

**VIRGINIA CHAPTER OF THE
AMERICAN PLANNING ASSOCIATION**

Richmond, Virginia

FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 (Audited)
and 2022 (Reviewed)

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

For the Years Ended September 30, 2023 (Audited) and 2022 (Reviewed)

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	6
Statements of Functional Expense	7
NOTES TO FINANCIAL STATEMENTS	9

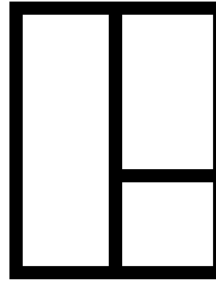
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INDEPENDENT AUDITOR'S REPORT

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, 2023, 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, 2023, 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 2022 financial statements were reviewed by us, and our report thereon, dated February 5th, 2023, 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.

Rame & Associates, P.C.

Certified Public Accountants
Richmond, Virginia
January 4th, 2024

VIRGINIA CHAPTER OF THE AMERICAN PLANNING ASSOCIATION
STATEMENTS OF FINANCIAL POSITION

September 30, 2023 (Audited) and 2022 (Reviewed)

ASSETS

	<u>2023</u>	<u>2022</u>
Current assets		
Cash and cash equivalents	\$ 189,914	\$ 276,005
Certificate of deposit	35,211	-
Accounts receivable	22,833	23,497
Prepaid expenses	<u>10,000</u>	<u>7,314</u>
Total current assets	<u>257,958</u>	<u>306,816</u>
Investments	<u>27,356</u>	<u>27,521</u>
Total assets	<u><u>\$ 285,314</u></u>	<u><u>\$ 334,337</u></u>

LIABILITIES AND NET ASSETS

	<u>2023</u>	<u>2022</u>
Current liabilities		
Accounts payable	\$ 36	\$ 33
Deferred revenue	38,801	37,192
Due to Federal Planning Division, APA	<u>-</u>	<u>96,357</u>
Total current liabilities	<u>38,837</u>	<u>133,582</u>
Total liabilities	<u>38,837</u>	<u>133,582</u>
Net assets		
Net assets without donor restrictions	<u>246,477</u>	<u>200,480</u>
Total liabilities and net assets	<u><u>\$ 285,314</u></u>	<u><u>\$ 334,062</u></u>

SEE ACCOMPANYING NOTES

VIRGINIA CHAPTER OF THE AMERICAN PLANNING ASSOCIATION
STATEMENTS OF ACTIVITIES

For the Years Ended September 30, 2023 (Audited) and 2022 (Reviewed)

	<u>2023</u>	<u>2022</u>
Revenues and other support without donor restrictions		
Membership dues	\$ 98,677	\$ 101,519
Conference and meetings	188,775	191,956
Donations	8,000	-
Net investment return	2,591	(2,023)
Other income	9,854	5,280
Total revenues and other support without donor restrictions	<u>307,897</u>	<u>296,732</u>
 Expenses		
Programs		
Conferences and meetings	154,992	206,552
Advocacy and outreach	31,497	30,713
Member service	12,309	19,140
Total program expenses	<u>198,798</u>	<u>256,405</u>
Administrative expenses	<u>63,102</u>	<u>43,742</u>
Total expenses	<u>261,900</u>	<u>300,147</u>
 Change in net assets without donor restrictions	45,997	(3,415)
Net assets without donor restrictions at beginning of year	<u>200,480</u>	<u>203,895</u>
Net assets without donor restrictions at end of year	<u><u>\$ 246,477</u></u>	<u><u>\$ 200,480</u></u>

SEE ACCOMPANYING NOTES

VIRGINIA CHAPTER OF THE AMERICAN PLANNING ASSOCIATION
STATEMENTS OF CASH FLOWS

For the Years Ended September 30, 2023 (Audited) and 2022 (Reviewed)

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 45,997	\$ (3,415)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Reinvested interest on certificate of deposit	(211)	(1)
Unrealized loss (gain) on investments	165	2,385
(Increase) decrease in operating assets		
Accounts receivable	664	(1,404)
Prepaid expenses	(2,686)	5,192
Increase (decrease) in operating liabilities		
Accounts payable	3	(4,982)
Deferred revenue	1,609	(18,687)
Due to Federal Planning Division, APA	(96,357)	96,357
Net cash provided by operating activities	(50,816)	75,445
Cash flows from investing activities:		
Maturity or purchase of certificate of deposit	(35,000)	30,110
Purchase or sale of investments	(275)	(29,631)
Net increase (decrease) in cash and cash equivalents	(86,091)	75,924
Cash and cash equivalents at beginning of the year	276,005	200,081
Cash and cash equivalents at end of the year	\$ 189,914	\$ 276,005

Supplemental cash flow information:

No cash paid for interest or income taxes during 2023 or 2022.

