

**GOVERNMENT FINANCE OFFICERS ASSOCIATION OF
THE UNITED STATES AND CANADA AND GFOA
ENDOWMENT CORPORATION**

Consolidating Financial Statements

Years Ended March 31, 2018 and 2017

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

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidating financial statements of Government Finance Officers Association of the United States and Canada and GFOA Endowment Corporation (collectively the "Association"), which comprise the consolidating statements of financial position as of March 31, 2018 and 2017, and the related consolidating statements of activities and cash flows for the years 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 consolidating 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 consolidating 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 consolidating financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidating financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidating 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 consolidating 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 consolidating financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Opinion

In our opinion, the consolidating financial statements referred to above present fairly, in all material respects, the consolidating financial position of the Association as of March 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Baker Tilly Virchow Krause, LLP

Oak Brook, Illinois
September 13, 2018

Consolidating Financial Statements

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

**Consolidating Statements of Financial Position
(in Thousands of Dollars)**

March 31,			Totals	
	GFOA	Endowment Corporation	2018	2017
Assets				
Current Assets				
Cash and cash equivalents	\$ 246	\$ -	\$ 246	\$ 381
Investments (Note 3)	13,261	23,860	37,121	34,630
Accounts receivable (net of allowance for doubtful accounts of \$20 for 2018 and 2017, respectively)	1,092	-	1,092	608
Accrued interest receivable	13	-	13	13
Publication inventory	345	-	345	370
Prepaid expenses and other current assets	705	-	705	640
Total Current Assets	15,662	23,860	39,522	36,642
Property and Equipment, Net	508	-	508	491
Total Assets	\$ 16,170	\$ 23,860	\$ 40,030	\$ 37,133
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	\$ 524	\$ -	\$ 524	\$ 264
Accrued expenses	2,629	-	2,629	2,384
Deferred revenue	5,048	-	5,048	4,997
Deferred rent	635	-	635	590
Total Current Liabilities	8,836	-	8,836	8,235
Commitments (Note 7)				
Net Assets - Unrestricted				
Operating fund	4,523	-	4,523	3,779
Contingency reserve (Note 4)	1,363	-	1,363	1,363
Research reserve (Note 4)	975	-	975	1,000
Scholarship reserve (Note 4)	301	-	301	288
GFOA Endowment	-	23,860	23,860	22,303
Total Net Assets - Unrestricted	7,162	23,860	31,022	28,733
Net Assets - Temporarily Restricted				
Scholarship and grants (Note 5)	172	-	172	165
Total Net Assets	7,334	23,860	31,194	28,898
Total Liabilities and Net Assets	\$ 16,170	\$ 23,860	\$ 40,030	\$ 37,133

See accompanying notes to consolidating financial statements.

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

**Consolidating Statements of Financial Position
(in Thousands of Dollars)**

<i>March 31,</i>	GFOA	Endowment Corporation	Total 2017
Assets			
Current Assets			
Cash and cash equivalents	\$ 381	\$ -	\$ 381
Investments (Note 3)	12,327	22,303	34,630
Accounts receivable (net of allowance for doubtful accounts of \$20 for 2017)	608	-	608
Accrued interest receivable	13	-	13
Publication inventory	370	-	370
Prepaid expenses and other current assets	640	-	640
Total Current Assets	14,339	22,303	36,642
Property and Equipment, Net	491	-	491
Total Assets	\$ 14,830	\$ 22,303	\$ 37,133
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	\$ 264	\$ -	\$ 264
Accrued expenses	2,384	-	2,384
Deferred revenue	4,997	-	4,997
Deferred rent	590	-	590
Total Current Liabilities	8,235	-	8,235
Net Assets - Unrestricted			
Operating fund	3,779	-	3,779
Contingency reserve (Note 4)	1,363	-	1,363
Research reserve (Note 4)	1,000	-	1,000
Scholarship reserve (Note 4)	288	-	288
GFOA Endowment	-	22,303	22,303
Total Net Assets - Unrestricted	6,430	22,303	28,733
Net Assets - Temporarily Restricted			
Scholarship and grants (Note 5)	165	-	165
Total Net Assets	6,595	22,303	28,898
Total Liabilities and Net Assets	\$ 14,830	\$ 22,303	\$ 37,133

See accompanying notes to consolidating financial statements.

