

**Audited Financial Statements
and Supplementary Information**

**AMERICAN ASSOCIATION OF COLLEGIATE
REGISTRARS AND ADMISSIONS OFFICERS**

September 30, 2013

American Association of Collegiate Registrars and Admissions Officers

Contents

| | |
|---|--------|
| <i>Independent Auditor's Report on the Financial Statements</i> | 1 |
| <i>Financial Statements</i> | |
| Statements of financial position | 2 |
| Statements of activities | 3 |
| Statements of cash flows | 4 |
| Notes to the financial statements | 5 - 13 |
| <i>Supplementary Information</i> | |
| Independent auditor's report on the supplementary information | 14 |
| Schedule of natural expense | 15 |

T A T E



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Independent Auditor's Report on the Financial Statements

To the Board of Directors
American Association of Collegiate
Registrars and Admissions Officers

We have audited the accompanying financial statements of American Association of Collegiate Registrars and Admissions Officers (the Association), which comprise the statements of financial position as of September 30, 2013 and 2012, and the related 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the 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 Association'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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Association of Collegiate Registrars and Admissions Officers as of September 30, 2013 and 2012, 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.

Washington, DC
December 16, 2013

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American Association of Collegiate Registrars and Admissions Officers

Statements of Financial Position

| September 30, | 2013 | 2012 |
|---|----------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 1,953,164 | \$ 1,778,060 |
| Investments | 7,770,712 | 6,778,116 |
| Accounts receivable | 250,364 | 316,792 |
| Prepaid expenses and other assets | 315,547 | 340,036 |
| Property and equipment | 585,543 | 609,923 |
| Total assets | \$ 10,875,330 | \$ 9,822,927 |
| Liabilities and Net Assets | | |
| Accounts payable | \$ 141,002 | \$ 155,816 |
| Accrued expenses | 383,475 | 326,671 |
| Deferred revenue | 2,377,822 | 2,122,376 |
| Deferred rent | 181,583 | 172,688 |
| Total liabilities | 3,083,882 | 2,777,551 |
| Commitment and contingency | - | - |
| Net assets | | |
| Unrestricted | 7,704,784 | 6,961,572 |
| Temporarily restricted | 86,664 | 83,804 |
| Total net assets | 7,791,448 | 7,045,376 |
| Total liabilities and net assets | \$ 10,875,330 | \$ 9,822,927 |

See notes to the financial statements.

American Association of Collegiate Registrars and Admissions Officers

Statements of Activities

| <i>Year Ended September 30,</i> | 2013 | 2012 |
|---|---------------------|---------------------|
| Unrestricted activities | | |
| Revenue and support | | |
| Service fees | \$ 2,845,554 | \$ 3,007,048 |
| Membership fees | 2,427,839 | 2,358,334 |
| Registrations | 1,994,076 | 1,928,936 |
| Publications sales | 850,915 | 692,948 |
| Exhibit fees | 486,900 | 504,500 |
| Sponsorships | 343,350 | 312,650 |
| Advertising | 189,547 | 190,771 |
| Corporate dues | 122,298 | 116,496 |
| Other income | 35,059 | 38,524 |
| Interest income | 608 | 828 |
| Total revenue and support | 9,296,146 | 9,151,035 |
| Expense | | |
| Program services | | |
| International education services | 1,398,334 | 1,182,957 |
| Annual meeting | 1,161,480 | 980,840 |
| Project, contracts and consulting | 1,136,016 | 1,352,700 |
| Meetings and workshops | 1,124,123 | 1,185,621 |
| Communications / government relations | 644,843 | 584,397 |
| Membership services | 349,972 | 343,462 |
| Publications | 318,472 | 308,216 |
| Total program services | 6,133,240 | 5,938,193 |
| Supporting services | | |
| General and administrative | 2,607,328 | 2,534,572 |
| Governance | 303,472 | 365,628 |
| Total supporting services | 2,910,800 | 2,900,200 |
| Total expense | 9,044,040 | 8,838,393 |
| Change in unrestricted net assets from operations | 252,106 | 312,642 |
| Investment income | 491,106 | 467,069 |
| Change in unrestricted net assets | 743,212 | 779,711 |
| Temporarily restricted activities | | |
| Contributions | 2,800 | 4,000 |
| Interest income | 60 | 166 |
| Change in temporarily restricted net assets | 2,860 | 4,166 |
| Change in net assets | 746,072 | 783,877 |
| Net assets, beginning of year | 7,045,376 | 6,261,499 |
| Net assets, end of year | \$ 7,791,448 | \$ 7,045,376 |

See notes to the financial statements.

