

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**ASSOCIATION FOR  
INSTITUTIONAL RESEARCH  
TALLAHASSEE, FLORIDA**

**DECEMBER 31, 2015**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**ASSOCIATION FOR  
INSTITUTIONAL RESEARCH  
TALLAHASSEE, FLORIDA**

**DECEMBER 31, 2015**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Association for Institutional Research  
Tallahassee, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Association for Institutional Research (the Association) a nonprofit organization, which comprise the statement of financial position, as of December 31, 2015, and the related statement of activities, statement of functional expenses, and statement of 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.

### **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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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.

### **Certified Public Accountants**

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

To the Board of Directors  
Association for Institutional Research  
Tallahassee, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association 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.

**Report on Summarized Comparative Information**

We have previously audited the Association's 2014 financial statements, and our report was dated May 14 2015, which expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein, as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2016, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.



May 5, 2016  
Tallahassee, Florida

## **BASIC FINANCIAL STATEMENTS**

**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2015,**  
**WITH COMPARATIVE TOTALS FOR 2014**  
**ASSOCIATION FOR INSTITUTIONAL RESEARCH**  
**TALLAHASSEE, FLORIDA**

	<b>ASSETS</b>	
	<u>2015</u>	<u>2014</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 1,869,522	\$ 3,645,035
Grants and Contract Receivable, Current	494,363	232,837
Accounts Receivable	79,046	74,686
Other Current Assets	67,191	103,977
<b>Total Current Assets</b>	<u>2,510,122</u>	<u>4,056,535</u>
<b>Investments</b>		
Fixed Income Securities	<u>1,983,352</u>	<u>0</u>
<b>Property and Equipment</b>		
Property and Equipment, Net	<u>599,529</u>	<u>647,464</u>
<b>Total Assets</b>	<u><u>5,093,003</u></u>	<u><u>4,703,999</u></u>
 <b>LIABILITIES AND NET ASSETS</b>  		
<b>Current Liabilities</b>		
Accounts Payable	171,626	160,753
Accrued Compensated Absences	65,185	55,860
Deferred Grant and Contract Revenue	492,091	158,449
Deferred Membership Dues and Other	394,008	380,419
<b>Total Current Liabilities</b>	<u>1,122,910</u>	<u>755,481</u>
<b>Total Liabilities</b>	<u>1,122,910</u>	<u>755,481</u>
<b>Net Assets</b>		
Unrestricted Net Assets:		
Board Designated	420,000	420,000
Undesignated	3,482,620	3,460,307
Total Unrestricted	<u>3,902,620</u>	<u>3,880,307</u>
Temporarily Restricted:		
Scholarship Fund	<u>67,473</u>	<u>68,211</u>
<b>Total Net Assets</b>	<u>3,970,093</u>	<u>3,948,518</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 5,093,003</u></u>	<u><u>\$ 4,703,999</u></u>

See accompanying notes.

**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2015,**  
**WITH COMPARATIVE TOTALS FOR 2014**  
**ASSOCIATION FOR INSTITUTIONAL RESEARCH**  
**TALLAHASSEE, FLORIDA**

