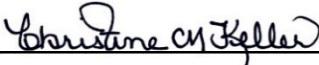


## Monitoring Report V: Financial Conditions and Activities – 4th Quarter (2022)

This Monitoring Report was approved by the AIR Board of Directors on 4/10/2023. The entire report is for internal use only. Do not duplicate or distribute without the express written approval of the Association for Institutional Research. Copyright 2023.

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

  
Christine M. Keller, Executive Director & CEO

March 30, 2023  
Date

### 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 in response 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 statement in accordance with the applicable financial reporting framework. During a single audit, the auditors review the Association's internal processes and financial controls and provide an opinion on the effectiveness of those processes and controls on ensuring compliance for the federally funded work. The Treasurer of the Board leads and coordinates the audit, and the auditors present their findings to the full Board in May. [LINK TO 2021 FINANCIAL STATEMENT](#)

**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. [REPORTS IN TEAMS](#)

**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. [REPORTS IN TEAMS](#)

**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. [REPORT IN TEAMS](#)

**The monitoring information provided below is one of the four reports on Policy V: Financial Conditions and Activities. AIR's fiscal year is from January 1 to December 31. The information and data contained in this report correspond to January 1 to December 31 of 2022 and/or the fourth quarter of 2022 (reporting quarter) unless otherwise noted.**

### **Global Policy Language**

*With respect to the actual, ongoing financial condition and activities, the Executive Director will not cause or allow the development of fiscal jeopardy.*

### **Interpretation**

The interpretations and evidence for Policies A to K, reported quarterly, reasonably demonstrate that current, ongoing financial conditions and activities do not cause or allow the development of fiscal jeopardy.

### **Evidence**

Evidence is provided within Policies A to K later in this report.

### **A. Policy Language**

*The Executive Director will not: Expend more funds than have been received in the fiscal year to date unless the debt guideline (below) is met.*

### **Interpretation**

Fiscal year-to-date financial data will show that either revenues exceeded expenses, or the debt restriction outlined in Policy B has been met.

### **Rationale**

In general, AIR will spend within its means as defined by revenues received but doing so without exception means that excess net revenues may build up and never be used to fund services that benefit members. When spending exceeds revenues, the standards of Policy B ensure that AIR does not overextend its financial resources.

### **Data**

| <b>YTD Statement of Revenue &amp; Expenses (January thru December 2022)<sup>1</sup></b> |                      |  |
|---|----------------------|--|
| Revenue   | \$3,668,147          | <i>From January to December 2022 expenses exceeded revenues by \$112,444. Compliance was achieved for both this policy (Policy A) as well as the debt restriction in Policy B.</i> |
| Expenses  | <u>(\$3,780,591)</u> |  |
| Profit (Loss)   | (\$112,444)          |  |

<sup>1</sup> Historical financial information can be found on page 4 of the [AIR Fact Sheet](#) located in the Board Teams account.

**B. Policy Language**

*The Executive Director will not: Incur debt in an amount greater than can be repaid by certain, otherwise unencumbered revenues within 90 days.*

**Interpretation**

- AIR will have no long-term debt obligations (payment period of 91 days or greater) that cannot be repaid in 90 days by unencumbered revenue.
- AIR will have no short-term debt obligations (payment period of 90 days or less) unless fully payable by unencumbered revenues anticipated to be earned within 90 days.

**Data**

AIR had no short-term or long-term debt during the reporting period that could not be repaid within 90 days.

**C. Policy Language**

*The Executive Director will not: Allow payroll and debts to be settled in an untimely manner.*

**Interpretation 1**

Monthly payroll authorizations will be released to AIR's payroll management vendor no later than close of business, two business days prior to the last day of the month.

**Data 1**

All payroll files were submitted to the payroll processing company on time.

**Interpretation 2**

A random sample of expenses paid during the quarter will be reviewed to determine the proportion that were paid within 30 days of receipt of invoice or by the payment date stated on a fully executed contract, except for contested or incomplete invoices. The acceptable threshold is 95%.

