

**American Association of Collegiate Registrars and  
Admissions Officers (AACRAO)**

**Financial Statements  
and Independent Auditor's Report**

**September 30, 2021 and 2020**

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**American Association of Collegiate Registrars and Admissions Officers (AACRAO)**

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the American Association of Collegiate Registrars and Admissions Officers (the "Association"), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses, 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 from 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 entity'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 entity'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 the American Association of Collegiate Registrars and Admissions Officers as of September 30, 2021 and 2020, 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.



Bethesda, Maryland  
December 15, 2021

**American Association of Collegiate Registrars and Admissions Officers (AACRAO)**

**Statements of Financial Position  
September 30, 2021 and 2020**

	<u>Assets</u>	
	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,579,555	\$ 1,681,970
Investments	11,591,275	10,229,726
Accounts receivable	477,779	246,451
Prepaid expenses and other assets	549,157	493,297
Property and equipment, net	<u>7,196,692</u>	<u>7,535,502</u>
 Total assets	 <u>\$ 23,394,458</u>	 <u>\$ 20,186,946</u>
	 <u>Liabilities and Net Assets</u>	
Liabilities		
Accounts payable	\$ 147,688	\$ 125,940
Accrued expenses	399,953	417,231
Deferred revenue	2,592,766	2,558,361
PPP loans	-	320,400
Interest rate swap	385,060	643,396
Debt, net of unamortized debt issuance costs	<u>5,491,245</u>	<u>5,610,246</u>
 Total liabilities	 <u>9,016,712</u>	 <u>9,675,574</u>
 Commitments and contingencies		
Net assets		
Without donor restrictions		
Board-designated funds	11,592,161	10,230,611
Undesignated	<u>1,308,985</u>	<u>53,892</u>
 Total without donor restrictions	 12,901,146	 10,284,503
 With donor restrictions	 <u>1,476,600</u>	 <u>226,869</u>
 Total net assets	 <u>14,377,746</u>	 <u>10,511,372</u>
 Total liabilities and net assets	 <u>\$ 23,394,458</u>	 <u>\$ 20,186,946</u>

See Notes to Financial Statements.

**American Association of Collegiate Registrars and Admissions Officers (AACRAO)**

**Statement of Activities  
Year Ended September 30, 2021**

	Without donor restrictions	With donor restrictions	Total
Support and revenue			
Service fees	\$ 2,074,979	\$ -	\$ 2,074,979
Membership fees	2,829,236	-	2,829,236
Registrations	908,014	-	908,014
Grant income related to forgiveness of PPP loans	773,215	-	773,215
Insurance claim proceeds	-	-	-
Publication sales	619,381	-	619,381
Sponsorships	504,301	-	504,301
Advertising	194,437	-	194,437
Corporate dues	100,440	-	100,440
Other income	5,055	-	5,055
Contributions	28,371	1,650,000	1,678,371
Net assets released from restrictions	400,308	(400,308)	-
<b>Total support and revenue</b>	<b>8,437,737</b>	<b>1,249,692</b>	<b>9,687,429</b>
Expenses			
Program services			
International education services	369,981	-	369,981
Project, contracts and consulting	1,745,550	-	1,745,550
Meetings and workshops	457,855	-	457,855
Annual meeting	624,893	-	624,893
Communications/government relations	704,852	-	704,852
Professional development	316,759	-	316,759
Membership services	303,922	-	303,922
Publications	271,295	-	271,295
<b>Total program services</b>	<b>4,795,107</b>	<b>-</b>	<b>4,795,107</b>
Supporting services			
General and administrative	2,798,511	-	2,798,511
Governance	91,923	-	91,923
<b>Total supporting services</b>	<b>2,890,434</b>	<b>-</b>	<b>2,890,434</b>
<b>Total expenses</b>	<b>7,685,541</b>	<b>-</b>	<b>7,685,541</b>
Change in net assets from operations	752,196	1,249,692	2,001,888
Nonoperating income			
Net investment income	1,606,111	39	1,606,150
Gain on interest rate swap	258,336	-	258,336
<b>Total nonoperating income</b>	<b>1,864,447</b>	<b>39</b>	<b>1,864,486</b>
Change in net assets	2,616,643	1,249,731	3,866,374
Net assets, beginning of year	10,284,503	226,869	10,511,372
Net assets, end of year	\$ 12,901,146	\$ 1,476,600	\$ 14,377,746

