



**AMERICAN EVALUATION ASSOCIATION  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**Years Ended June 30, 2013 and 2012**



**AMERICAN EVALUATION ASSOCIATION**

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100 Lakeforest Boulevard, Suite 650  
Gaithersburg, MD 20877  
P: 301-948-9825  
F: 301-948-3220

210 Wirt Street SW, Suite 102  
Leesburg, VA 20175  
P: 571-442-5220  
F: 571-730-3669

[www.deleonandstang.com](http://www.deleonandstang.com)

Allen P. DeLeon, CPA, P.C.  
Richard C. Stang, CPA, P.C.  
Jeanie Price, AAAPM

## INDEPENDENT AUDITORS' REPORT

### **Board of Directors American Evaluation Association Fairhaven, Massachusetts**

We have audited the accompanying financial statements of American Evaluation Association (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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.

**Auditor's Responsibility** (Continued)

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 American Evaluation Association as of June 30, 2013 and 2012, 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.

*DeLeon & Stang*  
**DeLeon & Stang, CPAs**  
**Gaithersburg, Maryland**  
**October 4, 2013**

**AMERICAN EVALUATION ASSOCIATION**  
**Statements of Financial Position**  
**June 30, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 735,935	\$ 154,902
Certificates of deposit, at cost	2,030,000	2,245,000
Marketable securities, at fair value	151,799	131,918
Accounts receivable	4,171	63,600
Prepaid expenses	1,800	21,450
<b>TOTAL ASSETS</b>	<b>\$ 2,923,705</b>	<b>\$ 2,616,870</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Liabilities:</u></b>		
Accounts payable	\$ 48,999	\$ 44,779
Deferred revenues	297,064	301,704
Total liabilities	346,063	346,483
<b><u>Net Assets:</u></b>		
Unrestricted net assets	2,495,114	2,203,743
Temporarily restricted net assets	82,528	66,644
Total net assets	2,577,642	2,270,387
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,923,705</b>	<b>\$ 2,616,870</b>

**AMERICAN EVALUATION ASSOCIATION**  
**Statements of Activities**  
**For the Years Ended June 30, 2013 and 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2012 Total</u>
<b>Revenue and Support:</b>						
Membership dues	\$ 553,754	\$ -	\$ 553,754	\$ 502,259	\$ -	\$ 502,259
Contributions and sponsorship	-	73,354	73,354	-	111,704	111,704
Conferences, meetings, and workshops	1,131,290	-	1,131,290	1,050,576	-	1,050,576
Investment income	39,215	-	39,215	16,363	-	16,363
Other revenue	33,758	-	33,758	33,005	-	33,005
Net assets released from restrictions	<u>57,470</u>	<u>(57,470)</u>	<u>-</u>	<u>95,716</u>	<u>(95,716)</u>	<u>-</u>
Total revenue and support	1,815,487	15,884	1,831,371	1,697,919	15,988	1,713,907
<b>Expenses:</b>						
Program services	1,384,239	-	1,384,239	1,364,903	-	1,364,903
Management and general	<u>139,877</u>	<u>-</u>	<u>139,877</u>	<u>113,272</u>	<u>-</u>	<u>113,272</u>
Total expenses and losses	<u>1,524,116</u>	<u>-</u>	<u>1,524,116</u>	<u>1,478,175</u>	<u>-</u>	<u>1,478,175</u>
Change in net assets	291,371	15,884	307,255	219,744	15,988	235,732
Net assets at beginning of year	<u>2,203,743</u>	<u>66,644</u>	<u>2,270,387</u>	<u>1,983,999</u>	<u>50,656</u>	<u>2,034,655</u>
Net assets at end of year	<u>\$ 2,495,114</u>	<u>\$ 82,528</u>	<u>\$ 2,577,642</u>	<u>\$ 2,203,743</u>	<u>\$ 66,644</u>	<u>\$ 2,270,387</u>

