

**AMERICAN ASSOCIATION OF COLLEGIATE  
REGISTRARS AND ADMISSIONS OFFICERS  
(AACRAO)**

**AUDITED FINANCIAL STATEMENTS**

**YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

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

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## **Independent Auditor's Report**

Board of Directors  
**American Association of Collegiate Registrars and Admissions Officers**  
Washington, D.C.

### ***Opinion***

We have audited the accompanying financial statements of **American Association of Collegiate Registrars and Admissions Officers** (a nonprofit organization), which comprise the Statements of Financial Position as of September 30, 2024 and 2023, and the related Statements of Activities and Changes in Net Assets, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **American Association of Collegiate Registrars and Admissions Officers** as of September 30, 2024 and 2023, 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.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **American Association of Collegiate Registrars and Admissions Officers** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## Independent Auditor's Report (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **American Association of Collegiate Registrars and Admissions Officers'** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **American Association of Collegiate Registrars and Admissions Officers'** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **American Association of Collegiate Registrars and Admissions Officers'** ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Aprio, LLP*

Rockville, Maryland  
February 12, 2025

## American Association of Collegiate Registrars and Admissions Officers

### Statements of Financial Position

<i>September 30,</i>	2024	2023
<b>Assets</b>		
Cash and cash equivalents	\$ 2,583,625	\$ 2,754,264
Investments	11,396,875	10,510,654
Employee retention credit receivable	578,497	777,081
Accounts receivable, net	394,960	546,090
Interest rate swap asset	-	316,576
Prepaid expenses and other assets	795,958	660,239
Property and equipment, net	6,608,222	6,798,928
<b>Total assets</b>	<b>\$ 22,358,137</b>	<b>\$ 22,363,832</b>
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 246,311	\$ 324,419
Accrued expenses	603,562	549,959
Deferred revenue	3,707,877	3,423,105
Interest rate swap liability	11,222	-
Debt, net unamortized debt issuance costs	3,545,042	5,177,522
<b>Total liabilities</b>	<b>8,114,014</b>	<b>9,475,005</b>
<b>Net assets</b>		
Without donor restrictions		
Board designated funds	9,399,371	10,557,111
Undesignated	3,558,333	1,529,918
Total net assets without donor restrictions	12,957,704	12,087,029
With donor restrictions	1,286,419	801,798
<b>Total net assets</b>	<b>14,244,123</b>	<b>12,888,827</b>
<b>Total liabilities and net assets</b>	<b>\$ 22,358,137</b>	<b>\$ 22,363,832</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

## American Association of Collegiate Registrars and Admissions Officers

### Statements of Activities and Changes in Net Assets

<i>For the year ended September 30, 2024</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>			
Service fees	\$ 1,677,680	\$ -	\$ 1,677,680
Membership fees	3,344,492	-	3,344,492
Registrations	2,688,814	-	2,688,814
Publication sales	680,794	-	680,794
Exhibit fees	845,500	-	845,500
Sponsorships	387,185	-	387,185
Advertising	173,843	-	173,843
Corporate dues	92,312	-	92,312
Other income	244,381	-	244,381
Contributions	15,991	1,300,000	1,315,991
Net assets released from restrictions	815,379	(815,379)	-
<b>Total support and revenue</b>	<b>10,966,371</b>	<b>484,621</b>	<b>11,450,992</b>
<b>Expenses</b>			
Program services			
Memberships	570,373	-	570,373
Strategy and planning	992,260	-	992,260
Consulting	1,495,750	-	1,495,750
Training, grants, and special projects	1,275,524	-	1,275,524
Research and policy	1,692,111	-	1,692,111
Education and member development	3,289,662	-	3,289,662
<b>Total program services</b>	<b>9,315,680</b>	<b>-</b>	<b>9,315,680</b>
Supporting activities			
General and administrative	2,448,003	-	2,448,003
Governance	503,150	-	503,150
<b>Total supporting activities</b>	<b>2,951,153</b>	<b>-</b>	<b>2,951,153</b>
<b>Total expenses</b>	<b>12,266,833</b>	<b>-</b>	<b>12,266,833</b>
<b>Change in net assets from operations</b>	<b>(1,300,462)</b>	<b>484,621</b>	<b>(815,841)</b>
<b>Nonoperating income</b>			
Net investment income	2,498,935	-	2,498,935
Loss on interest rate swap	(327,798)	-	(327,798)
<b>Total nonoperating income</b>	<b>2,171,137</b>	<b>-</b>	<b>2,171,137</b>
<b>Change in net assets</b>	<b>870,675</b>	<b>484,621</b>	<b>1,355,296</b>
<b>Net assets, beginning of year</b>	<b>12,087,029</b>	<b>801,798</b>	<b>12,888,827</b>
<b>Net assets, end of year</b>	<b>\$ 12,957,704</b>	<b>\$ 1,286,419</b>	<b>\$ 14,244,123</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