**American Association of Collegiate Registrars and Admissions Officers (AACRAO)**

**Statement of Activities  
Year Ended September 30, 2020**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Support and revenue			
Service fees	\$ 1,825,442	\$ -	\$ 1,825,442
Membership fees	2,913,352	-	2,913,352
Registrations	903,251	-	903,251
Grant income related to forgiveness of PPP loans	-	-	-
Insurance claim proceeds	798,293	-	798,293
Publication sales	630,453	-	630,453
Exhibit fees	186,600	-	186,600
Sponsorships	114,956	-	114,956
Advertising	130,537	-	130,537
Corporate dues	114,578	-	114,578
Other income	1,672	-	1,672
Contributions	24,550	-	24,550
Net assets released from restrictions	<u>251,259</u>	<u>(251,259)</u>	<u>-</u>
 Total support and revenue	 <u>7,894,943</u>	 <u>(251,259)</u>	 <u>7,643,684</u>
Expenses			
Program services			
International education services	688,615	-	688,615
Project, contracts and consulting	1,600,395	-	1,600,395
Meetings and workshops	713,131	-	713,131
Annual meeting	719,185	-	719,185
Communications/government relations	904,983	-	904,983
Professional development	150,082	-	150,082
Membership services	353,417	-	353,417
Publications	<u>400,135</u>	<u>-</u>	<u>400,135</u>
 Total program services	 <u>5,529,943</u>	 <u>-</u>	 <u>5,529,943</u>
Supporting services			
General and administrative	3,119,525	-	3,119,525
Governance	<u>145,455</u>	<u>-</u>	<u>145,455</u>
 Total supporting services	 <u>3,264,980</u>	 <u>-</u>	 <u>3,264,980</u>
 Total expenses	 <u>8,794,923</u>	 <u>-</u>	 <u>8,794,923</u>
 Change in net assets from operations	 <u>(899,980)</u>	 <u>(251,259)</u>	 <u>(1,151,239)</u>
Nonoperating (loss) income			
Net investment income	83,880	66	83,946
Loss on interest rate swap	<u>(237,095)</u>	<u>-</u>	<u>(237,095)</u>
 Total nonoperating (loss) income	 <u>(153,215)</u>	 <u>66</u>	 <u>(153,149)</u>
 Change in net assets	 (1,053,195)	 (251,193)	 (1,304,388)
Net assets, beginning of year	<u>11,337,698</u>	<u>478,062</u>	<u>11,815,760</u>
Net assets, end of year	<u>\$ 10,284,503</u>	<u>\$ 226,869</u>	<u>\$ 10,511,372</u>

See Notes to Financial Statements.

## American Association of Collegiate Registrars and Admissions Officers (AACRAO)

### Statement of Functional Expenses Year Ended September 30, 2021

	Program services								Supporting services			Total	
	International education services	Project, contracts and consulting	Meetings and workshops	Annual meeting	Communications/government relations	Professional development	Membership services	Publications	Total program services	General and administrative	Governance		Total supporting services
Salaries and wages	\$ 146,522	\$ 898,413	\$ 105,964	\$ 290,550	\$ 460,083	\$ 209,679	\$ 228,750	\$ 151,953	\$ 2,491,914	\$ 796,943	\$ 60,534	\$ 857,477	\$ 3,349,391
Payroll taxes	14,810	30,848	7,616	25,208	40,992	19,230	21,576	14,456	174,736	74,644	5,589	80,233	254,969
Fringe benefits	40,274	119,751	26,525	61,431	92,966	35,893	27,412	25,786	430,038	192,311	15,835	208,146	638,184
Advertising	-	-	2,414	-	1,647	-	-	5,000	9,061	2,679	-	2,679	11,740
Awards, scholarships, and grants	-	-	1,737	-	-	-	500	-	2,237	-	-	-	2,237
Bank charges	3,400	-	25,620	40,728	489	4,197	4,197	13,951	92,582	70,128	-	70,128	162,710
Condo fee	-	-	-	-	-	-	-	-	-	73,956	-	73,956	73,956
Consulting/outside services	140,793	670,500	58,146	82,000	46,243	29,839	3,672	28,381	1,059,574	87,510	4,500	92,010	1,151,584
Depreciation	-	-	-	-	-	-	-	-	-	338,810	-	338,810	338,810
General taxes	-	-	-	-	-	-	-	-	-	10,782	-	10,782	10,782
Insurance	-	-	-	-	-	-	-	-	-	50,548	-	50,548	50,548
Interest expense	-	-	-	-	-	-	-	-	-	202,802	-	202,802	202,802
Legal and accounting	-	-	-	-	-	-	-	-	-	337,417	-	337,417	337,417
Lodging	-	625	-	-	-	442	-	-	1,067	299	-	299	1,366
Marketing	-	-	188	-	-	-	-	-	188	-	-	-	188
Meals and entertainment	-	5,565	1,173	364	196	234	144	-	7,676	611	-	611	8,287
Meeting costs	19,000	-	220,448	106,530	-	-	-	-	345,978	-	-	-	345,978
Memberships and subscriptions	1,866	6,917	-	40	43,545	13,878	8,076	813	75,135	335,073	3,333	338,406	413,541
Other expenses	-	-	-	14,621	290	-	105	48	15,064	20,769	236	21,005	36,069
Postage and delivery	-	302	553	107	523	-	3,993	10,992	16,470	-	156	156	16,626
Printing and production	871	192	3,794	203	16,360	1,000	3,207	19,650	45,277	647	-	647	45,924
Property tax	-	-	-	-	-	-	-	-	-	87,642	-	87,642	87,642
Registration fees	250	4,055	-	847	-	-	-	-	5,152	1,343	-	1,343	6,495
Supplies, equipment and maintenance	280	1,794	-	-	648	53	620	114	3,509	29,587	1,405	30,992	34,501
Communications/Internet	1,915	2,376	-	1,300	870	600	1,670	151	8,882	44,629	105	44,734	53,616
Training and development	-	-	-	49	-	1,000	-	-	1,049	2,330	-	2,330	3,379
Travel	-	4,212	3,677	915	-	714	-	-	9,518	1,416	230	1,646	11,164
Utilities and maintenance	-	-	-	-	-	-	-	-	-	35,635	-	35,635	35,635
<b>Total</b>	<b>\$ 369,981</b>	<b>\$ 1,745,550</b>	<b>\$ 457,855</b>	<b>\$ 624,893</b>	<b>\$ 704,852</b>	<b>\$ 316,759</b>	<b>\$ 303,922</b>	<b>\$ 271,295</b>	<b>\$ 4,795,107</b>	<b>\$ 2,798,511</b>	<b>\$ 91,923</b>	<b>\$ 2,890,434</b>	<b>\$ 7,685,541</b>

