

The Forum on Education Abroad

Financial Statements

Years Ended June 30, 2019 and 2018
with Independent Auditor's Report

MaherDuessel
Certified Public Accountants

Pittsburgh | Harrisburg | Butler

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THE FORUM ON EDUCATION ABROAD

YEARS ENDED JUNE 30, 2019 AND 2018

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Independent Auditor's Report

**Board of Directors
The Forum on
Education Abroad**

We have audited the accompanying financial statements of The Forum on Education Abroad (Forum) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, 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. 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 the Forum as of June 30, 2019, 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.

Prior Period Financial Statements

The financial statements of the Forum as of and for the year ended June 30, 2018, were audited by other auditors whose report dated November 7, 2018, expressed an unmodified opinion on those statements.

Change in Accounting Principle

As described in Note 2 to the financial statements, the Forum adopted Accounting Standards Update 2016-14, *“Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,”* which requires not-for-profit entities to use the placed-in-service approach for contributions related to long-lived assets, changes how a nonprofit organization classifies net assets, and provides information in its financial statements and notes about its financial performance, cash flow, investment return, and liquidity, among other requirements. Our opinion is not modified with respect to this matter.

Mahe Duessel

Harrisburg, Pennsylvania
December 11, 2019

THE FORUM ON EDUCATION ABROAD

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	2019	2018
Assets		
<hr/>		
Current assets:		
Cash	\$ 370,385	\$ 354,100
Accounts receivable	17,461	16,138
Prepaid expenses	19,168	47,248
Inventory	8,890	8,890
Total current assets	<u>415,904</u>	<u>426,376</u>
Noncurrent assets:		
Beneficial interest in net assets of a college	<u>1,994,101</u>	<u>1,870,077</u>
Total Assets	<u><u>\$ 2,410,005</u></u>	<u><u>\$ 2,296,453</u></u>
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Liabilities and Net Assets		
<hr/>		
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 283,544	\$ 382,361
Deferred revenue	432,526	381,028
Total Liabilities	<u>716,070</u>	<u>763,389</u>
Net Assets:		
Without donor restrictions:		
Undesignated	(305,400)	(347,267)
Board-designated	1,901,507	1,783,041
Total without donor restrictions	<u>1,596,107</u>	<u>1,435,774</u>
With donor restrictions	<u>97,828</u>	<u>97,290</u>
Total Net Assets	<u>1,693,935</u>	<u>1,533,064</u>
Total Liabilities and Net Assets	<u><u>\$ 2,410,005</u></u>	<u><u>\$ 2,296,453</u></u>

The accompanying notes are an integral part of these financial statements.

THE FORUM ON EDUCATION ABROAD

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Membership dues	\$ 695,659	\$ -	\$ 695,659
Conference income	1,082,516	-	1,082,516
In-kind contributions	83,967	-	83,967
Grants	100	-	100
Workshops and seminars	166,458	-	166,458
Other program income	125,024	-	125,024
Publication sales	2,016	-	2,016
Interest	712	-	712
Investment return, net	118,466	5,558	124,024
Net assets released from restrictions	5,020	(5,020)	-
Total Revenue and Other Support	2,279,938	538	2,280,476
Expenses:			
Program services:			
Programs and resources	386,520	-	386,520
Events and conferences	1,072,711	-	1,072,711
Training and education	281,500	-	281,500
Management and general	346,250	-	346,250
Fundraising	32,624	-	32,624
Total Expenses	2,119,605	-	2,119,605
Change in Net Assets	160,333	538	160,871
Net Assets:			
Beginning of year	1,435,774	97,290	1,533,064
End of year	<u>\$ 1,596,107</u>	<u>\$ 97,828</u>	<u>\$ 1,693,935</u>

The accompanying notes are an integral part of these financial statements.

THE FORUM ON EDUCATION ABROAD

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Membership dues	\$ 676,115	\$ -	\$ 676,115
Conference income	999,142	-	999,142
In-kind contributions	82,086	-	82,086
Grants	-	-	-
Workshops and seminars	169,645	-	169,645
Other program income	101,094	5,000	106,094
Publication sales	2,856	-	2,856
Interest	343	-	343
Investment return, net	124,969	5,967	130,936
Net assets released from restrictions	22,386	(22,386)	-
	2,178,636	(11,419)	2,167,217
Expenses:			
Program services:			
Programs and resources	677,532	-	677,532
Events and conferences	892,910	-	892,910
Training and education	342,883	-	342,883
Management and general	367,175	-	367,175
Fundraising	77,519	-	77,519
	2,358,019	-	2,358,019
Change in Net Assets	(179,383)	(11,419)	(190,802)
Net Assets:			
Beginning of year	1,615,157	108,709	1,723,866
End of year	\$ 1,435,774	\$ 97,290	\$ 1,533,064

The accompanying notes are an integral part of these financial statements.