**Rationale 2**

The use of a random sample of invoices conforms to generally accepted processes for financial audits (Statement on Auditing Standards AU 350).

**Data 2**

39 of the 40 invoices randomly selected were paid on time - meeting the 95% threshold. AIR currently processes about 125 invoices per quarter.

**D. Policy Language**

*The Executive Director will not: Allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed.*

**Interpretation**

- All government-ordered payments and/or filings will be made on time.
- All government-ordered payments and/or filings will be prepared accurately and in accordance with reporting agencies' guidelines and regulations.

**Data**

- All nine government ordered payments and/or filings were made on time.
- All nine government required payments and/or filings were completed accurately.

**E. Policy Language**

*The Executive Director will not: Make a single purchase or commitment of greater than \$100,000 without notifying the Board within seven business days. Splitting orders to avoid this limit is not acceptable.*

**Interpretation**

All contracts and commitments for purchases of \$100,000 or more will be reported to the Board within seven business days of signing by AIR.

**Data**

No purchase or commitment of more than \$100,000 was made during the fourth quarter of 2022.

**F. Policy Language**

*The Executive Director will not: Make a single purchase or commitment of greater than \$250,000. Splitting orders to avoid this limit is not acceptable.*

**Interpretation**

No purchases will be authorized in an amount greater than \$250,000 or will be combined from one vendor to equal this amount or greater.

**Data**

There was no single purchase or commitment of greater than \$250,000 during the reporting period.

**G. Policy Language**

*The Executive Director will not: Acquire, encumber, or dispose of real estate.*

**Interpretation**

The Executive Director will not acquire, encumber, or dispose of AIR-owned real estate without an affirmative vote of the Board of Directors and subsequent written authorization.

**Data**

At the August 9, 2021 Board meeting, the Board of Directors voted to authorize the Executive Director, in collaboration with a licensed realtor, to sell or lease AIR's office condominium located at 1435 East Piedmont Drive, Tallahassee, FL. The property was sold and transferred to a new owner on October 27, 2022 and the board was notified of the pending sale on August 23, 2022. (See Appendix for 2021 authorization)

**H. Policy Language**

*The Executive Director will not: Allow receivables to be unpursued after a reasonable grace period.*

**Interpretation 1**

Any contract or grant receivables outstanding for 61 days or more will be documented showing the trail of collection actions taken.

**Data 1**

There were no outstanding contract or grant receivables over 61 days during the reporting period.

**Interpretation 2**

The "Average Collection Period" ratio (ACP) - also known as the Receivable Turnover Ratio - for non-contract and grant receivables will not exceed the mean ACP ratio for similar organizations.

**Rationale 2**

The ACP ratio shows an organization's ability to timely collect accounts receivables. The American Society of Association Executives' (ASAE) 2016 Operating Ratios indicates that the mean ACP ratio is 56 days for organizations like AIR. It is reasonable to expect that AIR's ACP ratio will be within the range of our peers.

**Data 2**

AIR's Average Collection Period (ACP) ratio is 2 days. The mean ACP ratio benchmark is 56 days<sup>2</sup>.

<sup>2</sup> The benchmark is based on the ASAE's 2016 Operating Ratios, which are calculated using the 990 Annual Tax Returns of 550 non-profits 501(c)(3) or 501(c)(6) professional and/or trade associations with annual revenues between 3- and 5-million dollars. The 2016 ACP benchmark will continue to be used as the ACP ratio in the 2021 ASAE Operating Ratios publication is not usable due to an unknown data issue— per an email exchange with ASAE in June 2022.

**I. Policy Language**

*The Executive Director will not: Allow net assets to fall below six months of operating expenses.*

**Interpretation**

The balance of undesignated net assets will exceed six months of operating expenses.