**American Association of Collegiate Registrars and Admissions Officers (AACRAO)**

**Statement of Functional Expenses  
Year Ended September 30, 2020**

	Program services								Supporting services				Total
	International education services	Project, contracts and consulting	Meetings and workshops	Annual meeting	Communications/government relations	Professional development	Membership services	Publications	Total program services	General and administrative	Governance	Total supporting services	
Salaries and wages	\$ 324,486	\$ 780,213	\$ 122,848	\$ 378,343	\$ 572,237	\$ 67,356	\$ 252,360	\$ 158,391	\$ 2,656,234	\$ 992,096	\$ 54,451	\$ 1,046,547	\$ 3,702,781
Payroll taxes	26,331	32,641	9,614	32,000	43,476	5,431	23,380	12,839	185,712	80,466	5,164	85,630	271,342
Fringe benefits	81,404	98,727	36,751	84,000	133,750	19,202	37,019	32,261	523,114	226,513	18,986	245,499	768,613
Advertising	423	-	-	-	6,040	-	-	213	6,676	1,677	3,318	4,995	11,671
Awards, scholarships, and grants	-	-	782	-	-	-	-	-	782	-	-	-	782
Bank charges	4,320	-	33,959	40,046	5,055	5,091	4,910	17,146	110,527	71,536	-	71,536	182,063
Condo fee	-	-	-	-	-	-	-	-	-	62,839	-	62,839	62,839
Consulting/outside services	152,483	422,986	67,847	20,597	65,524	43,360	16,063	130,220	919,080	110,775	-	110,775	1,029,855
Contributions	-	-	-	-	-	-	-	-	-	114	-	114	114
Depreciation	-	-	-	-	-	-	-	-	-	396,741	-	396,741	396,741
General taxes	-	-	-	-	-	-	-	-	-	250	-	250	250
Insurance	-	-	1,145	-	-	-	-	25	1,170	57,315	-	57,315	58,485
Interest expense	-	-	-	-	-	-	-	-	-	222,381	-	222,381	222,381
Legal and accounting	-	-	-	-	-	-	-	-	-	333,500	-	333,500	333,500
Lodging	34,904	57,014	4,055	3,770	3,147	2,070	-	2,225	107,185	5,801	26,305	32,106	139,291
Marketing	-	-	2,862	535	-	-	-	3,000	6,397	724	-	724	7,121
Meals and entertainment	4,878	52,147	6,555	7,749	1,390	545	621	360	74,245	6,362	9,230	15,592	89,837
Meeting costs	29,174	38,446	399,087	95,534	118	343	81	1,127	563,910	273	49	322	564,232
Memberships and subscriptions	11,813	878	2,445	5,070	45,897	-	2,735	4,901	73,739	262,504	4,188	266,692	340,431
Other expenses	-	-	1,436	12,831	-	-	-	-	14,267	60,248	-	60,248	74,515
Postage and delivery	178	7,019	3,967	60	782	116	5,271	7,549	24,942	944	267	1,211	26,153
Printing and production	341	11,731	363	557	19,733	137	6,446	25,619	64,927	1,366	1,892	3,258	68,185
Property tax	-	-	-	-	-	-	-	-	-	84,940	-	84,940	84,940
Registration fees	4,053	9,014	-	500	-	-	-	517	14,084	6,978	-	6,978	21,062
Supplies, equipment and maintenance	106	3,104	5,683	31,397	571	427	1,437	444	43,169	41,725	800	42,525	85,694
Communications/internet	3,601	2,230	841	1,350	1,638	600	1,800	142	12,202	40,300	570	40,870	53,072
Training and development	-	1,506	-	-	499	-	99	-	2,104	2,004	-	2,004	4,108
Travel	10,120	82,739	12,891	4,846	5,126	5,404	1,195	3,156	125,477	14,523	20,235	34,758	160,235
Utilities and maintenance	-	-	-	-	-	-	-	-	-	34,630	-	34,630	34,630
<b>Total</b>	<b>\$ 688,615</b>	<b>\$ 1,600,395</b>	<b>\$ 713,131</b>	<b>\$ 719,185</b>	<b>\$ 904,983</b>	<b>\$ 150,082</b>	<b>\$ 353,417</b>	<b>\$ 400,135</b>	<b>\$ 5,529,943</b>	<b>\$ 3,119,525</b>	<b>\$ 145,455</b>	<b>\$ 3,264,980</b>	<b>\$ 8,794,923</b>