THE FORUM ON EDUCATION ABROAD

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program Services				Management and General	Fundraising	Total
	Programs and Resources	Events and Conferences	Training and Education	Total Program Services			
Expenses:							
Management services	\$ 284,429	\$ 372,700	\$ 137,311	\$ 794,440	\$ 156,926	\$ 29,424	\$ 980,790
Conference event expense	-	609,927	-	609,927	-	-	609,927
Office supplies	1,977	2,590	954	5,521	1,296	-	6,817
Legal and professional fees	12,682	-	-	12,682	19,022	-	31,704
Postage and delivery	351	459	169	979	230	-	1,209
Scholarship donations	10,000	-	-	10,000	-	-	10,000
Certification program	-	-	18,974	18,974	-	-	18,974
Bank services charges	-	-	-	-	24,819	-	24,819
Credit card charges	-	-	-	-	50,149	-	50,149
QUIP expense	-	-	38,355	38,355	-	-	38,355
Webinar expenses	-	-	49,476	49,476	-	-	49,476
Professional development	-	-	-	-	4,242	-	4,242
Contributed goods and services	16,793	6,717	5,878	29,388	52,900	1,679	83,967
Telephone	756	1,016	389	2,161	-	-	2,161
Advertising	5,696	7,649	2,929	16,274	-	-	16,274
Auto and travel expenses	18,716	25,134	9,626	53,476	-	-	53,476
Meals and entertainment	-	-	-	-	24,981	-	24,981
Repairs and maintenance	-	-	-	-	280	-	280
Dues and subscriptions	2,650	3,558	1,363	7,571	-	-	7,571
Printing and reproduction	12,739	17,107	6,551	36,397	-	-	36,397
Meeting expenses	5,030	6,591	2,428	14,049	3,295	-	17,344
Transition and search expenses	14,701	19,263	7,097	41,061	8,110	1,521	50,692
Total expenses	\$ 386,520	\$ 1,072,711	\$ 281,500	\$ 1,740,731	\$ 346,250	\$ 32,624	\$ 2,119,605

The accompanying notes are an integral part of these financial statements.

THE FORUM ON EDUCATION ABROAD

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Program Services			Management and General	Fundraising	Total	
	Programs and Resources	Events and Conferences	Training and Education				Total Program Services
Expenses:							
Management services	\$ 520,888	\$ 262,525	\$ 170,580	\$ 953,993	\$ 168,430	\$ 73,062	\$ 1,195,485
Conference event expense	-	548,693	-	548,693	-	-	548,693
Office supplies	1,813	914	594	3,321	545	-	3,866
Legal and professional fees	28,503	-	-	28,503	40,740	-	69,243
Postage and delivery	5,733	2,889	1,878	10,500	1,722	-	12,222
Scholarship donations	10,000	-	-	10,000	-	-	10,000
Certification program	-	-	31,863	31,863	-	-	31,863
Bank services charges	-	-	-	-	27,649	-	27,649
Credit card charges	-	-	-	-	39,779	-	39,779
QUIP expense	-	-	33,313	33,313	-	-	33,313
Webinar expenses	-	-	62,998	62,998	-	-	62,998
Professional development	-	-	-	-	2,945	-	2,945
Contributed goods and services	16,515	6,216	6,175	28,906	51,635	1,345	81,886
Telephone	871	439	286	1,596	-	-	1,596
Advertising	12,933	6,518	4,236	23,687	-	-	23,687
Auto and travel expenses	22,718	11,450	7,440	41,608	-	-	41,608
Meals and entertainment	-	-	-	-	16,664	-	16,664
Repairs and maintenance	-	-	-	-	469	-	469
Dues and subscriptions	1,722	868	563	3,153	-	-	3,153
Printing and reproduction	25,754	12,980	8,435	47,169	-	-	47,169
Meeting expenses	-	-	-	-	-	-	-
Transition and search expenses	30,082	39,418	14,522	84,022	16,597	3,112	103,731
Total expenses	\$ 677,532	\$ 892,910	\$ 342,883	\$ 1,913,325	\$ 367,175	\$ 77,519	\$ 2,358,019

The accompanying notes are an integral part of these financial statements.