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

For the Year Ended September 30, 2023 (Audited)

	<u>Conference & Meetings</u>	<u>Advocacy and Outreach</u>	<u>Member Service</u>	<u>Total Program</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Office expenses	\$ 4,615	\$ -	\$ -	\$ 4,615	\$ 345	\$ 4,960
Professional fees	24,476	30,528	7,409	62,413	32,635	95,048
Travel	9,617	-	-	9,617	5,999	15,616
Facility expenses	-	-	-	-	856	856
Food and beverage	97,131	-	-	97,131	-	97,131
Supplies and event expenses	19,153	969	4,900	25,022	9,532	34,554
Other expenses	-	-	-	-	13,735	13,735
Total expenses	<u>\$ 154,992</u>	<u>\$ 31,497</u>	<u>\$ 12,309</u>	<u>\$ 198,798</u>	<u>\$ 63,102</u>	<u>\$ 261,900</u>

SEE ACCOMPANYING NOTES

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

For the Year Ended September 30, 2022 (Reviewed)

	<u>Conference & Meetings</u>	<u>Advocacy and Outreach</u>	<u>Member Service</u>	<u>Total Program</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Office expenses	\$ -	\$ 413	\$ 2,387	\$ 2,800	\$ 5,595	\$ 8,395
Professional fees	23,440	28,800	7,032	59,272	39,028	98,300
Travel	-	-	-	-	-	-
Facility expenses	38,908	-	-	38,908	-	38,908
Food and beverage	110,985	-	3,492	114,477	-	114,477
Supplies and event expenses	20,244	-	6,229	26,473	55	26,528
Donations	-	1,500	-	1,500	-	1,500
Other expenses	12,975	-	-	12,975	(936)	12,039
Total expenses	<u>\$ 206,552</u>	<u>\$ 30,713</u>	<u>\$ 19,140</u>	<u>\$ 256,405</u>	<u>\$ 43,742</u>	<u>\$ 300,147</u>

SEE ACCOMPANYING NOTES

VIRGINIA CHAPTER OF THE AMERICAN PLANNING ASSOCIATION FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 (Audited) and 2022 (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 accounting principles generally accepted in the United States of America (U.S.GAAP) for not-for-profit entities. This basis of accounting involves the application of accrual accounting; consequently, revenues are recognized when earned and expenses are recognized when incurred. The significant accounting and reporting policies used by the Chapter are described subsequently to enhance the usefulness and understandability of the financial statements.
- B. **Basis of Presentation:** Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The board of directors has not designated any net assets for specific purposes.

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 revenues and net gains, including investment gains unless part of an endowment investment, are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified

VIRGINIA CHAPTER OF THE AMERICAN PLANNING ASSOCIATION FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 (Audited) and 2022 (Reviewed)

the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions and net losses on endowment investments reduce that net asset class.

- C. Revenue and Revenue Recognition: The Chapter is required to recognize revenue under a contractual model when a pre-identified performance obligation has been satisfied. The Chapter recognizes revenue from meetings and seminars over the period that 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.
- D. Contributions: All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Support that is restricted by donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase net assets with donor restrictions, either temporarily or permanently depending on the nature of the restriction. When a 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 restriction and reported in the Statement of Activities as net assets released from restrictions.

Unconditional promises to give are recorded when pledged.

Conditional promises to give are recognized when all non-administrative barriers preventing the Chapter from being entitled to the promised assets have been overcome. Conditional promises to give that have their conditions satisfied in the period they are promised are recorded as unconditional.

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

VIRGINIA CHAPTER OF THE AMERICAN PLANNING ASSOCIATION FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 (Audited) and 2022 (Reviewed)

Generally accepted accounting principles require that promises to give not expected to be received within one year of the date of the financial statements be recorded as the present value of the expected future cash flows. This discount is an estimate and it is at least reasonably possible that it will change in the near term.

Pledge receivables expected to be received within one year of the date of the financial statements are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction to pledges receivable.

- E. Cash and Cash Equivalents: Cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased.
- F. Certificates of Deposit: Certificates of deposit held for investment that are not debt securities are included in investments, and are measured at cost rather than at fair 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."
- G. Fair Value Measurements: The Chapter has adopted FASB ASC 820 *Fair Value Measurements and Disclosures* which defines fair value as the price that would be received to sell an asset or paid to transfer a liability on the measurement date in an orderly transaction between market participants in the principal or most advantageous market for the transaction. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques to measure fair values. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

VIRGINIA CHAPTER OF THE AMERICAN PLANNING ASSOCIATION FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 (Audited) and 2022 (Reviewed)

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

- H. **Receivables:** The Chapter has receivables due to outstanding membership dues amounts that have not yet been remitted. Account receivables are stated at the amount management expects to collect from outstanding balances. Management makes decisions regarding over due accounts, delinquency, and uncollectable amounts on an account by account basis. The Chapter has elected to record credit losses using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to recognize credit losses; however, due to the infrequency of credit losses, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.
- I. **Advertising Costs:** The Chapter expenses all advertising costs when incurred.
- J. **Income Taxes:** The Chapter is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private Foundation. However, income from certain activities not directly related to the Chapter's tax-exempt purpose could be subject to taxation as unrelated business income.
- K. **Allocation of Functional Expenses:** The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include management fees, which are allocated on the basis of estimates of time and effort. All other costs are separately identified and reported accordingly.
- L. **Use of 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 results could differ from those estimates.