See Notes to Financial Statements.



**American Association of Collegiate Registrars and Admissions Officers (AACRAO)**

**Statements of Cash Flows  
Years Ended September 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 3,866,374	\$ (1,304,388)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Realized gain on investments	(32,462)	(104,169)
Unrealized (gain) loss on investments	(1,397,013)	231,656
(Gain) loss on interest rate swap	(258,336)	237,095
Depreciation	338,810	396,741
Amortization of debt issuance costs	26,287	26,286
Gain on forgiveness of PPP loans	(773,215)	-
(Increase) decrease in assets		
Accounts receivable	(231,328)	299,376
Prepaid expenses and other assets	(55,860)	84,845
Increase (decrease) in liabilities		
Accounts payable	21,748	(16,897)
Accrued expenses	(17,278)	137,175
Deferred revenue	34,405	(484,084)
Net cash provided by (used in) operating activities	<u>1,522,132</u>	<u>(496,364)</u>
Cash flows from investing activities		
Proceeds from sales or maturities of investments	3,805,518	4,892,705
Purchases and transfers of investments	(3,737,592)	(5,110,605)
Purchases of property and equipment	-	(5,594)
Net cash provided by (used in) investing activities	<u>67,926</u>	<u>(223,494)</u>
Cash flows from financing activities		
Proceeds from PPP loans	452,815	320,400
Principal payments on debt	(145,288)	(141,122)
Net cash provided by financing activities	<u>307,527</u>	<u>179,278</u>
Net increase (decrease) in cash and cash equivalents	1,897,585	(540,580)
Cash and cash equivalents - beginning of year	<u>1,681,970</u>	<u>2,222,550</u>
Cash and cash equivalents - end of year	<u>\$ 3,579,555</u>	<u>\$ 1,681,970</u>

**American Association of Collegiate Registrars and Admissions Officers (AACRAO)**

**Statements of Cash Flows  
Years Ended September 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 178,150</u>	<u>\$ 202,626</u>
Cash paid for tax	<u>\$ -</u>	<u>\$ 17,000</u>
Significant noncash investing and financing activities		
Write off of property and equipment	<u>\$ -</u>	<u>\$ 81,815</u>
Write off of accumulated depreciation	<u>\$ -</u>	<u>\$ 81,815</u>

See Notes to Financial Statements.

# American Association of Collegiate Registrars and Admissions Officers (AACRAO)

## Notes to Financial Statements September 30, 2021 and 2020

### Note 1 - 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 are 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. The primary support for the Association is from service fees, membership fees, and registrations.

### Note 2 - Summary of significant accounting policies

#### Basis of accounting

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

#### Net assets

In accordance with the accounting guidance for the presentation of the financial statements of not-for-profit entities, information regarding the financial position and activities is required to be reported according to the following classes of net assets:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed stipulations. Revenue from sources other than contributions and investment income are reported as increases in net assets without donor restrictions. Net assets without donor restrictions include Board-designated resources.

**Net assets with donor restrictions:** Net assets that are subject to donor-imposed stipulations that may be met by the actions of the Association, or the passage of time, or that may be maintained in perpetuity. The Association had no net assets with donor restrictions to be maintained in perpetuity at September 30, 2021 and 2020.

#### 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 had unrelated business income of \$56,026, which resulted in \$16,656 of income tax for the year ended September 30, 2021. Accrued income tax of \$16,656 is included in accounts payable on the corresponding statement of financial position. The Association had no unrelated business income or income tax for the year ended September 30, 2020.

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.

#### Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from estimates.

## **American Association of Collegiate Registrars and Admissions Officers (AACRAO)**

### **Notes to Financial Statements September 30, 2021 and 2020**

#### **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.

#### **Investments**

Investments in equity and debt securities with readily determinable fair values are measured at fair value in the statements of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the statements of activities, net of investment expenses, as increases or decreases in net assets.

#### **Fair value of financial instruments**

The carrying amounts, including cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate fair value because of the short maturity of these instruments. The fair value of investments is based upon quoted market prices, or, if unavailable, is determined by investment managers.

