AGA's corporate headquarters are located in Alexandria, Virginia. These financial statements exclude the activities of AGA's chapters, which are separately chartered and independent.

#### **Basis of Accounting**

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

#### **Cash Equivalents**

AGA considers highly liquid investments purchased with maturity of 90 days or less to be cash equivalents.

#### **Accounts Receivable**

Accounts receivable are reported at their outstanding balances, reduced by an allowance for doubtful accounts. Management periodically evaluates the adequacy of the allowance for doubtful accounts by considering AGA's past receivable loss experience, known and inherent risks in the accounts receivable population, adverse situations that may affect a customer's ability to pay, and current economic conditions. Accounts receivable are considered past due when no payments have been received for 30 days. Accounts receivable are charged off based on management's case-by-case determination that they are uncollectible. The allowance for doubtful accounts totaled \$20,000 as of March 31, 2021.

#### **Investments**

Investments consist of certificates of deposit that have original maturities of greater than three months. The certificate of deposits are valued at principal plus accrued interest which approximates fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recognized as earned.

#### **Fair Value Measurement**

In accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, AGA has measured its applicable financial instruments at fair value on a recurring basis based on the required fair value hierarchy. 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

**ASSOCIATION OF GOVERNMENT ACCOUNTANTS**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended March 31, 2021**

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1. Organization and Summary of Significant Accounting Policies (continued)

**Fair Value Measurement (continued)**

unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument. The three levels of the fair value hierarchy are described as follows:

*Level 1* – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

*Level 3* – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

As of March 31, 2021, AGA's investments, as described in Note 2 of the financial statements, were measured at fair value on a recurring basis.

**Property and Equipment and Accumulated Depreciation and Amortization**

Property and equipment acquisitions greater than or equal to \$2,000 and with an economic life in excess of one year are capitalized at cost if purchased or at fair value at the time of donation and depreciated or amortized using the straight-line method over the following estimated useful lives:

Building and building improvements	3-31.5 years
Computer equipment	5 years
Computer software	5 years
Furniture and equipment	3-10 years

Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation and amortization are eliminated from the respective accounts, and the resulting gain or loss is included in revenue and support or expenses.

**Impairment of Long-Lived Assets**

AGA reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. There were no impairment losses recognized for the year ended March 31, 2021.

**ASSOCIATION OF GOVERNMENT ACCOUNTANTS**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended March 31, 2021**

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1. Organization and Summary of Significant Accounting Policies (continued)

**Classification of Net Assets**

The net assets of AGA are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for support of AGA's operations or have been designated by the Board to be used in various support initiatives.
- Net assets with donor restrictions represent amounts that are specifically restricted by donors or grantors for various purposes or time periods.

**Revenue Recognition**

AGA's revenue consisted of the following:

*Education programs:* Education program revenue consists of fees received to attend conferences and trainings provided by AGA. AGA provides various conferences and training throughout the year to both members and nonmembers. Fees charged to attend or participate in these programs are recognized at the point in time the conference and training are held. Amounts received in advance of the event are included in contract liabilities on the accompanying statement of financial position.

*Membership dues:* AGA's members consist of professionals working in federal, state and local governments, as well as in the private, nonprofit and academic sectors. Membership dues are recognized over the membership period, which is the same as the fiscal year for financial reporting purposes. There are no distinct performance obligation and the general member benefits are considered a bundled group of performance obligations that are delivered to members throughout the membership period. Amounts received in advance of the membership period are included in contract liabilities in the accompanying statement of financial position.

*Certification (CGFM and GFM courses):* Certified Government Financial Manager (CGFM) is a professional certification recognizing the unique skills and special knowledge required of today's government financial managers. It covers governmental accounting, auditing, financial reporting, internal controls and budgeting at the federal, state and local levels. All active CGFMs must renew their certification annually. Government Financial Management (GFM) courses are offered on-site and on an open enrollment basis to provide the education component of the program. Revenue is recognized at points in time during the certification process as each performance obligation is met, such as upon submission of the applications, purchase of the study guides and training for the examination.