## American Association of Collegiate Registrars and Admissions Officers

### Statements of Activities and Changes in Net Assets (continued)

<i>For the year ended September 30, 2023</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>			
Service fees	\$ 1,669,272	\$ -	\$ 1,669,272
Membership fees	3,123,925	-	3,123,925
Registrations	2,564,155	-	2,564,155
Publication sales	677,994	-	677,994
Exhibit fees	378,328	-	378,328
Sponsorships	591,219	-	591,219
Advertising	194,470	-	194,470
Corporate dues	108,233	-	108,233
Other income	24,601	-	24,601
Contributions	786,421	500,000	1,286,421
Net assets released from restrictions	1,371,946	(1,371,946)	-
<b>Total support and revenue</b>	<b>11,490,564</b>	<b>(871,946)</b>	<b>10,618,618</b>
<b>Expenses</b>			
Program services			
Memberships	526,103	-	526,103
Strategy and planning	751,182	-	751,182
Consulting	1,319,808	-	1,319,808
Training, grants, and special projects	1,507,059	-	1,507,059
Research and policy	1,651,942	-	1,651,942
Education and member development	3,202,370	-	3,202,370
<b>Total program services</b>	<b>8,958,464</b>	<b>-</b>	<b>8,958,464</b>
Supporting activities			
General and administrative	2,908,347	-	2,908,347
Governance	416,866	-	416,866
<b>Total supporting activities</b>	<b>3,325,213</b>	<b>-</b>	<b>3,325,213</b>
<b>Total expenses</b>	<b>12,283,677</b>	<b>-</b>	<b>12,283,677</b>
<b>Change in net assets from operations</b>	<b>(793,113)</b>	<b>(871,946)</b>	<b>(1,665,059)</b>
<b>Nonoperating income</b>			
Net investment income	1,181,446	-	1,181,446
Gain on interest rate swap	357,880	-	357,880
<b>Total nonoperating income</b>	<b>1,539,326</b>	<b>-</b>	<b>1,539,326</b>
<b>Change in net assets</b>	<b>746,213</b>	<b>(871,946)</b>	<b>(125,733)</b>
<b>Net assets, beginning of year</b>	<b>11,340,816</b>	<b>1,673,744</b>	<b>13,014,560</b>
<b>Net assets, end of year</b>	<b>\$ 12,087,029</b>	<b>\$ 801,798</b>	<b>\$ 12,888,827</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

