Financial Statements
and Other Financial Information

Association for Institutional Research, Inc.

Year ended December 31, 2018
with Report of Independent Auditors
Association for Institutional Research, Inc.

Financial Statements
and Other Financial Information

Year ended December 31, 2018

Contents

Report of Independent Auditors ..............................................................................................................1

Financial Statements

Statement of Financial Position .................................................................................................................4
Statement of Activities and Changes in Net Assets ..................................................................................5
Statement of Functional Expenses ...........................................................................................................6
Statement of Cash Flows ..........................................................................................................................7
Notes to Financial Statements ................................................................................................................8

Other Reports

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards ...............................................................................................................................14
Report of Independent Auditors on Compliance for the Major Federal Program and on Internal Control Over Compliance .................................................................................................................................16
Schedule of Expenditures of Federal Awards ..........................................................................................18
Schedule of Findings and Questioned Costs Relating to Federal Awards ...................................................19
Report of Independent Auditors

Board of Directors
Association for Institutional Research, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Association for Institutional Research, Inc. (the Association) which comprise the statement of financial position as of December 31, 2018, the related statements of activities and changes in net assets, functional expenses, 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 and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of 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 Association for Institutional Research, Inc. as of December 31, 2018, 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.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, in 2018, the Association adopted new accounting guidance, ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Association’s financial statements. The schedule of expenditures of federal awards and schedule of findings and questioned costs relating to federal awards are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of expenditures of federal awards and the schedule of findings and questioned costs relating to federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the schedule of findings and questioned costs relating to federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.
Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 28, 2019 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, grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Association's internal control over financial reporting 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.

Tallahassee, Florida
May 28, 2019
Association for Institutional Research, Inc.

Statement of Financial Position

December 31, 2018

Assets
Current assets:
- Cash and cash equivalents $ 1,399,330
- Accounts receivable 30,223
- Grants and contracts receivable 298,256
- Assets held-for-sale 548,606
- Prepaid expenses 186,826
Total current assets 2,463,241

Property and equipment, net 636,296
Investments 1,902,026
Total assets $ 5,001,563

Liabilities and net assets
Current liabilities:
- Accounts payable $ 128,087
- Accrued expenses 293,821
- Unearned revenue 487,599
Total current liabilities 909,507

Total liabilities 909,507

Net assets:
- Without donor restrictions
  - Undesignated 4,038,857
- With donor restrictions
  - Scholarship fund 53,199
Total net assets 4,092,056

Total liabilities and net assets $ 5,001,563

See accompanying notes.
Association for Institutional Research, Inc.

Statement of Activities and Changes in Net Assets

Year ended December 31, 2018

<table>
<thead>
<tr>
<th>Changes in net assets:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue and other support:</td>
<td></td>
</tr>
<tr>
<td>Contribution revenue</td>
<td>$1,000</td>
</tr>
<tr>
<td>Forum and related activities</td>
<td>1,182,609</td>
</tr>
<tr>
<td>Grants and contracts</td>
<td>1,933,604</td>
</tr>
<tr>
<td>Membership dues</td>
<td>492,740</td>
</tr>
<tr>
<td>Educational services</td>
<td>222,250</td>
</tr>
<tr>
<td>Other income</td>
<td>233,559</td>
</tr>
<tr>
<td><strong>Total revenue and other support</strong></td>
<td><strong>4,065,762</strong></td>
</tr>
</tbody>
</table>

Expenses:

<table>
<thead>
<tr>
<th>Program services</th>
<th>Support services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership services</td>
<td>578,838</td>
</tr>
<tr>
<td>Forum and related activities</td>
<td>1,156,607</td>
</tr>
<tr>
<td>Educational services</td>
<td>539,148</td>
</tr>
<tr>
<td>Grants and contracts</td>
<td>1,265,800</td>
</tr>
<tr>
<td><strong>Total program services</strong></td>
<td><strong>3,540,393</strong></td>
</tr>
<tr>
<td><strong>Support services</strong></td>
<td>854,453</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>4,394,846</strong></td>
</tr>
</tbody>
</table>