**Data**

|   |                  |  |
|---|------------------|--|
| 2022 Benchmark: 6-months of operating expenses    | \$1,141,050      | <i>The 2022 benchmark for 6-months of operating expenses is calculated from the 2021 audited financial statements.</i> |
| Undesignated net asset balance (as of 12/31/2022) | \$1,940,952      |  |
| <b>Balance over (under) benchmark</b>             | <b>\$799,902</b> |  |

**J. Policy Language**

*The Executive Director will not: Accept gifts and endowments not in keeping with Ends, or that will cost more to administer than their worth.*

**Interpretation 1**

- All non-cash gifts will be independently evaluated by an appropriate appraiser to establish their value and estimated costs for maintenance, upkeep, or disposal.
- All accepted non-cash gifts, endowments, or liquid assets will be judged by a panel of AIR members to be practically usable for educational purposes within the established Ends of AIR.

**Data 1**

There were no occurrences of non-cash gifts, endowments, or liquid assets during the reporting period.

**Interpretation 2**

100% of cash contributions to AIR scholarship funds will be accepted as in keeping with established Ends and being worth more than the cost of administering them.

**Data 2**

There was one occurrence of a \$900 cash contribution to AIR scholarship funds during the fourth quarter of 2022.

APPENDIX – Building Sale Resolution 2021



Association for Institutional Research  
1435 Piedmont Drive East, Suite 211, Tallahassee, FL 32308  
Phone: 850-385-4155, Fax: 850-385-5120, www.airweb.org

Executive Director & CEO  
Christine M. Keller, Ph.D.

RESOLUTION AUTHORIZING THE SALE OR LEASE OF REAL PROPERTY OF  
THE ASSOCIATION FOR INSTITUTIONAL RESEARCH

WHEREAS, The Board of Directors for the Association for Institutional Research ("AIR" or "the Association"), a nonprofit corporation authorized to do business in the State of Florida, delegates express authority to and directs its Executive Director & CEO, Christine M Keller, to seek (in collaboration with a licensed realtor) a buyer or tenant for that certain real property of the Association located at 1435 East Piedmont Drive, Suite 211, Tallahassee, Florida 32308 and,

WHEREAS, in the opinion of the Executive Director & CEO, it is in the best interests of the Association to sell or lease the subject real property on terms and conditions deemed commercially reasonable and in the best interests of the Association; be it:

RESOLVED that Christine M. Keller, as Executive Director & CEO is expressly delegated all necessary authority by the Board of Directors and is authorized, directed, and approved to undertake all acts, associate all appropriate assistance (including collaboration with a licensed realtor to be selected in the discretion of the Executive Director & CEO), and execute all documents as necessary to promote and effectuate a sale of the subject real property upon terms deemed by the Executive Director & CEO as commercially reasonable and in the best interests of the Association, including the execution of deeds, documents of conveyance and the like as required to effectuate such sale of the real property in the name and on behalf of the Association.

Junelyn Pangan Peeples, AIR President on behalf of the Board of Directors

CERTIFICATE OF SECRETARY

The undersigned hereby certifies that he is the duly appointed Secretary of AIR and that the foregoing is a true and correct record of a resolution duly adopted by the Board of Directors of, for and on behalf of the Association on the 9th day of August, 2021.

IN WITNESS WHEREOF, I have affixed my name hereto, certifying the above, as Secretary on this 9th day of August, 2021.

David Troutman, AIR Secretary on behalf of the Board of Directors

2021-2022 Board of Directors

Junelyn Pangan Peeples, President  
1435 Piedmont Drive East  
Tallahassee, Florida 32308  
Michelle Hanson  
1435 Piedmont Drive East, Suite 211, Tallahassee, Florida 32308

Markus Hays  
1435 Piedmont Drive East  
Bradley L. Potts  
1435 Piedmont Drive East, Suite 211  
Leather Galy  
1435 Piedmont Drive East

Elizabeth A. Law  
1435 Piedmont Drive East  
Mysty Clark  
1435 Piedmont Drive East, Suite 211  
Michelle Peeler  
1435 Piedmont Drive East, Suite 211

Christopher Lane  
1435 Piedmont Drive East  
David Troutman  
1435 Piedmont Drive East, Suite 211  
Samantha Wheeler  
1435 Piedmont Drive East