

FLORIDA ASSOCIATION OF CITY CLERKS, INC.

FINANCIAL STATEMENTS

JULY 31, 2023

Florida Association of City Clerks, Inc.  
Financial Statements  
July 31, 2023

TABLE OF CONTENTS

<u>Title</u>	<u>Page Number</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6 - 9

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March 26, 2024

Independent Auditor's Report

To the Board of Directors of the  
Florida Association of City Clerks, Inc.:

**Opinion**

We have audited the accompanying financial statements of the Florida Association of City Clerks, Inc. (a nonprofit organization), which comprise the statement of financial position as of July 31, 2023 and the related statements of activities 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 Florida Association of City Clerks, Inc. as of July 31, 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 of America.

**Basis for 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 Florida Association of City Clerks, Inc. 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.

**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 generally 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 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 Florida Association of City Clerks, Inc.'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 Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 Florida Association of City Clerks, Inc.'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 Florida Association of City Clerks, Inc.'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.

*Shantai + Shantai, P.A.*

Florida Association of City Clerks, Inc.  
\*STATEMENT OF FINANCIAL POSITION  
July 31, 2023

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 772,819	
Accounts Receivable	6,630	
Prepaid Expenses and Deposits	<u>4,780</u>	
Total Current Assets		<u>\$ 784,229</u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 95,225	
Deferred Income	<u>11,250</u>	
Total Current Liabilities		\$ 106,475

Net Assets

Without Donor Restrictions	665,031	
With Donor Restrictions	<u>12,723</u>	
Total Net Assets		<u>677,754</u>
Total Liabilities and Net Assets		<u>\$ 784,229</u>

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

Florida Association of City Clerks, Inc.  
 \*STATEMENT OF ACTIVITIES  
For the Year Ended July 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenues</u>			
Dues	\$ 57,218	\$ -	\$ 57,218
Academies	224,203	-	224,203
Other Programs	47,511	645	48,156
Dividend Income	6,697	-	6,697
Total Revenues	<u>335,629</u>	<u>645</u>	<u>336,274</u>
 <u>Expenses</u>			
Academies	213,048	-	213,048
Other Programs	46,178	-	46,178
Fundraising	11,917	-	11,917
Management and General	36,598	-	36,598
Total Expenses	<u>307,741</u>	<u>-</u>	<u>307,741</u>
<u>Increase in Net Assets</u>	27,888	645	28,533
<u>Net Assets, Beginning of Year</u>	<u>637,143</u>	<u>12,078</u>	<u>649,221</u>
<u>Net Assets, End of Year</u>	<u>\$ 665,031</u>	<u>\$ 12,723</u>	<u>\$ 677,754</u>

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

Florida Association of City Clerks, Inc.  
 \*STATEMENT OF CASH FLOWS  
For the Year Ended July 31, 2023

<u>Cash Flows from Operating Activities</u>		
Increase in Net Assets	\$	28,533
Adjustments to Reconcile Increase in Net Assets to		
Net Cash Used by Operating Activities:		
Increase in Accounts Receivable		(5,195)
Decrease in Prepaid Expenses and Deposits		12,193
Decrease in Accounts Payable		(50,652)
Increase in Deferred Income		5,100
		5,100
Net Cash Used by Operating Activities	\$	(10,021)
<u>Cash and Cash Equivalents, Beginning of Year</u>		782,840
<u>Cash and Cash Equivalents, End of Year</u>		\$ 772,819

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

Florida Association of City Clerks, Inc.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2023

Note 1 - Organization and Significant Accounting Policies

- A. The Florida Association of City Clerks, Inc. (Association) is an organization of local government city clerks that provides education, recognition, interaction, and communication among its members and with other state and national organizations.
- B. The preparation of financial statements in conformity with generally accepted accounting principles 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- C. Revenues and expenses are recorded on the accrual basis.
- D. Income from membership dues and registration fees is deferred and recognized over the periods to which the dues and fees relate.
- E. Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When restrictions expire, (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 reported in the statement of activities as satisfaction of restrictions.
- F. The costs of providing various program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.
- G. The Association is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code except on net income derived from unrelated business activities.
- H. For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.
- I. The Association maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. At July 31, 2023, the cash in bank deposit accounts was in excess of federally insured limits by approximately \$349,280. Approximately \$173,470 was invested in a money market account, which is not federally insured. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.
- J. Association policy established by the Board of Directors requires that a liquidity reserve be maintained, the amount of which is based on a range of 20% to 30% of total expenses for the prior year.
- K. Management has evaluated subsequent events through March 26, 2024, the date the financial statements were available to be issued.