Operating income (loss) | (329,084) |
Investment income, net of expenses | 53,413 |
Change in net assets | (275,671) |
Net assets at beginning of year | 4,367,727 |
Net assets at end of year | $4,092,056 |

*See accompanying notes.*
## Statement of Functional Expenses

**Year ended December 31, 2018**

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Membership Services</th>
<th>Forum and Related Activities</th>
<th>Educational Services</th>
<th>Grants and Contracts</th>
<th>Support Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel costs</td>
<td>$373,262</td>
<td>$482,394</td>
<td>$369,357</td>
<td>$522,842</td>
<td>$427,066</td>
<td>$2,174,921</td>
</tr>
<tr>
<td>Audio visual/telecommunications</td>
<td>-</td>
<td>90,444</td>
<td>6,762</td>
<td>31,429</td>
<td>5,779</td>
<td>134,414</td>
</tr>
<tr>
<td>Grants and awards</td>
<td>3,700</td>
<td>2,268</td>
<td>1,080</td>
<td>273,794</td>
<td>6,376</td>
<td>287,218</td>
</tr>
<tr>
<td>Bank and credit card processing fees</td>
<td>7,594</td>
<td>10,623</td>
<td>5,059</td>
<td>10,695</td>
<td>26,298</td>
<td>60,269</td>
</tr>
<tr>
<td>Building expenses</td>
<td>19,669</td>
<td>27,781</td>
<td>13,103</td>
<td>28,314</td>
<td>81,935</td>
<td>170,802</td>
</tr>
<tr>
<td>Computer equipment and furniture</td>
<td>12,696</td>
<td>63,199</td>
<td>8,551</td>
<td>18,253</td>
<td>43,967</td>
<td>146,666</td>
</tr>
<tr>
<td>Depreciation</td>
<td>30,644</td>
<td>-</td>
<td>30,645</td>
<td>-</td>
<td>-</td>
<td>61,289</td>
</tr>
<tr>
<td>Legal</td>
<td>1,077</td>
<td>1,507</td>
<td>718</td>
<td>1,517</td>
<td>6,618</td>
<td>11,437</td>
</tr>
<tr>
<td>Meeting costs</td>
<td>1,722</td>
<td>217,672</td>
<td>9,429</td>
<td>15,470</td>
<td>18,242</td>
<td>262,535</td>
</tr>
<tr>
<td>Other expenses</td>
<td>10,515</td>
<td>23,824</td>
<td>3,534</td>
<td>3,029</td>
<td>9,535</td>
<td>50,437</td>
</tr>
<tr>
<td>Printing, supplies, and postage</td>
<td>4,502</td>
<td>40,496</td>
<td>8,260</td>
<td>8,671</td>
<td>9,634</td>
<td>71,563</td>
</tr>
<tr>
<td>Professional services</td>
<td>36,652</td>
<td>122,405</td>
<td>54,303</td>
<td>190,813</td>
<td>97,835</td>
<td>502,008</td>
</tr>
<tr>
<td>Staff support costs</td>
<td>12,773</td>
<td>18,825</td>
<td>9,274</td>
<td>16,909</td>
<td>47,974</td>
<td>105,755</td>
</tr>
<tr>
<td>Travel</td>
<td>64,032</td>
<td>55,169</td>
<td>19,073</td>
<td>144,064</td>
<td>73,194</td>
<td>355,532</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>$578,838</strong></td>
<td><strong>$1,156,607</strong></td>
<td><strong>$539,148</strong></td>
<td><strong>$1,265,800</strong></td>
<td><strong>$854,453</strong></td>
<td><strong>$4,394,846</strong></td>
</tr>
</tbody>
</table>

See accompanying notes.
Association for Institutional Research, Inc.