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

**Consolidating Statements of Activities
(in Thousands of Dollars)**

Year ended March 31,	GFOA	Endowment Corporation	Totals	
			2018	2017
Unrestricted Net Assets				
Net Operating Revenue				
Membership dues	\$ 3,764	\$ -	\$ 3,764	\$ 3,633
Fees and charges:				
Training and conference	5,373	-	5,373	3,967
Award programs	3,332	-	3,332	3,309
Publications and subscriptions	300	-	300	384
Consulting	2,276	-	2,276	1,953
Total fees and charges	11,281	-	11,281	9,613
All other sources	578	-	578	542
Net assets released from restrictions	23	-	23	295
Total net operating revenue	15,646	-	15,646	14,083
Program Expenses				
Salaries and wages	4,880	-	4,880	4,478
Employee benefits	1,518	-	1,518	1,392
Office expenses	1,138	-	1,138	1,208
Occupancy and equipment expenses	1,149	-	1,149	1,160
Travel	603	-	603	496
Training and conference	3,756	-	3,756	2,430
Depreciation and amortization	168	-	168	160
Professional fees	390	-	390	394
Subcontractors	220	-	220	204
Contributions	153	-	153	89
Other operating expenses	94	-	94	120
Total program expenses	14,069	-	14,069	12,131
Support Expenses				
Salaries and wages	863	-	863	790
Employee benefits	343	-	343	229
Office expenses	244	-	244	163
Occupancy and equipment expenses	6	-	6	7
Travel	46	-	46	27
Depreciation and amortization	3	-	3	9
Professional fees	184	3	187	147
Other operating expenses	97	-	97	61
Total support expenses	1,786	3	1,789	1,433
Total program and support expenses	15,855	3	15,858	13,564
Net Operating Revenue Greater Than (Less Than) Expenses	(209)	(3)	(212)	519
Contributions to GFOA (from) Endowment Corporation	400	(400)	-	-
Interest/dividend income	181	488	669	611
Appreciation in fair value of investments	360	1,472	1,832	2,031
Increase in Unrestricted Net Assets	732	1,557	2,289	3,161
Increase (Decrease) in Temporarily Restricted Net Assets (Note 5)	7	-	7	(263)
Net Increase in Net Assets	739	1,557	2,296	2,898
Net Assets, at beginning of year	6,595	22,303	28,898	26,000
Net Assets, at end of year	\$ 7,334	\$ 23,860	\$ 31,194	\$ 28,898

See accompanying notes to consolidating financial statements.

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

**Consolidating Statements of Activities
(in Thousands of Dollars)**

<i>Year ended March 31,</i>	GFOA	Endowment Corporation	Total 2017
Unrestricted Net Assets			
Net Operating Revenue			
Membership dues	\$ 3,633	\$ -	\$ 3,633
Fees and charges:			
Training and conference	3,967	-	3,967
Award programs	3,309	-	3,309
Publications and subscriptions	384	-	384
Consulting	1,953	-	1,953
Total fees and charges	9,613	-	9,613
All other sources	542	-	542
Net assets released from restrictions	295	-	295
Total net operating revenue	14,083	-	14,083
Program Expenses			
Salaries and wages	4,478	-	4,478
Employee benefits	1,392	-	1,392
Office expenses	1,208	-	1,208
Occupancy and equipment expenses	1,160	-	1,160
Travel	496	-	496
Training and conference	2,430	-	2,430
Depreciation and amortization	160	-	160
Professional fees	394	-	394
Subcontractors	204	-	204
Contributions	89	-	89
Other operating expenses	120	-	120
Total program expenses	12,131	-	12,131
Support Expenses			
Salaries and wages	790	-	790
Employee benefits	229	-	229
Office expenses	163	-	163
Occupancy and equipment expenses	7	-	7
Travel	27	-	27
Depreciation and amortization	9	-	9
Professional fees	144	3	147
Other operating expenses	61	-	61
Total support expenses	1,430	3	1,433
Total program and support expenses	13,561	3	13,564
Net Operating Revenue Greater Than (Less Than) Expenses	522	(3)	519
Interest/dividend income	156	455	611
Appreciation in fair value of investments	323	1,708	2,031
Increase in Unrestricted Net Assets	1,001	2,160	3,161
Decrease in Temporarily Restricted Net Assets (Note 5)	(263)	-	(263)
Net Increase in Net Assets	738	2,160	2,898
Net Assets, at beginning of year	5,857	20,143	26,000
Net Assets, at end of year	\$ 6,595	\$ 22,303	\$ 28,898

See accompanying notes to consolidating financial statements.