**AMERICAN EVALUATION ASSOCIATION**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 307,255	\$ 235,732
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized and realized gain on marketable securities	(22,241)	(2,970)
Decrease (increase) in accounts receivable	59,429	(6,422)
Decrease (increase) in prepaid expenses	19,650	(14,872)
Increase in accounts payable	4,220	41,150
Increase (decrease) in deferred revenues	(4,640)	40,106
	56,418	56,992
Total adjustments		
Net cash provided by operating activities	363,673	292,724
<u>Cash Flows from Investing Activities:</u>		
Maturities of certificates of deposits, net of purchases	215,000	(145,000)
Proceeds from sale of marketable securities	98,812	-
Purchases of marketable securities	(96,452)	(3,585)
	217,360	(148,585)
Net cash provided by (used in) investing activities		
Net increase in cash and cash equivalents	581,033	144,139
Cash and cash equivalents at beginning of year	154,902	10,763
Cash and cash equivalents at end of year	\$ 735,935	\$ 154,902

**AMERICAN EVALUATION ASSOCIATION**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**NOTE 1 - ORGANIZATION**

The American Evaluation Association (AEA) is an international professional membership organization. AEA's mission is to improve evaluation practices and methods, increase evaluation use, promote evaluation as a profession, and support the contribution of evaluation to the generation of theory and knowledge about effective human action. AEA was organized in 1988. The governing body is the Board of Directors, which appoints the Executive Director in charge of operations. AEA currently has approximately 6,700 members representing all 50 states in the U.S. as well as over 60 foreign countries.

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

AEA adopted the Not-For-Profit Entities—Revenue Recognition Topic of the FASB Accounting Standards Codification and the Not-For-Profit Entities—Presentation of Financial Statements Topic of the FASB Accounting Standards Codification. Under the provisions of these codified accounting standards, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. These statements also established standards for general-purpose external financial statements of not-for-profit organizations, and require a statement of financial position, a statement of activities and a statement of cash flows. Accordingly, the net assets of AEA and changes therein, are classified and reported as follows:

**AMERICAN EVALUATION ASSOCIATION**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Basis of Presentation (Continued)

- *Unrestricted net assets* - Net assets not subject to donor-imposed stipulations.
- *Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that may or will be met by actions of AEA and/or the passage of time.
- *Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that they may be maintained permanently by AEA. There were no permanently restricted net assets at June 30, 2013 and 2012.

Cash and Cash Equivalents

AEA considers all highly liquid securities purchased with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

AEA maintains its cash in bank deposit accounts that, at times, may exceed federally-insured limits. AEA has not experienced any losses in such accounts. AEA believes it is not exposed to any significant concentration of credit risk on cash and cash equivalents. As of June 30, 2013, cash accounts in excess of federal insurance limits totaled \$479,386.

Certificates of Deposit

Investments in certificates of deposit are reported at cost in the statements of financial position.

Marketable Securities

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the statements of activities as a component of investment income. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets.

**AMERICAN EVALUATION ASSOCIATION**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Marketable Securities (Continued)

Equity and fixed income securities are exposed to various risks such as market and credit risk. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

The fair values of marketable securities are determined by utilizing quoted market prices on active markets (Level 1) for identical securities.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable arise from credit transactions with members and customers located through the United States. All accounts receivable are granted on an unsecured basis.

Accounts receivable are due under normal trade terms requiring payment within 30 days of the invoice date. Accounts receivable are stated at the amount billed to the member or vendor. Account balances over 90 days past due are considered delinquent and, unless strong mitigating factors exist, a dollar for dollar allowance is established. There were no accounts receivable in delinquent status at June 30, 2013 and 2012, hence no allowance for uncollectible accounts was required.

Restricted and Unrestricted Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**AMERICAN EVALUATION ASSOCIATION**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Membership Dues

AEA recognizes membership dues over the term of the membership by deferring the portion that relates to subsequent periods.

Conference and Seminar Fees

Conference and seminar fees are recognized as revenues at the time of the conference or seminar. Amounts received in advance are recorded as deferred revenue if service is not rendered in the same fiscal period.

Income Tax Status

The Internal Revenue Service has determined that AEA is exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3). AEA has been deemed not to be a private foundation. AEA is subject to taxation on unrelated net business income. AEA had no unrelated business income tax for the years ended June 30, 2013 and 2012.

Federal and state tax returns may be subject to audit for three years after filing, hence AEA's tax returns for 2010 and onward are open to tax examination.

AEA has determined that there are no uncertain tax positions required to be disclosed under the Income Taxes Topic of the FASB Accounting Standards Codification.

Evaluation of Subsequent Events

Management has evaluated the financial statements for subsequent events requiring accrual or disclosure through October 4, 2013, the date, which the financial statements were available to be issued.