THE FORUM ON EDUCATION ABROAD

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 160,871	\$ (190,802)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized gain on investments	(51,492)	(75,348)
(Increase) decrease in assets:		
Accounts receivable	(1,323)	(2,885)
Pledges receivable	-	20,000
Prepaid expenses	28,080	(40,594)
Inventory	-	(4,232)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(98,817)	108,637
Deferred revenue	51,498	53,005
Net cash provided by (used in) operating activities	<u>88,817</u>	<u>(132,219)</u>
<u>Cash Flows From Investing Activities:</u>		
Purchase of investments, net	<u>(72,532)</u>	<u>1,912</u>
Net increase (decrease) in cash	<u>16,285</u>	<u>(130,307)</u>
<u>Cash:</u>		
Beginning of year	<u>354,100</u>	<u>484,407</u>
End of year	<u>\$ 370,385</u>	<u>\$ 354,100</u>

The accompanying notes are an integral part of these financial statements.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

1. Organization

The Forum on Education Abroad (Forum) is the higher education organization for education abroad. A 501(c)(3) non-profit organization, the Forum is recognized by the U.S. Department of Justice and the Federal Trade Commission as the Standards Development Organization for the field of education abroad. The Forum's *Standards of Good Practice* are recognized as the definitive means by which the quality of education abroad programs may be judged. The Forum's over 800 institutional members include U.S. colleges and universities, overseas institutions, consortia, agencies, provider organizations and foundations. The Forum focuses on developing and implementing standards of good practice, encouraging and supporting research initiatives, and offering educational programs and resources to its members. Its mission is to help to improve education abroad programs to benefit the students that participate in them. The Forum is achieving this goal by establishing standards of good practice and quality assurance programs, improving education abroad curricula and promoting data collection and outcomes assessment, all to advocate for high quality education abroad programs.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Forum prepares its financial statements on the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned and expenses are recognized when incurred.

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 and disclosures in the financial statements. Actual results could differ from those estimates.

Cash

Cash consists of funds in checking and savings accounts.

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YEARS ENDED JUNE 30, 2019 AND 2018

Accounts Receivable

Accounts receivables are carried at original invoice amount, less an estimate made for doubtful accounts based on a review of all outstanding receivables. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Management has determined that all amounts receivable at June 30, 2019 and 2018 are collectible, and therefore, no allowance for doubtful accounts has been recorded. Accounts receivables are written-off when deemed uncollectible. Recoveries of accounts receivables previously written-off are recorded when received.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts are computed using the interest method and is included in contribution revenue. Conditional promises to give are not recorded until conditions are substantially met. At June 30, 2019 and 2018, there are no promises to give.

Investments

Investments are reported at fair value with gains and losses included in the Statement of Activities. Valuation techniques and inputs are used to develop fair value measurements are based on a fair value hierarchy.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 — Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

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YEARS ENDED JUNE 30, 2019 AND 2018

Level 2 — Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities includes investments for which quoted prices are available, but traded less frequently, and investments that are fair valued using other securities, the parameters of which can be directly observed.

Level 3 — Securities that have little to no pricing observability as of the report date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation. Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Forum. The Forum considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Forum's perceived risk of that instrument.

Investments with values based on quoted market prices in active markets are classified within Level 1. The Forum has no Level 1 investments.

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations, or alternative pricing sources supported by observable inputs are classified within Level 2. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. Level 2 instruments include the beneficial interest in net assets of a college.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. When observable prices are not available for these securities, the Forum uses one or more valuation techniques (e.g., the market approach, the income

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YEARS ENDED JUNE 30, 2019 AND 2018

approach, or the cost approach) for which sufficient and reliable data is available. Within Level 3, the use of the market approach generally consists of using comparable market transactions, while the use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market, and/or other risk factors. The Forum has no Level 3 investments.

The inputs used by the Forum in estimating the value of Level 2 investments may include the original transaction price, recent transactions in the same or similar instruments, completed or pending third-party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations, and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash flows. Level 2 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Forum in the absence of market information. The fair value measurement of Level 2 investments does not include transaction costs that may have been capitalized as part of the security's cost basis. Assumptions used by the Forum due to the lack of observable inputs may significantly impact the resulting fair value and, therefore, the Forum's results of operations.

The methods described previously may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Forum believes its reliance on these valuation methods is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Deferred Revenue

Deferred revenue consists primarily of membership dues paid prior to fiscal year-end for the subsequent fiscal year, as well as upcoming conference sponsorships and registrations for events occurring in the subsequent fiscal year.