## American Association of Collegiate Registrars and Admissions Officers

### Statements of Functional Expenses

<i>For the Year Ended</i> <i>September 30, 2024</i>	Program Services						Supporting Activities				Total Expenses
	Memberships	Strategy and planning	Consulting	Training, grants, and special projects	Research and policy	Education and member development	Total Program Services	General and administrative	Governance	Total Supporting Activities	
Salaries, wages, and benefits	\$ 423,551	\$ 500,737	\$ 934,134	\$ 418,647	\$ 1,019,700	\$ 1,210,782	\$ 4,507,551	\$ 1,236,220	\$ 116,991	\$ 1,353,211	\$ 5,860,762
Consulting and outside services	11,700	74,718	229,507	439,332	245,926	303,387	1,304,570	197,033	7,552	204,585	1,509,155
Meeting costs	-	-	5,770	8,487	25,844	1,134,446	1,174,547	2,469	49,283	51,752	1,226,299
Meals and entertainment	3,796	164,559	17,845	11,523	7,254	67,493	272,470	23,401	87,227	110,628	383,098
Legal and accounting	26,997	47,419	61,706	26,997	83,924	88,019	335,062	57,849	8,258	66,107	401,169
Memberships and subscriptions	5,089	66,677	542	15,266	32,257	26,274	146,105	392,642	70,612	463,254	609,359
Lodging	3,110	6,925	30,677	18,009	15,266	34,979	108,966	15,902	64,785	80,687	189,653
Travel	1,256	9,205	64,907	29,792	30,718	31,795	167,673	16,615	73,944	90,559	258,232
Bank charges	25,679	37,300	49,756	21,758	62,487	65,275	262,255	46,624	6,217	52,841	315,096
Interest expense	3,183	-	28,648	38,197	38,197	111,408	219,633	98,676	-	98,676	318,309
Awards, scholarships, and grants	-	1,740	-	200,000	4,000	-	205,740	-	-	-	205,740
Depreciation	21,197	27,556	25,436	10,598	44,513	48,753	178,053	29,677	4,239	33,916	211,969
Supplies, equipment and maintenance	47	3,386	820	3,094	125	6,864	14,336	36,022	4,002	40,024	54,360
Property taxes	10,778	14,011	12,933	5,389	22,633	24,789	90,533	15,088	2,156	17,244	107,777
Communications and internet	-	16	16	21	97	300	450	26,011	10	26,021	26,471
Printing, production, and duplicating	13,024	5,760	3,396	-	378	58,545	81,103	88	-	88	81,191
Condo fees	8,234	10,704	9,881	4,117	17,291	18,938	69,165	11,527	1,647	13,174	82,339
Utilities and maintenance	4,261	5,539	5,113	2,130	8,948	9,800	35,791	5,965	852	6,817	42,608
Registration fees	-	3,680	12	8,937	13,255	5,276	31,160	7,853	3,294	11,147	42,307
Insurance	5,391	9,241	12,322	5,391	15,402	16,172	63,919	11,552	1,540	13,092	77,011
Postage and delivery	2,922	-	2,284	52	28	13,406	18,692	107	332	439	19,131
Training and development	-	971	-	2,963	1,262	-	5,196	8,082	-	8,082	13,278
Information technology	-	-	-	1,693	1,951	-	3,644	-	-	-	3,644
General taxes	129	19	25	11	32	206	422	25	124	149	571
Bad debt expense	-	-	-	-	-	-	-	198,584	-	198,584	198,584
Advertising and promotion	-	2,049	-	3,120	139	-	5,308	-	-	-	5,308
Marketing	29	48	-	-	-	383	460	-	-	-	460
Other expenses	-	-	20	-	484	12,372	12,876	9,991	85	10,076	22,952
<b>Total expenses</b>	<b>\$ 570,373</b>	<b>\$ 992,260</b>	<b>\$ 1,495,750</b>	<b>\$ 1,275,524</b>	<b>\$ 1,692,111</b>	<b>\$ 3,289,662</b>	<b>\$ 9,315,680</b>	<b>\$ 2,448,003</b>	<b>\$ 503,150</b>	<b>\$ 2,951,153</b>	<b>\$ 12,266,833</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