	Unrestricted	Temporarily Restricted	Total	
			2015	2014
<b>Support and Revenue</b>				
Membership Dues and Fees	\$ 515,923	\$ 0	\$ 515,923	\$ 516,668
Forum and Related Activities	1,106,523	0	1,106,523	1,006,482
Data and Decision Academy	127,800	0	127,800	150,000
Other Educational Services	9,257	0	9,257	5,697
Contracts and Grants	1,936,628	0	1,936,628	2,152,653
Interest	32,602	0	32,602	8,988
Contributions	0	2,599	2,599	11,103
Other Income	113,094	0	113,094	176,133
Release from Restrictions	3,337	(3,337)	0	0
<b>Total Support and Revenue</b>	<b>3,845,164</b>	<b>(738)</b>	<b>3,844,426</b>	<b>4,027,724</b>
<b>Expenses</b>				
Program Services:				
Membership Dues and Fees	381,848	0	381,848	300,150
Forum and Related Activities	1,013,969	0	1,013,969	892,307
Data and Decision Academy	137,953	0	137,953	167,515
Other Educational Services	188,223	0	188,223	193,532
Contracts and Grants	1,490,261	0	1,490,261	1,381,126
<b>Total Program Services</b>	<b>3,212,254</b>	<b>0</b>	<b>3,212,254</b>	<b>2,934,630</b>
Support Services:				
Governance	241,762	0	241,762	186,378
Executive Office	368,835	0	368,835	287,878
<b>Total Support Services</b>	<b>610,597</b>	<b>0</b>	<b>610,597</b>	<b>474,256</b>
<b>Total Expenses</b>	<b>3,822,851</b>	<b>0</b>	<b>3,822,851</b>	<b>3,408,886</b>
<b>Change in Net Assets</b>	<b>22,313</b>	<b>(738)</b>	<b>21,575</b>	<b>618,838</b>
<b>Net Assets, Beginning of Year</b>	<b>3,880,307</b>	<b>68,211</b>	<b>3,948,518</b>	<b>3,329,680</b>
<b>Net Assets, End of Year</b>	<b>\$ 3,902,620</b>	<b>\$ 67,473</b>	<b>\$ 3,970,093</b>	<b>\$ 3,948,518</b>

See accompanying notes.

**STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2015,  
WITH COMPARATIVE TOTALS FOR 2014  
ASSOCIATION FOR INSTITUTIONAL RESEARCH  
TALLAHASSEE, FLORIDA**

	<b>Membership Dues and Fees</b>	<b>Forum and Related</b>	<b>Data and Decision Academy</b>	<b>Other Educational Services</b>	<b>Contracts and Grants</b>	<b>Support Services</b>	<b>Total 2015</b>	<b>Total 2014</b>
<b>Expenses</b>								
Personnel Costs	\$ 139,829	\$ 297,532	\$ 37,417	\$ 73,252	\$ 389,990	\$ 851,379	\$ 1,789,399	\$ 1,705,049
Audio Visual/Telecommunications	0	65,820	0	0	33,893	1,312	101,025	100,833
Awards	15,654	0	0	0	244,455	460	260,569	95,690
Bank and Credit Card Processing Fees	0	0	0	0	0	59,045	59,045	51,230
Building Expense	0	143	0	0	1,015	143,803	144,961	109,141
Computer Equipment and Furniture	0	1,165	20	0	1,815	57,462	60,462	59,179
Depreciation	0	0	0	0	0	60,610	60,610	103,985
Legal	0	0	0	0	0	45,486	45,486	17,246
Meeting Cost	0	183,975	1,309	240	24,645	3,122	213,291	171,826
Other Expenses	2,336	9,116	1,108	0	0	11,099	23,659	51,534
Printing, Supplies, and Postage	317	46,451	5,744	5,237	8,739	22,043	88,531	95,715
Professional Services	10,975	65,194	19,023	24,000	250,741	213,110	583,043	524,103
Promotional	0	6,759	1,814	0	0	0	8,573	10,345
Staff Support Cost	289	5,566	89	0	0	63,450	69,394	58,590
Travel	0	38,823	587	4,480	167,562	103,351	314,803	254,420
Expenses, Before Indirect Costs	169,400	720,544	67,111	107,209	1,122,855	1,635,732	3,822,851	3,408,886
Allocation of Indirect Costs	212,448	293,425	70,842	81,014	367,406	(1,025,135)	0	0
<b>Total Expenses</b>	<b>\$ 381,848</b>	<b>\$ 1,013,969</b>	<b>\$ 137,953</b>	<b>\$ 188,223</b>	<b>\$ 1,490,261</b>	<b>\$ 610,597</b>	<b>\$ 3,822,851</b>	<b>\$ 3,408,886</b>

See accompanying notes.