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

**Consolidating Statements of Cash Flows
(in Thousands of Dollars)**

<i>Year ended March 31,</i>	GFOA	Endowment Corporation	Totals	
			2018	2017
Cash Flows From Operating Activities				
Changes in net assets	\$ 739	\$ 1,557	\$ 2,296	\$ 2,898
Adjustments to reconcile changes in net assets to net cash flows from operating activities:				
Net appreciation in fair value of investments	(370)	(1,472)	(1,842)	(2,044)
Depreciation and amortization	171	-	171	169
Change in current assets and liabilities				
Receivables	(484)	-	(484)	119
Publication inventory	25	-	25	19
Prepaid expenses and other current assets	(65)	-	(65)	(190)
Accounts payable and accrued expenses	505	-	505	(38)
Deferred revenue	51	-	51	745
Deferred rent	45	-	45	24
Net cash flows from operating activities	617	85	702	1,702
Cash Flows From Investing Activities				
Purchase of furniture, fixtures and equipment	(188)	-	(188)	(218)
Maturity of investments	3,172	400	3,572	2,780
Purchase of investments	(3,736)	(485)	(4,221)	(4,229)
Net cash flows from investing activities	(752)	(85)	(837)	(1,667)
Net Increase (Decrease) in Cash and Cash Equivalents	(135)	-	(135)	35
Cash and Cash Equivalents, at beginning of year	381	-	381	346
Cash and Cash Equivalents, at end of year	\$ 246	\$ -	\$ 246	\$ 381

See accompanying notes to consolidating financial statements.

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

**Consolidating Statements of Cash Flows
(in Thousands of Dollars)**

<i>Year ended March 31,</i>	GFOA	Endowment Corporation	Total 2017
Cash Flows From Operating Activities			
Changes in net assets	\$ 738	\$ 2,160	\$ 2,898
Adjustments to reconcile changes in net assets to net cash flows from operating activities:			
Net appreciation in fair value of investments	(336)	(1,708)	(2,044)
Depreciation and amortization	169	-	169
Change in current assets and liabilities			
Receivables	119	-	119
Publication inventory	19	-	19
Prepaid expenses and other current assets	(190)	-	(190)
Accounts payable and accrued expenses	(38)	-	(38)
Deferred revenue	745	-	745
Deferred rent	24	-	24
Net cash flows from operating activities	1,250	452	1,702
Cash Flows From Investing Activities			
Purchase of furniture, fixtures and equipment	(218)	-	(218)
Maturity of investments	2,780	-	2,780
Purchase of investments	(3,777)	(452)	(4,229)
Net cash flows from investing activities	(1,215)	(452)	(1,667)
Net Increase in Cash and Cash Equivalents	35	-	35
Cash and Cash Equivalents, at beginning of year	346	-	346
Cash and Cash Equivalents, at end of year	\$ 381	\$ -	\$ 381

See accompanying notes to consolidating financial statements.

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

Notes to Consolidating Financial Statements (in Thousands of Dollars)

1. Nature of Operations

The consolidating financial statements present data for both the Government Finance Officers Association of the United States and Canada (“GFOA”) and the GFOA Endowment Corporation (“Endowment Corporation”) (collectively, the “Organization”). Material intercompany accounts and transactions have been eliminated in consolidation.

The GFOA is the professional association of government finance officers with approximately 19,400 members and serves the government finance profession. GFOA was founded in 1906 and is exempt from the payment of income taxes under Section 501(c)(3) of the Internal Revenue Code. GFOA members are 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.

