



Financial Statements

For the Year Ended December 31, 2015

(With Summarized Financial Information for the Year Ended December 31, 2014)



**and
Report Thereon**





Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Eastern Association of College
and University Business Officers

Report on the Financial Statements

We have audited the accompanying financial statements of the Eastern Association of College and University Business Officers (EACUBO), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EACUBO as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Continued

Report on Summarized Comparative Information

We have previously audited EACUBO's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 6, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Raffa P.C.

Raffa, P.C.

Washington, DC
June 8, 2016

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

STATEMENT OF FINANCIAL POSITION

December 31, 2015

(With Summarized Financial Information as of December 31, 2014)

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 337,177	\$ 83,099
Investments	700,256	903,838
Accounts receivable	59,475	6,300
Prepaid expenses and other assets	6,057	2,730
TOTAL ASSETS	\$ 1,102,965	\$ 995,967
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 140,917	\$ 36,546
Deferred revenue	160,591	153,554
TOTAL LIABILITIES	301,508	190,100
Net Assets		
Unrestricted	788,739	793,127
Temporarily restricted	2,718	2,740
Permanently restricted	10,000	10,000
TOTAL NET ASSETS	801,457	805,867
TOTAL LIABILITIES AND NET ASSETS	\$ 1,102,965	\$ 995,967

The accompanying notes are an integral part of these financial statements.

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

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2015

(With Summarized Financial Information for the Year Ended December 31, 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	2014
REVENUE					
Annual meeting:					
Registration fees	\$ 283,765	\$ -	\$ -	\$ 283,765	\$ 215,370
Sponsorships	205,000	-	-	205,000	152,370
Exhibitor fees	195,900	-	-	195,900	172,825
Membership dues	201,505	-	-	201,505	205,758
Annual workshop:					
Registration fees	132,405	-	-	132,405	155,551
Sponsorships	68,000	-	-	68,000	69,500
Job postings	6,274	-	-	6,274	5,797
Investment income (loss)	(3,830)	(22)	-	(3,852)	34,770
TOTAL REVENUE	1,089,019	(22)	-	1,088,997	1,011,941
EXPENSES					
Program Services:					
Annual meeting	503,039	-	-	503,039	488,824
Annual workshop	213,065	-	-	213,065	240,922
Board and committees	192,123	-	-	192,123	255,252
Area program committees	24,654	-	-	24,654	27,957
Other program expenses	1,730	-	-	1,730	13,742
Total Program Services	934,611	-	-	934,611	1,026,697
Supporting Service:					
Management and general	158,796	-	-	158,796	88,613
TOTAL EXPENSES	1,093,407	-	-	1,093,407	1,115,310
CHANGE IN NET ASSETS	(4,388)	(22)	-	(4,410)	(103,369)
NET ASSETS, BEGINNING OF YEAR	793,127	2,740	10,000	805,867	909,236
NET ASSETS, END OF YEAR	\$ 788,739	\$ 2,718	\$ 10,000	\$ 801,457	\$ 805,867

The accompanying notes are an integral part of these financial statements.

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

STATEMENT OF CASH FLOWS

For the Year Ended December 31 ,2015

Increase (Decrease) in Cash and Cash Equivalents

(With Summarized Financial Information for the Year Ended December 31, 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (4,410)	\$ (103,369)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized gains on investments	(1,133)	(886)
Unrealized losses (gains) on investments	23,146	(13,826)
Change in assets and liabilities:		
Accounts receivable	(53,175)	27,314
Prepaid expenses and other assets	(3,327)	8,230
Accounts payable and accrued expenses	104,371	(241,977)
Deferred revenue	7,037	19,767
	72,509	(304,747)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
	72,509	(304,747)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	199,730	-
Purchases of investments	(18,161)	(20,051)
	181,569	(20,051)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
	181,569	(20,051)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	254,078	(324,798)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	83,099	407,897
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 337,177	\$ 83,099

The accompanying notes are an integral part of these financial statements.