#### **Impairment of long-lived assets**

The Organization reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property and equipment are less than its carrying amount, management compares the carrying amount of the property and equipment to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended September 30, 2021 and 2020.

#### **Advertising**

Advertising costs are charged to operations when incurred. Advertising costs for the years ended September 30, 2021 and 2020 were \$11,740 and \$11,671, respectively.

#### **Promises to give**

Promises to give to be received in future periods are discounted to their net present value at the time the revenue is recorded. Management periodically reviews promises to give for collectability based on management's experience with prior promises and its analysis of specific promises to give. The Association had no promises to give at September 30, 2021 and 2020.

#### **Accounts receivable**

Accounts receivable consist 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 due 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 written off. 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 include inventory, which consists of publications held for sale. Inventory is stated at the lower of cost or market, using the average cost method.

# American Association of Collegiate Registrars and Admissions Officers (AACRAO)

## Notes to Financial Statements September 30, 2021 and 2020

### Revenue Recognition

Service fees, membership fees, and registrations are accounted for as exchange transactions. When the resource provider receives commensurate value in return for the resources transferred to the Association, the related revenue is accounted for as an exchange transaction. Service fees and registrations are recognized as revenue when the Association provides the related services. Membership fees are earned ratably over the membership year, which is July 1 through June 30. Unearned membership fee revenue is presented as deferred revenue at September 30.

### Contributions

Transactions where the resource provider does not receive commensurate value are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Association has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Association fails to overcome the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as a refundable advance. Unconditional contributions are recognized as revenue when the commitment to contribute is received.

Contributions are recorded as support without donor restrictions or support with donor restrictions depending upon the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions and then reclassified to net assets without donor restrictions when the restriction expires. Support with donor restrictions that expire in the same period is classified as net assets without donor restrictions.

### Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the bond to which the costs relate. Debt issuance costs are amortized over the lives of the bonds and reported as a component of interest expense computed using the straight-line method. In accordance with GAAP, debt issuance costs are to be amortized over the term of the loan using the effective-yield method; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effectively yield method.

### Interest rate swap agreement

The fair value of the interest rate swap is the estimated amount that the bank or financial institution would receive or pay to terminate the swap agreement at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counter parties.

### Program services

**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.

**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 organization operations.

**Meetings and workshops:** The Association convenes members and nonmembers to facilitate the advancement of higher education.

## American Association of Collegiate Registrars and Admissions Officers (AACRAO)

### Notes to Financial Statements September 30, 2021 and 2020

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

**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.

**Professional development:** The Association convenes educational information and forums for discussion of issues for both members and the interested public.

**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

**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 expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the statement of activities based on an analysis by management. Accordingly, certain costs have been allocated among the program and supporting services benefited based on the estimated level of effort.

#### Measure of operations

The Association excludes net investment income and any gain (loss) on interest rate swap from the change in net assets with or without donor restrictions from operations.

#### 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.

#### Reclassification

Certain amounts for the prior year have been reclassified to conform to the current year presentation.

# American Association of Collegiate Registrars and Admissions Officers (AACRAO)

## Notes to Financial Statements September 30, 2021 and 2020

### Adoption of new accounting principles

During the year ended September 30, 2021, the Association adopted the Financial Accounting Standards Board's ("FASB's") Accounting Standards Update ("ASU") No. 2014-09 - *Revenue from Contracts with Customers* ("ASU 2014-09") on a modified retrospective basis. ASU 2014-09 provides new revenue recognition guidance that superseded existing revenue recognition guidance. The update, as amended, requires the recognition of revenue related to the transfer of goods and services to customers which reflects the consideration to which the Association expects to be entitled in exchange for those goods and services. The adoption of ASU 2014-09 did not have an effect on the timing of the Association's revenue recognition for the year ended September 30, 2021.

### Note 3 - Liquidity and availability

The Association regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Association strives to maintain liquid financial assets sufficient to cover six months of general expenditures. Financial assets in excess of daily cash requirements are invested in a brokered investment account which includes money market funds, common stock and fixed income investments.

The Association is substantially supported by membership fees, service fees and registrations. As part of the Association's liquidity management, it has a goal to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to financial assets available to meet general expenditures over the next 12 months, the Association strives to operate with a balanced budget. Timing of revenue receipt also ensures the availability of necessary operational funds. The Association expects to expend all net assets with donor restrictions within one year, therefore, such amounts have not been reduced from total financial assets to arrive at financial assets available for general expenditures within one year.

The Association's board-designated funds are subject to an annual spending rate of 5% of the endowment fund's average fair market value for the preceding 12 quarters. Although the Association does not intend to spend from this board-designated endowment, these amounts could be made available if necessary.

Additionally, the Association maintains a \$1,000,000 line of credit as discussed in more detail in Note 10. As of September 30, 2021 and 2020, \$0 was drawn on the line of credit.

