

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

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018



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**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, DC

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, 2019 and 2018, 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.

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

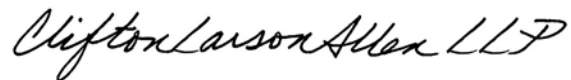
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EACUBO as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Principles

As described in Note 1, EACUBO has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification No. 606, *Revenue Recognition from Contracts with Customers*, in 2019. Accordingly, the accounting change has been adopted using the modified retrospective approach. Our opinion is not modified with respect to this matter.

As discussed in Note 1, EACUBO has adopted Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Accordingly, the accounting change has been adopted using the prospective approach. Our opinion is not modified with respect to this matter.



CliftonLarsonAllen LLP

Arlington, Virginia
April 23, 2020

**EASTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

	2019	2018
ASSETS		
Cash and Cash Equivalents	\$ 641,232	\$ 610,643
Investments	990,322	816,766
Accounts Receivable, Net	17,758	65,447
Prepaid Expenses and Other Assets	16,229	14,026
Software, Less Accumulated Amortization of \$26,814 and \$16,666, Respectively	3,632	13,780
Total Assets	\$ 1,669,173	\$ 1,520,662
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 27,149	\$ 97,097
Deferred Revenue - Membership	77,844	76,023
Deferred Revenue - Annual Meeting	41,213	17,475
Deferred Revenue - Annual Workshop	16,585	1,785
Total Liabilities	162,791	192,380
NET ASSETS		
Without Donor Restrictions	1,491,940	1,315,111
With Donor Restrictions	14,442	13,171
Total Net Assets	1,506,382	1,328,282
Total Liabilities and Net Assets	\$ 1,669,173	\$ 1,520,662

See accompanying Notes to Financial Statements.

**EASTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Annual Meeting:						
Registration Fees	\$ 336,200	\$ -	\$ 336,200	\$ 318,158	\$ -	\$ 318,158
Sponsorships	302,876	-	302,876	221,500	-	221,500
Exhibitor Fees	215,720	-	215,720	194,750	-	194,750
Membership Dues	189,154	-	189,154	190,679	-	190,679
Annual Workshop:						
Registration Fees	225,790	-	225,790	125,040	-	125,040
Sponsorships	87,000	-	87,000	73,000	-	73,000
Job Postings and Other	16,160	-	16,160	1,911	-	1,911
Investment Income (Loss), Net	175,110	1,771	176,881	(58,412)	(670)	(59,082)
Appropriation of Endowment						
Assets for Expenditure	500	(500)	-	500	(500)	-
Total Revenue	<u>1,548,510</u>	<u>1,271</u>	<u>1,549,781</u>	<u>1,067,126</u>	<u>(1,170)</u>	<u>1,065,956</u>
EXPENSES						
Program Services:						
Annual Meeting	790,203	-	790,203	451,856	-	451,856
Annual Workshop	253,260	-	253,260	232,719	-	232,719
Board and Committees	144,924	-	144,924	132,030	-	132,030
Other Program	795	-	795	1,845	-	1,845
Total Program Services	<u>1,189,182</u>	<u>-</u>	<u>1,189,182</u>	<u>818,450</u>	<u>-</u>	<u>818,450</u>
Supporting Service:						
Management and General	<u>182,499</u>	<u>-</u>	<u>182,499</u>	<u>185,146</u>	<u>-</u>	<u>185,146</u>
Total Expenses	<u>1,371,681</u>	<u>-</u>	<u>1,371,681</u>	<u>1,003,596</u>	<u>-</u>	<u>1,003,596</u>
CHANGE IN NET ASSETS	176,829	1,271	178,100	63,530	(1,170)	62,360
Net Assets - Beginning 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>
NET ASSETS - END OF YEAR	<u>\$ 1,491,940</u>	<u>\$ 14,442</u>	<u>\$ 1,506,382</u>	<u>\$ 1,315,111</u>	<u>\$ 13,171</u>	<u>\$ 1,328,282</u>

See accompanying Notes to Financial Statements.

**EASTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2019 AND 2018**

2019							
Program Services							
	Annual Meeting	Annual Workshop	Board and Committees	Other Program	Total Program Services	Management and General	Total
Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,668	\$ 79,668
Travel	27,389	6,717	99,923	-	134,029	742	134,771
Food and Beverage	296,856	114,622	34,134	-	445,612	-	445,612
Production Services	26,846	5,696	25	-	32,567	-	32,567
Postage and Delivery	2,335	2,144	-	-	4,479	-	4,479
Registration and Membership Fees	6,597	1,500	3,250	-	11,347	350	11,697
Audio Visual	106,299	42,626	2,468	-	151,393	-	151,393
Supplies	34,343	735	-	-	35,078	(623)	34,455
Professional Fees	272,873	66,645	1,624	795	341,937	75,266	417,203
Amortization	-	-	-	-	-	10,148	10,148
Non-capital Equipment	-	-	3,500	-	3,500	266	3,766
Bank Charges	-	-	-	-	-	7,094	7,094
Other	16,665	12,575	-	-	29,240	9,588	38,828
Total Expenses	<u>\$ 790,203</u>	<u>\$ 253,260</u>	<u>\$ 144,924</u>	<u>\$ 795</u>	<u>\$ 1,189,182</u>	<u>\$ 182,499</u>	<u>\$ 1,371,681</u>