*Certificate of Excellence in Accountability Reporting (CEAR):* This program is designed to educate and help federal agencies produce high-quality Performance and Accountability Reports. Agencies that participate in the program submit their Performance and Accountability Reports to a five-member review team for an in-depth

**ASSOCIATION OF GOVERNMENT ACCOUNTANTS**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2021**

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1. Organization and Summary of Significant Accounting Policies (continued)

**Revenue Recognition (continued)**

evaluation and review. The review team assesses the reports using the CEAR Reviewer Guidelines and provides recommendations for improving their presentation and usefulness. Revenue from this program is recognized at the time the assessments and reviews are performed.

*Contributions:* Unconditional contributions are recognized as revenue and support in the accounting period in which they are received or when an unconditional promise to give is made. Unconditional contributions are considered available for general expenditure unless specifically restricted by a donor. Amounts that are designated for future periods or restricted by the donor for a specific purpose are reported as contributions with donor restrictions in the accompanying statement of activities. 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 released from restriction.

*Other income:* Other income consists mostly of advertising and job posting revenue and event management fees. Advertising and job posting revenue are recognized at the time the advertising and job postings are published. Event management fees are recognized as revenue at the time of the event.

**Functional Allocation of Expenses**

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to specific functional areas are reported as expenses of those functional areas. Certain categories of expenses that are attributed to one or more program or supporting function of AGA, which include salaries and benefits and some on-site expenses, are allocated based on time studies and other methods.

**Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**ASSOCIATION OF GOVERNMENT ACCOUNTANTS**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended March 31, 2021**

2. Investments and Fair Value Measurement

The following table summarizes AGA's fair value hierarchy for financial assets that were measured at fair value on a recurring basis as of March 31, 2021:

	<u>Total Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets:				
Investments:				
Certificates of deposit	<u>\$ 2,667,605</u>	<u>\$ -</u>	<u>\$ 2,667,605</u>	<u>\$ -</u>

The fair value of AGA's certificates of deposit was determined using contractual cash flows and current interest rates for certificates of deposit with similar remaining time to maturity.

3. Property and Equipment and Accumulated Depreciation and Amortization

Property and equipment consisted of the following as of March 31, 2021:

Building and building improvements	\$ 1,070,073
Land	135,198
Furniture and fixture	110,250
Software	95,446
Computers and office equipment	<u>22,233</u>
Total Property and Equipment	1,443,200
Less: Accumulated Depreciation and Amortization	<u>(1,147,945)</u>
Property and Equipment, Net	<u>\$ 285,255</u>

Depreciation and amortization expense totaled \$44,351 for the year ended March 31, 2021, and is included in other expenses in the statement of functional expenses.

**ASSOCIATION OF GOVERNMENT ACCOUNTANTS**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended March 31, 2021**

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4. Contract Liabilities

Contract liabilities consisted of the following as of March 31, 2021:

Membership dues	\$ 911,785
Conferences	393,390
CGFM dues	157,940
Research reports	77,500
Publications and journals	<u>4,970</u>
Total Contract Liabilities	<u>\$ 1,545,585</u>

Contract liabilities totaled \$1,554,590 at April 1, 2020, all of which was recognized as revenue during the year ended March 31, 2021.

5. PPP Loan

In April 2020, AGA received Small Business Administration (SBA) loan proceeds in the amount of \$420,383 from a financial institution. The loan had a fixed interest rate of 1% per annum and payments of principal and interest were deferred during the first six months of the loan. The loan amount was eligible for forgiveness, pursuant to the Paycheck Protection Program (PPP). In February 2021, SBA approved AGA's application for forgiveness of the PPP loan and AGA recognized \$420,383 in debt extinguishment forgiveness.

6. Net Assets

**Net Assets Without Donor Restrictions**

All net assets without donor restrictions have been designated by the Board and are designated for the following purposes as of March 31, 2021:

Operating reserve	\$ 3,507,488
CGFM reserve	800,000
Program development reserve	250,000
Building reserve	200,000
Equipment reserve	<u>100,000</u>
Total Net Assets Without Donor Restrictions	<u>\$ 4,857,488</u>

**Net Assets With Donor Restrictions**

Net assets with donor restrictions consisted of the following as of March 31, 2021:

