

**SOCIETY OF GOVERNMENT  
MEETING PROFESSIONALS, INC.**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

**SOCIETY OF GOVERNMENT MEETING PROFESSIONALS, INC.**  
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**BECK & COMPANY**  
Certified Public Accountants, P.C.


**ACCOUNTANT'S REPORT**

To: Board of Directors  
Society of Government Meeting Professionals, Inc.  
Alexandria, Virginia

We have reviewed the accompanying statement of financial position of the Society of Government Meeting Professionals, Inc. (a non-profit organization) (the Society) as of June 30, 2010, and the related statements of activities and cash flows for the year then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Society of Government Meeting Professionals, Inc.

A review consists principally of inquiries of Society personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.



Herndon, Virginia  
October 1, 2010

**SOCIETY OF GOVERNMENT MEETING PROFESSIONALS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2010**

ASSETS

Cash and cash equivalents	\$ 571,067
Investments	127,932
Accounts receivable	48,627
Prepaid expenses and deposits	12,995
Furniture and equipment, net	9,920
TOTAL ASSETS	<u>\$ 770,541</u>

LIABILITIES

Accounts payable	\$ 51,419
Deferred revenue	383,485
TOTAL LIABILITIES	<u>434,904</u>

NET ASSETS

Unrestricted net assets	<u>335,637</u>
TOTAL NET ASSETS	<u>335,637</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 770,541</u>

See Accompanying Notes and Accountant's Report

**SOCIETY OF GOVERNMENT MEETING PROFESSIONALS, INC.**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

REVENUE	
Membership dues	\$ 694,689
Annual conference	740,886
Gilmer Institute	107,464
Publications	47,196
Investment return	16,008
TOTAL REVENUE	1,606,243
EXPENSES	
Salaries	476,682
Conference expense	328,203
Local chapter revenue sharing	160,335
Administrative and miscellaneous expenses	108,153
Chapter services and support	80,322
Board of directors meetings and travel	75,877
Employee benefits	50,105
Operations expenses	44,455
Gilmer Institute	44,041
Rent	43,542
Membership operating expenses	40,379
Payroll taxes	36,203
Bank and credit card fees	33,873
Staff travel	22,598
Website	19,495
Other headquarters expenses	8,493
Honors and awards	6,952
Industry and professional liaisons	6,867
Magazine	5,504
Depreciation	3,602
Facilities and equipment	1,738
Membership printing	1,174
TOTAL EXPENSES	1,598,593
CHANGE IN NET ASSETS	7,650
NET ASSETS, beginning of period	327,987
NET ASSETS, end of period	\$ 335,637

See Accompanying Notes and Accountant's Report

**SOCIETY OF GOVERNMENT MEETING PROFESSIONALS, INC.**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 7,650
Adjustments to reconcile net assets to net cash used by operating activities:	
Depreciation	3,602
Realized and unrealized loss on sale of investments	(10,264)
 (Increase) decrease in operating assets:	
Accounts receivable	(36,612)
Prepaid expenses and deposits	(7,328)
Increase (decrease) in operating liabilities:	
Accounts payable and payroll liabilities	5,139
Accrued payroll	(3,224)
Deferred revenue	(31,930)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>(72,967)</u></u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sale of securities	75
Reinvestment of dividends	(4,132)
Purchase of fixed assets	(9,766)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u><u>(13,823)</u></u>
 <b>NET INCREASE (DECREASE) IN CASH</b>	 (86,790)
 <b>CASH AND EQUIVALENTS, beginning of year</b>	 <u>657,857</u>
<b>CASH AND EQUIVALENTS, end of year</b>	<b>\$ <u><u>571,067</u></u></b>
 <b>Supplemental Disclosure:</b>	
Interest paid	\$ -
Income taxes paid	\$ -

See Accompanying Notes and Accountant's Report

**SOCIETY OF GOVERNMENT MEETING PROFESSIONALS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**Note 1: Organizational Purpose and Summary of Significant Accounting Policies**

**Organizational Purpose:**

The Society of Government Meeting Professionals, Inc. (the Society) was organized to improve business conditions within the meeting planning industry by providing continuing education programs, conducting research and engaging in activities designed to improve the quality and promote the cost effectiveness of government meeting and conferences. The Society has approximately 3,500 members.

**The significant accounting policies are as follows:**

**Method of Accounting:**

The financial statements of the Society have been prepared utilizing the accrual basis of accounting, in accordance with generally accepted accounting principles.

**Cash and Cash Equivalents:**

The Society considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Accounts Receivable:**

Accounts receivable 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 an 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 credit to accounts receivable.

**Investments:**

Investments are composed of publicly-traded mutual funds and are carried at fair value.

**Furniture and equipment:**

Furniture and equipment are capitalized at cost. It is the Society's policy to capitalize expenditures for items which cost in excess of \$500. Lesser amounts are expensed. Furniture and equipment are depreciated over the estimated useful lives of three to ten years using a straight-line method, with half of a year's depreciation recognized in the years of acquisition and disposal.

**Use of Estimates:**

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 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.

**SOCIETY OF GOVERNMENT MEETING PROFESSIONALS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**Note 1: Continued**

**Membership Dues:**

Membership dues are recognized as unrestricted support over the term of the membership. Unearned membership dues are recorded as deferred revenue.

