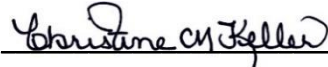


Monitoring Report IV: Financial Planning

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I certify that the information contained in this report is true.



Christine M Keller, Executive Director & CEO

3/18/2026

Date

Note: At the February 20 Board meeting, the Board voted to grant an extension to the deadline for the EL IV monitoring report until March 18, 2026.

Financial Oversight of Association: Context

To facilitate the Board's financial oversight of the Association, several reports are provided each year - including the results of the annual independent audits (financial audit and single audit) and six monitoring reports related to three executive limitations (Financial Planning, Protection of Assets, and Financial Conditions and Activities). A brief explanation of the purpose of each report is provided below.

Independent Audits. Each spring the Board-selected audit firm (auditors) performs a financial and a single audit. During the financial audit, the auditors examine the financial statements of the Association and provide an opinion on the truth and fairness of those statements in accordance with the applicable financial reporting framework. During a single audit, the auditors review the Association's internal processes and financial controls and opinion on the effectiveness of those processes and controls in ensuring compliance for federally funded work. The Board Treasurer oversees the audit, and the auditors present their findings to the full Board in May. [LINK TO 2024 FINANCIAL STATEMENTS](#)

Policy IV. Financial Planning. This policy requires that the Association operates with a financial plan developed through a process that is sound and reasonable. The planning cannot materially deviate from the Ends or risk fiscal jeopardy to the Association. Moreover, the policy requires that financial planning be in line with the limitations of Policy VI. Financial Conditions and Activities and include projections of revenues and expenses, cash flow, separation of operations/capital, and clear assumptions. This policy is focused on ensuring that the processes, mechanisms, and assumptions used to create the financial plan are reasonable and complete, and less focused on the specific numbers. This monitoring report is created in February and discussed by the Board in March.

Policy V. Financial Conditions and Activities. This quarterly monitoring report provides information about financial operations from the previous quarter and allows the Board to review the status of year-to-date revenues and expenses, any borrowing or debt, the timeliness of important payments, and large commitments or purchases. The report is prepared at the end of each quarter and discussed by the Board the following month.

Policy VII. Protection of Assets. This monitoring report ensures that the Association's assets, including financial ones, are adequately protected, maintained, and not subject to unnecessary risk. It also describes the processes in place to avoid conflicts of interest when making purchases and provides the guidelines for managing working capital. The report is prepared in November and discussed by the Board in December.

Context & Assumptions for 2026 Financial Planning

The following contextual information describes the operating environment informing AIR's financial planning and resource allocation decisions for 2026.

AIR's operational vision reflects its role at the intersection of people and data, strengthening individual and institutional capacity to use analytics for effective decision-making and meaningful impact in higher education. In pursuing the Ends, AIR designs programs, services, and resources to serve three primary constituencies:

1. **Higher education professionals** who produce, analyze, and use data.
2. **Higher education institutions** that require capacity for data use, improvement, and accountability.
3. **The broader higher education community**—including systems, partner organizations, and policymakers—through advocacy and partnerships that promote informed data use.

While AIR has historically emphasized individual professional development, its work has expanded in recent years to include institutional capacity-building and broader sector engagement.

During 2025, AIR's operating environment was shaped by several external pressures, including the loss of a long-standing federal training subcontract, political and regulatory volatility, and increasing financial constraints across higher education. These conditions affected participation, revenue, and engagement patterns across the association's programs.

In response to these materially changed financial conditions, the Executive Office's interpretation of the Global Ends for 2026 places increased emphasis on activities that both advance institutional capacity for effective data use and support AIR's long-term financial sustainability. Achieving a balanced operating budget by 2028 is essential to the organization's continued ability to serve its members, institutions, and the broader higher education community.

Experience during 2025 reinforced consulting as an effective mechanism for advancing the Ends by strengthening institutional capacity for data-informed decision-making while also contributing to financial sustainability. Accordingly, a primary area of emphasis for 2026 is the continued expansion and maturation of AIR Data & Decisions Consulting.

To support the expansion of consulting while continuing to serve AIR's constituencies, the Executive Office will focus on:

- Sustaining and selectively expanding core educational programming, membership engagement, and the AIR Forum, with attention to pricing, cost recovery, and staff capacity.
- Expanding policy and advocacy efforts to elevate the voice of data professionals and provide practical guidance in response to evolving federal requirements.
- Continuing careful stewardship of grant funding, technology investments, and operational contracts to ensure efficient use of limited resources.

Together with the interpretations and success indicators for AIR's other Ends policies, these priorities guide financial planning decisions intended to strengthen professional and institutional capacity for data use while positioning AIR to regain financial balance and long-term viability.