The Endowment Corporation is also a not-for-profit corporation and is exempt from the payment of income taxes under Section 501(c)(3) of the Internal Revenue Code. The purpose of the Endowment Corporation is to operate as a supporting organization 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.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidating financial statements include the accounts of the GFOA and the Endowment Corporation which are maintained on the accrual basis of accounting in conformity with accounting principles applicable to nonprofit organizations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

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

**Notes to Consolidating Financial Statements
(in Thousands of Dollars)**

Cash and Cash Equivalents

Highly liquid investments with an original maturity date of three months or less are considered cash equivalents.

Cash and cash equivalents are comprised of:

March 31,	2018	2017
Commercial bank money market accounts	\$ 159	\$ 257
Cash on deposit	87	124
	<u>\$ 246</u>	<u>\$ 381</u>

Concentration of Risk

The Organization 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 the Organization is not exposed to any significant credit risk on cash and the Organization has not experienced any losses in such accounts.

Investments and Fair Value Measurements

Investments are recorded at their fair value. Changes in fair value are recorded as realized and unrealized gains (losses) in the Consolidating Statements of Activities.

The Organization 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 generally accepted accounting principles and expands disclosures about fair value measurements. See Note 3 for further disclosures.

Receivables

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, 2018 and 2017, 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.

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, 2018 and 2017, respectively.

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

**Notes to Consolidating Financial Statements
(in Thousands of Dollars)**

Property and Equipment

Property and equipment are recorded at cost. All acquisitions of property and equipment in excess of five hundred dollars and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized.

Property and equipment are comprised of:

<i>March 31,</i>	2018	2017
Equipment	\$ 1,643	\$ 1,724
Furniture and fixtures	567	560
Leasehold improvements	529	384
	2,739	2,668
Less accumulated depreciation and amortization	(2,231)	(2,177)
	\$ 508	\$ 491

Depreciation 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 depreciated over the shorter of the associated lease term or the estimated useful life of the asset of ten years.

Revenue Recognition

Revenue is recognized as earned.

Membership Dues

Annual membership dues are assessed annually and are recognized as revenue ratably over the year. Dues collected prior to year-end that relate to a subsequent year are recorded as deferred revenue.

Fees and Charges

Fees for training, conferences, award programs and consulting are recorded as revenue in the year the event or service takes place. Billings issued and amounts collected prior to year-end that relate to an event to be held in a subsequent year are also recorded as deferred revenue.

Training and conference revenues include registration fees, exhibit fees, mailing list rental, and event tickets. Training and conference expenses include facility rentals, speakers' fees and expenses, printed materials, postage, audio/visual services and food service.

Rental Expense

Rental expense is recognized for financial reporting purposes on the straight-line basis over the term of a certain lease. At March 31, 2018 and 2017, deferred rent represents the cumulative amount by which rental expense recognized exceeds rentals paid.

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

Notes to Consolidating Financial Statements (in Thousands of Dollars)

Net Assets

Net assets are classified for financial statement purposes as being unrestricted, temporarily restricted or permanently restricted based on the existence or absence of donor-imposed restrictions. The Organization currently does not hold any permanently restricted net assets at March 31, 2018 and 2017.

Temporarily Restricted Net Assets

Temporarily restricted net assets are subjected to donor-imposed restrictions that are to be satisfied by GFOA's actions or passage of time. Temporarily restricted net assets are reclassified to unrestricted net assets when the restrictions are met. See Note 5.

Income Taxes

The GFOA and Endowment Corporation are tax-exempt organizations as permitted under Section 501(c)(3) of the Internal Revenue Code. Tax positions for open tax years were reviewed and it was determined that no provision for uncertain tax positions is required. Interest and penalties associated with income tax positions would be recorded in interest expense. There were no income tax related interest or penalties recorded or included in the consolidating statements of activities for the years ended March 31, 2018 and 2017.

3. Fair Value Measurements

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. Fair value measurement is based on a hierarchy of observable or unobservable inputs.

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 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 reporting 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. For the Level 3 investment, fair value is estimated by the Organization.

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

**Notes to Consolidating Financial Statements
(in Thousands of Dollars)**

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

For the years ended March 31, 2018 and 2017, total investment return of \$2,515 and \$2,659, respectively, consisted of investment income of \$673 and \$615, and a net appreciation in fair value of investments of \$1,842 and \$2,044, respectively.