**Classes of Net Assets:**

The Society is required to report its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets are net assets without a donor imposed time and/or program restriction. The funds are available to the Society to maintain its operations.

Temporarily restricted net assets are contributions with donor imposed time and/or program restrictions. These temporary restrictions require that resources be used for specific purposes and/or in a later period or after a specified date. Temporarily restricted net assets become unrestricted when the time restrictions expire or the funds are used for their restricted purposes and are reported in the accompanying statement of activities as net assets released from restrictions. This method of accounting is also followed when the restrictions on contributions are met in the same period that the contributions are received. There were no temporarily restricted net assets as of June 30, 2010.

Permanently restricted net assets must be maintained by the Society in perpetuity. There were no permanently restricted net assets as of June 30, 2010.

**New Accounting Standards:**

In May 2009, the Financial Accounting Standards Board (FASB) issued new guidance regarding subsequent events, which establishes the accounting for and disclosure of events that occur after the statement of financial position date but before financial statements are issued or are available to be issued. Specifically, this standard sets forth the period after the statement of financial position date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the statement of financial position date in its financial statements. The Society has adopted and applied the provisions of this standard as of June 30, 2010.

In June 2009, the FASB issued the Accounting Standards Codification and the hierarchy of Generally Accepted Accounting Principles (GAAP). The FASB Accounting Standards Codification (ASC) will be the single source of authoritative U.S. accounting and reporting standards for nongovernmental entities. All other literature not included in the FASB ASC is non-authoritative. The Society has adopted the provisions of this standard as of June 30, 2010.

**Income Tax Status:**

The Society is a non-profit organization as described in Section 501(c)(6) of the Internal Revenue Code and is exempt from federal and state income taxes.

**SOCIETY OF GOVERNMENT MEETING PROFESSIONALS, INC.**  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2010

**Note 1: Concluded**

**Accounting for Uncertainty in Income Taxes:**

The Society has adopted FASB ASC 740-10, "Accounting for Uncertainty in Income Taxes," which prescribes measurement and disclosure requirements for current and deferred income tax provisions. The interpretation provides for a consistent approach in identifying and reporting uncertain tax provisions. It is management's belief that the Society does not hold any uncertain tax positions.

**Note 2: Evaluation of Subsequent Events**

The Society has evaluated subsequent events through October 1, 2010, the date the financial statements were available to be issued.

**Note 3: Concentrations of Credit Risk**

Financial instruments that potentially subject the Society to significant concentration of credit risk consist primarily of cash and cash equivalents and investments. At times, the Society maintains cash balances in excess of federally insured limits, but management does not believe this to result in significant credit risk. Investments primarily consist of mutual funds which invest in stocks and bonds.

**Note 4: Investments**

Investments composed of mutual funds are carried at fair value. The following table summarizes the investments as of June 30, 2010:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Mutual funds	\$ 138,812	\$ 127,932	\$ ( 10,880)

Investment return is summarized as follows:

	<u>Unrestricted</u>
Interest and dividend income	\$ 5,744
Net realized and unrealized gains and losses	<u>10,264</u>
Total investment return	<u>\$ 16,008</u>

**SOCIETY OF GOVERNMENT MEETING PROFESSIONALS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**Note 5: Furniture and Equipment**

Furniture and equipment consist of the following as of June 30, 2010:

Office furniture	\$ 8,630
Computer equipment	<u>18,516</u>
Total furniture and equipment	27,146
Less Accumulated depreciation	<u>(17,226)</u>
Net furniture and equipment	<u>\$ 9,920</u>

Depreciation expense was \$3,602 for the year ended June 30, 2010.

**Note 6: Operating Leases**

In April 2009, the Society entered into a lease for office equipment that is treated as an operating lease. The lease calls for monthly payments of \$254 for 60 months. Expense under the lease was \$3,054 for the year ended June 30, 2010.

In December 1997, the Society entered into a lease for office space. The lease was modified in April 2010. The lease, which expires in April 2012, calls for monthly payments of \$3,523. Expense under the lease was \$43,178 for the year ended June 30, 2010.

The following is a schedule of future minimum lease payments required under the above mentioned operating leases as of June 30, 2010:

Year Ending June 30,	Amount
2011	\$ 45,474
2012	39,001
2013	3,054
2014	2,545
Thereafter	-
	<u>\$ 90,074</u>

**Note 7: Affiliate Organizations**

The Society has local chapters throughout the United States. The revenue and expenses of these chapters are not reflected in this statement. The Society has a revenue sharing program, whereby the local chapters receive payment from the Society based on their membership. During the year ended June 30, 2010, the Society paid \$160,335 to the local chapters.

**SOCIETY OF GOVERNMENT MEETING PROFESSIONALS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**Note 8: Fair Value of Financial Instruments**

**Financial Instruments**

The following methods and assumptions were used by the Society in estimating its fair value disclosures for financial instruments:

- Cash and cash equivalents: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.
- Short-term investments: The fair values of investments are based on quoted market prices for those investments.

The estimated fair values of the Society's financial instruments are as follows:

Financial Assets	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 571,067	\$ 571,067
Investments	\$ 127,932	\$ 127,932

**Fair Value Measurements**

The following table presents the Society's fair value hierarchy for the financial assets measured at fair value on a recurring basis:

Fair Value Measurements at Reporting Date Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Short-term investments	\$ 127,932	\$ 127,932