

**VIRGINIA CHAPTER OF THE
AMERICAN PLANNING ASSOCIATION**
Richmond, Virginia

FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 (Audited)
and 2020 (Reviewed)

**VIRGINIA CHAPTER OF THE AMERICAN PLANNING ASSOCIATION
FINANCIAL STATEMENTS**

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Virginia Chapter of the American Planning Association
Richmond, Virginia

Opinion

We have audited the accompanying financial statements of the Virginia Chapter of the American Planning Association (a nonprofit organization) which comprise the statements of financial position as of September 30, 2021, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Virginia Chapter of the American Planning Association as of September 30, 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.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The 2020 financial statements were reviewed by us, and our report thereon, dated December 17, 2020, stated we were not aware of any material modifications that should be made to those financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Ram G Associates P.C.

Certified Public Accountants
Richmond, Virginia
January 3, 2022

VIRGINIA CHAPTER OF THE AMERICAN PLANNING ASSOCIATION
STATEMENTS OF FINANCIAL POSITION

September 30, 2021 (Audited) and 2020 (Reviewed)

ASSETS

	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 200,081	\$ 167,407
Certificate of deposit	30,109	30,106
Accounts receivable	22,093	22,055
Prepaid expenses	12,506	21,733
Total current assets	<u>\$ 264,789</u>	<u>\$ 241,301</u>

LIABILITIES AND NET ASSETS

	<u>2021</u>	<u>2020</u>
Current liabilities		
Accounts payable	\$ 5,015	\$ 2,900
Deferred revenue	55,878	61,718
Total current liabilities	<u>60,893</u>	<u>64,618</u>
Net assets		
Net assets without donor restrictions	<u>203,896</u>	<u>176,683</u>
Total liabilities and net assets	<u>\$ 264,789</u>	<u>\$ 241,301</u>

SEE ACCOMPANYING NOTES

VIRGINIA CHAPTER OF THE AMERICAN PLANNING ASSOCIATION
STATEMENTS OF ACTIVITIES

For the Years Ended September 30, 2021 (Audited) and 2020 (Reviewed)

	<u>2021</u>	<u>2020</u>
Revenues and other support without donor restrictions		
Membership dues	\$ 105,311	\$ 106,555
Conference and meetings	69,898	4,530
Sponsorship	2,000	2,625
Contributions	-	290
Interest income	14	434
Other income	6,376	4,984
Total revenues and other support without donor restrictions	<u>\$ 183,599</u>	<u>\$ 119,418</u>
Expenses		
Programs		
Conferences and meetings	46,869	34,948
Advocacy and outreach	29,792	24,629
Member service	27,357	12,968
Total program expenses	<u>104,018</u>	<u>72,545</u>
Administrative expenses	<u>52,368</u>	<u>53,126</u>
Total expenses	<u>156,386</u>	<u>125,671</u>
Change in net assets without donor restrictions	27,213	(6,253)
Net assets without donor restrictions at beginning of year	<u>176,683</u>	<u>182,936</u>
Net assets without donor restrictions at end of year	<u>\$ 203,896</u>	<u>\$ 176,683</u>

SEE ACCOMPANYING NOTES

VIRGINIA CHAPTER OF THE AMERICAN PLANNING ASSOCIATION
STATEMENTS OF CASH FLOWS

For the Years Ended September 30, 2021 (Audited) and 2020 (Reviewed)

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 27,213	\$ (6,253)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Reinvested interest on certificate of deposit	(3)	-
(Increase) decrease in operating assets		
Accounts receivable	(38)	6,623
Prepaid expenses	9,227	(8,773)
Increase (decrease) in operating liabilities		
Accounts payable	2,115	(3,607)
Deferred revenue	(5,840)	21,721
Net cash provided by operating activities	5,461	15,964
Cash flows from investing activities:		
Purchase of investments	-	(30,106)
Net increase (decrease) in cash and cash equivalents	32,674	(20,395)
Cash and cash equivalents at beginning of the year	167,407	187,802
Cash and cash equivalents at end of the year	\$ 200,081	\$ 167,407

Supplemental cash flow information:

No cash paid for interest or income taxes during 2021 or 2020.