The following tables disclose the fair value hierarchy of the Organization's investment assets at fair value as of March 31, 2018 and 2017. 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, 2018			Total Fair Value
	Level 1	Level 2	Level 3	
Vanguard Balanced Index Fund (GFOA)	\$ 6,294	\$ -	\$ -	\$ 6,294
Vanguard Balanced Index Fund (Endowment Corporation)	23,860	-	-	23,860
Government Bonds	-	970	-	970
Corporate Bonds	-	846	-	846
US Savings Bonds	674	-	-	674
US Treasury Note	-	2,387	-	2,387
	30,828	4,203	-	35,031
457 Plan(b) investments (See Note 6)				
CREF Stock Account	447	-	-	447
CREF Global Equities Account	67	-	-	67
CREF Growth Account	71	-	-	71
CREF Bond Market Account	26	-	-	26
CREF Money Market Account	50	-	-	50
TIAA Traditional Guaranteed Annuity	-	-	697	697
TIAA Access Intl Equity T3 Account	-	49	-	49
TIAA Access Intl Equity Idx T3 Account	-	7	-	7
TIAA Access Lifecycle 2015 T3 Account	-	12	-	12
TIAA Real Estate Account	123	-	-	123
Vanguard Balanced Index Account	122	-	-	122
Vanguard FTSE Social Index Account	5	-	-	5
Vanguard Global Equity Account	90	-	-	90
Vanguard Growth Index Account	70	-	-	70
Vanguard Long-Term Treasury Account	4	-	-	4
Vanguard REIT Index Account	10	-	-	10
Vanguard Total Bond Mkt Idx Account	110	-	-	110
Vanguard Total Intl Stock Idx Account	50	-	-	50
Vanguard Total Stock Mkt Idx Account	80	-	-	80
	1,325	68	697	2,090
	\$ 32,153	\$ 4,271	\$ 697	\$ 37,121

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

**Notes to Consolidating Financial Statements
(in Thousands of Dollars)**

	As of March 31, 2017			Total Fair Value
	Level 1	Level 2	Level 3	
Vanguard Balanced Index Fund (GFOA)	\$ 5,787	\$ -	\$ -	\$ 5,787
Vanguard Balanced Index Fund (Endowment Corporation)	22,303	-	-	22,303
Government Bonds	-	2,348	-	2,348
Corporate Bonds	-	600	-	600
US Savings Bonds	650	-	-	650
US Treasury Note	-	1,091	-	1,091
	28,740	4,039	-	32,779
457 Plan(b) investments (See Note 6)				
CREF Stock Account	397	-	-	397
CREF Global Equities Account	58	-	-	58
CREF Growth Account	57	-	-	57
CREF Bond Market Account	27	-	-	27
CREF Money Market Account	50	-	-	50
TIAA Traditional Guaranteed Annuity	-	-	733	733
TIAA Access Intl Equity T3 Account	-	42	-	42
TIAA Access Intl Equity Idx T3 Account	-	6	-	6
TIAA Access Lifecycle 2015 T3 Account	-	11	-	11
TIAA Real Estate Account	120	-	-	120
Vanguard Balanced Index Account	22	-	-	22
Vanguard Growth Index Account	22	-	-	22
Vanguard Long-Term Treasury Account	2	-	-	2
Vanguard REIT Index Account	36	-	-	36
Vanguard Total Bond Mkt Idx Account	116	-	-	116
Vanguard Total Stock Mkt Idx Account	152	-	-	152
	1,059	59	733	1,851
	\$ 29,799	\$ 4,098	\$ 733	\$ 34,630

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

**Notes to Consolidating Financial Statements
(in Thousands of Dollars)**

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 investment assets for the years ended March 31, 2018 and 2017.