Statement of Cash Flows

Year ended December 31, 2018

**Operating activities**

Change in net assets $ (275,671)

Adjustments to reconcile change in net assets to net cash provided by operating activities

- Depreciation and amortization 61,289
- Change in unrealized gains/losses on investments 12,218
- Loss on disposal of property and equipment 16,940

Changes in operating assets and liabilities:

- Accounts receivable 119,630
- Grants and contract receivable 433,728
- Prepaid expenses (75,404)
- Accounts payable 9,886
- Accrued expenses (45,492)
- Unearned revenue 124,606

Net cash provided by operating activities 381,730

**Investing activities**

- Purchases of property and equipment (468,573)
- Purchases of investments (329,479)
- Proceeds from sale of investments 266,213

Net cash used in investing activities (531,839)

Decrease in cash and cash equivalents (150,109)

Cash and cash equivalents at beginning of year 1,549,439

Cash and cash equivalents at end of year $ 1,399,330

See accompanying notes.
1. Nature of Operations and Significant Accounting Policies

Nature of Association

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 Association is a global association that empowers higher education professionals at all levels to utilize data, analytics, information, and evidence to make decisions and take actions that benefit students and institutions and improve higher education.

Basis of Accounting

The Association uses the accrual basis of accounting. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies are described below.

Basis of Presentation

Effective January 1, 2018, the Association has adopted the accounting guidance in FASB Accounting Standards Update (ASU) No. 2016-14, Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities. The major changes include:  
a) requiring organizations to present on the statement of financial position amounts for two classes of net assets at the end of the period, with and without donor restrictions,  
b) requiring enhanced disclosures on board designations of net assets and the donor restricted net assets,  
c) requiring additional disclosures regarding how the Association manages its liquid resources available to meet cash needs for within one year of the statement of financial position and,  
d) requiring reporting of expenses by both their natural classification and their functional classification. The adoption of the standard reclassified certain amounts on previously reported financial statements. The ASU is effective for fiscal years beginning after December 15, 2017.

Revenue Recognition

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

The Association recognizes grants, contracts and contributions of cash or other assets as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor’s restriction expires, when a stipulated time restriction ends, or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions received with donor-imposed restrictions, if any, that may be met in the same year in which the contributions are received are classified as contributions without donor restrictions.
1. Nature of Operations and Significant Accounting Policies (continued)

Cash and Cash Equivalents

Deposits with financial institutions are insured by the Federal Deposit Insurance Corporations (FDIC) up to $250,000 per depositor. The Association has not experienced any losses in such accounts. Bank deposits at times may exceed federally insured limits.

For purposes of the statement of cash flows, the Association considers all highly liquid investments with a maturity of three months or less from the 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 by the United States of America.

Investments

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

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.

<table>
<thead>
<tr>
<th>Useful Lives</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>40</td>
</tr>
<tr>
<td>Building improvements</td>
<td>15</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>3-6</td>
</tr>
<tr>
<td>Software</td>
<td>5</td>
</tr>
</tbody>
</table>
1. Nature of Operations and Significant Accounting Policies (continued)

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 and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. Certain categories of expenses are attributable to one or more program or supporting functions of the Association. Many expenses are attributable to specific programs and are assigned directly to the respective program. Salary and benefit expenses are allocated based on estimates of time and effort submitted by employees on a monthly basis. Other shared expenses, such as office and building expenses, are allocated between support services and specific programs based on time and effort estimates as well as by an internal review by management.

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. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Association is no longer subject to examinations by major tax jurisdictions for years ended December 31, 2014 and prior.

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 affect the reported amounts of assets and liabilities and 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. Accordingly, actual results could differ from those estimates.

Subsequent Events

The Association has evaluated subsequent events through May 28, 2019, the date the financial statements were available to be issued. During the period from December 31, 2018 to May 28, 2019, the Association did not have any material recognizable subsequent events.