American Association of Collegiate Registrars and Admissions Officers

Statements of Cash Flows

| Year Ended September 30, | 2013 | 2012 |
|--|---------------------|---------------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ 746,072 | \$ 783,877 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Net gain on investments | (340,396) | (357,673) |
| Accounts receivable written-off | 16,278 | - |
| Change in allowance for doubtful accounts | - | (71,784) |
| Obsolete inventory written-off | 9,560 | 12,963 |
| Depreciation and amortization | 204,415 | 188,387 |
| Changes in assets and liabilities: | | |
| Accounts receivable | 50,150 | 64,792 |
| Prepaid expenses and other assets | 14,929 | 5,279 |
| Accounts payable | (14,814) | (173,232) |
| Accrued expenses | 56,804 | (51,700) |
| Deferred revenue | 255,446 | (293,849) |
| Deferred rent | 8,895 | 14,698 |
| Total adjustments | 261,267 | (662,119) |
| Net cash provided by operating activities | 1,007,339 | 121,758 |
| Cash flows from investing activities | | |
| Proceeds from sales or maturities of investments | 9,595,134 | 7,291,169 |
| Purchases of investments | (10,247,334) | (7,270,233) |
| Purchases of property and equipment | (180,035) | (44,363) |
| Net cash used in investing activities | (832,235) | (23,427) |
| Net increase in cash and cash equivalents | 175,104 | 98,331 |
| Cash and cash equivalents, beginning of year | 1,778,060 | 1,679,729 |
| Cash and cash equivalents, end of year | \$ 1,953,164 | \$ 1,778,060 |

American Association of Collegiate Registrars and Admissions Officers

Notes to the Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: American Association of Collegiate Registrars and Admissions Officers (the Association) was organized in 1999 as a nonprofit organization in the District of Columbia. The Association is a nonprofit, voluntary, professional association of more than 11,000 higher education admissions and registration professionals who represent more than 2,600 institutions and agencies in the United States and in over 40 countries around the world. The mission of the Association is to serve and advance higher education by providing leadership in academic and enrollment services.

Income taxes: The Association is exempt from the payment of income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation within the meaning of Section 509(a)(2) of the Internal Revenue Code.

The Association believes that it has appropriate support for income tax positions taken. Therefore, management has not identified any uncertain income tax positions. Generally, income tax returns related to the current and three prior years remain open for examination by taxing authorities.

Basis of accounting: The Association prepares its financial statements on the accrual basis of accounting. Revenue, other than contributions, is recognized when earned and expense when the obligation is incurred.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from estimates.

Cash and cash equivalents: For financial statement purposes, the Association considers demand deposits and money market funds not held within the Association's investment portfolios to be cash and cash equivalents.

Accounts receivable: Accounts receivable consists primarily of amounts owed from customers for service fees relating to the Association's various programs. Accounts receivable are presented at the gross, or face, amount due to the Association. Management periodically reviews the status of all accounts receivable balances for collectability. Each receivable balance is assessed based on management's knowledge of the customer, the Association's relationship with the customer, and the age of the receivable balance. As a result of these reviews, customer balances deemed to be uncollectible are charged directly to bad debt expense. Management believes that the use of the direct write-off method approximates the results that would be presented if an allowance for bad debts had been recorded.

Prepaid expenses and other assets: Prepaid expenses and other assets includes inventory, which consists of publications held for sale. Inventory is stated at the lower of cost or market, using the average cost method. The Association writes-off inventory when the publishing date is over two years old or when the Association has sold most of the copies of the publication that were produced.