Revenue and Other Support

Revenue and other support is recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Revenue and other support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which

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the revenue is recognized. All other donor-restricted revenue is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

In-Kind Contributions

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

In-kind contributions are recorded as revenue at their estimated fair value at the date of donation. The Forum reports in-kind contributions as without donor restrictions, unless explicit donor stipulations specify how the contributions must be used.

Functional Expenses

All expenses related to a specific function are charged to that function. Expenses related to more than one function are allocated based on estimated employee time or estimated use of resources.

Income Taxes

The Forum has received exemption from income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. On such basis, the Forum will not incur any liability for federal income taxes, except for possible income taxes on unrelated business income. The Forum annually files a Form 990. The Forum's tax returns are subject to review and examination by federal and state local authorities for three years.

Management has assessed the Forum's exposure to income taxes at the entity level as a result of uncertain tax positions taken in current and previously filed tax returns. Examples of tax positions taken at the entity level include the continuing validity of its exempt organization status, potential filing requirement for unrelated business income and other tax positions that could result in income tax liabilities to the Forum upon examination by taxing authorities. Presently, management believes that it is more likely than not its tax position will be sustained upon examination, including any appeals and litigation, such that the Forum has no exposure to income tax liabilities from uncertain tax positions. The

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Forum is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress.

Adoption of Accounting Standard

The requirements of the following Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) were adopted during the year ended June 30, 2019:

ASU-2016-14, *“Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,”* aims to improve how a nonprofit organization classifies its net assets and provides information in its financial statements and notes about its financial performance, cash flow, investment return, and liquidity. As a result of adoption, the unrestricted net assets as of July 1, 2017 were transferred to net assets without donor restrictions. In addition, the temporarily restricted net assets as of July 1, 2017 were transferred to net assets with donor restrictions.

Pending Changes in Accounting Standards

ASU 2014-09, *“Revenue from Contracts with Customers,”* is effective for the Forum’s financial statements for the year ending June 30, 2020 (as amended by ASU 2015-14). This amendment provides guidance for revenue recognition related to contracts with transfer of promised goods or services to customers and related disclosures.

ASU 2016-02, *“Leases (Topic 842),”* is effective for the Forum’s financial statements for the year ending June 30, 2022. This amendment will require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

ASU 2018-08, *“Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions made (Topic 958),”* is effective for the Forum’s financial statements for the year ending June 30, 2020. This amendment provides guidance for characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions.

Management has not yet determined the impact of these amendments on the Forum’s financial statements.

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Reclassification

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

Subsequent Events

Subsequent events have been evaluated for potential recognition or disclosure through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

3. Concentration of Credit Risk

The Forum's cash balances with financial institutions, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. At June 30, 2019, \$72,202 of the Forum's cash balances are uninsured. The Forum has not experienced any losses and believes it has limited exposure to significant credit risk. Management regularly monitors the financial institutions, along with its cash balances, in an effort to keep potential risk to a minimum.

4. Beneficial Interest in Net Assets of a College

The Forum's investments are held by the Dickinson College Endowment Fund. Dickinson College administers the Forum's assets for investment purposes and performs administrative tasks. The fair value of the Forum's beneficial interest in net assets of a college is determined based on the fair value of the assets held by the Dickinson College Endowment Fund. Dickinson College's audited financial statements report the underlying investments.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

As of June 30, the fair value of the Forum's Level 2 investments consist of the following:

	<u>2019</u>	<u>2018</u>
Net assets without donor restrictions:		
Board-designated	\$ 1,901,507	\$ 1,783,041
Net assets with donor restrictions:		
The AIFS Foundation Education Abroad Special Collection	<u>92,594</u>	<u>87,036</u>
	<u>\$ 1,994,101</u>	<u>\$ 1,870,077</u>

The following is a rollforward of the investment activity during the years ended June 30:

	<u>2019</u>	<u>2018</u>
Beginning of year	\$ 1,870,077	\$ 1,796,641
Realized gains	85,332	79,412
Unrealized gains	51,492	75,348
Investment management fee	(12,800)	(11,912)
Contributions	-	10,000
Withdrawals	-	(79,412)
End of year	<u>\$ 1,994,101</u>	<u>\$ 1,870,077</u>

Interpretation of Relevant Law

FASB Staff Position No. 117-1, Endowments of Not-for-Profit Organizations: Net Asset Classifications of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and Enhanced Disclosures for all Endowment Funds, primarily provides guidance on accounting for donor restricted endowment funds subject to UPMIFA. The state of Pennsylvania has not adopted UPMIFA. Nonprofit corporations in Pennsylvania follow Act 141. Under Act 141, a nonprofit corporation can elect to adopt and follow a "total return" investment policy, i.e., a policy to seek the best total return on the principal whether from capital appreciation, earnings, or both. Pennsylvania law permits the Board of Directors to make an election to annually appropriate for expenditure a selected percentage between 2% and 7% of the fair value of the assets related to donor-restricted endowment funds averaged over a period of three or more preceding years, provided the Board of Directors has determined that such a percentage is consistent with the long-term preservation of the real value of such assets.