2. Available Resources and Liquidity

The Association receives contributions, grants and investment income and considers these revenue streams to be without donor restrictions (if unspecified) and available to meet cash needs for general expenditures. The Association manages its liquidity to meet 180 days of operating expenses.
2. **Available Resources and Liquidity (continued)**

The table below presents financial assets available for general expenditures within one year at December 31, 2018:

<table>
<thead>
<tr>
<th>Financial assets at year end:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,399,330</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>30,223</td>
</tr>
<tr>
<td>Grants and contract receivable</td>
<td>298,256</td>
</tr>
<tr>
<td>Investments</td>
<td>1,902,026</td>
</tr>
<tr>
<td>Total financial assets</td>
<td>3,629,835</td>
</tr>
<tr>
<td>Net assets with donor restrictions</td>
<td>(53,199)</td>
</tr>
<tr>
<td>Financial assets available to meet general expenditures within one year</td>
<td>$3,576,636</td>
</tr>
</tbody>
</table>

3. **Investments**

The Fair Value Measurement and Disclosures Topic of the FASB Accounting Standards Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the Fair Value Measurement and Disclosure Topic are described as follows:

- **Level 1**: Quoted market prices in active markets for identical assets or liabilities.
- **Level 2**: Observable market based inputs or unobservable inputs that are corroborated by the market data.
- **Level 3**: Unobservable inputs that are not corroborated by market data.

Investments may include money market funds, securities and bonds and are reported at fair value. The fair values of debt and equity investments that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or by quoted market prices of similar securities with similar due dates or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities’ relationship to other benchmark quoted securities (Level 2 inputs).
3. **Investments (continued)**

Investments consist of the following at December 31, 2018:

<table>
<thead>
<tr>
<th>Investments</th>
<th>Cost</th>
<th>Unrealized Gains (Losses)</th>
<th>Market and Carrying Value</th>
<th>Level 1</th>
<th>Level 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate bonds</td>
<td>$788,814</td>
<td>($21,188)</td>
<td>$767,626</td>
<td>$-</td>
<td>$767,626</td>
</tr>
<tr>
<td>U.S. Treasuries</td>
<td>1,146,493</td>
<td>(12,093)</td>
<td>1,134,400</td>
<td>1,134,400</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,935,307</strong></td>
<td><strong>$33,281</strong></td>
<td><strong>$1,902,026</strong></td>
<td><strong>$1,134,400</strong></td>
<td><strong>$767,626</strong></td>
</tr>
</tbody>
</table>

Investment activity for the year ended December 31, 2018:

- Interest: $65,631
- Change in unrealized gain/loss: $(12,218)
- Fees: -

Total investment gain: $53,413

4. **Property and Equipment**

Property and equipment consists of the following at December 31, 2018:

<table>
<thead>
<tr>
<th>Property and Equipment</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software</td>
<td>$552,722</td>
</tr>
<tr>
<td>Work in progress</td>
<td>403,066</td>
</tr>
<tr>
<td><strong>Less accumulated depreciation</strong></td>
<td><strong>(319,492)</strong></td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td><strong>$636,296</strong></td>
</tr>
</tbody>
</table>

Depreciation expense totaled $61,289 for the year ended December 31, 2018.

5. **Assets Held-For-Sale**

During 2017, the Association decided to sell the property at 1435 East Piedmont Drive. The net book value of the property was used to value the assets held-for-sale which approximates fair value. The assets will be tested for impairment on an annual basis.

Assets held-for-sale consisted of the following at December 31, 2018:

<table>
<thead>
<tr>
<th>Assets Held-for-sale</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$133,202</td>
</tr>
<tr>
<td>Building and improvements</td>
<td>415,404</td>
</tr>
<tr>
<td><strong>Assets held-for-sale</strong></td>
<td><strong>$548,606</strong></td>
</tr>
</tbody>
</table>
6. Concentration of Credit Risk

The Association’s financial instruments exposed to concentrations of credit risk consist primarily of its cash, cash equivalents, and investments. The Association maintains its cash and cash equivalents at several financial institutions. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor. Bank deposits at times may exceed federally insured limits. The Association has not experienced any losses in such accounts.

