

The Forum on Education Abroad

Financial Statements

Years Ended June 30, 2020 and 2019
with Independent Auditor's Report

MaherDuessel

A horizontal bar is positioned below the company name. The left portion of the bar is black, and the right portion is blue, matching the color of the 'D' in the company name.

THE FORUM ON EDUCATION ABROAD

YEARS ENDED JUNE 30, 2020 AND 2019

TABLE OF CONTENTS

Independent Auditor's Report

Financial Statements:

Statements of Financial Position	1
Statement of Activities – Year Ended June 30, 2020	2
Statement of Activities – Year Ended June 30, 2019	3
Statement of Functional Expenses – Year Ended June 30, 2020	4
Statement of Functional Expenses – Year Ended June 30, 2019	5
Statements of Cash Flows	6
Notes to Financial Statements	7

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 statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mahe Duessel

Harrisburg, Pennsylvania
January 12, 2021

THE FORUM ON EDUCATION ABROAD

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	2020	2019
Assets		
<hr/>		
Current assets:		
Cash	\$ 420,144	\$ 370,385
Accounts receivable	35,557	17,461
Prepaid expenses	45,224	19,168
Inventory	-	8,890
Total current assets	<u>500,925</u>	<u>415,904</u>
Noncurrent assets:		
Beneficial interest in net assets of a college	<u>2,006,993</u>	<u>1,994,101</u>
Total Assets	<u><u>\$ 2,507,918</u></u>	<u><u>\$ 2,410,005</u></u>
<hr/>		
Liabilities and Net Assets		
<hr/>		
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 23,813	\$ 283,544
Deferred revenue	303,462	432,526
Payroll Protection Program Loan, current portion	93,662	-
Economic Injury Disaster Loan, current portion	578	-
Total current liabilities	<u>421,515</u>	<u>716,070</u>
Long-term liabilities:		
Payroll Protection Program Loan	116,866	-
Economic Injury Disaster Loan	149,322	-
Total long-term liabilities	<u>266,188</u>	<u>-</u>
Total Liabilities	<u>687,703</u>	<u>716,070</u>
Net Assets:		
Without donor restrictions:		
Undesignated	(199,403)	(305,400)
Board-designated	1,913,765	1,901,507
Total without donor restrictions	<u>1,714,362</u>	<u>1,596,107</u>
With donor restrictions	<u>105,853</u>	<u>97,828</u>
Total Net Assets	<u>1,820,215</u>	<u>1,693,935</u>
Total Liabilities and Net Assets	<u><u>\$ 2,507,918</u></u>	<u><u>\$ 2,410,005</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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Membership dues	\$ 773,043	\$ -	\$ 773,043
Conference income	548,805	-	548,805
In-kind contributions	84,471	-	84,471
Contributions	200	8,100	8,300
Workshops and seminars	163,468	-	163,468
Other program income	79,939	-	79,939
Publication sales	1,516	-	1,516
Interest	692	-	692
Investment return, net	12,258	634	12,892
Net assets released from restrictions	709	(709)	-
	<u>1,665,101</u>	<u>8,025</u>	<u>1,673,126</u>
Expenses:			
Program services:			
Programs and resources	388,230	-	388,230
Events and conferences	533,589	-	533,589
Training and education	244,415	-	244,415
Management and general	368,122	-	368,122
Fundraising	12,490	-	12,490
	<u>1,546,846</u>	<u>-</u>	<u>1,546,846</u>
Change in Net Assets	118,255	8,025	126,280
Net Assets:			
Beginning of year	<u>1,596,107</u>	<u>97,828</u>	<u>1,693,935</u>
End of year	<u>\$ 1,714,362</u>	<u>\$ 105,853</u>	<u>\$ 1,820,215</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
Contributions	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 FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services				Management and General	Fundraising	Total
	Programs and Resources	Events and Conferences	Training and Education	Total Program Services			
Expenses:							
Management services	\$ 312,795	\$ 409,870	\$ 151,005	\$ 873,670	\$ 194,148	\$ 10,786	\$ 1,078,604
Conference event expense	-	58,751	-	58,751	-	-	58,751
Office supplies	1,707	2,236	824	4,767	1,118	-	5,885
Legal and professional fees	15,099	-	-	15,099	22,649	-	37,748
Postage and delivery	510	668	246	1,424	333	-	1,757
Certification program	-	-	25,587	25,587	-	-	25,587
Bank services charges	-	-	-	-	23,100	-	23,100
Credit card charges	-	-	-	-	41,975	-	41,975
QUIP expense	-	-	12,515	12,515	-	-	12,515
Webinar expenses	-	-	27,173	27,173	-	-	27,173
Professional development	-	-	-	-	4,368	-	4,368
Contributed goods and services	16,894	6,758	5,913	29,565	53,217	1,689	84,471
Telephone	679	911	349	1,939	-	-	1,939
Advertising	1,903	2,555	979	5,437	-	-	5,437
Auto and travel expenses	15,547	20,878	7,996	44,421	-	-	44,421
Meals and entertainment	-	-	-	-	26,055	-	26,055
Repairs and maintenance	-	-	-	-	151	-	151
Dues and subscriptions	6,128	8,228	3,151	17,507	-	-	17,507
Printing and reproduction	15,407	20,689	7,924	44,020	-	-	44,020
Meeting expenses	1,126	1,475	543	3,144	738	-	3,882
Transition and search expenses	435	570	210	1,215	270	15	1,500
Total expenses	\$ 388,230	\$ 533,589	\$ 244,415	\$ 1,166,234	\$ 368,122	\$ 12,490	\$ 1,546,846