**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015,  
WITH COMPARATIVE TOTALS FOR 2014  
ASSOCIATION FOR INSTITUTIONAL RESEARCH  
TALLAHASSEE, FLORIDA**

	<u>2015</u>	<u>2014</u>
<b>Cash Flows from Operating Activities</b>		
Increase in Net Assets	\$ 21,575	\$ 618,838
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	60,610	103,985
Unrealized Loss (Gain) on Investments	21,639	0
(Increase) in Grants and Contracts Receivable	(261,526)	22,168
(Increase) in Accounts Receivable	(4,360)	(18,275)
(Increase) Decrease in Other Assets	36,786	(15,977)
Increase (Decrease) in Accounts Payable	10,873	80,186
Increase (Decrease) in Accrued Compensated Absences	9,325	8,001
(Decrease) in Deferred Grants and Contracts Revenue	333,642	63,199
Increase (Decrease) in Deferred Membership Dues and Other	13,589	50,671
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>242,153</u>	<u>912,796</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sale of Investments	240,000	204,487
Purchases of Investments	(2,244,991)	0
Purchases of Property and Equipment	(12,675)	(21,617)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>(2,017,666)</u>	<u>182,870</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(1,775,513)	1,095,666
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>3,645,035</u>	<u>2,549,369</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,869,522</u>	<u>\$ 3,645,035</u>

See accompanying notes.

**NOTES TO FINANCIAL STATEMENTS  
ASSOCIATION FOR INSTITUTIONAL RESEARCH  
TALLAHASSEE, FLORIDA**

**Note 1 - Organization and Summary of Significant Accounting Policies**

**Nature of Business**

The Association for Institutional Research (the Association) is a Michigan corporation operating as a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), with its central office located in Tallahassee, Florida. The primary purpose of the Association is to benefit, assist, and advance research, leading to improved understanding, planning, and operation of institutions of post-secondary education.

**Basis of Accounting**

The Association maintains its financial records on the accrual basis of accounting.

**Financial Statement Presentation**

In accordance with accounting principles generally accepted in the United States of America, the financial statement presentation of the Association follows the Financial Accounting Standards Board (FASB) in *Accounting Standards Codification (ASC) Subtopic 958-210, Not-for-Profit Entities Balance Sheet*. Under ASC Subtopic 958-210, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted assets.

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited to donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Association may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor-imposed restrictions requiring that the assets be maintained in perpetuity.

There were no permanently restricted net assets as of December 31, 2015.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Association considers all highly liquid investments with a maturity of three months or less, from date of purchase, to be cash equivalents.

**Accounts Receivable**

Accounts receivable are stated at net realizable value, and accounts deemed uncollectible by management are expensed as bad debts. There is no material difference between the direct write-off method used by the Association and the allowance method required by accounting principles generally accepted in the United States of America.

**NOTES TO FINANCIAL STATEMENTS**  
**ASSOCIATION FOR INSTITUTIONAL RESEARCH**  
**TALLAHASSEE, FLORIDA**  
*(Continued)*

**Note 1 - Organization and Summary of Significant Accounting Policies (Continued)**

**Investments and Fair Value Measurement**

Investments in debt securities are reported at their fair value in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

The fair value of a financial instrument 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. Fair value is determined based upon a hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

- **Level 1**—Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Association has the ability to access as of the measurement date.
- **Level 2**—Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- **Level 3**—Significant unobservable inputs that reflect a reporting of the Association’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

**Property and Equipment**

Property and equipment are recorded at cost. Renewals and enhancements that materially extend the lives of the assets are capitalized. Maintenance and repairs are charged to expense as incurred. Upon retirement or sale, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is then recognized as income.

The cost of property, plant and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

Building	40 years
Building Improvements	15 years
Furniture and Equipment	3-6 years
Software	3 years

**Support and Revenue**

In accordance with accounting principles generally accepted in the United States of America, support received is recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existing or nature of any donor imposed restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other 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 purpose 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.

**NOTES TO FINANCIAL STATEMENTS**  
**ASSOCIATION FOR INSTITUTIONAL RESEARCH**  
**TALLAHASSEE, FLORIDA**  
*(Continued)*

**Note 1 - Organization and Summary of Significant Accounting Policies (Concluded)**

**Support and Revenue (Concluded)**

Revenues are recognized when the earnings process is substantially complete and services have been performed. Forum and workshop revenues are recognized when the events are held. Membership dues are recognized in the period to which they are related. Grant revenue is recognized as related grant expenditures are incurred.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income Taxes**

The Association is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the IRC and has been classified as an other-than private foundation. Therefore, no provision for income taxes has been recorded.

