

**EASTERN ASSOCIATION OF COLLEGE
AND UNIVERSITY BUSINESS OFFICERS**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

**EASTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Eastern Association of College and University Business Officers
Washington, D.C.

We have audited the accompanying financial statements of Eastern Association of College and University Business Officers (EACUBO), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related statement of functional expenses for the year ended December 31, 2018, 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.

Auditors' 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 audit 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 auditors' 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 EACUBO as of December 31, 2018 and 2017, 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.

Other Matters

Change in Accounting Principle

As discussed in Note 1 to the financial statements, management has adopted Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.



CliftonLarsonAllen LLP

Arlington, Virginia
June 28, 2019

**EASTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017**

	2018	2017
ASSETS		
Cash and Cash Equivalents	\$ 610,643	\$ 437,028
Investments	816,766	878,566
Accounts Receivable, Net	65,447	141,188
Prepaid Expenses and Other Assets	14,026	16,398
Software less Accumulated Amortization of \$16,666 and \$6,517, Respectively	13,780	23,929
Total Assets	\$ 1,520,662	\$ 1,497,109
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 97,097	\$ 133,080
Deferred Revenue	95,283	98,107
Total Liabilities	192,380	231,187
NET ASSETS		
Without Donor Restrictions	1,315,111	1,251,581
With Donor Restrictions	13,171	14,341
Total Net Assets	1,328,282	1,265,922
Total Liabilities and Net Assets	\$ 1,520,662	\$ 1,497,109

See accompanying Notes to Financial Statements.

**EASTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Annual Meeting:						
Registration Fees	\$ 318,158	\$ -	\$ 318,158	\$ 318,224	\$ -	\$ 318,224
Sponsorships	221,500	-	221,500	228,000	-	228,000
Exhibitor Fees	194,750	-	194,750	201,750	-	201,750
Membership Dues	190,679	-	190,679	219,250	-	219,250
Annual Workshop:						
Registration Fees	125,040	-	125,040	183,095	-	183,095
Sponsorships	73,000	-	73,000	91,000	-	91,000
Job Postings	1,911	-	1,911	7,293	-	7,293
Investment (Loss) Income, Net	(58,412)	(670)	(59,082)	131,052	1,872	132,924
Appropriation of Endowment Assets for Expenditure	500	(500)	-	500	(500)	-
Total Revenue	<u>1,067,126</u>	<u>(1,170)</u>	<u>1,065,956</u>	<u>1,380,164</u>	<u>1,372</u>	<u>1,381,536</u>
EXPENSES						
Program Services:						
Annual Meeting	451,856	-	451,856	499,484	-	499,484
Annual Workshop	232,719	-	232,719	234,371	-	234,371
Board and Committees	132,030	-	132,030	132,991	-	132,991
Area Program Committees	-	-	-	1,463	-	1,463
Other Program Expenses	1,845	-	1,845	795	-	795
Total Program Services	<u>818,450</u>	<u>-</u>	<u>818,450</u>	<u>869,104</u>	<u>-</u>	<u>869,104</u>
Supporting Service:						
Management and General	<u>185,146</u>	<u>-</u>	<u>185,146</u>	<u>167,322</u>	<u>-</u>	<u>167,322</u>
Total Expenses	<u>1,003,596</u>	<u>-</u>	<u>1,003,596</u>	<u>1,036,426</u>	<u>-</u>	<u>1,036,426</u>
CHANGE IN NET ASSETS	63,530	(1,170)	62,360	343,738	1,372	345,110
Net Assets - Beginning of Year	<u>1,251,581</u>	<u>14,341</u>	<u>1,265,922</u>	<u>907,843</u>	<u>12,969</u>	<u>920,812</u>
NET ASSETS - END OF YEAR	<u>\$ 1,315,111</u>	<u>\$ 13,171</u>	<u>\$ 1,328,282</u>	<u>\$ 1,251,581</u>	<u>\$ 14,341</u>	<u>\$ 1,265,922</u>

See accompanying Notes to Financial Statements.

**EASTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018**

	Program Services						Management & General	Total
	Annual Meeting	Annual Workshop	Board and Committees	Other Program	Total Program Services			
Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,963	\$ 80,963	
Travel	12,523	8,125	62,712	-	83,360	-	83,360	
Food and Beverage	174,101	103,606	27,045	-	304,752	-	304,752	
Production Services	12,213	12,695	1,706	1,050	27,664	259	27,923	
Postage and Delivery	3,990	1,376	-	-	5,366	627	5,993	
Registration and Membership Fees	200	3,000	3,734	-	6,934	-	6,934	
Audio Visual	59,091	36,631	7,563	-	103,285	-	103,285	
Supplies	24,093	2,181	-	-	26,274	2,192	28,466	
Professional Fees	130,597	65,105	24,270	795	220,767	74,782	295,549	
Amortization	-	-	-	-	-	10,149	10,149	
Non-capital Equipment	-	-	3,500	-	3,500	70	3,570	
Bank Charges	-	-	-	-	-	7,014	7,014	
Rent	2,983	-	-	-	2,983	-	2,983	
Other	32,065	-	1,500	-	33,565	9,090	42,655	
Total Expenses	<u>\$ 451,856</u>	<u>\$ 232,719</u>	<u>\$ 132,030</u>	<u>\$ 1,845</u>	<u>\$ 818,450</u>	<u>\$ 185,146</u>	<u>\$ 1,003,596</u>	

See accompanying Notes to Financial Statements.

**EASTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 62,360	\$ 345,110
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Amortization Expense	10,149	6,517
Bad Debt Expense	16,440	-
Unrealized Loss (Gain) on Investments	81,782	(113,626)
Change in Assets and Liabilities:		
Accounts Receivable, Net	59,301	(70,983)
Prepaid Expenses and Other Assets	2,372	(8,632)
Accounts Payable and Accrued Expenses	(35,983)	(315,165)
Deferred Revenue	(2,824)	(18,773)
Net Cash Provided (Used) by Operating Activities	<u>193,597</u>	<u>(175,552)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(19,982)	(18,072)
Purchases of Software	-	(30,446)
Net Cash Used by Investing Activities	<u>(19,982)</u>	<u>(48,518)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	173,615	(224,070)
Cash and Cash Equivalents - Beginning of Year	<u>437,028</u>	<u>661,098</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 610,643</u></u>	<u><u>\$ 437,028</u></u>

See accompanying Notes to Financial Statements.

**EASTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Eastern Association of College and University Business Officers (EACUBO) is a nonprofit membership organization incorporated in 1978 under the laws of the District of Columbia. The organization was founded in 1919 by higher education business officers to promote effective and ethical business and financial administration in colleges and universities. EACUBO's primary goal is to provide quality professional development opportunities that are relevant and timely to its members.

EACUBO has a diverse membership of over 750 institutions and organizations. These include public and private colleges, universities, and other post-secondary institutions, as well as other agencies and for-profit organizations affiliated with or serving higher education.

EACUBO is one of four associations affiliated with the National Association of College and University Business Officers (NACUBO).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that can affect certain reported amounts and disclosures. Actual results could differ from estimates.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposit and money market accounts, as well as highly liquid investments with an initial maturity of three months or less.

Investments

Investments are composed of mutual funds and are recorded in the accompanying statements of financial position at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Unrealized gains or losses are determined by comparison of fair value at the beginning and end of the reporting period.

Accounts Receivable

Accounts receivable primarily consist of sponsorship and exhibitor fees due for the annual meeting. EACUBO uses the allowance method to record potentially uncollectible accounts receivable. An allowance of \$7,500 was recorded for the year ended December 31, 2018. No allowance was recorded for the year ended December 31, 2017, as all receivables are deemed fully collectible.

**EASTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Software

Software is recorded at cost and amortized using the straight-line method over a period of three years. EACUBO capitalizes expenditures for software in excess of \$1,001. Lesser amounts are expensed in the year of acquisition. Upon retirement or disposal of the assets, the cost and accumulated depreciation or amortization are eliminated from the respective accounts, and the resulting gain or loss is included in revenue and support or expenses as appropriate.

Fair Value Measurement

EACUBO follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, for financial assets (and liabilities) measured at fair value on a recurring basis. The FASB ASC topic defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. The standard emphasizes that fair value is a market-based measurement, not an entity-specific measurement and, therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the standard established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby the market participant assumptions are developed based on market data obtained from independent sources, and unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances. The three levels of the fair value hierarchy under the standard are described as follows:

Level 1 – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 – Unobservable inputs for the asset or liability, including the reporting entities own assumptions in determining the fair value measurement.

As of December 31, 2018 and 2017, only EACUBO's investments, as described in Note 3 of the financial statements, were measured at fair value on a recurring basis.

**EASTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets

The net assets of EACUBO are reported as follows:

Net Assets Without Donor Restrictions – Represents net assets not subject to donor restrictions available for general operations.

Net Assets With Donor Restrictions – Represents net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity to generate investment income to support the general and administration expenses of EACUBO. Restrictions that are temporary in nature consist of the investment earnings on the assets that are held in perpetuity.

Revenue and Expense Recognition

Membership dues are recognized as revenue in the period to which the dues relate. Accordingly, dues paid by members in advance of the membership period are reported as deferred revenue in the accompanying statements of financial position. Membership dues run on a June 1st through May 31st membership year.

Revenue and the related costs of the annual meeting and annual workshop are recognized in the year in which the meeting and workshop is held. Accordingly, registration, exhibitor fees, and sponsorships received in advance of an event are recorded as deferred revenue in the accompanying statement of financial position. Expenses paid in advance of an event are recorded as prepaid expenses in the accompanying statements of financial position.

Allocation of Expenses

The costs of providing the various programs and activities have been summarized by program and supporting services in the accompanying statements of activities. Expenses, primarily association management services, that are not directly charged to a program or supporting service are allocated among the programs (annual meeting and workshop) and supporting services based upon contractual terms of its agreement with NACUBO.

Income Taxes

EACUBO is exempt from the payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code. However, EACUBO is subject to federal and state taxes on its unrelated business income.

EACUBO's income tax return is subject to review and examination by Federal and state authorities. EACUBO is not aware of any activities that would jeopardize its tax-exempt status.

**EASTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liquidity

As part of EACUBO's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

EACUBO's financial assets available within one year of the statements of financial position date for general expenditures were as follows:

	2018	2017
Cash and Cash Equivalents	\$ 610,643	\$ 437,028
Investments	816,766	878,566
Account Receivable, Net	65,447	141,188
Less: Net Assets With Donor Restrictions	(13,171)	(14,341)
Total	\$ 1,479,685	\$ 1,442,441

Change in Accounting Principle

During the year ended December 31, 2018, EACUBO adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between nonprofit entities. A key change required by ASU 2016-14 is the net asset class used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions. Amounts previously reported as temporarily restricted and permanently restricted have been combined into one class of with donor restriction net asset class. A footnote on liquidity has also been disclosed. Investment gain (loss) is reported net of brokerage fees. These amendments have been applied retrospectively to 2017.

Lastly, expenses are reported by natural and functional classifications in a statement included with the basic financial statements. This amendment has been applied prospectively to 2018, as permitted by the accounting standards update.

Upcoming Accounting Standards Update

Revenue from Contracts with Customers — In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods.

**EASTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Upcoming Accounting Standards Update (Continued)

Revenue from Contracts with Customers (Continued)

The standard will be effective for EACUBO's financial statements for annual reporting periods beginning after December 15, 2018. Management is evaluating the effect of the amended revenue recognition guidance on the entity's financial statements.

Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made — In June 2018, the FASB issued amended guidance to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The guidance provides a more robust framework to determine when a transaction should be accounted for as a contribution or as an exchange transaction. The guidance also requires an entity to determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The guidance should be applied on a modified prospective basis, unless an entity elects a retrospective basis. The standard will be effective for annual reporting periods beginning after December 15, 2018.

Subsequent Events

In preparing these financial statements, EACUBO has evaluated events and transactions for potential recognition or disclosure through June 28, 2019, the date the financial statements were available to be issued.

NOTE 2 CONCENTRATIONS OF RISK

Credit Risk

Financial instruments, which subject EACUBO to a concentration of credit risk, consist of demand deposits placed with financial institutions. At certain times during the year EACUBO had funds invested with local institutions in excess of the Federal Deposit Insurance Corporation insurance limits.

Market Value Risk

EACUBO invests in diversified investments. These investments are exposed to various risks, such as fluctuations in market value and credit risk. It is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amount reported in the financial statements.

**EASTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENT

Investments are stated at fair value and consisted of the following as of December 31:

	2018			Fair Value
	Level 1	Level 2	Level 3	
Mutual Funds:				
Global Equity Index	\$ 579,733	\$ -	\$ -	\$ 579,733
Bond Market Index	135,730	-	-	135,730
Short-Term Bond Index	86,796	-	-	86,796
Balanced	14,507	-	-	14,507
Total Investments	<u>\$ 816,766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 816,766</u>

	2017			Fair Value
	Level 1	Level 2	Level 3	
Mutual Funds:				
Global Equity Index	\$ 642,209	\$ -	\$ -	\$ 642,209
Bond Market Index	135,768	-	-	135,768
Short-Term Bond Index	85,641	-	-	85,641
Balanced	14,948	-	-	14,948
Total Investments	<u>\$ 878,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 878,566</u>

EACUBO used the following methods and significant assumptions to estimate fair value for assets recorded at fair value:

Mutual Funds – Value based on readily available quoted prices in an active market.