## American Association of Collegiate Registrars and Admissions Officers

### Statements of Functional Expenses (continued)

<i>For the Year Ended</i> <i>September 30, 2023</i>	Program Services						Supporting Activities				Total Expenses
	Memberships	Strategy and planning	Consulting	Training, grants, and special projects	Research and policy	Education and member development	Total Program Services	General and administrative	Governance	Total Supporting Activities	
Salaries, wages, and benefits	\$ 374,872	\$ 552,960	\$ 671,843	\$ 326,620	\$ 953,156	\$ 1,050,300	\$ 3,929,751	\$ 1,641,190	\$ 106,927	\$ 1,748,117	\$ 5,677,868
Consulting and outside services	5,118	15,992	289,574	348,916	258,737	219,555	1,137,892	163,008	-	163,008	1,300,900
Meeting costs	-	-	2,748	6,627	1,149	973,316	983,840	8,355	9,784	18,139	1,001,979
Meals and entertainment	3,460	2,033	26,369	163,607	17,308	262,957	475,734	7,356	81,349	88,705	564,439
Legal and accounting	38,729	55,328	66,393	33,197	94,057	100,629	388,333	154,916	19,481	174,397	562,730
Memberships and subscriptions	2,540	13,084	240	1,480	48,461	44,129	109,934	440,237	21,253	461,490	571,424
Lodging	3,850	6,640	44,729	121,237	25,821	93,306	295,583	5,958	76,042	82,000	377,583
Travel	1,460	2,624	72,594	134,937	32,262	44,797	288,674	20,208	68,490	88,698	377,372
Bank charges	23,661	26,918	32,454	16,151	46,170	50,506	195,860	75,370	5,384	80,754	276,614
Interest expense	7,955	-	23,864	13,258	31,818	66,288	143,183	121,968	-	121,968	265,151
Awards, scholarships, and grants	500	-	-	225,000	3,000	1,344	229,844	-	-	-	229,844
Depreciation	23,257	30,234	23,257	11,628	48,839	55,816	193,031	34,884	4,651	39,535	232,566
Supplies, equipment and maintenance	183	17	2,913	44,742	2,579	6,906	57,340	48,448	16,637	65,085	122,425
Property taxes	11,496	14,944	11,496	5,748	24,141	27,590	95,415	17,243	2,299	19,542	114,957
Communications and internet	-	-	18	-	331	52,917	53,266	34,844	39	34,883	88,149
Printing, production, and duplicating	9,419	5,669	16,400	5,460	-	54,653	91,601	3,901	-	3,901	95,502
Condo fees	7,427	9,655	7,427	3,713	15,596	17,824	61,642	11,141	1,485	12,626	74,268
Utilities and maintenance	6,243	8,116	6,243	3,122	13,110	14,983	51,817	9,364	1,249	10,613	62,430
Registration fees	-	-	2,068	8,637	745	16,089	27,539	17,126	250	17,376	44,915
Insurance	1,012	1,446	1,735	867	2,458	2,602	10,120	4,047	289	4,336	14,456
Postage and delivery	1,375	42	3,294	1,908	-	26,914	33,533	1,113	153	1,266	34,799
Training and development	-	549	1,420	27,205	50	-	29,224	11,834	35	11,869	41,093
Information technology	-	-	-	41	23,415	11,603	35,059	5,603	-	5,603	40,662
General taxes	3,546	4,931	6,089	2,958	8,382	-	25,906	13,806	986	14,792	40,698
Bad debt expense	-	-	6,640	-	-	-	6,640	36,695	-	36,695	43,335
Advertising and promotion	-	-	-	-	-	-	-	1,943	-	1,943	1,943
Marketing	-	-	-	-	-	1,020	1,020	-	-	-	1,020
Other expenses	-	-	-	-	357	6,326	6,683	17,789	83	17,872	24,555
<b>Total expenses</b>	<b>\$ 526,103</b>	<b>\$ 751,182</b>	<b>\$ 1,319,808</b>	<b>\$ 1,507,059</b>	<b>\$ 1,651,942</b>	<b>\$ 3,202,370</b>	<b>\$ 8,958,464</b>	<b>\$ 2,908,347</b>	<b>\$ 416,866</b>	<b>\$ 3,325,213</b>	<b>\$ 12,283,677</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

## American Association of Collegiate Registrars and Admissions Officers

### Statements of Cash Flows

<i>For the Years Ended September 30,</i>	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,355,296	\$ (125,733)
<b>Adjustments to reconcile change in net assets to net cash used by operating activities</b>		
Net realized and unrealized gain on investments	(2,015,949)	(901,071)
Loss (gain) on interest rate swap	327,798	(357,880)
Depreciation	211,969	232,566
Amortization of debt issuance costs	22,048	22,047
<b>(Increase) decrease in assets</b>		
Accounts receivable	151,130	(22,063)
Promises to give	-	415,440
Employee retention credit receivable	198,584	(777,081)
Prepaid expenses and other assets	(135,719)	(167,915)
<b>Increase (decrease) in liabilities</b>		
Accounts payable	(78,108)	178,231
Accrued expenses	53,603	196,590
Deferred revenue	284,772	507,158
<b>Net cash provided by (used in) operating activities</b>	<b>375,424</b>	<b>(799,711)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sales and maturities of investments	1,129,728	1,068,942
Purchases and transfers of investments	-	(1,300,259)
Purchases of property and equipment	(21,263)	(68,672)
<b>Net cash provided by (used in) investing activities</b>	<b>1,108,465</b>	<b>(299,989)</b>
<b>Cash flows from financing activities</b>		
Principal payments on debt	(1,654,528)	(133,821)
<b>Net cash used in financing activities</b>	<b>(1,654,528)</b>	<b>(133,821)</b>
<b>Net change in cash and cash equivalents</b>	<b>(170,639)</b>	<b>(1,233,521)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>2,754,264</b>	<b>3,987,785</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,583,625</b>	<b>\$ 2,754,264</b>
<b>Supplemental information</b>		
Cash paid for interest	\$ 296,261	\$ 250,002
Cash paid for tax	\$ 108,349	\$ 132,646

