

# *American Evaluation Association*

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**Audited Financial Statements  
June 30, 2015 and 2014**



**Malvin, Riggins & Company, P.C.**  
Certified Public Accountants  
1050 Connecticut Ave NW, 5<sup>th</sup> Floor  
Washington, DC 20036  
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# *American Evaluation Association*

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June 30, 2015 and 2014

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## Independent Auditor's Report

To the Board of Directors  
American Evaluation Association  
Washington, DC 20036

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, 2015 and 2014, 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 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 of 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.

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***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, 2015 and 2014, 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.

*Malvin, Diggins + Company, P.C.*

Washington, DC  
February 24, 2016

**American Evaluation Association**  
**Statements of Financial Position**  
**June 30, 2015 and 2014**

**ASSETS**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,118,463	\$ 964,676
Certificates of deposit, at fair value	2,176,235	2,201,803
Marketable securities, at fair value	201,364	192,765
Accounts receivable	7,150	3,195
Prepaid expenses	11,285	16,333
	<u>3,514,497</u>	<u>3,378,772</u>
Total Assets	<u>\$ 3,514,497</u>	<u>\$ 3,378,772</u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>		
Current Liabilities		
Accounts payable	\$ 149,311	\$ 167,356
Deferred revenues	289,817	292,244
	<u>439,128</u>	<u>459,600</u>
Total Liabilities	439,128	459,600
<b>Net Assets</b>		
Unrestricted	2,945,111	2,815,558
Temporarily Restricted	130,258	103,614
	<u>3,075,369</u>	<u>2,919,172</u>
Total Net Assets	3,075,369	2,919,172
	<u>\$ 3,514,497</u>	<u>\$ 3,378,772</u>
Total Liabilities and Net Assets	<u>\$ 3,514,497</u>	<u>\$ 3,378,772</u>

See the independent auditor's report and accompanying notes.

*American Evaluation Association*  
 Statements of Activities  
 Years Ended June 30, 2015 and 2014

	June 30, 2015			June 30, 2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Support</b>						
Membership dues	\$ 582,121	\$ -	\$ 582,121	\$ 623,349	\$ -	\$ 623,349
Contributions and sponsorship	-	40,714	40,714	-	35,941	35,941
Conferences, meetings, and workshops	1,088,240	-	1,088,240	1,115,785	-	1,115,785
Grant revenue	4,500	-	4,500	15,226	-	15,226
Net investment income	18,670	-	18,670	50,450	-	50,450
Institute revenue	224,490	-	224,490	199,090	-	199,090
Internships and other income	70,000	-	70,000	30,000	-	30,000
Net assets released from restrictions	14,070	(14,070)	-	14,855	(14,855)	-
<b>Total Revenue and Support</b>	<b>2,002,091</b>	<b>26,644</b>	<b>2,028,735</b>	<b>2,048,755</b>	<b>21,086</b>	<b>2,069,841</b>
<b>Expenses</b>						
Program services	1,101,126	-	1,101,126	979,088	-	979,088
Management and general	771,412	-	771,412	749,223	-	749,223
<b>Total Expenses</b>	<b>1,872,538</b>	<b>-</b>	<b>1,872,538</b>	<b>1,728,311</b>	<b>-</b>	<b>1,728,311</b>
<b>Changes in Net Assets</b>	<b>129,553</b>	<b>26,644</b>	<b>156,197</b>	<b>320,444</b>	<b>21,086</b>	<b>341,530</b>
<b>Net Assets, Beginning of Year</b>	<b>2,815,558</b>	<b>103,614</b>	<b>2,919,172</b>	<b>2,495,114</b>	<b>82,528</b>	<b>2,577,642</b>
<b>Net Assets, End of Year</b>	<b>\$ 2,945,111</b>	<b>\$ 130,258</b>	<b>\$ 3,075,369</b>	<b>\$ 2,815,558</b>	<b>\$ 103,614</b>	<b>\$ 2,919,172</b>

See the independent auditor's report and accompanying notes.

**American Evaluation Association**  
**Statements of Cash Flows**  
**Years Ended June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 156,197	\$ 341,530
Adjustments to reconcile net income to cash provided by operating activities:		
Unrealized and realized gain on marketable securities	(3,809)	(29,874)
(Increase) decrease in accounts receivable	(3,955)	976
Decrease (increase) in prepaid expenses	5,048	(14,533)
(Decrease) increase in accounts payable	(18,046)	118,357
(Decrease) in deferred revenues	(2,426)	(4,821)
Total Adjustments	<u>(23,188)</u>	<u>70,105</u>
Net Cash Provided By Operating Activities	133,009	411,635
<b>Cash Flows from Investing Activities</b>		
Maturities of certificates of deposits, net of purchases	25,568	-
Purchases of certificates of deposits, net of maturities	-	(171,803)
Purchases of marketable securities	<u>(4,790)</u>	<u>(11,091)</u>
Net Cash Provided By (Used In) Investing Activities	<u>20,778</u>	<u>(182,894)</u>
Net Increase in Cash	153,787	228,741
Cash - Beginning of Year	<u>964,676</u>	<u>735,935</u>
Cash - End of Year	<u>\$ 1,118,463</u>	<u>\$ 964,676</u>

See the independent auditor's report and accompanying notes.

## ***American Evaluation Association***

Notes to Financial Statements

June 30, 2015 and 2014

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### **NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

#### **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 7,000 members representing all 50 states in the U.S. as well as over 60 foreign countries.

#### **Financial Statement 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:

- *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, 2015 and 2014.

#### **Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

#### **Investments**

Investments in certificates of deposit are reported at fair value in the statements of financial position. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

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 and certificates of deposit are determined by utilizing quoted market prices on active markets (Level 1) for identical securities.