2018							
Program Services							
	Annual Meeting	Annual Workshop	Board and Committees	Other Program	Total Program Services	Management and General	Total
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, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 178,100	\$ 62,360
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Amortization Expense	10,148	10,149
Bad Debt Expense	25,000	16,440
Unrealized (Gain) Loss on Investments	(150,667)	81,782
Change in Assets and Liabilities:		
Accounts Receivable, Net	22,689	59,301
Prepaid Expenses and Other Assets	(2,203)	2,372
Accounts Payable and Accrued Expenses	(69,948)	(35,983)
Deferred Revenue - Membership	1,821	7,121
Deferred Revenue - Annual Meeting	23,738	17,475
Deferred Revenue - Annual Workshop	14,800	(27,420)
Net Cash Provided by Operating Activities	53,478	193,597
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(22,889)	(19,982)
Net Cash Used by Investing Activities	(22,889)	(19,982)
NET CHANGE IN CASH AND CASH EQUIVALENTS	30,589	173,615
Cash and Cash Equivalents - Beginning of Year	610,643	437,028
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 641,232	\$ 610,643

See accompanying Notes to Financial Statements.

**EASTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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. No allowance was recorded for the year ended December 31, 2019, as all receivables are deemed fully collectible. An allowance of \$7,500 was recorded for the year ended December 31, 2018.

**EASTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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, 2019 and 2018, 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, 2019 AND 2018**

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, and are recognized ratably over the term of the membership period. 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, 2019 AND 2018**

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:

	2019	2018
Cash and Cash Equivalents	\$ 641,232	\$ 610,643
Investments	990,322	816,766
Account Receivable, Net	17,758	65,447
Less: Net Assets With Donor Restrictions	(14,442)	(13,171)
Total	<u>\$ 1,634,870</u>	<u>\$ 1,479,685</u>

Change in Accounting Principles

EACUBO adopted the accounting guidance in Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, issued by the Financial Accounting Standards Board (FASB). The ASU is based on the principle that revenue is recognized 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 and services. EACUBO adopted ASU 2014-09 during 2019 using the modified retrospective method, which did not result in an adjustment to net assets because the adoption of ASU 2014-09 did not have a material impact on EACUBO's reported historical revenue.

In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves 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 ASU has been applied using the prospective approach with no effect on net assets.

**EASTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, EACUBO has evaluated events and transactions for potential recognition or disclosure through April 23, 2020, the date the financial statements were available to be issued.

Subsequent to year-end, a pandemic of the Corona Virus (COVID-19) was declared by the World Health Organization. Future events and conference revenues and expenses of EACUBO are uncertain due to the potential impact on travel. This could also impact transactions relating to customers and vendors. In addition, both domestic and international equity markets have experienced significant declines since December 31, 2019. As of April 23, 2020, the amount and likelihood of loss relating to these events is not determined.

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, 2019 AND 2018**

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENT

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

	2019			Fair Value
	Level 1	Level 2	Level 3	
Mutual Funds:				
Global Equity Index	\$ 734,972	\$ -	\$ -	\$ 734,972
Bond Market Index	147,558	-	-	147,558
Short-Term Bond Index	91,011	-	-	91,011
Balanced	16,781	-	-	16,781
Total Investments	<u>\$ 990,322</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 990,322</u>

	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>

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

	2019	2018
Dividends and Interest	\$ 26,214	\$ 22,700
Unrealized Gain (Loss)	150,667	(81,782)
Total Investment Income (Loss), Net	<u>\$ 176,881</u>	<u>\$ (59,082)</u>

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.

**EASTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 4 ENDOWMENT FUND (CONTINUED)

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, 2019 AND 2018**

NOTE 4 ENDOWMENT FUND (CONTINUED)

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

	<u>2019</u>	<u>2018</u>
Original Donor-Restricted Gift Amount and Amounts Required to be Retained by Donor	\$ 10,000	\$ 10,000
Portion Subject to Appropriation under UPMIFA	4,442	3,171
Total Net Assets with Donor Restrictions	<u>\$ 14,442</u>	<u>\$ 13,171</u>

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

	<u>2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets - Beginning of Year	\$ -	\$ 13,171	\$ 13,171
Investment Return:			
Investment Income	-	262	262
Unrealized Gain	-	1,509	1,509
Total Investment Return	-	1,771	1,771
Appropriation of Endowment Assets for Expenditure	-	(500)	(500)
Endowment Net Assets - End of Year	<u>\$ -</u>	<u>\$ 14,442</u>	<u>\$ 14,442</u>
	<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 Loss:			
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>

**EASTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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.

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 \$210,000 and \$212,108 for the years ended December 31, 2019 and 2018, respectively. The outstanding net payable balance due to NACUBO as of December 31, 2019 and 2018, was \$5,972 and \$76,415, respectively, which is reflected in the statements of financial position. Effective January 1, 2018, the agreement was extended through December 31, 2020.