The accompanying Notes to Financial Statements are an integral part of these financial statements.

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

## Notes to Financial Statements

### 1. Organization and significant accounting policies

**Organization:** American Association of Collegiate Registrars and Admissions Officers (the "Association") was founded in 1910 and incorporated 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.

**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, 2024 and 2023, respectively.

**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 evaluates uncertainty in income tax positions based on a more-likely-than-not recognition standard. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement.

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

## Notes to Financial Statements

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For the year ended September 30, 2024, the Association had unrelated business taxable income of \$14,574 which resulted in an immaterial amount of income tax. For the year ended September 30, 2023, the Association had unrelated business taxable income of \$49,896, which resulted in \$16,606 of income tax. Accrued income tax of \$16,606 is included in accounts payable on the corresponding Statements of Financial Position as of September 30, 2023.

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.

**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. The Association also considers all highly-liquid investments purchased with a maturity of three months or less to be cash equivalents.

The Organization maintains cash deposits in two U.S. domiciled banks which, at times, may exceed the Federal Deposit Insurance Corporation insured limit of \$250,000 per depositor per financial institution. At September 30, 2024 and 2023, the Organization's U.S. based cash balances held at these domicile banks exceeded the insured limits by approximately \$2,084,000 and \$2,255,000, respectively. The Organization has not experienced any losses in such accounts through the date of this report. The Organization believes it is not exposed to any significant financial risk on cash.

**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 and Changes in Net Assets, net of investment expenses, as increases or decreases in net assets.

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

## Notes to Financial Statements

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The Association invests funds in a professionally managed investment portfolio of money market funds, fixed income, equity securities, government securities, and certificates of deposit. 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.

**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, 2024 and 2023.

**Employee retention credit receivable:** The Association determined it was eligible for the Employee Retention Credit (“ERC”) under the CARES Act and elected to account for the credit as a conditional contribution under the Financial Accounting Standards Board Accounting Standard Codification 958-605. The contribution was recognized in May 2023 when the Association determined it satisfied the conditions necessary to recognize the credit. \$777,081 was recognized as contributions on the Statements of Activities and Changes in Net Assets as of September 30, 2023. During the year ended September 2024, the Association was notified by the Internal Revenue Service that \$198,584 was disallowed and wrote off this amount. Employee retention credit receivable of \$578,497 and \$777,081 is included on the Statements of Financial Position as of September 30, 2024 and 2023, respectively. The total amount of the credit is subject to audit by the Internal Revenue Service and remain outstanding as of February 12, 2025.

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

## Notes to Financial Statements

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**Accounts receivable:** Accounts receivable consist primarily of amounts owed from customers for service fees relating to the Association's various programs and is reduced by an allowance for credit losses, if needed. The allowance for credit losses estimates the allowance for lifetime expected credit losses. Estimates of expected credit losses are based on historical collection experience and other factors, including current market factors and forecasted economic conditions. At September 30, 2024 and 2023, the allowance for credit losses was \$20,437.

**Prepaid expenses and other assets:** Prepaid expenses and other assets consist predominantly of payments for future events and services to be provided to the Association.

**Revenue recognition:** Service fees, membership fees, registrations, publication sales, exhibit fees, and sponsorships, and advertising 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, registrations, publication sales, exhibit fees, sponsorships, and advertising 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.

**Contract assets and liabilities:** Contract assets include accounts receivable, which are billed in amounts related to the services provided to members and customers. The balance of contract assets totaled \$415,397, \$566,527 and \$524,177 at September 30, 2024 and 2023 and October 1, 2023, respectively. Contract liabilities include prepaid membership dues, event registration, and related fees for which the underlying services or goods have not yet been provided. Such amounts are included in deferred revenue. Contract liabilities totaled \$3,707,877, \$3,423,105 and \$2,915,947 at September 30, 2024 and 2023 and October 1, 2023, respectively.