## American Association of Collegiate Registrars and Admissions Officers (AACRAO)

### Notes to Financial Statements September 30, 2021 and 2020

Financial assets available for general expenditure, that is, without donor restrictions or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at September 30:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 3,579,555	\$ 1,681,970
Accounts receivable	477,779	246,451
Investments	<u>11,591,275</u>	<u>10,229,726</u>
Total financial assets	15,648,609	12,158,147
Less amounts not available for general purposes		
Board-designated net assets - less 5% spending allowance	<u>(11,159,975)</u>	<u>(9,831,389)</u>
Financial assets available for general expenditures within one year	<u>\$ 4,488,634</u>	<u>\$ 2,326,758</u>

#### Note 4 - Investments

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.

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, and the interest rate swap. 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. The Association's interest rate swap is observable at commonly quoted intervals for the full term of the swap and is, therefore, considered a Level 2 item.

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

Investments recorded at cost include cash and money market funds. Investments recorded at cost are not required to be classified as one of the levels prescribed by the fair value hierarchy.



**American Association of Collegiate Registrars and Admissions Officers (AACRAO)**

**Notes to Financial Statements  
September 30, 2021 and 2020**

Investments consisted of the following at September 30, 2021 and 2020:

September 30, 2021	Total	Level 1	Level 2	Level 3
Investments, at fair value				
Fixed income securities	\$ -	\$ -	\$ -	\$ -
Mutual funds - fixed income	201,720	201,720	-	-
Exchange traded funds	<u>11,052,041</u>	<u>11,052,041</u>	-	-
	11,253,761	11,253,761	-	-
Cash and money market funds	<u>337,514</u>	-	-	-
Total investments, at fair value	<u>\$ 11,591,275</u>	<u>\$ 11,253,761</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities, at fair value				
Interest rate swap	<u>\$ 385,060</u>	<u>\$ -</u>	<u>\$ 385,060</u>	<u>\$ -</u>
September 30, 2020	Total	Level 1	Level 2	Level 3
Investments, at fair value				
Fixed income securities	\$ 1,543,174	\$ -	\$ 1,543,174	\$ -
Mutual funds - fixed income	475,123	475,123	-	-
Exchange traded funds	<u>7,600,579</u>	<u>7,600,579</u>	-	-
	9,618,876	8,075,702	1,543,174	-
Cash and money market funds	<u>610,850</u>	-	-	-
Total investments, at fair value	<u>\$ 10,229,726</u>	<u>\$ 8,075,702</u>	<u>\$ 1,543,174</u>	<u>\$ -</u>
Liabilities, at fair value				
Interest rate swap	<u>\$ 643,396</u>	<u>\$ -</u>	<u>\$ 643,396</u>	<u>\$ -</u>

Investments held for long-term purposes have been board-designated as described in Note 8 and such investments totaled \$9,742,414 and \$8,136,314 at September 30, 2021 and 2020, respectively.

Investment income consisted of the following for the years ended September 30, 2021 and 2020:

	2021	2020
With and without donor restrictions		
Realized gain on investments	\$ 32,462	\$ 104,169
Unrealized gain (loss) on investments	1,397,013	(231,656)
Interest and dividends	238,397	266,751
Investment management fees	<u>(61,722)</u>	<u>(55,318)</u>
Total investment income, net	<u>\$ 1,606,150</u>	<u>\$ 83,946</u>

**Note 5 - 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. Retirement plan expense totaled \$245,888 and \$350,707 for the years ended September 30, 2021 and 2020, respectively, and is included as a component of fringe benefits on the accompanying statements of functional expenses.

**American Association of Collegiate Registrars and Admissions Officers (AACRAO)**

**Notes to Financial Statements  
September 30, 2021 and 2020**

**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.

**Note 6 - 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: buildings - forty-one years; equipment and software - three to five years; and furniture - five years. Artwork is not subject to depreciation.

Property and equipment consisted of the following at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Building	\$ 7,656,031	\$ 7,656,031
Equipment and software	493,488	493,488
Furniture	<u>224,203</u>	<u>224,203</u>
	8,373,722	8,373,722
Less accumulated depreciation and amortization	<u>(1,224,435)</u>	<u>(885,625)</u>
Depreciable property and equipment, net	7,149,287	7,488,097
Artwork	<u>47,405</u>	<u>47,405</u>
Total property and equipment, net	<u><u>\$ 7,196,692</u></u>	<u><u>\$ 7,535,502</u></u>

**Note 7 - Deferred revenue**

Revenue received in advance of the period in which it will be earned is reported as deferred revenue.