Staats/Bowsher scholarship fund	\$ 29,139
National community service fund	15,481
Tierney research fund	<u>9,702</u>
Total Net Assets With Donor Restrictions	<u>\$ 54,322</u>

**ASSOCIATION OF GOVERNMENT ACCOUNTANTS**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended March 31, 2021**

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7. Availability of Resources and Liquidity

AGA's financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures are as follows:

Financial assets:	
Cash and cash equivalents	\$ 3,659,515
Accounts receivable	76,257
Investments	<u>2,667,605</u>
Total Financial Assets Available Within One Year	6,403,377
Less: Amounts unavailable for general expenditures within one year, due to:	
Restrictions by donors for specific purposes	(54,322)
Board designations for operating reserves and other projects	<u>(4,857,488)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,491,567</u>

AGA's working capital and cash flows have seasonal variations during the year due to the annual collection of cash for membership dues, conferences and meetings, certifications and courses and sponsorships to AGA. AGA regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. AGA has various sources of liquidity at its disposal, including cash and cash equivalents, receivables and investments, which are available for general expenditures, liabilities and other obligations as they come due. In addition, in the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. AGA invests excess cash in short-term investments.

8. Commitments, Risks and Contingencies

**Concentration of Credit Risk**

AGA maintains cash in various bank deposit accounts that, at times, exceed federally insured limits and, therefore, bear some risk. The amount in excess of the limit guaranteed by federal agencies totaled approximately \$3,237,000 as of March 31, 2021. AGA monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents. Management believes that this situation does not result in any significant credit risk.

**Hotel Commitments**

AGA has entered into several contracts with hotels for accommodations for future meetings and conferences. Under the contracts, AGA would be liable for certain liquidated damages in the event of cancellation. Based on prior experience, management believes that the likelihood that AGA would pay any liquidated damages under these contracts is remote.

## ASSOCIATION OF GOVERNMENT ACCOUNTANTS

### NOTES TO FINANCIAL STATEMENTS For the Year Ended March 31, 2021

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#### 8. Commitments, Risks and Contingencies (continued)

##### **COVID-19**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. AGA is monitoring the outbreak of COVID-19 and the related business and travel restrictions that impact AGA events, as well as leadership travel to support AGA chapter events across the country. AGA staff was able to continue operations, however, the magnitude and duration of the pandemic and its impact on AGA's operations and liquidity is uncertain as of the date of this report.

#### 9. Retirement Plan

AGA has a defined contribution retirement plan, as regulated by Internal Revenue Code (IRC) Section 401(k). Employees who are at least 21 years of age become eligible after one year of service or six consecutive full calendar months of employment. Employees are able to contribute up to the maximum authorized under the Internal Revenue Service rulings. AGA contributes 6% of salary for all employees participating in the Plan. For employees with wages over 81% of the social security wage limit, an additional 5.4% of the excess salary is contributed. Half of the employer's contribution vests immediately, and the other half vests ratably over three years. Retirement plan expense for the year ended March 31, 2021, totaled \$139,475 and is included in salaries and fringe benefits in the accompanying statement of functional expenses.

#### 10. Income Taxes

AGA is exempt from the payment of taxes under Section 501(c)(3) of the IRC on income other than net unrelated business income. No provision for income taxes was required as of March 31, 2021, as AGA had no significant net unrelated business income.

AGA follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. AGA evaluated its uncertainty in income taxes for the year ended March 31, 2021, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of March 31, 2021, the statute of limitations remained open with the U.S. federal jurisdiction or the various states and local jurisdictions in which AGA files tax returns; however, there are currently no audits for any tax periods pending or in progress. It is AGA's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of March 31, 2021, AGA had no accrual for interest and/or penalties.



**ASSOCIATION OF GOVERNMENT ACCOUNTANTS**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2021**

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11. Subsequent Events

In preparing these financial statements, AGA has evaluated events and transactions for potential recognition or disclosure through July 13, 2021, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these financial statements.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of the  
Association of Government Accountants

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Association of Government Accountants (AGA), which comprise the statement of financial position as of March 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 13, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered AGA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of AGA's internal control. Accordingly, we do not express an opinion on the effectiveness of AGA's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether AGA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of AGA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AGA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Marcum LLP*

Washington, DC  
July 13, 2021