Florida Association of City Clerks, Inc.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2023

Note 2 – Revenue Recognition

Payment of fees for the Association’s conference and educational/developmental programs is generally required at the time of registration, although in some cases the fees are billed when due, resulting in accounts receivable. The Association recognizes revenue when the events have been completed. Payment of membership dues is required at the beginning of the membership period, which is the fiscal year, and dues revenue is recognized ratably over the same period, since the benefits to Association members are consistent throughout the year. Amounts received in advance are deferred to the applicable periods, resulting in contract liabilities. Beginning and ending balances from these transactions with members are presented on the statements of financial position as accounts receivable and deferred revenues.

The beginning and ending contract balances were as follows:

	<u>July 31, 2023</u>	<u>July 31, 2022</u>
Accounts Receivable	\$ 6,630	\$ 1,435
Deferred Income	\$ 11,250	\$ 6,150

Substantially all revenue relates to activities of Association members who are city clerks serving Florida municipalities, providing stability with respect to the nature, amount and timing of revenue and cash flows.

Note 3 – Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

Scholarship awards to be used for expenses of educational programs related to electronic records management	\$ 950
Florida Education Fund, to provide professional education programs to members	11,773
	\$ 12,723

Note 4 – Related Party Transactions

Pursuant to an agreement, the Florida League of Cities, Inc. (League) provides administrative services to the Association for an annual fee, plus reimbursement of certain out-of-pocket expenses. The fee paid for these services was \$16,060 for the year ended July 31, 2023. A new agreement was effected for the year beginning August 1, 2023 with no increase in the fee. The Agreement may be terminated by either party by providing at least 60 days’ notice of intent not to extend the Agreement as of the next annual anniversary date.

At July 31, 2023, accounts payable included \$78,209 in fees and expenses due to the League.

Florida Association of City Clerks, Inc.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2023

Note 5 – Liquidity and Availability of Financial Assets

As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Association invests cash in excess of immediate requirements in a money-market account.

The Association's governing board has designated, from net assets without donor restrictions of \$665,031, a minimum liquidity reserve of \$61,548 as of July 31, 2023.

The Association's financial assets available for general expenditures within one year of the statement of financial position date are as follows:

Cash and cash equivalents	\$ 772,819
Accounts receivable	<u>6,630</u>
Financial assets at year-end	779,449
Board-designated liquidity reserve	<u>(61,548)</u>
Financial assets available for general expenditures within one year	<u><u>\$ 717,901</u></u>

Florida Association of City Clerks, Inc.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2023

Note 6 - Allocation of Expenses

The table below presents expenses by both their nature and their function for the fiscal year ended July 31, 2023:

	<u>Program Activities</u>			<u>Supporting Activities</u>			<u>Total Expenses</u>
	<u>Academies</u>	<u>Other Programs</u>	<u>Programs Subtotal</u>	<u>Mgmt and General</u>	<u>Fundraising</u>	<u>Supporting Subtotal</u>	
Bank Fees	\$ 3,751	\$ 3,751	\$ 7,502	\$ 3,751	\$ -	\$ 3,751	\$ 11,253
Administration Fees	-	-	-	6,600	-	6,600	6,600
Meeting Expenses	1,672	1,671	3,343	1,672	-	1,672	5,015
Directory Expenses	-	6,810	6,810	-	-	-	6,810
Office and Administrative Expenses	-	1,440	1,440	8,141	-	8,141	9,581
Institute of Government Fees	-	26,500	26,500	-	-	-	26,500
Scholarships and Donations	-	3,584	3,584	-	-	-	3,584
Auditor Fee	2,422	2,422	4,844	2,421	-	2,421	7,265
Travel	-	-	-	14,013	-	14,013	14,013
Fall Academy Costs	62,721	-	62,721	-	-	-	62,721
Summer Conference and Academy Costs	142,482	-	142,482	-	11,917	11,917	154,399
<b>Total Expenses</b>	<b><u>\$ 213,048</u></b>	<b><u>\$ 46,178</u></b>	<b><u>\$ 259,226</u></b>	<b><u>\$ 36,598</u></b>	<b><u>\$ 11,917</u></b>	<b><u>\$ 48,515</u></b>	<b><u>\$ 307,741</u></b>

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include bank fees, meeting expenses, office and administrative expenses, and auditor fees. The allocation is based on the estimated percentage of each shared expense utilized for the respective functional category.