All investment transactions have credit exposure to the extent that a counterparty may default on an obligation to the Association. Credit risk is a consequence of carrying investment positions. To manage credit risk, the Association focuses primarily on higher quality, fixed income and equity securities, reviews the credit strength of all entities in which it invests, limits its exposure in any one investment, and monitors portfolio quality, taking into account credit ratings assigned by recognized credit rating organizations.

The Association received approximately 40% of its revenue from the Research Triangle Institute (RTI) International contract during the year ended December 31, 2018. 100% of the grants and contract receivable balance at December 31, 2018 relates to the RTI International contract.

7. Retirement Plan

The Association has a Section 403(b) defined contributions 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, 2018 totaled $161,577.
Other Reports
Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Directors
Association for Institutional Research, Inc.

We have audited, in accordance with the 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, the financial statements of the Association for Institutional Research (the Association), which comprise the statement of financial position as of December 31, 2018, the related statements of activities and changes in net assets, functional expenses, and cash flows for the year ended, the related notes to the financial statements, and have issued our report thereon dated May 28, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association’s internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Association’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tallahassee, Florida
May 28, 2019
Report of Independent Auditors on Compliance for the Major Federal Program and on Internal Control Over Compliance

Board of Directors
Association for Institutional Research, Inc.

Report on Compliance for the Major Federal Program

We have audited the Association for Institutional Research, Inc.’s (the Association’s) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Association’s major federal program for the year ended December 31, 2018. The Association’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for the Association’s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Association’s compliance.

Opinion on the Major Federal Program

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2018.
Report on Internal Control Over Compliance

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association’s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Tallahassee, Florida
May 28, 2019

Thomas Howell Ferguson P.A.
Association for Institutional Research, Inc.

Schedule of Expenditures of Federal Awards

Year ended December 31, 2018

<table>
<thead>
<tr>
<th>Grantor and Program Title</th>
<th>CFDA/CSFA Number</th>
<th>Total Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Federal Grantor</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States Department of Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pass-Through Research Triangle Institute (RTI):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integrated Post-Secondary Educational Data Systems</td>
<td>84.EDIES09C0056</td>
<td>$ 910,158</td>
</tr>
<tr>
<td>Total Federal Awards</td>
<td></td>
<td>$ 910,158</td>
</tr>
</tbody>
</table>

**Note 1** - This Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal grant activity of the Association for Institutional Research, Inc. for the year ended December 31, 2018, and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

**Note 2** - Amounts included on this Schedule include only the expenditure of Federal Awards received from an awarding agency. The amounts on the accompanying statements of activities and changes in net assets include additional expenditures associated with other resources committed by the Association for purposes of fulfilling the grant program.

**Note 3** - The Organization has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.

See report of independent auditors.
Association for Institutional Research, Inc.

Schedule of Findings and Questioned Costs
Relating to Federal Awards

Year ended December 31, 2018

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:  Unmodified

Internal control over financial reporting:
  Material weakness(es) identified?  No
  Significant deficiency(ies) identified not considered to be material weaknesses?  None reported

Noncompliance material to financial statements noted?  No

Federal Programs

Type of auditor's report issued on compliance for major federal programs?  Unmodified

Internal control over Federal programs:
  Material weakness(es) identified?  No
  Significant deficiency(ies) identified that are not considered to be material weaknesses?  None reported

Any audit findings disclosed that are required to be reported in accordance with
Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative
Requirements, Cost Principles, and Audit Requirements for Federal Awards?  No

Identification of major programs:

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Name of Federal Program</th>
<th>Dollar threshold used to distinguish between Type A and Type B programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>84.EDIES09C0056</td>
<td>United States Department of Education</td>
<td>Federal $750,000</td>
</tr>
</tbody>
</table>

Auditee qualified as low-risk auditee?  Yes

Section II -- Financial Statement Findings

We noted no matters involving internal control over financial reporting and its operation that we considered to be material weaknesses, significant deficiencies, and/or control deficiencies required to be reported in accordance with Government Auditing Standards.

Section III - Federal Award Findings and Questioned Costs

We noted no instances of matters involving noncompliance that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200.

Section IV -- Other Matters

No prior year findings.

See report of independent auditors.