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YEARS ENDED JUNE 30, 2019 AND 2018

Return Objective and Risk Parameters

The Forum has adopted investment policies that attempt to provide a predictable stream of funding to programs supported by its beneficial interest in net assets of a college, while seeking to maintain the purchasing power of the assets. Under this policy, the assets are invested in a manner that is intended to produce results that exceed the spending rate, plus inflation, while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Forum relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The investments consist of a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

An annual distribution can be made from the beneficial interest in net assets of a college in accordance with the Dickinson College Endowment Fund spending policy. \$0 and \$79,412 were appropriated for spending during the years ended June 30, 2019 and 2018, respectively.

At any time, the Forum may withdraw a portion of or the entire amount of the beneficial interest in net assets of a college. The Forum President or Chair of the Board of Directors may authorize a withdrawal. The amount withdrawn will be deposited into the Forum's operating account. Regardless of when such withdrawal occurs, the fair value will be calculated as of the end of the previous month.

THE FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

5. Deferred Revenue

Deferred revenue consists of membership dues and conference fees collected as of June 30, for the subsequent fiscal year as follows:

	<u>2019</u>	<u>2018</u>
Membership dues	\$ 432,526	\$ 322,380
Conference fees	-	58,648
	<u>\$ 432,526</u>	<u>\$ 381,028</u>

6. Net Assets

The Forum has the following net assets with donor restrictions as of June 30:

	<u>2019</u>	<u>2018</u>
The AIFS Foundation Education Abroad Special Collection	\$ 92,594	\$ 87,036
Ron Koehn Conference Grant Award	4,284	5,254
Sara's Wish Foundation scholarships	950	5,000
	<u>\$ 97,828</u>	<u>\$ 97,290</u>

The AIFS Foundation Education Abroad Special Collection fund, which is invested in the Dickinson College Endowment Fund, was established to obtain, develop, and maintain historical artifacts related to the education abroad field of study. Earnings from the fund are restricted for the purposes set forth above.

Donors have made contributions to the Forum to fund the Ron Koehn Conference Grant Award (Award). The Award will be given to faculty members or education abroad colleagues who have been especially effective in contributing to innovations in education abroad program design. Award winners receive a stipend that will help to underwrite the costs of their attendance at the Forum's annual conference.

Donors have made contributions to the Forum to fund the Sara's Wish Foundation program, which provides funds for scholarships for the Professional Certification in Education Program.

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YEARS ENDED JUNE 30, 2019 AND 2018

The Forum has the following board-designated net assets without donor restrictions as of June 30:

	<u>2019</u>	<u>2018</u>
Beneficial interest in the endowment fund of a college	<u>\$ 1,901,507</u>	<u>\$ 1,783,041</u>

7. In-Kind Contributions

Dickinson College provides the Forum with contributed goods and services. The value of the goods and services included in the financial statements as revenue and expense are as follows for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Donated facility	\$ 28,433	\$ 27,483
Donated services	<u>55,534</u>	<u>54,403</u>
	<u>\$ 83,967</u>	<u>\$ 81,886</u>

8. Management Services

The Forum has contracted with Dickinson College to provide management, development, and program services. The contract has been extended through June 30, 2021. As part of the contract, the President of the Forum is employed by Dickinson College and is appointed by the Board of Directors of the Forum. The Forum staff are also employed by Dickinson College, and the hiring decisions are made by the Forum President and the Board of Directors of the Forum. The amounts paid for these services for the fiscal years ended June 30, 2019 and 2018, was \$980,790 and \$1,195,485, respectively.

9. Liquidity and Availability

The Forum manages its liquid resources by focusing on program efforts to ensure there are adequate membership dues and conference income collected to cover expenses.

THE FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

At June 30, 2019, the Forum has \$387,846 of financial assets expected to be available within one year to meet cash needs for general expenses, consisting of cash of \$370,385 and accounts receivable of \$17,461.