**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

**Independent Auditors' Report**

The Board of Directors
National Association of Government Archives
and Records Administrators
Washington, D.C.

**Opinion**

We have audited the accompanying financial statements of National Association of Government Archives and Records Administrators (the Association), which comprise the statement of financial position as of December 31, 2022, and the related statements 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 Association as of December 31, 2022, 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 Association 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 Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

The Board of Directors
National Association of Government Archives
and Records Administrators
Washington, D.C.

**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, 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 Association'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 Association'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.

Mullins PC

Certified Public Accountants

Bethesda, Maryland
February XX, 2023

**National Association of Government Archives and Records Administrators**

## Statement of Financial Position
**December 31, 2022**

| | | |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash and Cash Equivalents | $ | **405,503** |
| Prepaid Expenses | | **19,271** |
| **Total Current Assets - Total Assets** | $ | **424,774** |
| **Liabilities and Net Assets** | | |
| **Current Liabilities** | | |
| Accounts Payable and Accrued Expenses | $ | **1,085** |
| Deferred Revenues | | **129,823** |
| Total Current Liabilities - Total Liabilities | | **130,908** |
| **Net Assets** | | |
| Without Donor Restrictions | | **293,866** |
| Total Net Assets | | **293,866** |
| **Total Liabilities and Net Assets** | $ | **424,774** |

***See Accompanying Notes to Financial Statements***

**National Association of Government Archives and Records Administrators**

**Statement of Activities**
**For the Year Ended December 31, 2022**

| | | |
|---|---|---|
| **Revenues** | | |
| Membership Dues | **$** | **108,453** |
| Conferences and Meetings | | **208,866** |
| Investment Income (Loss) - Net | | **650** |
| Other | | **528** |
| Total Revenues | | **318,497** |
| **Expenses** | | |
| Program Services | | **262,931** |
| General and Administrative - Supporting Services | | **26,806** |
| Total Expenses | | **289,737** |
| Changes in Net Assets | | **28,760** |
| Net Assets, Beginning of Period | | **265,106** |
| **Net Assets, End of Period** | **$** | **293,866** |

***See Accompanying Notes to Financial Statements***

**National Association of Government Archives and Records Administrators**

**Statement of Functional Expenses**
**For the Year Ending December 31, 2022**

| | Program Services | General and Administrative | **Total** |
|---|---|---|---|
| Insurance | $ 754 | $ 754 | **$ 1,508** |
| Advertising and Promotion | 1,196 | - | **1,196** |
| Office | 23,473 | 1,838 | **25,311** |
| Professional Fees | 85,199 | 24,214 | **109,413** |
| Meetings and Conferences | 152,309 | - | **152,309** |
| **Total Expenses** | $ 262,931 | $ 26,806 | **$ 289,737** |

***See Accompanying Notes to Financial Statements***

DRAFT

**National Association of Government**
**Archives and Records Administrators**

**Statement of Cash Flows**
**For the Year Ended December 31, 2022**

| | | |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Change in Net Assets | **$** | **28,760** |
| Adjustments to Reconcile Change in Net Assets to | | |
| (Increase) Decrease in Assets | | |
| Prepaid Expenses | | **(2,639)** |
| Increase (Decrease) in Liabilities | | |
| Accounts Payable and Accrued Liabilities | | **(7,624)** |
| Deferred Revenues | | **49,801** |
| Net Cash Provided by (Used in) Operating Activities | | **68,298** |
| Net Increase (Decrease) in Cash and Cash Equivalents | | **68,298** |
| Cash and Cash Equivalents, Beginning of Period | | **337,205** |
| **Cash and Cash Equivalents, End of Period** | **$** | **405,503** |

***See Accompanying Notes to Financial Statements***

# Notes to Financial Statements
# December 31, 2022

## 1. ORGANIZATION AND PURPOSE

National Association of Government Archives and Records Administrators (the Association) is a professional non-profit association located in Washington, D.C. dedicated to the improvement of federal, state, and local government records and information management and the professional development of government records administrators and archivists. Members include county, municipal, and special district governments, state agencies (state records centers, archives and libraries), the National Archives and Records Administration; federal agencies and employees; public universities, and a number of provincial and institutional programs.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

The financial statements of the Association have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires the Association to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

The Association had no net assets with donor restrictions as of December 31, 2022.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

### Use of Estimates

The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Accordingly, actual results could differ from those estimates.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Cash Equivalents

The Association considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

### Revenue Recognition

Conferences and Meetings revenue represents amounts paid by or on behalf of participants and sponsors and are recognized upon completion of the respective event. As of December 31, 2022, deferred revenue related to conferences and meetings was $66,450.

Membership represents amounts paid by members. Memberships are recognized over the applicable membership year. Membership received in advance of the dues year are deferred until the following fiscal year and then recognized ratably over the dues year. As of December 31, 2022, deferred revenue related to membership dues was $63,373.

### Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, occupancy and office expenses, depreciation, information technology costs, and insurance have been allocated among the programs and supporting services based on time and effort.

### Income Tax Status

The Association is exempt from the payment of income taxes on its exempt activities under Section 501(c)(6) of the Internal Revenue Code.

The Association follows the Financial Accounting Standards Board Accounting Standards Codification, which provides guidance on accounting for uncertainty in income taxes recognized in the Association's financial statements, if any. As of December 31, 2022, the Association had no unrecognized tax benefits related to uncertain tax positions in its information return that would qualify for either recognition or disclosure in its financial statements.

The Association's policy would be to recognize interest and penalties on tax positions related to its unrecognized tax benefits in income tax expense in the financial statements. Through December 31, 2022, there have been no matters that would have resulted in an accrual for interest and/or penalties.

Generally, the tax years before 2019 are no longer subject to examination by federal, state, or local taxing authorities.

## 2. Summary of Significant Accounting Policies (Continued)

### New Accounting Pronouncements

In 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. The new standard applies to finance or operating leases entered into after the standard was issued. The Association does not have any leases requiring recognition on the statement of financial position.

### Subsequent Events

Management has evaluated subsequent events through February XX, 2023 the date which the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events with conditions that did not exist at the statement of financial position date, but disclosures of such events, if any, are included in the accompanying notes.

## 3. Concentration of Credit Risk

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000. As of December 31, 2022, bank balances exceeded the FDIC limit by approximately $150,000.

## 4. Net Assets

There were no net assets with donor restrictions as of the year ended December 31, 2022.

Net assets without donor restrictions for the year ended December 31, 2022 were undesignated.

### 5. LIQUIDITY AND AVAILABILITY

The following represents Association's financial assets at December 31, 2022:

| | | |
|---|---|---|
| Financial Assets at Year End: | | |
| Cash and Cash Equivalents | $ | 405,503 |
| Total Financial Assets | | 405,503 |
| Less: Restricted Amounts Not Available To Be Used Within One Year: | | |
| Donor-Restrictions | | - |
| Board-Designations | | - |
| | | - |
| Financial Assets Available to Meet General Expenditures Over the Next Twelve Months | $ | 405,503 |

As part of the Association's liquidity management plan, cash in excess of daily requirements is transferred to income-generating accounts, when practical.