Investment (loss) income, net, including interest earned on cash accounts, was as follows as of December 31:

	2018	2017
Dividends and Interest	\$ 22,700	\$ 19,298
Unrealized (Loss) Gain	(81,782)	113,626
Total Investment (Loss) Income, Net	<u>\$ (59,082)</u>	<u>\$ 132,924</u>

**EASTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 4 ENDOWMENT FUND

EACUBO received donor restricted donations in previous years to establish an endowment to fund an annual distinguished service award. Investment income and appreciation on the fund are recorded as net assets with donor restrictions held in perpetuity until the fund accumulates a balance of \$10,000.

Interpretation of Relevant Law

EACUBO's board of directors has interpreted the District of Columbia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, EACUBO classifies as with donor restrictions net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified to be held in perpetuity is classified as time or purpose restricted net assets until those amounts are appropriated for expenditure by EACUBO in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, EACUBO considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- The duration and preservation of the fund
- The purposes of EACUBO and the donor restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of EACUBO
- The investment policies of EACUBO

Investment and Spending Policies

The board of directors has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment assets. Upon the fund accumulating a balance of \$10,000, the board of directors may appropriate funds from investment income and appreciation for the distinguished service award.

**EASTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 4 ENDOWMENT FUND (CONTINUED)

As of December 31, EACUBO's endowment had the following net asset composition:

	<u>2018</u>	<u>2017</u>
Original Donor-Restricted Gift Amount and Amounts Required to be Retained by Donor	\$ 10,000	\$ 10,000
Portion Subject to Appropriation under UPMIFA	3,171	4,341
Total Net Assets with Donor Restrictions	<u>\$ 13,171</u>	<u>\$ 14,341</u>

Changes in endowment net assets were as follows for the years ended December 31:

	<u>2018</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets - Beginning of Year	\$ -	\$ 14,341	\$ 14,341
Investment Return:			
Investment Income	-	257	257
Unrealized Loss	-	(927)	(927)
Total Investment Loss	-	(670)	(670)
Appropriation of Endowment Assets for Expenditure	-	(500)	(500)
Endowment Net Assets - End of Year	<u>\$ -</u>	<u>\$ 13,171</u>	<u>\$ 13,171</u>
	<u>2017</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets - Beginning of Year	\$ -	\$ 12,969	\$ 12,969
Investment Return:			
Investment Income	-	272	272
Unrealized Gain	-	1,600	1,600
Total Investment Return	-	1,872	1,872
Appropriation of Endowment Assets for Expenditure	-	(500)	(500)
Endowment Net Assets - End of Year	<u>\$ -</u>	<u>\$ 14,341</u>	<u>\$ 14,341</u>

**EASTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 5 COMMITMENTS

Contracts

EACUBO has entered into various agreements for hotel accommodations for its future planned meetings and workshops. In the event that EACUBO were to cancel these reservations or fail to use a specified percentage of the total space reserved, EACUBO would be required to pay liquidated damages based upon the date the hotel was notified of the cancellation or reduction in requested rooms, as well as the hotel's ability to fill the resulting vacancies. EACUBO's management does not believe that any of these commitments will result in a loss due to liquidated damages. Accordingly, no amount for this potential liability has been reflected in the accompanying financial statements.

Effective April 1, 2012, EACUBO entered into a five-year association management agreement with NACUBO, EACUBO's national affiliate. The annual fee for the first two years of the contract was \$210,000, payable in equal monthly installments of \$17,500. The annual fee increases in an amount equal to the consumer price index. EACUBO management fees paid to NACUBO totaled approximately \$212,108 and \$227,285 for the years ended December 31, 2018 and 2017, respectively. The outstanding net payable balance due to NACUBO as of December 31, 2018, was \$76,415 which is reflected in the statements of financial position. The outstanding net receivable balance due from NACUBO as of December 31, 2017, was \$32,283 which is reflected in the statements of financial position. Effective January 1, 2018, the agreement was extended through December 31, 2020.