**VIRGINIA CHAPTER OF THE AMERICAN PLANNING ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES**

For the Year Ended September 30, 2021 (Audited)

	Conference & Meetings	Advocacy and Outreach	Member Service	Total Program	General and Administrative	Total Expenses
Office expenses	\$ -	\$ -	\$ 451	\$ 451	\$ 2,380	\$ 2,831
Bank and processing fees	-	-	-	-	10,236	10,236
Professional fees	19,966	24,792	19,966	64,724	38,707	103,431
Facility expenses	10,828	-	-	10,828	-	10,828
Food and beverage	86	-	-	86	-	86
Supplies	9,725	-	1,773	11,498	-	11,498
IT and software	6,139	-	1,263	7,402	-	7,402
Donations	-	5,000	2,500	7,500	-	7,500
Education and accreditation	-	-	1,404	1,404	-	1,404
Other expenses	125	-	-	125	1,045	1,170
Total expenses	\$ 46,869	\$ 29,792	\$ 27,357	\$ 104,018	\$ 52,368	\$ 156,386

SEE ACCOMPANYING NOTES

**VIRGINIA CHAPTER OF THE AMERICAN PLANNING ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES, CONTINUED**

For the Year Ended September 30, 2020 (Reviewed)

	Conference & Meetings	Advocacy and Outreach	Member Service	Total Program	General and Administrative	Total Expenses
Office expenses	\$ -	\$ -	\$ 100	\$ 100	\$ 6,315	\$ 6,315
Bank and processing fees	727	-	-	727	8,281	9,008
Professional fees	21,088	24,264	6,326	51,678	35,321	86,999
Travel	1,650	-	-	1,650	3,209	4,859
Facility expenses	5,255	-	-	5,255	-	5,255
Food and beverage	6,228	-	-	6,228	-	6,228
Donations	-	-	2,000	2,000	-	2,000
Education and accreditation	-	365	2,592	2,957	-	2,957
Conference registration	-	-	1,691	1,691	-	1,691
Other expenses	-	-	259	259	-	259
Total expenses	\$ 34,948	\$ 24,629	\$ 12,968	\$ 72,545	\$ 53,126	\$ 125,671

SEE ACCOMPANYING NOTES

VIRGINIA CHAPTER OF THE AMERICAN PLANNING ASSOCIATION NOTES TO FINANCIAL STATEMENTS

For the Years Ended September 30, 2021 (Audited) and 2020 (Reviewed)

1. NATURE OF ACTIVITIES

The Virginia Chapter of the American Planning Association (the "Chapter") is a non-profit, 501 (c)(3) association that provides leadership in the development of vital communities by advocating excellence in planning, promoting education and citizen empowerment, and providing its members with the tools and support necessary to meet the challenges of growth and change. The Chapter is supported through membership dues, meeting registration fees, sponsorships and job posting commissions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. **Basis of Accounting:** The financial statements of the Chapter have been prepared in accordance with generally accepted accounting principles. This basis of accounting involves the application of accrual accounting; consequently, revenues are recognized when earned and expenses are recognized when incurred.
- B. **Net assets, revenues, gains, and losses** are classified based on the existence or absence of donor or donor imposed restrictions. The Chapter classifies its net assets as follows:

Net assets without donor restrictions- Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

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

All of the Chapter's revenues and net assets are without donor restrictions as to their use.

- C. **Cash and Cash Equivalents:** The Chapter considers all highly liquid investments with a maturity of three months or less when purchased to be "cash equivalents."
- D. **Certificates of Deposit:** Certificates of deposit held for investment that are not debt securities are included in investments and are measured at cost.

VIRGINIA CHAPTER OF THE AMERICAN PLANNING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

For the Years Ended September 30, 2021 (Audited) and 2020 (Reviewed)

Certificates of deposit held for investment that are debt securities are included in investments and are recorded at fair market value. Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as "short-term investments." Certificates of deposit with remaining maturities greater than one year are classified as "long-term investments."

- E. **Receivables:** Accounts receivable are stated at unpaid balances. The Chapter has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to recognize bad debts; however the effect of using the direct write-off method is not materially different from the amount that would have been obtained under the allowance method.
- F. **Revenue Recognition and Deferred Revenue:** In September 2014, the FASB issued ASU 2014-09 *Revenue from Contracts with Customers (Topic 606)*. This standard requires revenue to be recognized under a contractual model when a pre-identified performance obligation has been satisfied. The Chapter recognizes revenue from meetings and seminars when the seminar, course or meeting occurs. Membership dues and annual sponsorships are recognized ratably over the membership or sponsorship period, typically the Chapter's fiscal year. Any membership dues received in advance of the membership period are deferred to the applicable period. Membership dues are lower for retired individuals, lifetime members, faculty, and free for current students. Regular memberships are based on salary levels. All other transaction amounts are determined before services are provided, and they are not variable.
- G. **Contributions and Support:** All contributions are considered available for the Chapter's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as assets with donor restrictions and increase the respective class of net assets. Contributions received with donor restrictions that are met in the same reporting period are reported as unrestricted support and increase net assets without donor restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. As of September 30, 2021 the Chapter does not have any conditional promises to give.