This monitoring report demonstrates how the Executive Director’s financial planning for 2026 complies with the Board’s Global Financial Planning policy and related Executive Limitations. The report focuses on evidence of compliance with policy requirements rather than the detailed operational processes used to develop the financial plan.

Global Policy Language

Financial planning for any fiscal year or the remaining part of any fiscal year will not deviate materially from the Board’s Ends priorities, risk fiscal jeopardy, or fail to be derived from a multi-year plan.

Interpretation 1

- a) Financial planning is guided by the Ends priorities established by the Board and aligned with the operational goals and priorities identified by the Executive Director in the Ends monitoring report.
- b) At least 90 percent of projected expenses in the financial plan will be allocated to activities that advance the Ends.

Evidence 1

- a) The 2026 financial plan was developed in an operating environment shaped by significant external pressures - including the loss of a long-standing federal training subcontract, political and regulatory volatility, and increasing financial and capacity constraints across higher education - which have affected participation, revenue, and engagement patterns across AIR programs and services. In response, the Executive Office adopted conservative revenue projections and careful expense planning to manage uncertainty while maintaining financial stability.

While AIR may have the opportunity to participate in a smaller federal training subcontract as part of the current IPEDS procurement process, the scale of this opportunity is substantially reduced from prior years. Accordingly, financial planning emphasizes expanding revenue through consulting, educational programming, and grant-supported initiatives that build institutional capacity for effective data use. Consistent with the priorities articulated in the January 2026 Ends report, these decisions support AIR’s long-term financial sustainability and its goal of achieving a balanced operating budget by 2028.

- b) One hundred percent of projected expenses in the 2026 financial plan support the Ends. The \$4,349,900 in projected expenses are allocated across three broad categories: 1) education, knowledge, and community programming; 2) grants and contracts; and 3) operations.

Expense estimates within each category are aligned with the operational priorities established to advance the Ends. The operations category includes \$130,000 reserved for governance activities in accordance with the Board’s directive.

See Exhibit I for the 2026 Budget Summary.

Interpretation 2

Financial planning avoids the risk of fiscal jeopardy by ensuring that revenue projections, expense allocations, and reserve considerations conform to the financial safeguards and constraints described in EL Policy VI: Financial Conditions and Activities.

Evidence 2

As described in more detail as part of the interpretation of Policy A, the 2026 financial plan was developed in compliance with the financial safeguards and constraints established in EL Policy VI: Financial Conditions and Activities.

Interpretation 3

Financial planning for established programs and services will incorporate historical financial performance and participation trends, with adjustments made to reflect current operating conditions and anticipated changes in the external environment.

Evidence 3

As described in the interpretation of Policy B, financial planning for established programs and services incorporated historical financial and participation data, adjusted as necessary to reflect current conditions affecting demand, participation, and program delivery.

A. Policy Language

The Executive Director will not allow financial planning that: Risks incurring those situations or conditions described as unacceptable in the Board policy “Financial Conditions and Activities.”

Interpretation

The 2026 financial plan will not contain assumptions that would violate the executive limitations outlined in EL Policy VI: Financial Conditions and Activities (FCA). These limitations establish the financial safeguards that guide AIR’s financial planning and protect the organization from fiscal jeopardy.

While all FCA provisions inform financial management, three limitations are particularly relevant to the development of the annual financial plan because they govern the relationship between revenues, expenses, debt, and reserves. Financial planning therefore ensures that the plan does not:

- **Policy A.** Expend more funds than have been received in the fiscal year to date unless the debt guideline (Policy B) is met.
- **Policy B.** Incur debt in an amount greater than can be repaid by certain, otherwise unencumbered revenues within 90 days.
- **Policy I.** Allow net assets to fall below six months of operating expenses.

Evidence

Consistent with the FCA limitations, the financial planning assumptions for 2026:

- Do not rely on the use of debt. Projected expenses are \$400,100 more than revenues.

- Do not allow net assets to fall below six months of operating expenses. Based on current projections, the required six-month reserve level is estimated to be approximately \$1,936,310. The final figure will be confirmed upon completion of the 2025 audit.

B. Policy Language [1]

*The Executive Director will not allow financial planning that: [1] **Omits credible projection of revenues and expenses**, separation of capital and operational items, cash flow, and disclosure of planning assumptions.*

Interpretation 1

Credible revenue and expense projections are those grounded in verifiable information while allowing for reasonable forecasting of program participation and demand. Accordingly:

- At least 75 percent of projected revenue included in the financial plan will be based on contractual agreements or historical financial and participation data, adjusted as appropriate for the current external environment. This threshold reflects a management standard intended to ensure that the substantial majority of projected revenues are supported by verifiable information.
- The budgeted expenses associated with the revenue in (a) will likewise be based on contractual agreements or historical financial and participation data, adjusted as appropriate for current conditions.