**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.

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

## Notes to Financial Statements

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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:**

**Memberships:** 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.

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

**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.

**Training, grants, and special projects:** The Association convenes members and nonmembers to facilitate the advancement of higher education.

**Research and policy:** The Association provides members with updates on federal regulations and compliance issues, congressional and agency activity, and higher education coverage in national news.

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

## Notes to Financial Statements

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**Education and member development:** The Association provides a forum for members and other experts in admissions, registration, financial aid, institutional research and government regulations. Additionally, the Association convenes educational information and forums for discussion of issues for both members and the interested public and 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.

**Recently adopted accounting pronouncements:** In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (“ASU”) No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, or (“CECL”), which prescribes an impairment model for most financial instruments based on expected losses rather than incurred losses. Under this model, an estimate of expected credit losses over the contractual life of the instrument is to be recorded as of the end of a reporting period as an allowance to offset the amortized cost basis, resulting in a net presentation of the amount expected to be collected on the financial instrument. For most instruments, entities must apply the standard using a cumulative-effect adjustment to beginning net assets as of the beginning of the fiscal year of adoption.

The adoption of CECL did not have an impact. A cumulative effect adjustment to beginning net assets was not required. Financial assets and liabilities held by the Association subject to the “expected credit loss” model prescribed by CECL include trade and other receivables.

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

## Notes to Financial Statements

### 2. 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, fixed income, equity securities, government securities, and certificates of deposit.

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 become 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'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 \$1,000,000 line of credit has matured on February 26, 2024 and was no longer renewed, as discussed in more detail in Note 9. As of September 30, 2024 and 2023, \$0 was drawn on the line of credit.

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

	2024	2023
Cash and cash equivalents	\$ 2,583,625	\$ 2,754,264
Investments	11,396,875	10,510,654
Employee retention credit receivable	578,497	777,081
Accounts receivable, net	394,960	546,090
Total financial assets	14,953,957	14,588,089
Less: Board designated net assets	(9,399,371)	(10,557,111)
Less: Net assets with donor restrictions	(1,286,419)	(801,798)
<b>Total financial assets available for general expenditures within one year:</b>	<b>\$ 4,268,167</b>	<b>\$ 3,229,180</b>

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

**Notes to Financial Statements**

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**3. 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 government securities, certificates of deposit, and the interest rate swap. 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

Investments consisted of the following at September 30:

September 30, 2024	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments, at fair value				
Mutual funds – fixed income	\$ 1,770,760	\$ 1,770,760	\$ -	\$ -
Exchange traded funds	8,730,840	8,730,840	-	-
Government securities	695,138	-	695,138	-
Certificates of deposit	124,273	-	124,273	-
Cash and money market funds	75,864	-	-	-
Total investments, at fair value	<b>\$ 11,396,875</b>	<b>\$ 10,501,600</b>	<b>\$ 819,411</b>	<b>\$ -</b>
Other liabilities, at fair value				
Interest rate swap	\$ (11,222)	\$ -	\$ (11,222)	\$ -

  

September 30, 2023	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments, at fair value				
Mutual funds – fixed income	\$ 431,463	\$ 431,463	\$ -	\$ -
Exchange traded funds	9,197,611	9,197,611	-	-
Government securities	655,826	-	655,826	-
Certificates of deposit	100,087	-	100,087	-
Cash and money market funds	125,667	-	-	-
Total investments, at fair value	<b>\$ 10,510,654</b>	<b>\$ 9,629,074</b>	<b>\$ 755,913</b>	<b>\$ -</b>
Other assets, at fair value				
Interest rate swap	\$ 316,576	\$ -	\$ 316,576	\$ -

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

## Notes to Financial Statements

Investments held for long-term purposes have been board-designated as described in Note 8 and such investments totaled \$11,161,855 and \$8,707,024 at September 30, 2024 and 2023, respectively.