Deferred revenue consisted of the following at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Membership fees	\$ 1,938,924	\$ 1,890,369
Registrations	246,863	131,608
Publication sales and service fees	251,705	208,477
Exhibit fees	22,190	244,490
Sponsorships and advertising	<u>133,084</u>	<u>83,417</u>
Total deferred revenue	<u><u>\$ 2,592,766</u></u>	<u><u>\$ 2,558,361</u></u>

**American Association of Collegiate Registrars and Admissions Officers (AACRAO)**

**Notes to Financial Statements  
September 30, 2021 and 2020**

**Note 8 - Net assets**

- **Without donor restrictions:** Net assets without donor restrictions 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. Descriptions of the Association’s Board-designated net assets are as follows:
  - **Endowment:** The endowment category was established by the Board of Directors in order to generate a permanent, steady stream of investment income to support the Association’s operations (see Note 9). During the years ended September 30, 2021 and 2020, there were no transfers into the endowment fund.
  - **Infrastructure:** The infrastructure category was established for the purposes of supporting 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.
  - **Strategic initiatives and investment strategy:** The strategic initiatives and investment strategy category was established to provide means for the Association to develop new programs or replace outdated ones, and to expand the Association's interests and endeavors or to invest in new revenue producing opportunities.
  - **Conner Fund:** The Conner Scholarship Fund, named for John Douglas Conner, the first Executive Director of AACRAO who served from 1966 until his retirement in 1988, provides support for new and aspiring AACRAO professionals to facilitate travel to and participation in AACRAO meetings and conferences. Per the investment policy, there are no restrictions on limits.

Net assets without donor restrictions consisted of the following funds at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Board-designated		
Endowment	\$ 9,742,414	\$ 8,136,314
Infrastructure	750,000	1,000,000
Strategic initiatives and investments	1,000,000	1,000,000
Conner fund	<u>99,747</u>	<u>94,297</u>
	11,592,161	10,230,611
Undesignated	<u>1,308,985</u>	<u>53,892</u>
 Total net assets without donor restrictions	 <u><u>\$ 12,901,146</u></u>	 <u><u>\$ 10,284,503</u></u>

## American Association of Collegiate Registrars and Admissions Officers (AACRAO)

### Notes to Financial Statements September 30, 2021 and 2020

- **With donor restrictions:** Net assets with donor restrictions primarily consist of a donor restricted grant to develop model college/university transcripts. Net assets were released from restrictions by incurring expenses satisfying the donor's restricted purpose. Net assets with donor restrictions consisted of the following as of September 30, 2021 and 2020:

Purpose restricted	September 30, 2019	Additions	Releases	September 30, 2020	Additions	Releases	September 30, 2021
Model transcripts	\$ 478,062	\$ 66	\$ (251,259)	\$ 226,869	\$ 1,650,039	\$ (400,308)	\$ 1,476,600

#### Note 9 - Endowment for operations

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions in perpetuity. Additionally, the Board of Directors has designated certain net assets without donor restrictions to serve as an endowment for the benefit of the Association and its mission. The Association's endowment consists solely of funds without donor-imposed restrictions, designated by the Board of Directors, to function as endowment funds. At September 30, 2021 and 2020, the balance totaled \$9,742,414 and \$8,136,314, respectively.

Board-designated endowment balances and changes in the board-designated endowment fund consist of the following as of and for the years ended September 30, 2021 and 2020:

	2021	2020
Endowment, beginning of year	\$ 8,136,314	\$ 8,052,446
Investment return		
Net gain (loss) on investments	1,429,475	(127,487)
Interest and dividends	238,347	266,673
Investment management fees	(61,722)	(55,318)
	9,742,414	8,136,314
Transfers	-	-
Endowment, end of year	\$ 9,742,414	\$ 8,136,314

#### Return objectives and risk parameters

The Association has adopted investment and spending policies for its board-designated 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.

#### Spending policy and how the investment objectives relate to spending policy

Distributions from the endowment can be made at the discretion of the Board. Once the endowment fund reaches \$10,000,000, annuity appropriations of less than or equal to 5% of the endowment

## American Association of Collegiate Registrars and Admissions Officers (AACRAO)

### Notes to Financial Statements September 30, 2021 and 2020

fund's average fair market value for the preceding 12 quarters will be made to fund operations. 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.

#### Note 10 - Long-term debt

##### Revenue bonds

On December 1, 2017, the Association entered into an indenture of trust with Truist (formerly Branch Banking and Trust Company) as holder of \$6,000,000 of revenue bonds issued by the District of Columbia, entitled the District of Columbia Variable Rate Revenue Bonds (American Association of Collegiate Registrars and Admissions Officers Issue) Series 2017 (the "Bonds"). The proceeds from the Bonds were used to pay for the acquisition of two floors of an office building during the year ended September 30, 2018. The Bonds are secured by the two floors of the office building. The Bonds bear interest based on a formula with one-month London Interbank Offered Rate ("LIBOR"). Monthly interest payments on the Bonds commenced on February 1, 2018. Monthly principal payments on the Bonds commenced on May 1, 2019. The interest rate was 1.15% and 1.20% at September 30, 2021 and 2020, respectively. The maturity date of the Bonds is March 1, 2028. During the year ended September 30, 2021, interest expense on the Bonds of \$198,208 was incurred, inclusive of amortization of debt issuance costs of \$26,287. During the year ended September 30, 2020, interest expense on the Bonds of \$207,680 was incurred, inclusive of amortization of debt issuance costs of \$26,286. As of September 30, 2021, outstanding principal and accrued interest was \$5,655,535 and \$5,420, respectively. As of September 30, 2020, outstanding principal and accrued interest was \$5,800,823 and \$5,801, respectively.