Contributions: Contributions are recorded as unrestricted or temporarily restricted support depending upon the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily restricted net assets and then reclassified to unrestricted net assets when the restriction expires. Temporarily restricted support that expires in the same period is classified as unrestricted net assets.

American Association of Collegiate Registrars and Admissions Officers

Notes to the Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Program services: Program service descriptions are as follows:

International education services: The Association serves as a resource center for members and the public by answering questions related to education outside the United States.

Annual meeting: The Association provides a forum for members and other experts in admissions, registration, financial aid, institutional research and government regulations.

Project, contracts and consulting: The Association provides services to universities and colleges of all sizes across the United States, Canada, and a variety of other international locations in the specialized areas of strategic enrollment management, student services, staff development, technology optimization, and organizational operations.

Meetings and workshops: The Association provides educational information for both members and the interested public and provides forums for discussion of issues.

Communications / government relations: The Association provides members with updates on federal regulations and compliance issues, congressional and agency activity, and higher education coverage in national news.

Membership services: The Association's membership services activities include maintaining an accurate membership database so as to share directory information with members, providing customer service to members, retention of current members and recruitment of new members.

Publications: The Association offers a wide variety of publications that assist members with professional development.

Supporting services: Supporting service descriptions are as follows:

General and administrative: The general and administrative function includes activities necessary for the administrative processes of the Association, including managing its operations and financial responsibilities.

Governance: The governance function includes activities relating to providing support for the Association's Board of Directors and related Committees thereof.

Functional allocation of expense: The costs of providing various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited based on estimated level of effort.

Measure of operations: The Association does not include investment income (loss) in the unrestricted change in net assets from operations.

Subsequent events: Subsequent events have been evaluated through December 16, 2013, which is the date the financial statements were available to be issued.

American Association of Collegiate Registrars and Admissions Officers

Notes to the Financial Statements

B. CONCENTRATIONS

Credit risk: The Association maintains demand deposits with commercial banks and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. Government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. Therefore, the failure of an underlying institution could result in financial loss to the Association.

Market risk: The Association also invests funds in a professionally managed investment portfolio of fixed income and equity securities. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. Thus, it is at least reasonably possible that changes in these risks could materially affect investment balances and the amounts reported in the financial statements.

C. INVESTMENTS

In accordance with generally accepted accounting principles, the Association uses the following prioritized input levels to measure fair value of investments. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes.

Level 2 – Includes inputs other than level 1 inputs that are directly or indirectly observable in the marketplace, such as yield curves or other market data.

Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk, such as bid/ask spreads and liquidity discounts.

Cash, money market funds, and certificates of deposit which are included in the investment portfolio are recorded at cost. These investments are not required to be classified within a particular fair value level.

Investments classified within Level 1 include mutual funds, equity securities, and exchange traded funds.

Investments classified within Level 2 include fixed income securities which consist of U.S. government obligations and corporate bonds. Fixed income securities were valued by pricing vendors, which use a market approach and pricing spreads based on the credit risk of the issuer, maturity, current yield, and other terms and conditions of each security.

Management believes that investments at fair value have been reported using an estimated amount which is a reasonable approximation of their exit price.

American Association of Collegiate Registrars and Admissions Officers

Notes to the Financial Statements

C. INVESTMENTS – CONTINUED

The following is a summary of investments, some of which are measured at fair value on a recurring basis, at September 30,:

| 2013 | Total | Level 1 | Level 2 | Level 3 |
|----------------------------------|---------------------|----------------|----------------|----------------|
| Fixed income securities | \$ 1,792,749 | \$ - | \$ 1,792,749 | \$ - |
| Mutual funds - equities | 1,121,646 | 1,121,646 | | |
| Mutual funds - broad commodities | 604,762 | 604,762 | | |
| Equity securities | 2,172,100 | 2,172,100 | | |
| Exchange traded funds | 1,656,024 | 1,656,024 | | |
| Investments at fair value | 7,347,281 | \$ 5,554,532 | \$ 1,792,749 | \$ - |
| Cash and money market funds | 423,431 | | | |
| | \$ 7,770,712 | | | |
| 2012 | Total | Level 1 | Level 2 | Level 3 |
| Fixed income securities | \$ 2,040,956 | \$ - | \$ 2,040,956 | \$ - |
| Mutual funds - equities | 675,648 | 675,648 | | |
| Mutual funds - broad commodities | 195,772 | 195,772 | | |
| Equity securities | 1,688,198 | 1,688,198 | | |
| Exchange traded funds | 1,104,211 | 1,104,211 | | |
| Investments at fair value | 5,704,785 | \$ 3,663,829 | \$ 2,040,956 | \$ - |
| Cash and money market funds | 593,509 | | | |
| Certificates of deposit | 479,822 | | | |
| | \$ 6,778,116 | | | |

Interest and investment income consists of the following for the years ended September 30,:

| | 2013 | 2012 |
|----------------------------|-------------------|-------------------|
| Unrestricted | | |
| Net gain on investments | \$ 340,396 | \$ 357,673 |
| Interest and dividends | 204,448 | 179,335 |
| Investment management fees | (53,130) | (69,111) |
| | 491,714 | 467,897 |
| Temporarily restricted | | |
| Interest income | 60 | 166 |
| | \$ 491,774 | \$ 468,063 |

American Association of Collegiate Registrars and Admissions Officers

Notes to the Financial Statements

D. RETIREMENT PLANS

Defined contribution: The Association maintains a defined contribution 403(b) retirement plan for all eligible employees. The plan requires annual employer contributions equal to 10% of participants' compensation up to the Social Security taxable wage base plus 15% of participants' compensation in excess of the Social Security taxable wage base. Retirement plan expense totaled \$306,560 and \$311,189 for the years ended September 30, 2013 and 2012, respectively.

Tax deferred annuity plan: The Association also sponsors a tax deferred annuity plan under Section 403(b) of the Internal Revenue Code. The plan is an employee elective deferral retirement plan, which covers all eligible participants as stipulated by the plan document. The Association makes no contributions under this plan.

E. PROPERTY AND EQUIPMENT

Acquisitions of equipment and furniture greater than \$500 and acquisitions of software greater than \$1,000 are recorded at cost. Using the straight-line method, depreciation of property and equipment is recorded over the following estimated useful lives: equipment and software – 3 to 5 years; and furniture – 5 years. Amortization of leasehold improvements is calculated using the straight-line method over the lesser of the remaining term of the office lease or the estimated useful life of the improvements.

Property and equipment consists of the following at September 30,:

| | 2013 | 2012 |
|--|--------------------|--------------------|
| Equipment and software | \$ 1,238,241 | \$ 1,188,126 |
| Furniture | 258,197 | 258,197 |
| Leasehold improvements | <u>573,775</u> | <u>443,854</u> |
| | 2,070,213 | 1,890,177 |
| Less accumulated depreciation and amortization | <u>(1,484,670)</u> | <u>(1,280,254)</u> |
| | <u>\$ 585,543</u> | <u>\$ 609,923</u> |

American Association of Collegiate Registrars and Admissions Officers

Notes to the Financial Statements

F. DEFERRED REVENUE

Revenue received in advance of the period in which it will be earned is reported as deferred revenue. Membership fees revenue is recognized in the applicable membership period. Registrations, exhibit fees, and sponsorships are recognized in the period in which the event occurs. Advertising revenue is recognized in the period in which the advertisement appears in a publication or online.

Deferred revenue consists of the following at September 30,:

| | 2013 | 2012 |
|------------------------------------|---------------------|---------------------|
| Membership fees | \$ 1,634,530 | \$ 1,484,800 |
| Registrations | 346,218 | 263,934 |
| Publication sales and service fees | 185,724 | 181,992 |
| Exhibit fees | 115,075 | 137,150 |
| Sponsorships and advertising | 96,275 | 54,500 |
| | <u>\$ 2,377,822</u> | <u>\$ 2,122,376</u> |

G. NET ASSETS

Unrestricted: Unrestricted net assets include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation.

