

**WISCONSIN CHAPTER OF THE HEALTHCARE
FINANCIAL MANAGEMENT ASSOCIATION**

**FINANCIAL STATEMENTS AND
AGREED-UPON PROCEDURES REPORT**

YEARS ENDED MAY 31, 2017 AND 2016

**WISCONSIN CHAPTER OF THE HEALTHCARE
FINANCIAL MANAGEMENT ASSOCIATION
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YEARS ENDED MAY 31, 2017 AND 2016**

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ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Wisconsin Chapter of the Healthcare
Financial Management Association

Management is responsible for the accompanying financial statements of Wisconsin Chapter of the Healthcare Financial Management Association (the Chapter), which comprise the statements of financial position as of May 31, 2017 and 2016, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
July 27, 2017

**WISCONSIN CHAPTER OF THE HEALTHCARE
FINANCIAL MANAGEMENT ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
MAY 31, 2017 AND 2016
(SEE ACCOUNTANTS' COMPILATION REPORT)**

| | 2017 | 2016 |
|-----------------------------------|------------|------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 96,460 | \$ 195,774 |
| Investments | 290,974 | 270,925 |
| Accounts Receivable | 14,105 | 37,590 |
| Prepaid Expenses | 3,750 | 7,350 |
| Total Assets | \$ 405,289 | \$ 511,639 |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts Payable | \$ 3,846 | \$ 8,730 |
| Deferred Revenue | 70,250 | 182,300 |
| Total Liabilities | 74,096 | 191,030 |
| NET ASSETS | | |
| Unrestricted | 331,193 | 320,609 |
| Total Liabilities and Net Assets | \$ 405,289 | \$ 511,639 |

See accompanying Notes to Financial Statements.

**WISCONSIN CHAPTER OF THE HEALTHCARE
FINANCIAL MANAGEMENT ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED MAY 31, 2017 AND 2016
(SEE ACCOUNTANTS' COMPILATION REPORT)**

| | <u>2017</u> | <u>2016</u> |
|---------------------------------|-------------------|-------------------|
| REVENUE | | |
| Program Registration Fees | \$ 90,364 | \$ 82,145 |
| Sponsorship Program | 81,400 | 85,000 |
| HFMA Dues Rebate | 16,491 | 17,260 |
| Investment Income (Loss) | <u>20,074</u> | <u>(3,457)</u> |
| Total Revenue | 208,329 | 180,948 |
| EXPENSES | | |
| Program | 187,326 | 118,062 |
| Administrative | 3,571 | 10,269 |
| Newsletter | - | 2,019 |
| Directory and Other Projects | 588 | 539 |
| Membership | <u>6,260</u> | <u>6,685</u> |
| Total Expenses | <u>197,745</u> | <u>137,574</u> |
| CHANGE IN NET ASSETS | 10,584 | 43,374 |
| Net Assets - Beginning of Year | <u>320,609</u> | <u>277,235</u> |
| NET ASSETS - END OF YEAR | <u>\$ 331,193</u> | <u>\$ 320,609</u> |

See accompanying Notes to Financial Statements.

**WISCONSIN CHAPTER OF THE HEALTHCARE
FINANCIAL MANAGEMENT ASSOCIATION
STATEMENTS OF CASH FLOWS
YEARS ENDED MAY 31, 2017 AND 2016
(SEE ACCOUNTANTS' COMPILATION REPORT)**

| | 2017 | 2016 |
|---|-----------|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 10,584 | \$ 43,374 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities: | | |
| Unrealized Gains on Investments | (13,168) | (5,022) |
| (Increase) Decrease in: | | |
| Accounts Receivable | 23,485 | (30,216) |
| Prepaid Expenses | 3,600 | 5,965 |
| Increase (Decrease) in: | | |
| Accounts Payable | (4,884) | (14,495) |
| Deferred Revenue | (112,050) | 137,050 |
| Net Cash Provided (Used) by Operating Activities | (92,433) | 136,656 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of Investments | (36,549) | (68,800) |
| Sale of Investments | 29,668 | 77,306 |
| Net Cash Provided (Used) by Investing Activities | (6,881) | 8,506 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (99,314) | 145,162 |
| Cash and Cash Equivalents - Beginning of Year | 195,774 | 50,612 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 96,460 | \$ 195,774 |

See accompanying Notes to Financial Statements.

**WISCONSIN CHAPTER OF THE HEALTHCARE
FINANCIAL MANAGEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2017 AND 2016
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Activity

Wisconsin Chapter of the Healthcare Financial Management Association (the Chapter) is an organization comprised of members with a shared interest in improving the financial management of the delivery of health care services. The Chapter provides services to members by sponsoring educational programs, communicating pertinent information, and providing the opportunity for professional interaction.

The Chapter is an affiliate of National Healthcare Financial Management Association (HFMA), an Illinois nonprofit corporation. HFMA members are organized in chapters throughout the United States and Puerto Rico.