VIRGINIA CHAPTER OF THE AMERICAN PLANNING ASSOCIATION FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 (Audited) and 2022 (Reviewed)

3. CASH AND CASH EQUIVALENTS AND CONCENTRATION OF CREDIT RISK

As of September 30, 2023 and 2022, the Chapter's balances of cash and cash equivalents were made up of the following:

Cash and cash equivalents at year end	<u>2023</u>	<u>2022</u>
Cash at bank	\$ 86,080	\$ 139,648
Money market accounts at banks	101,964	135,640
Cash in brokerage account	<u>1,870</u>	<u>717</u>
Total cash and cash equivalents	<u>\$ 189,914</u>	<u>\$ 276,005</u>

Deposits, including certificates of deposit (see Investments note 5 below) at one bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of September 30, 2023 the Chapter's balances in bank deposits and certificates of deposit did not exceed FDIC limits.

4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Chapter manages its cash needs by keeping cash in a single bank account and investing amounts not needed for short term operations in money market bank accounts, CDs, and a stock brokerage account. All financial assets are available for general expenditure without donor-imposed or internal designations limiting their use.

Financial assets at year end	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 189,914	\$ 276,005
Accounts receivable	22,833	23,497
Investments	62,567	27,521
Other current assets	<u>10,000</u>	<u>7,314</u>
Total financial assets	<u>\$ 275,314</u>	<u>\$ 327,023</u>

5. INVESTMENTS

In the year ending September 30, 2023 the Chapter purchased a certificate of deposit for \$35,000. The CD is held at cost and not included in fair value disclosures.

The Chapter holds all investments with a single brokerage firm in a single fixed income mutual fund. The Chapter's investments are measured at fair value on a recurring basis using Level 1 inputs of quoted prices in active markets and consisted of the following as of September 30, 2023 and 2022:

VIRGINIA CHAPTER OF THE AMERICAN PLANNING ASSOCIATION FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 (Audited) and 2022 (Reviewed)

	Cost	Unrealized Gain (Loss)	Fair Value
September 30, 2023			
Fixed Income Mutual Fund	\$ 29,902	\$ (2,546)	\$ 27,356
September 30, 2022			
Fixed Income Mutual Fund	\$ 29,906	\$ (2,385)	\$ 27,521

Net investment return consisted of:

	2023	2022
Dividends and interest	\$ 2,856	\$ 362
Investment expenses	100	-
Realized gains on sales of investments	-	-
Unrealized gains (losses) on investments	(165)	(2,385)
Net investment return (loss)	<u>\$ 2,591</u>	<u>(\$ 2,023)</u>

6. REVENUE RECOGNITION: CONTRACT BALANCES

All accounts receivable and deferred revenue balances at the beginning of the fiscal years ending September 30, 2023 and 2022 were received and recognized during the fiscal year. The beginning and ending contract balances were as follows.

	Beginning of year	Reduction in year	Increase in year	End of year
2023				
Accounts receivable	\$ 23,497	\$ (23,497)	\$ 22,833	\$ 22,833
Deferred revenue	37,192	(37,192)	38,801	38,801
2022				
Accounts receivable	\$ 28,678	\$ (28,678)	\$ 23,497	\$ 23,497
Deferred revenue	39,997	(39,997)	37,192	37,192

7. CONCENTRATION OF REVENUE AND RECEIVABLES

For the year ended September 30, 2023, 61% of total revenue was received from meeting registration fees and sponsorships, and 65% for the year ended September 30, 2022. 99% of accounts receivable were dues expected to be paid by the national organization as of September 30, 2023, and 100% for September 30, 2022, respectively.

8. FUNDS HELD FOR OTHERS

During the year ending September 30, 2022, the Chapter held and disbursed funds of the Federal Planning Division of the American Planning Association to aid them in

VIRGINIA CHAPTER OF THE AMERICAN PLANNING ASSOCIATION FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 (Audited) and 2022 (Reviewed)

staging a conference. These are not funds of the Chapter and do not affect the statement of activities, and the Chapter is not receiving revenue in connection with holding the funds. Funds yet to be expended at year end appear as a liability in the Statement of Position. (This is not an agency transaction as there is no third-party beneficiary.)

9. NONCASH CONTRIBUTIONS

During the year ending September 30, 2023, the Chapter received noncash contributions of various advertising and promotional items valued at \$5,000 by the donor. These items were distributed at the Chapter's yearly conference to attendees.

10. SUBSEQUENT EVENTS

The Chapter has evaluated subsequent events through January 4th, 2024, the date which the financial statements were available to be issued.