The FASB issued guidance that requires tax effects from an uncertain tax position to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. If an uncertain tax position meets the more-likely-than-not threshold, the largest amount of tax benefit that is greater than 50% likely to be recognized upon ultimate settlement with the taxing authority is recorded. The Association is exempt from income tax under IRC Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purposes, unless that income is otherwise excluded by the IRC. There are no tax positions for which a material change in any unrecognized tax benefit liability is reasonably possible in the next 12 months. There is no interest or penalties recognized in the income statement or balance sheet. The tax years ending 2012, 2013, and 2014, are still open to audit for federal purposes.

**Management Estimates and Assumptions**

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

**Subsequent Events**

Subsequent events were evaluated through May 5, 2016, which is the date the financial statements were available to be issued. As of this date, no subsequent events were noted.

**NOTES TO FINANCIAL STATEMENTS**  
**ASSOCIATION FOR INSTITUTIONAL RESEARCH**  
**TALLAHASSEE, FLORIDA**  
*(Continued)*

**Note 2 - Concentration of Credit Risk**

**Grants/Contracts**

During the year ended December 31, 2015, the Association received approximately 36% of its revenue from the RTI International contract.

**Cash**

The Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Federal Deposit Insurance Corporation provides deposit coverage for accounts at each banking institution up to \$250,000. At times, the cash balances in interest bearing accounts may exceed federally insured amounts; however, management assesses the financial condition of the institutions and risk associated for its cash deposits.

**Note 3 - Cash and Cash Equivalents**

Cash and cash equivalents are composed of the following, as of December 31, 2015:

Cash	\$ 228,827
Sweep Accounts	1,540,000
Money Market Accounts	<u>100,695</u>
<b>Total Cash and Cash Equivalents</b>	<b><u>\$ 1,869,522</u></b>

**Note 4 - Property and Equipment**

Property and equipment consisted of the following at December 31, 2015:

Land	\$ 133,202
Building and Improvements	578,127
Furniture and Equipment	356,700
Work-In-Process	10,030
(Less Accumulated Depreciation)	<u>(478,530)</u>
<b>Net Property and Equipment</b>	<b><u>\$ 599,529</u></b>

Depreciation expense for the period ending December 31, 2015, was \$60,610.

**Note 5 - Investments**

Investments are stated at fair value. Fair market value and unrealized appreciation as of December 31, 2015, are summarized below:

	<u>Fair Value</u> <u>Level</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized</u> <u>Appreciation</u>
Corporate Bonds	1	\$ 1,176,281	\$ 1,162,274	\$ (14,007)
U. S. Treasuries	1	<u>828,710</u>	<u>821,078</u>	<u>(7,632)</u>
<b>Total</b>		<b><u>\$ 2,004,991</u></b>	<b><u>\$ 1,983,352</u></b>	<b><u>\$ (21,639)</u></b>

Realized and unrealized losses of (\$227) and (\$21,639), respectively, for the year ended December 31, 2015, are included in the changes of net assets and reported in the statement of activities as a component of Other Income.

**NOTES TO FINANCIAL STATEMENTS**  
**ASSOCIATION FOR INSTITUTIONAL RESEARCH**  
**TALLAHASSEE, FLORIDA**  
*(Concluded)*

**Note 6 - Grant/Contract Receivable**

Receivables from grants and contracts were comprised of the following as of December 31, 2015:

	<b>Period</b>	<b>Amount</b>
National Science Foundation	2015-2016	\$ 301,621
Research Triangle Institute	2015-2016	192,742
<b>Total Grants and Contracts Receivable, Current</b>		<b>\$ 494,363</b>

**Note 7 - Commitments**

The Association, in order to hold workshops and annual forums for the Institutional Research profession, entered into contracts with various hotels for meeting sites up to five years in advance of the event. The Association must also pay deposits on the events at the time of the contract signing. If unforeseen circumstances arose, causing the Association to cancel an event, they would be required to pay cancellation penalties. The penalties are not recorded until such an occurrence.

**Note 8 - Employee Benefit Plan**

The Association has a Section 403(b) defined contribution retirement plan (the Plan) for its employees. The Association makes a discretionary contribution equal to 10% of the employee's annual compensation for all eligible employees irrespective of whether the employee contributes. The Plan is funded 100% annually. The Association's contributions to the Plan at December 31, 2015, totaled \$137,742.