Endowment: To generate a permanent, steady stream of investment income for the Association (see Note H). The Association transferred \$240,800 from undesignated to endowment during the year ended September 30, 2013.

Infrastructure: To fund expenses for equipment and hardware upgrades, software acquisition and development, office repairs and improvement, or similar infrastructure costs that are unexpected, and therefore unbudgeted, or that the Board considers imprudent to fund from continuing operations. The Association transferred \$146,600 from undesignated to infrastructure during the year ended September 30, 2013.

Strategic Initiatives and Investments: To provide a means for the Board to develop new programs or replace outdated ones, to expand the Association's interests and services, or to invest in new revenue-producing opportunities. The Association transferred \$112,600 from undesignated to strategic initiatives and investments during the year ended September 30, 2013.

American Association of Collegiate Registrars and Admissions Officers

Notes to the Financial Statements

G. NET ASSETS – CONTINUED

Unrestricted net assets consist of the following funds at September 30,:

| | 2013 | 2012 |
|---------------------------------------|---------------------|---------------------|
| Board-designated | | |
| Endowment | \$ 3,701,415 | \$ 3,224,098 |
| Infrastructure | 2,253,346 | 1,962,754 |
| Strategic Initiatives and Investments | 1,730,341 | 1,507,144 |
| Undesignated | 19,682 | 267,576 |
| | <u>\$ 7,704,784</u> | <u>\$ 6,961,572</u> |

Temporarily restricted: Temporarily restricted net assets primarily consists of donor restricted contributions to the J. Douglas Connor Fund, which was established as a fund for scholarships.

H. ENDOWMENT

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Association has no traditional donor-restricted endowment funds. However, the Association has a board-designated endowment fund.

Interpretation of Relevant Law

The Association's Board of Directors has interpreted the *Uniform Prudent Management of Institutional Funds Act of 2007 (UPMIFA)*, enacted by the District of Columbia, as requiring the preservation of the real (inflation-adjusted) purchasing power of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of its interpretation, the Association classifies its board-designated endowment within unrestricted net assets.

Return Objectives and Risk Parameters

The Association has adopted investment and spending policies for endowment assets that attempt to provide a steady stream of income to the Association while preserving and maintaining the purchasing power of the endowment assets over time. Under the investment policy, as approved by the Board of Directors, the endowment assets are invested in a diverse portfolio so as to minimize risk and maximize growth.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation of equity, fixed income, and other securities to achieve its long-term objectives.

American Association of Collegiate Registrars and Admissions Officers

Notes to the Financial Statements

H. ENDOWMENT – CONTINUED

Spending Policy and How the Investment Objectives Relate to Spending Policy

Distributions from the endowment will not begin until the endowment fund reaches \$10,000,000. Once this level is reached, the Association's spending policy calls for annual appropriations of less than or equal to 5% of the endowment fund's average fair market value for the preceding twelve quarters. As a result, the endowment will be permitted to grow through investment earnings and additional transfers until it is able to generate a permanent, steady stream of investment income for the Association.

Funds with Deficiencies

From time to time, the fair value of assets associated with the endowment fund may fall below the level that was originally established as an endowment fund. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature relating to traditional donor-restricted endowment funds are reported in unrestricted net assets. Since the board-designated endowment is already classified within unrestricted net assets, no deficiencies of this nature exist.

Endowment fund balances and changes in the endowment fund, by net asset class, consist of the following as of and for the years ended September 30,:

| 2013 | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|-------------------------------|---------------------|-------------------------------|-------------------------------|---------------------|
| Endowment, October 1, 2012 | \$ 3,224,098 | \$ - | \$ - | \$ 3,224,098 |
| Investment return | | | | |
| Net gain on investments | 163,935 | | | 163,935 |
| Interest and dividends | 98,169 | | | 98,169 |
| Investment management fees | (25,587) | | | (25,587) |
| | 236,517 | - | - | 236,517 |
| Transfer | 240,800 | | | 240,800 |
| Endowment, September 30, 2013 | \$ 3,701,415 | \$ - | \$ - | \$ 3,701,415 |
| | | | | |
| 2012 | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Endowment, October 1, 2011 | \$ 2,999,158 | \$ - | \$ - | \$ 2,999,158 |
| Investment return | | | | |
| Net gain on investments | 172,255 | | | 172,255 |
| Interest and dividends | 85,969 | | | 85,969 |
| Investment management fees | (33,284) | | | (33,284) |
| | 224,940 | - | - | 224,940 |
| Endowment, September 30, 2012 | \$ 3,224,098 | \$ - | \$ - | \$ 3,224,098 |