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**AMERICAN EVALUATION ASSOCIATION**

**Notes to Financial Statements**

**June 30, 2013 and 2012**

**NOTE 3- RELATED PARTY TRANSACTION**

On July 1, 2010, AEA entered into a management agreement with Kistler Consulting, LLC (Kistler). Kistler provides general management and administration of the day to day operations of the AEA. Additionally, Kistler may provide program, membership, and conference administration, bookkeeping services, operational facilities, and additional staffing as needed. The agreement is effective for a period of three and one half years. Kistler receives a base payment of \$342,284 for general administrative services and receives compensation for the above-stated services as they are performed and approved by the AEA's Board of Directors. Fees charged by Kistler are subject to a 2.5% annual increase. Kistler received \$722,023 and \$588,039 in compensation and reimbursements for the years ended June 30, 2013 and 2012, of which \$28,042 and \$29,477 has been included in accounts payable at June 30, 2013 and 2012.

**NOTE 4- MARKETABLE SECURITIES**

The cost basis and fair value of marketable securities at June 30, 2013 and 2012 are as follows:

	<u>2013</u>		
	<u>Urealized</u>		
	<u>Cost</u>	<u>Gain</u>	<u>Fair Value</u>
Marketable securities	<u>\$ 139,192</u>	<u>\$ 12,607</u>	<u>\$ 151,799</u>

  

	<u>2012</u>		
	<u>Urealized</u>		
	<u>Cost</u>	<u>Gain</u>	<u>Fair Value</u>
Marketable securities	<u>\$ 129,271</u>	<u>\$ 2,647</u>	<u>\$ 131,918</u>

Securities measured at fair value on a recurring basis and presented in the statements of financial position as of June 30, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
	<u>Quoted Prices in Active Markets for Identical Assets Level 1</u>	<u>Quoted Prices in Active Markets for Identical Assets Level 1</u>
Marketable securities	<u>\$ 151,799</u>	<u>\$ 131,918</u>

**AMERICAN EVALUATION ASSOCIATION**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**NOTE 4- MARKETABLE SECURITIES** (Continued)

Investment income for the years ended June 30, 2013 and 2012 consists of:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 16,974	\$ 13,393
Realized and unrealized gains	22,241	2,970
	<u>\$ 39,215</u>	<u>\$ 16,363</u>

**NOTE 5- TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets as June 30, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Future student initiatives	\$ 56,800	\$ 44,760
General travel fund	14,774	15,635
International travel fund	6,821	6,249
ROE sholarship fund	3,133	-
Minority travel fund	1,000	-
	<u>\$ 82,528</u>	<u>\$ 66,644</u>

**NOTE 6- FUNCTIONAL EXPENSES**

Expenses on a functional basis for the years ended June 30, 2013 and 2012 are as follows:

<u>Year Ending June 30, 2013</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Professional fees	\$ 287,834	\$ 101,131	\$ 388,965
Event food and beverage	172,147	-	172,147
Conferences, meetings, and workshops	573,807	-	573,807
Publications	96,234	-	96,234
Audio visual	68,481	-	68,481
Salaries and related expenses	258	-	258
Travel	50,846	-	50,846
Bank fees	108,686	-	108,686
Postage and printing	25,946	-	25,946
Communications	-	16,076	16,076
Miscellaneous	-	14,166	14,166
Insurance	-	2,504	2,504
TOTAL	<u>\$ 1,384,239</u>	<u>\$ 139,877</u>	<u>\$ 1,524,116</u>

**AMERICAN EVALUATION ASSOCIATION**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**NOTE 6 - FUNCTIONAL EXPENSES** (Continued)

<u>Year Ending June 30, 2012</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Professional fees	\$ 258,923	\$ 90,973	\$ 349,896
Event food and beverage	290,475	-	290,475
Conferences, meetings, and workshops	397,912	-	397,912
Publications	118,748	-	118,748
Audio visual	84,257	-	84,257
Salaries and related expenses	32,418	-	32,418
Travel	58,409	-	58,409
Bank fees	90,548	-	90,548
Postage and printing	33,213	-	33,213
Communications	-	16,682	16,682
Miscellaneous	-	3,178	3,178
Insurance	-	2,439	2,439
TOTAL	<u>\$ 1,364,903</u>	<u>\$ 113,272</u>	<u>\$ 1,478,175</u>