Investment income consisted of the following for the year ended September 30:

	2024	2023
<i>With and without donor restrictions</i>		
Realized and unrealized gain on investments	\$ 2,077,798	\$ 957,050
Interest and dividends	482,986	280,375
Investment management fees	(61,849)	(55,979)
<b>Total investment income, net</b>	<b>\$ 2,498,935</b>	<b>\$ 1,181,446</b>

#### 4. 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 \$688,023 and \$538,232 for the year ended September 30, 2024 and 2023, respectively, and is included as a component of salaries, wages, and benefits on the accompanying Statements of Functional Expenses.

**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.

#### 5. 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:

	2024	2023
Building	\$ 7,656,031	\$ 7,656,031
Equipment and software	583,424	562,160
Furniture	224,203	224,203
Less accumulated depreciation and amortization	(1,902,841)	(1,690,871)
Depreciable property and equipment, net	6,560,817	6,751,523
Artwork	47,405	47,405
<b>Total property and equipment, net</b>	<b>\$ 6,608,222</b>	<b>\$ 6,798,928</b>

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

## Notes to Financial Statements

**6. 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:

	2024	2023
Membership fees	\$ 2,366,944	\$ 2,303,391
Registrations	799,646	590,848
Publication sales and service fees	238,399	209,416
Exhibit fees	284,800	249,450
Sponsorships and advertising	18,088	70,000
<b>Total deferred revenue</b>	<b>\$ 3,707,877</b>	<b>\$ 3,423,105</b>

**7. 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.

In February 2024, the Board of Directors approved revisions to the Association’s investment policy, which resulted in updates to the board-designated fund. The previous designations (endowment, infrastructure, strategic initiatives and investment strategies) have been consolidated into a single long-term reserve fund.

Descriptions of the Association's board-designated net assets are as follows:

**Long-term reserve fund:** The Board maintains a managed, long-term investment portfolio to ensure the Association's stability and growth. The long-term reserve fund is designed for sustainability and meeting debt covenants, with a target value of 66% (8 months) and a minimum value of 50% (6 months) of the current fiscal year's budgeted operating expenses. An annual review ensures adequate reserves.

Board approval is required for contributions to the long-term reserve fund, typically from net surpluses.

**Strategic spending:** Excess reserves above the target value of the long-term reserve fund are available for strategic spending, with up to 25% potentially allocated to the following year's budget. These funds may be used for equipment and hardware upgrades, software acquisition and development, office repairs, new or updated programs, expanding the Association’s services, or new revenue-producing opportunities, as guided by the strategic spending policy. For fiscal year 2025, \$380,000 has been allocated for strategic spending.

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

## Notes to Financial Statements

**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 8). During the years ended September 30, 2024 and 2023, there were no transfers into the endowment fund. In February 2024, the Association transferred \$8,707,024 from the endowment to the long-term reserve 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. In February 2024, the Association transferred \$750,000 from infrastructure to the long-term reserve fund

**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. In February 2024, the Association transferred \$1,000,000 from strategic initiatives and investment strategy to the long-term reserve fund

**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:

	2024	2023
Board-designated		
Long-term reserve fund	\$ 8,896,619	\$ -
Strategic spending	380,000	-
Endowment	-	8,707,024
Infrastructure	-	750,000
Strategic initiatives and investments	-	1,000,000
Conner fund	122,752	100,087
Total board-designated net assets	9,399,371	10,557,111
Undesignated	3,558,333	1,529,918
<b>Total net assets without donor restrictions</b>	<b>\$ 12,957,704</b>	<b>\$ 12,087,029</b>

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

## Notes to Financial Statements

**With donor restrictions:** Net assets with donor restrictions primarily consist of a donor restricted grants 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 for the model transcripts program totaled \$1,286,419 and \$801,798 as of September 30, 2024 and 2023, respectively, which included contributions of \$1,300,000 and \$500,000 and releases from net assets of \$815,379 and \$1,371,946 during the years ended September 30, 2024 and 2023, respectively.