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

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

1. Organization and 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 Colleges and University Business Officers (NACUBO).

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 statement 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 is recorded as of December 31, 2015, as all receivables are deemed fully collectible.

**EASTERN ASSOCIATION OF COLLEGE
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**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

1. Organization and Summary of Significant Accounting Policies (continued)

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 entity's own assumptions in determining the fair value measurement.

As of December 31, 2015, only EACUBO's investments, as described in Note 2 of the financial statements, were measured at fair value on a recurring basis.

Classification of Net Assets

The net assets of EACUBO are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for support of EACUBO's operations.
- Temporarily restricted net assets represent amounts that are specifically restricted by the donors or grantors for various purposes or time periods.
- Permanently restricted net assets represent funds that require the principal to be maintained in perpetuity and the earnings used for the purposes designated by the donor.

**EASTERN ASSOCIATION OF COLLEGE
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**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

1. Organization and Summary of Significant Accounting Policies (continued)

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 statement of financial position. Membership dues run on a June 1 through May 31 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 statement 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 statement 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.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

2. Investments and Fair Value Measurement

Investments are stated at fair value and consisted of the following as of December 31, 2015:

	<u>Total Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual funds:				
Global equity index	\$ 476,350	\$ 476,350	\$ -	\$ -
Bond market index	127,786	127,786	-	-
Short-term bond index	83,402	83,402	-	-
Balanced	<u>12,718</u>	<u>12,718</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 700,256</u>	<u>\$ 700,256</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

**EASTERN ASSOCIATION OF COLLEGE
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**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

2. Investments and Fair Value Measurement (continued)

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, including interest earned on cash accounts, was as follows for the year ended December 31, 2015:

Dividends and interest	\$ 18,161
Realized gains	1,133
Unrealized losses	<u>(23,146)</u>
Total Investment Loss	<u>\$ (3,852)</u>

3. Commitments and Risks

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. Association management fees paid to NACUBO totaled approximately \$213,000 for the year ended December 31, 2015.

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 permanently restricted until the fund accumulates a balance of \$10,000.

**EASTERN ASSOCIATION OF COLLEGE
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**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

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 permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent 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 in permanently restricted net assets is classified as temporarily 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.

As of December 31, 2015, EACUBO's endowment had the following net asset composition:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted	\$ 2,718	\$ 10,000	\$ 12,718

**EASTERN ASSOCIATION OF COLLEGE
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**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

4. Endowment Fund (continued)

Changes in endowment net assets were as follows for the year ended December 31, 2015:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, January 1, 2015	\$ 2,740	\$ 10,000	\$ 12,740
Investment return:			
Investment income	272	-	272
Net appreciation (realized and unrealized)	<u>(294)</u>	<u>-</u>	<u>(294)</u>
Total Investment Return	<u>(22)</u>	<u>-</u>	<u>(22)</u>
Endowment Net Assets, December 31, 2015	<u>\$ 2,718</u>	<u>\$ 10,000</u>	<u>\$ 12,718</u>

5. 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. No provision for income taxes is required as of December 31, 2015, as EACUBO had no net unrelated business income.

EACUBO follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. EACUBO has evaluated its income tax positions for the year ended December 31, 2015, and determined that it has no material uncertain tax positions; accordingly, EACUBO has not recognized any liability for unrecognized income tax. The statute of limitations for tax years 2012 through 2014 remains open in the major U.S. jurisdictions in which EACUBO is subject to taxation. EACUBO's policy is to recognize interest and/or penalties related to income tax matters in income tax expense. As of December 31, 2015, EACUBO had no accrual for interest and/or penalties.

6. Prior Year Summarized Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with EACUBO's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

**EASTERN ASSOCIATION OF COLLEGE
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**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

7. Subsequent Events

In preparing the financial statements, EACUBO has evaluated events and transactions for potential recognition or disclosure through June 8, 2016, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these financial statements.