Evidence 1

- The 2026 financial plan includes \$3,949,800 in projected revenue. More than 90 percent of this revenue is based on contractual agreements or historical financial and participation data, adjusted to reflect current external conditions and institutional financial constraints. Approximately \$245,000 (6%) of projected program revenue is forecasted based on expected consulting activity and incorporates conservative growth assumptions.
- The budgeted expenses associated with the revenue described in (a) are likewise based on contractual agreements or historical financial and participation data, adjusted for current conditions. Total projected expenses for 2026 are \$4,349,900.

Interpretation 2

The financial plan will include documented revenue and expense projections and a process for regularly monitoring actual results against those projections. When material differences occur or external conditions change, projections will be reviewed and updated so that financial forecasts remain credible.

Evidence 2

Progress toward revenue targets and actual versus budgeted expenses for AIR programs and services are reviewed regularly by AIR staff, typically on a quarterly basis. These reports, along with updates on contracts and grants, are included in financial reviews involving the Executive Director/CEO, Deputy Director/CFO, Associate Deputy Director, and Senior Director of Finance. During these reviews,

leadership compares actual performance to projections and adjusts revenue or expense assumptions when necessary.

Interpretation 3

- a) Revenue derived from contract and grant activities included in the financial plan will be projected based on executed agreements and contracted payment schedules, adjusted as appropriate for current circumstances.
- b) Expenses necessary to perform contract and grant activities will be projected based on the requirements of those agreements, the resources necessary to meet the associated deliverables, and prior period financial data and experience, adjusted as appropriate for current circumstances.

Interpretation 4

Operational expenses for support activities and infrastructure that do not have a direct revenue source will be included in the financial plan and are projected using known contractual obligations and historical financial data, adjusted as appropriate for current conditions.

Evidence 4

The financial plan includes \$721,300 in operational expenses for activities and functions that support the work of AIR but do not have a direct revenue source (e.g., accounting, technology, website support, communications, depreciation, and insurance). These expenses are projected based on historical financial data and known contractual costs, adjusted as appropriate for current financial conditions.

B. Policy Language [2]

*The Executive Director will not allow financial planning that: Omits credible projection of revenues and expenses, [2] **[omits] separation of capital and operational items**, cash flow, and disclosure of planning assumptions.*

Interpretation

The financial plan will separately account for the anticipated costs of capitalized assets and will include the associated depreciation expense over the useful life of those assets in accordance with Generally Accepted Accounting Principles (GAAP).

Evidence

The financial plan for 2026 does not include any new capitalized assets. Depreciation associated with previously capitalized assets is included in the financial plan.

B. Policy Language [3]

*The Executive Director will not allow financial planning that: Omits credible projection of revenues and expenses, separation of capital and operational items, [3] **[omits] cash flow**, and disclosure of planning assumptions.*

Interpretation

The financial plan will consider the timing differences between the receipt of revenues and the payment of related expenses to ensure that sufficient cash is available to meet the organization's financial obligations.

Evidence

AIR's financial planning considers the timing of revenues and expenses to ensure adequate cash flow throughout the year. Because most revenues are received in advance of related expenses, cash flow risk is generally limited. A high-level review of projected cash flow for 2026 identified no immediate concerns; cash flow will continue to be monitored throughout the year given the evolving external environment.

B. Policy Language [4]

*The Executive Director will not allow financial planning that: Omits credible projection of revenues and expenses, separation of capital and operational items, cash flow, and [4] **[omits] disclosure of planning assumptions.***

Interpretation

The financial planning process will disclose the key assumptions used to develop the revenue and expense projections included in the financial plan to inform the Board's understanding of the basis for those projections.

Evidence

Key planning assumptions are reflected in the interpretations and evidence for the Global Policy and the first three limitations within Policy B [1], [2], and [3]. A supplemental presentation provides additional context for the Board's understanding of the 2026 financial plan.

C. Policy Language

The Executive Director will not allow financial planning that: Provides less for Board prerogatives during the year than is set forth in the Cost of Governance policy.

Interpretation

The financial plan will include funding for Board governance activities in an amount that is at least equal to the level established in GP Policy XII: Cost of Governance.

Evidence

The 2026 financial plan includes \$130,000 for Board governance activities in accordance with GP Policy XII: Cost of Governance as established by the 2025–2026 Board of Directors. The allocation will be updated if the Board revises the Cost of Governance level for the 2026–2027 Board year.

Overall Compliance with EL IV

Based on the interpretations and evidence presented above, the Executive Director reports that financial planning for 2026 is in compliance with the Board’s Financial Planning policies.