### 8. 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 designated certain net assets without donor restrictions to serve as an endowment for the benefit of the Association and its mission. As mentioned in Note 7 above, the Association revised its investment policy and consolidated the endowment into a long-term reserve fund. The Association's endowment consisted solely of funds without donor-imposed restrictions, designated by the Board of Directors, to function as endowment funds. At September 30, 2024 and 2023, the balance totaled \$0 and \$8,707,025, 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:

	2024	2023
Endowment, beginning of year	\$ 8,707,025	\$ 7,529,901
Investment return		
Net gain on investments	2,077,461	957,050
Interest and dividends	437,699	276,053
Investment management fees	(60,330)	(55,979)
Transfer from endowment	(8,707,025)	-
<b>Endowment, end of year</b>	<b>\$ -</b>	<b>\$ 8,707,025</b>

**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.

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

## Notes to Financial Statements

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**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 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.

### 9. Long-term debt

**Revenue Bonds:** On December 1, 2017, the Association entered into an indenture of trust with Truist 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 were secured by the two floors of the office building. The Bonds bore 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 maturity date of the Bonds was March 1, 2028.

In September 2022, the Association refinanced the Bonds and entered into an amended indenture of trust with Truist as holder of \$5,625,000 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 (2022 Reissuance). The proceeds for the Bonds continue to be used to pay down the mortgage on the office building. The refinanced Bonds remain secured by the two floors of the office building. The refinanced Bonds bear interest at a rate of 30-Day Secured Overnight Financing Rate ("SOFR") plus 2.58%.

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

## Notes to Financial Statements

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The interest rate on the Bonds was 5.37% and 5.34% at September 30, 2024 and 2023, respectively. The maturity date of the Bonds is September 1, 2037. During the years ended September 30, 2024 and 2023, interest expense on the Bonds of \$318,309 and \$265,151, respectively, was incurred, inclusive of amortization of debt issuance costs of \$22,048 and \$22,047, respectively. As of September 30, 2024 and 2023, outstanding principal and accrued interest was \$3,829,820 and \$0, and \$5,484,348 and \$24,414, respectively.

AACRAO is required to comply with various covenants in conjunction with its \$5,625,000 of revenue bonds. At September 30, 2023, the Association was in compliance with its covenants. At September 30, 2024, the Association was in compliance with its covenants, except furnishing audited financial statements to the financial institution no later than 120 days after the fiscal year end. AACRAO received a waiver for non-compliance on the late filing of the audited financial statements.

Debt issuance costs, net of accumulated amortization, totaled \$284,778 and \$306,826 as of September 30, 2024 and 2023, respectively. Debt issuance costs on the above Bonds are being amortized on a straight-line basis over the 15-year life of the refinanced Bonds.

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 bore interest based on a one-month LIBOR plus 2.50%. 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. As part of the Bond refinancing in September 2022, the maturity date of the revolving line of credit was extended to February 26, 2024. As part of the refinancing, the interest rate was changed to SOFR plus 2.58%. The revolving line of credit was not renewed upon maturity.

The interest rate on the line of credit was 0% and 7.89% at September 30, 2024 and 2023, respectively. No funds were drawn or repaid during the years ended September 30, 2024 and 2023, and no amount was outstanding as of September 30, 2024 and 2023. During the years ended September 30, 2024 and 2023, no interest expense was incurred.

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

2025	\$ 145,400
2026	150,900
2027	156,400
2028	162,200
2029	167,500
Thereafter	3,047,420
<b>Total</b>	<b>\$ 3,829,820</b>

**10. Interest rate swap agreement**

When the Association entered into the indenture of Trust for the Bonds in 2018, the Association also entered into an interest rate swap agreement with a notional amount equal to the obligation under the loan. This mechanism allowed the Association to realize the potential benefit of a lower fixed rate. The termination date of the interest rate swap was March 1, 2028. In September 2022, the original interest rate swap was terminated. AACRAO entered into a new interest rate swap as part of the refinancing. The interest rate swap maturity date is September 1, 2037.

At September 30, 2024 and 2023, the effective fixed rate of the swap was 2.66%. At September 30, 2024 and 2023, the fair value of the interest rate swap was projected to be a liability of \$11,222 and an asset of \$316,576, respectively.

**11. 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. At September 30, 2024 and 2023, the Association is liable for \$208,869 and \$133,399 in liquidated damages payable to the hotels or meeting venues, respectively. The Association is also liable for various percentages of total lost revenue by the hotels which range from 0% - 80% as of September 30, 2024 and 2023. The total dollar amount is not able to be calculated until the dates of the events for the contracts cancelled.

**12. 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 February 12, 2025, which is the date of the financial statements were available to be issued, 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.