Use of Estimates in Preparation of Financial Statements

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Classification of Net Assets

Net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Chapter and changes therein are classified and reported as follows:

Unrestricted – Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

Temporarily Restricted – Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of the Chapter and/or the passage of time. When a restriction expires or a time restriction is met, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Permanently Restricted – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Chapter.

The Chapter had no temporarily or permanently restricted net assets at May 31, 2017 and 2016.

**WISCONSIN CHAPTER OF THE HEALTHCARE
FINANCIAL MANAGEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2017 AND 2016
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement

The Chapter has determined the fair value of certain assets and liabilities in accordance with the provisions of the accounting standard related to, *Fair Value Measurement*, which provides a framework for measuring fair value under accounting principles generally accepted in the United States of America.

The standard 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 principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standard requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The standard also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

Cash and Cash Equivalents

The Chapter considers all unrestricted, highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Investments

Investments held by the Chapter are stated at fair value based on quoted market prices. The fair value of all investments is determined by Level 1 inputs.

Accounts Receivable

The Chapter considers accounts receivable to be fully collectible, accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they are charged to operations when the determination is made.

Revenue Recognition

Revenue from program registration fees are recognized when the related conferences are held. Sponsorship income is recognized as revenues over the period of service to which they relate. Revenues billed in advance are reflected as deferred revenue.

Deferred Revenue

Deferred revenue consists of advance sponsorship income received in the current year for the next fiscal year. Deferred revenue also consists of advance program registrations for conferences that have not been held as of fiscal year-end.

**WISCONSIN CHAPTER OF THE HEALTHCARE
FINANCIAL MANAGEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2017 AND 2016
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Status

The Chapter, as an affiliate of National HFMA, is exempt from federal income tax on the related income under Section 501(c)(6) of the Internal Revenue Code. The Chapter is included in the National HFMA Form 990 federal return. The Chapter is also exempt from Wisconsin franchise and income tax. The Chapter is not aware of any additional activities that are subject to tax on unrelated business income or excise or other taxes that are currently filed in the tax return.

Concentration of Risk

The Chapter maintains its cash and cash equivalents in various accounts at financial institutions. At times, these balances may exceed federally insured limits.

Subsequent Events

In preparing these financial statements, the Chapter has evaluated events and transactions for potential recognition or disclosure through July 27, 2017, the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS

Investments, stated at fair value, include the following at May 31:

| | 2017 | | 2016 | |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Equity Mutual Funds: | | | | |
| International | \$ 27,744 | \$ 22,478 | \$ 21,022 | \$ 20,435 |
| Large Cap | 44,074 | 33,879 | 41,329 | 34,717 |
| Mid cap and Multicap | 13,793 | 12,775 | 12,254 | 13,180 |
| Small Cap | 5,223 | 4,656 | 4,573 | 4,421 |
| Fixed Income Mutual Funds | 161,862 | 163,880 | 148,364 | 150,884 |
| Alternative Investments (Commodities) | 25,582 | 26,379 | 25,999 | 27,291 |
| Money Market Funds | 12,696 | 12,629 | 17,384 | 17,426 |
| Total Investments | <u>\$ 290,974</u> | <u>\$ 276,676</u> | <u>\$ 270,925</u> | <u>\$ 268,354</u> |

Investments, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Board of Directors
Wisconsin Chapter of the Healthcare
Financial Management Association

We have performed the procedures enumerated in the accompanying Schedule A, which were agreed to by the National Chapter of HFMA – Chapter Relations and the Board of Directors of the Wisconsin Chapter of the Healthcare Financial Management Association (the Chapter), to meet the minimum financial review requirements identified in the Davis Chapter Management System charter requirement and for the year ended May 31, 2017. The Chapter's management is responsible for its accounting records. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated in the accompanying Schedule A either for the purpose for which this report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Chapter's management and board of directors and management at the National Chapter of the Healthcare Financial Management Association – Chapter Relations and is not intended to be and should not be used by anyone other than those specified parties.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
July 27, 2017

**WISCONSIN CHAPTER OF THE HEALTHCARE
FINANCIAL MANAGEMENT ASSOCIATION
SCHEDULE A: AGREED-UPON PROCEDURES
YEAR ENDED MAY 31, 2017
(SEE INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES)**

The procedures and findings are as follows:

1. Confirm all depository accounts, test bank reconciliations for mathematical accuracy, and agree account balances to the May 31, 2017 bank statements. Trace outstanding checks and deposits in transit as of May 31, 2017 to the June 2017 bank statement.

Balances as of May 31, 2017, were confirmed with BMO Harris Bank. Bank account reconciliations for May 31, 2017, were examined and found to be mathematically accurate, and ending balances agreed to the May 31, 2017, bank statements. Twelve of the eighteen outstanding checks cleared in June, 2017. There were no deposits in transit per the May 31, 2017, bank reconciliations.

2. Confirm investment account balances as of May 31, 2017, and agree the fair value per share to an independent source for reasonableness.

Balances as of May 31, 2017, were confirmed for the investment account. The investment balance per the confirmation agreed to the recorded balance at May 31, 2017. Fair value per share of each investment was agreed to Yahoofinance.com share prices as of May 31, 2017.