American Association of Collegiate Registrars and Admissions Officers

Notes to the Financial Statements

I. COMMITMENT AND CONTINGENCY

Office lease: The Association has an operating lease for office space, which expires June 30, 2018. The lease does not require a security deposit but it does require that the Association maintain its membership status with American Council on Education, the landlord. The lease also contains an escalation clause that adjusts annual base rentals until year eight of the lease term. For years eight, nine, and ten of the lease term, the base rentals remain constant without escalation. Generally accepted accounting principles require that the scheduled rent increases resulting from the escalation of base rentals be recorded as a liability and amortized ratably over the life of the lease. Therefore, the Association has recorded a deferred rent liability in the accompanying statements of financial position which is being amortized on a basis to achieve straight-line rent expense over the life of the lease.

Total rent expense, including pass through costs such as real estate taxes and operating expenses, totaled \$346,947 and \$354,457 for the years ended September 30, 2013 and 2012, respectively. Future minimum lease payments, on a cash basis, are as follows:

| Year Ending September 30, | Amount |
|---------------------------|---------------------|
| 2014 | \$ 350,500 |
| 2015 | 371,100 |
| 2016 | 386,400 |
| 2017 | 386,400 |
| 2018 | 289,800 |
| | <u>\$ 1,784,200</u> |

Hotel contracts: The Association has contracts with various hotels for future conferences and meetings. In the event that the Association cancels an event, it could be held liable for liquidated damages incurred by the hotels in accordance with the terms of the agreements.

Employment agreements: The Association has employment agreements with two of its key employees. Under the terms of the agreements, should the Association terminate the employees without cause, it would be obligated to pay severance, the terms of which are stipulated in the employment agreements.

T A T E



TRYON

A Professional Corporation

Certified Public

Accountants

and Consultants

Independent Auditor's Report on the Supplementary Information

To the Board of Directors
American Association of Collegiate
Registrars and Admissions Officers

We have audited the financial statements of American Association of Collegiate Registrars and Admissions Officers as of and for the years ended September 30, 2013 and 2012, and issued our report thereon dated December 16, 2013, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on the following page is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements taken as a whole.

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Washington, DC
December 16, 2013

American Association of Collegiate Registrars and Admissions Officers

Schedule of Natural Expense

| <i>Year Ended September 30,</i> | 2013 | 2012 |
|--------------------------------------|---------------------|---------------------|
| Salaries and benefits | \$ 4,005,553 | \$ 3,810,688 |
| Consulting / outside services | 1,332,213 | 1,412,699 |
| Meetings | 1,022,066 | 986,324 |
| Rent | 346,947 | 354,457 |
| Travel | 326,972 | 399,077 |
| Legal and accounting | 287,200 | 291,141 |
| Other expenses | 223,443 | 175,784 |
| Printing and production | 214,145 | 181,086 |
| Lodging | 207,953 | 255,560 |
| Depreciation and amortization | 204,415 | 188,387 |
| Bank charges | 192,341 | 182,753 |
| Meals and entertainment | 161,908 | 171,219 |
| Supplies, equipment, and maintenance | 132,550 | 92,142 |
| Communications / internet | 112,712 | 123,239 |
| Postage and delivery | 109,448 | 101,090 |
| Memberships and subscriptions | 108,911 | 50,658 |
| Advertising | 47,486 | 35,973 |
| Equipment rental | 7,777 | 26,116 |
| Total expense | \$ 9,044,040 | \$ 8,838,393 |