Fair value measurements using significant unobservable inputs (Level 3):

Balance as of April 1, 2016	\$	385
Realized gains		13
Unrealized gains		7
Purchases		22
Distributions		(53)
Transfers		359
<hr/>		
Balance as of March 31, 2017		733
Realized gains		13
Unrealized gains		10
Purchases		12
Distributions		(2)
Transfers		(69)
<hr/>		
Balance as of March 31, 2018	\$	697

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

**Notes to Consolidating Financial Statements
(in Thousands of Dollars)**

4. Reserve Funds

The GFOA Executive Board has designated unrestricted assets 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, 2018 and 2017 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 2018 and 2017, there was no activity in the contingency reserve. The portion of this reserve designated for the annual conference at March 31, 2018 and 2017 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, 2018 and 2017 is \$975 and \$1,000 respectively. During 2018, GFOA transferred \$250 from the operating fund to the research reserve and \$275 was utilized for research projects. During 2017, GFOA transferred \$250 from the operating fund to the research reserve and \$220 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, 2018 and 2017 is \$301 and \$288. During 2018, \$22 of investment income was allocated to the scholarship reserve and \$36 was utilized for scholarships. During 2017, private contributions of \$4 and \$28 of investment income was allocated to the scholarship reserve and \$32 was utilized for scholarships.

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**Notes to Consolidating Financial Statements
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5. Temporarily Restricted Net Assets

Temporarily restricted net assets represent resources from contributions and grants that are subject to spending restrictions imposed by the donor.

During fiscal 2013, GFOA was awarded a \$745 Bill and Melinda Gates Project grant. The two-year project commenced on March 1, 2013 and will align with GFOA's project to encourage governments to identify and implement best practices with their finances including performance management and budgeting. During fiscal 2015, GFOA was awarded a \$550 grant supplement to maintain and disseminate web-based school budgeting tools. The grant is subject to certain pre-designated milestones to determine continued funding under the grant. GFOA has received cumulative funds of \$1,295 related to this grant as of March 31, 2018.

During fiscal 2016, GFOA was awarded an additional \$365 Bill and Melinda Gates Project grant. The one-year project commenced November 1, 2015 and will fund redevelopment of the existing smarter school spending website (www.smarterschoolspending.org). GFOA has received the full amount of this grant as of March 31, 2017.

	2018	2017
Amounts restricted to support GFOA scholarships		
Balance at April 1	\$ 165	\$ 154
Increases		
Private contributions	16	15
Interest income	4	4
Appreciation in fair value of investments	10	13
	30	32
Decreases - net assets released from restrictions		
Daniel B. Goldberg Scholarship	(14)	(13)
Minorities in Government Finance Scholarship	(9)	(8)
	(23)	(21)
Total scholarships at March 31	172	165
Amounts restricted to support GFOA research grants		
Balance at April 1	-	274
Increases		
Private contributions	-	-
	-	-
Decreases - net assets released from restrictions		
"Enhancing Budget Excellence Awards through Use of Alignment Best Practices" - Bill and Melinda Gates Foundation	-	(7)
"Smarter School Spending Website Redevelopment" - Bill and Melinda Gates Foundation	-	(267)
	-	(274)
Total research grants at March 31	-	-
Total at March 31	\$ 172	\$ 165

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6. 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. Pension expense in 2018 and 2017 for this plan was \$469 and \$444, 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.

In addition, effective January 1, 2003, 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 (\$18.5 and \$18 for 2018 and 2017, respectively). 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 \$2,090 and \$1,851 as of March 31, 2018 and 2017, respectively (see Note 3). Related pension expense in 2018 and 2017 for this plan was \$49 and \$55, respectively.

7. Commitments

Operating Leases

GFOA has two operating leases for its office space. As of March 31, 2018, contractual agreements require the following minimum fiscal year rental payments, exclusive of any future rent escalation charges for real estate taxes and operating expenses:

	Total
2019	\$ 580
2020	596
2021	655
2022	671
2023	415
Thereafter	1,640
	<hr/> \$ 4,557 <hr/>

Office rental expense totaled \$878 and \$800 for the years ended March 31, 2018 and 2017, respectively. The Chicago and Washington, D.C. leases terminate on September 30, 2022 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.

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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, 2018, GFOA has determined that the estimated cost of this benefit was \$58 based upon their internal review of its census; however, GFOA will continue to evaluate the significance of this obligation in the future. To date, one employee has participated in this program.

8. Subsequent Events

The Organization has evaluated subsequent events occurring through September 13, 2018, the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements. No material subsequent events have occurred through September 13, 2018 that required recognition or disclosure in these financial statements.

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