3. Obtain the disbursements register and supporting documentation for the period June 1, 2016 through May 31, 2017. Select ten disbursements for testing of amount, proper authorization and correct period. Scan check numbers in the disbursements register for all checks written during the year and note if checks were written in sequential order and note any voided checks. Trace five checks from a monthly bank reconciliation monthly activity to the posting in the general ledger.

We obtained the disbursement register for the period June 01, 2016 through May 31, 2017. Ten disbursements were selected from the disbursement register for testing purposes. All ten disbursements were recorded accurately, properly authorized, and for the correct period. Noted one instance of a gap in the check number sequence. Per the Chapter's treasurer, the gap was due to voided and re-issued check. Viewed the subsequent bank statements noting the voided check number did not clear and viewed the re-issued check. Five checks were traced from the May 2017 bank reconciliation to postings in the general ledger without exception.

4. Obtain the disbursements register and supporting documentation for checks written between June 1, 2016 and June 30, 2017. Select five disbursements for testing whether they were recorded in the correct period.

Obtained the June 2017 disbursement register and selected five disbursements for testing. The checks appear to have been accounted for in the correct period.

**WISCONSIN CHAPTER OF THE HEALTHCARE
FINANCIAL MANAGEMENT ASSOCIATION
SCHEDULE A: AGREED-UPON PROCEDURES (CONTINUED)
YEAR ENDED MAY 31, 2017
(SEE INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES)**

5. Obtain and read minutes of the board of directors' meetings held between June 1, 2016 and June 30, 2017.

Board minutes of the board of directors' meetings held between June 1, 2016 and June 30, 2017, were obtained and read.

6. Obtain all attendance sheets and enrollment forms for significant programs and education sessions for the purpose of testing revenue by recalculating based on the fee schedules and attendance records and comparing the amount of revenue recorded. This includes the Fall Conference, the Winter Conference, the Region 7 Conference, the Annual Conference and the Women in Leadership Conference.

We obtained all attendance sheets and enrollment forms for the Fall Conference, the Winter Conference, the Region 7 Conference, the Annual Conference, and the Women in Leadership Conferences. Income from each conference was compared to attendance records and fee schedules. Income for each of the conferences was recalculated and agreed to recorded revenue for each conference.

7. Review interest income for the year for reasonableness compared to the bank account stated interest rates.

Total investment income for the year ended May 31, 2017, was confirmed to the investment confirmation. The savings account interest rate was compared to the bank account stated interest rate, noting the rates were the same.

8. Agree sponsorship income to the detailed listing by vendor. Select five vendors to agree to the supporting invoices and/or check copies.

Sponsorship income for the year ended May 31, 2017, was agreed to the detailed listing by vendor. Five vendors were selected, and the income was agreed to supporting invoices and/or check copies.

9. Verify annual chapter rebate from the National Chapter of the Healthcare Financial Management Association (HFMA National) was properly accounted for by viewing rebate letter and copy of check.

The annual chapter rebate appears to be properly accounted for based on review of check received and rebate letter received from HFMA National.

**WISCONSIN CHAPTER OF THE HEALTHCARE
FINANCIAL MANAGEMENT ASSOCIATION
SCHEDULE A: AGREED-UPON PROCEDURES (CONTINUED)
YEAR ENDED MAY 31, 2017
(SEE INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES)**

10. Select ten receipts from the cash receipts journal and agree the amounts to copies of checks and/or remittance advice. Agree two separate receipts from the bank reconciliation to postings in the general ledger.

Ten receipts were selected from the cash receipts journal for the year ended May 31, 2017. We agreed all selected receipts to copies of checks and/or remittance advice. Two separate receipts were agreed from the May bank reconciliation to postings in the general ledger without exception.

11. Select five board/volunteer travel/expense reimbursements and agree to proper authorization as per the stated policy and verify that reimbursement was made within 30 days of the expense date.

Per management, travel/expense reimbursement over \$10 requires a receipt; expenses over \$1,000 require approval of the Chapter President. If the President is submitting expenses over \$1,000, another officer approves the expenses. Five travel/expense reimbursements were selected. One reimbursement amount tested was greater than \$1,000. We noted these three checks had supporting receipts and the correct approval. One of these reimbursements had multiple months of expenses; therefore, some of the expenses were not reimbursed within 30 days of the expense date. Four expense reimbursements amounts selected were less than \$1,000. We viewed copies of the submitted receipts, agreed to the amount paid, and noted that the corresponding check dates were within 30 days of the expense dates.

12. Review the 2016 agreed-upon procedures report for any deficiencies or reportable items.

The 2016 agreed-upon procedures report there was immaterial differences between Yahoofinance.com and the year-end investment balances. There were no differences noted in 2017 (number 2 above). In 2016, there were gaps in the check register. This deficiency was reported again in 2017 (number 3 above). In 2016, differences were noted between program income and supporting schedules in 2016. No differences were noted in 2017 (number 7 above). In addition, two board expenses paid on one check outside of the 30 day reimbursement expectation were approved. The same deficiency was noted in 2017 (number 11 above).