AACRAO is required to comply with various covenants in conjunction with its \$6,000,000 of revenue bonds. At September 30, 2021, the Association was in compliance with both of its covenants.

Debt issuance costs, net of accumulated amortization, totaled \$164,290 and \$190,577 as of September 30, 2021 and 2020, respectively. Debt issuance costs on the above loan are being amortized on a straight-line basis over the 10-year life of the loan.

On December 28, 2017, the Association entered into a revolving line of credit with Truist in the original amount of \$1,000,000. The line bears interest based on a one month LIBOR plus 2.50%. The interest rate was 2.63% and 2.69% at September 30, 2021 and 2020, respectively. The line was due to mature on December 28, 2018. On December 27, 2018, an amendment was signed to extend the maturity date to February 26, 2021. On March 1, 2021, a second amendment was signed to extend the maturity date to February 26, 2023. \$500,000 and \$1,000,000 were drawn and repaid during the years ended September 30, 2021 and 2020, respectively, and no amount is outstanding as of September 30, 2021 and 2020. During the year ended September 30, 2021, \$4,594 of interest expense was incurred. As of September 30, 2021, accrued interest was \$328. During the year ended September 30, 2020, \$14,701 of interest expense was incurred. As of September 30, 2020, accrued interest was \$149.

## American Association of Collegiate Registrars and Admissions Officers (AACRAO)

### Notes to Financial Statements September 30, 2021 and 2020

Bond maturities for the revenue bonds over the next five years are as follows:

2022	\$	149,317
2023		153,294
2024		157,480
2025		162,074
2026		166,569
Thereafter		<u>4,866,801</u>
Total	\$	<u>5,655,535</u>

#### Note 11 - PPP loan

On April 23, 2020, the Association obtained a promissory note of \$320,400 from its bank under the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP") that is part of the CARES Act stimulus relief. The note bears interest at 1 percent and requires monthly payments of principal and interest on the outstanding balance, unless otherwise forgiven in whole or part by the SBA under the CARES Act. If the note is not forgiven, the note plus any accrued interest would be due upon maturity in April 2022.

On March 29, 2021, the Association obtained a second promissory note of \$452,815 from its bank under the SBA's PPP. The note bears interest at 1 percent and requires monthly payments of principal and interest on the outstanding balance, unless otherwise forgiven in whole or part by the SBA under the CARES Act. If the note is not forgiven, payments will be required as determined by the SBA until the maturity date of March 29, 2026.

During the year ended September 30, 2021, the Association submitted its application for PPP loan forgiveness. The Association received notice from its lender in April 2021 that the SBA approved forgiveness of the \$320,400 PPP loan in the full amount of the PPP loan and the related interest thereon. The Association received notice from its lender in September 2021 that the SBA approved forgiveness of the \$452,815 PPP loan in the full amount of the PPP loan and related interest thereon. Accordingly, the Association derecognized the full amount of the PPP loans and recognized a corresponding gain on forgiveness of \$773,215, presented as grant income related to forgiveness of PPP loans on the statement of activities for the year ended September 30, 2021. There is a six-year period during which the SBA can review the Association's forgiveness calculation.

#### Note 12 - Interest rate swap agreement

The Association has an interest rate swap agreement with a notional amount equal to the obligation under the loan. At September 30, 2021 and 2020, the effective fixed rate of the swap was 1.95% and 2.00%, respectively. The termination date of the interest rate swap is March 1, 2028. This mechanism allowed the Association to realize the potential benefit of a lower fixed rate. At September 30, 2021 and 2020, the fair value of the interest rate swap was projected to be a liability of \$385,060 and \$643,396, respectively.

#### Note 13 - Commitments and contingencies

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

**American Association of Collegiate Registrars and Admissions Officers (AACRAO)**

**Notes to Financial Statements  
September 30, 2021 and 2020**

**Note 14 - Risks and uncertainties**

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state, and local authorities leading to an overall decline in economic activity which could result in a loss of revenue and other material adverse effects to the Association's financial position, results of operations, and cash flows. The Association is not able to reliably estimate the length or severity of this outbreak and the related financial impact. Management plans to adjust accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effects of the Association's operations continue for an extended period of time, the Association may have to seek alternative measures to finance its operations. There is no assurance these measures will be successful. The financial statements do not include any adjustments that might result if the Association is unable to continue as a going concern.

**Note 15 - Subsequent events**

Events that occur after the date of the statement of financial position but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the Association through December 15, 2021 and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.



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