See the independent auditor's report.



***American Evaluation Association***

Notes to Financial Statements

June 30, 2015 and 2014

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**NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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, 2015 and 2014; 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.

**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.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**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, 2015 and 2014.

Federal and state tax returns may be subject to audit for three years after filing, hence AEA's tax returns for 2012 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.

See the independent auditor's report.

**American Evaluation Association**

Notes to Financial Statements

June 30, 2015 and 2014

**NOTE 2 – RELATED PARTY TRANSACTION**

On April 1, 2013, AEA entered into a management agreement with SmithBucklin. SmithBucklin provides general management and administration of the day-to-day operations of the AEA. Additionally, SmithBucklin provides program, membership, and conference administration, bookkeeping services, operational facilities, and staffing. The agreement may be terminated by either party with 180 day notice. SmithBucklin receives payments based on fixed and variable fees, reimbursable costs, and sales incentive fee commissions. SmithBucklin received \$668,619 and \$620,642 in compensation, reimbursements, and commissions for the year ended June 30, 2015 and 2014, of which \$75,359 and \$74,459 has been included in accounts payable at June 30, 2015 and 2014.

**NOTE 3 – INVESTMENTS**

Investments are stated at fair value and are summarized as follows as of June 30, 2015 and 2014:

	2015		
	Cost	Fair Market Value	Unrealized Gain
Brokered CDs	\$ 2,175,000	\$ 2,176,235	\$ 1,235
Marketable securities	156,309	201,364	45,055
Total investments	<u>\$ 2,331,309</u>	<u>\$ 2,377,599</u>	<u>\$ 46,290</u>

  

	2014		
	Cost	Fair Market Value	Unrealized Gain(Loss)
Brokered CDs	\$ 2,202,000	\$ 2,201,803	\$ (197)
Marketable securities	150,087	192,765	42,678
Total investments	<u>\$ 2,352,087</u>	<u>\$ 2,394,568</u>	<u>\$ 42,481</u>

Securities measured at fair value on a recurring basis and presented in the statements of financial position as of June 30, 2015 and 2014 are as follows:

	2015	2014
	Quoted prices in Active Markets for Identical Assets Level 1	Quoted prices in Active Markets for Identical Assets Level 1
Brokered CDs	\$ 2,176,235	\$ 2,201,803
Marketable securities	201,364	192,765
Total investments	<u>\$ 2,377,599</u>	<u>\$ 2,394,568</u>

See the independent auditor's report.

**American Evaluation Association**

Notes to Financial Statements

June 30, 2015 and 2014

**NOTE 3 – INVESTMENTS (Continued)**

Investment income for the years ended June 30, 2015 and 2014 consist of:

	2015	2014
Dividend and interest income	\$ 14,862	\$ 20,576
Net realized and unrealized gains	3,808	29,874
Total investment return	<u>\$ 18,670</u>	<u>\$ 50,450</u>

**NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets as June 30, 2015 and 2014 consist of the following:

	2015	2014
Future student initiatives	\$ 107,690	\$ 80,990
International travel fund	10,035	8,121
General travel fund	4,804	8,274
ROE scholarship fund	4,229	5,229
Minority travel fund	3,500	1,000
	<u>\$ 130,258</u>	<u>\$ 103,614</u>

**NOTE 5 – FUNCTIONAL EXPENSES**

Expenses on a functional basis for the years ended June 30, 2015 and 2014 are as follows:

<b>Year Ending June 30, 2015</b>	<b>Program Services</b>	<b>Management and General</b>	<b>Total</b>
Professional fees	\$ 228,825	\$ 646,766	\$ 875,591
Event food and beverage	306,506	-	306,506
Conferences, meetings, and workshops	214,484	75,818	290,302
Audio visual	216,091	-	216,091
Travel	47,078	7,107	54,185
Bank fees	34,147	15,300	49,447
Schedule II expense	36,240	-	36,240
Postage and printing	11,518	5,737	17,255
Communications	-	8,813	8,813
Miscellaneous	737	5,048	5,785
Consulting	4,500	-	4,500
Insurance	-	4,361	4,361
Publications	-	2,462	2,462
Scholarship fund	1,000	-	1,000
Total expenses	<u>\$ 1,101,126</u>	<u>\$ 771,412</u>	<u>\$ 1,872,538</u>

See the independent auditor's report.

**American Evaluation Association**

Notes to Financial Statements

June 30, 2015 and 2014

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**NOTE 5 – FUNCTIONAL EXPENSES (Continued)**

<b>Year Ending June 30, 2014</b>	<b>Program Services</b>	<b>Management and General</b>	<b>Total</b>
Professional fees	\$ 245,191	\$ 627,420	\$ 872,611
Event food and beverage	293,632	-	293,632
Conferences, meetings, and workshops	186,315	80,007	266,322
Audio visual	119,616	-	119,616
Bank and CC fees	37,751	17,903	55,654
Travel	45,612	2,704	48,316
Postage and printing	24,922	3,373	28,295
Schedule II expense	22,202	-	22,202
Communications	-	7,608	7,608
Miscellaneous	3,847	3,701	7,548
Publications	-	4,020	4,020
Insurance	-	2,487	2,487
Total expenses	<u>\$ 979,088</u>	<u>\$ 749,223</u>	<u>\$ 1,728,311</u>

**NOTE 6 – CONCENTRATION OF CREDIT RISK**

AEA maintains its cash in bank deposit accounts, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at this institution can at times exceed federally insured limits throughout the year. Amounts in excess of the FDIC limit as of June 30, 2015 and 2014 were \$971,162 and \$781,252, respectively. AEA has not experienced any losses in such accounts.

**NOTE 7 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 24, 2016, the date that the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.

See the independent auditor's report.