Contributions of donated non-cash assets are recorded at their estimated fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be

VIRGINIA CHAPTER OF THE AMERICAN PLANNING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

For the Years Ended September 30, 2021 (Audited) and 2020 (Reviewed)

purchased if not provided by donation, are recorded at their estimated fair values in the period received.

- H. **Income Taxes:** The Chapter is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Chapter could be subject to taxation on unrelated business income from activities not directly related to its tax-exempt purpose. There was no unrelated business income for the tax years ending September 30, 2021 and 2020.
- I. **Functional Expenses:** The costs of program and administrative activities have been summarized on a functional basis in the statement of activities. The statement of functional expense presents the natural classification detail of expenses by function. Expenses that are attributable to more than one program or supporting function are allocated on a reasonable basis that is consistently applied. Administrative management fees are allocated on the basis of estimates of time and effort. All other costs are separately identified and reported accordingly.
- J. **Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual result could differ from those estimates.
- K. **Reclassifications:** Certain reclassifications have been made to the 2020 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Chapter has the following financial assets available within one year of the date of the statement of position date for general expenditures without donor or other restrictions limiting their use:

	<u>9/30/21</u>	<u>9/30/20</u>
Cash and cash equivalents	\$ 200,081	\$ 167,407
Short-term investments	30,109	30,106
Accounts receivable	<u>22,093</u>	<u>22,055</u>
Total financial assets available for use within one year	<u>\$ 252,283</u>	<u>\$ 212,568</u>

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As part of the Chapter's cash management policy, funds in excess of general operating expenses are invested through responsible investing practices maximizing investment returns while minimizing risk and expenses.

4. CASH AND CASH EQUIVALENTS

Cash balances as of September 30, 2020 and 2019 consisted of:

	<u>9/30/21</u>	<u>9/30/20</u>
Checking accounts at bank	\$ 64,779	\$ 64,779
Savings accounts at bank	101,062	101,062
Paypal account	1,566	1,566
Total	<u>\$ 167,407</u>	<u>\$ 167,407</u>

Deposits, including certificates of deposit (see Investments note 5 below) at the bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of September 30, 2021, and 2020 the Chapter's balances did not exceed FDIC limits.

5. INVESTMENTS

Investments consist of a certificate of deposit maintained at a bank. Certificate of deposit valued at cost was \$30,109 as of December 31, 2021.

6. CONTRACT BALANCES – REVENUE RECOGNITION

The timing of revenue recognition, billings, and cash collections results in billed accounts receivable and deferred revenue on the Statement of Financial Position. Revenue recognized prior to the receipt of payment results in accounts receivable and payments received in advance of revenue recognition results in deferred revenue.

The beginning and ending contract balances were as follows:

	September 30		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Accounts receivable	\$ 22,093	\$ 22,055	\$ 28,678
Contract liabilities: deferred revenue	\$ 55,878	\$ 61,718	\$ 39,997

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Revenue recognized for the years ending September 30, 2021 and 2020 that was included in the contract liability balance at the beginning of the year was \$61,718 and \$39,997, respectively.

7. CONCENTRATION OF REVENUE AND RECEIVABLES

For the year ended September 30, 2021, 38% of total revenue was received from meeting registration fees and sponsorships and 6% for the year ended September 30, 2020. 100% of accounts receivable was due from one customer as of September 30, 2021 and 2020, respectively.

8. COST ALLOCATION

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses that are attributable to more than one program or supporting function are allocated on a reasonable basis that is consistently applied. Management fees are allocated on the basis of estimates of time and effort. All other costs are separately identified and reported accordingly.

9. COVID-19 PANDEMIC

On January 30, 2020 the World Health Organization announced a global health emergency due to a new strain of coronavirus and the risks to the international community. The full impact of the COVID-19 emergency continues to evolve as of the date of this report. Although revenue improved in 2021 due to a slight increase in membership dues and the ability to have in person meetings it is still uncertain as to the full magnitude that the pandemic will continue to have. Management continues to monitor the situation on its financial condition, liquidity, operations, industry, and workforce.

10. NEW ACCOUNTING PRONOUNCEMENTS

In September 2014, the FASB issued ASU 2014-09 *Revenue from Contracts with Customers (Topic 606)*. This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. The Chapter adopted the standard on October 1, 2021 using the retrospective method. There are no changes to net assets as a result of the adoption of this new standard.

11. SUBSEQUENT EVENTS

The Chapter has evaluated subsequent events through January 3, 2022, the date which the financial statements were available to be issued.