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

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 126,280	\$ 160,871
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized (gain) loss on investments	64,830	(51,492)
(Increase) decrease in assets:		
Accounts receivable	(18,096)	(1,323)
Prepaid expenses	(26,056)	28,080
Inventory	8,890	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(259,731)	(98,817)
Deferred revenue	(129,064)	51,498
Net cash provided by (used in) operating activities	<u>(232,947)</u>	<u>88,817</u>
Cash Flows From Investing Activities:		
Purchase of investments	<u>(77,722)</u>	<u>(72,532)</u>
Cash Flows From Financing Activities:		
Borrowings on Payroll Protection Program Loan	210,528	-
Borrowings on Economic Injury Disaster Loan	149,900	-
Net cash provided by financing activities	<u>360,428</u>	<u>-</u>
Net increase in cash	<u>49,759</u>	<u>16,285</u>
Cash:		
Beginning of year	<u>370,385</u>	<u>354,100</u>
End of year	<u>\$ 420,144</u>	<u>\$ 370,385</u>

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

THE FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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. Accordingly, actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the COVID-19 control responses, and such difference may be material.

Cash

Cash consists of funds in checking and savings accounts.

THE FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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, 2020 and 2019 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, 2020 and 2019, 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.

THE FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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

THE FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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

THE FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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

THE FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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

Adoption of Accounting Standards

The requirements of the following Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) were adopted during the year ended June 30, 2020:

ASU 2016-18, *“Statement of Cash Flows (Topic 230): Restricted Cash.”* The amendments require that the statement of cash flows explain the change during the period in the total cash and cash equivalents including the changes of those amounts generally described as restricted cash or restricted cash equivalents.

ASU 2018-08, *“Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958).”* The amendments provide 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. This standard was implemented under a modified prospective basis. Accordingly, there is no effect on the net assets related to the implementation of this standard.

Pending Changes in Accounting Standards

ASU 2014-09, *“Revenue from Contracts with Customers (Topic 606)”* is effective for the Forum’s financial statements for the year ending June 30, 2021. The amendments provide guidance for revenue recognition related to contracts involving the transfer of promised goods or services to customers and the 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 2018-13, *“Fair Value Measurement (Topic 820): Changes to the Disclosure Requirements for Fair Value Measurement,”* is effective for the Forum’s financial statements for the year ending June 30, 2021. This amendment will remove disclosure requirements from Topic 820 and will modify others. The amendments clarify the at the measurement

THE FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

date uncertainty disclosure and is to communicate information about the uncertainty in measurement as of the reporting date.

ASU 2018-15, *“Customers Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract,”* is effective for the Forum’s financial statements for year ending June 30, 2022. This amendment will align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing costs incurred to develop or obtain internal-use software.

ASU 2016-13 and ASU 2019-05, *“Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,”* is effective for the Forum’s financial statements for the year ending June 30, 2024. This amendment requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. This includes loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash.

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

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, 2020 and 2019, \$95,767 and 72,202, respectively, 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.

THE FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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.

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

	<u>2020</u>	<u>2019</u>
Net assets without donor restrictions:		
Board-designated	\$ 1,913,765	\$ 1,901,507
Net assets with donor restrictions:		
The AIFS Foundation Education Abroad Special Collection	<u>93,228</u>	<u>92,594</u>
	<u>\$ 2,006,993</u>	<u>\$ 1,994,101</u>

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

	<u>2020</u>	<u>2019</u>
Beginning of year	\$ 1,994,101	\$ 1,870,077
Realized gains	91,437	85,332
Unrealized gains	(64,830)	51,492
Investment management fee	<u>(13,715)</u>	<u>(12,800)</u>
End of year	<u>\$ 2,006,993</u>	<u>\$ 1,994,101</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

THE FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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.

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. During the years ended June 30, 2020 and 2019, \$0 was appropriated for spending.

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, 2020 AND 2019

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>2020</u>	<u>2019</u>
Membership dues	\$ 232,027	\$ 432,526
Conference fees	71,435	-
	<u>\$ 303,462</u>	<u>\$ 432,526</u>

6. Long-Term Debt

In May 2020, the Forum received an Economic Injury Disaster Loan (Loan) for \$150,000 from the U.S. Small Business Administration. The Loan bears interest at a fixed rate of 2.75%, and monthly principal and interest payments of \$641 are required through May 2050. The purpose of the Loan is to alleviate economic injury caused by disaster occurring in the month of January 31, 2020 and continuing thereafter.

The following is a schedule of future maturities of long-term debt:

2021	\$ 578
2022	3,522
2023	3,620
2024	3,721
2025	3,824
2026-2030	20,780
2031-2035	23,839
2036-2040	27,349
2041-2045	31,375
2046-2050	31,292
	<u>\$ 149,900</u>

THE FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

7. Paycheck Protection Program Loan

The Forum qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the “PPP Lender”), for an aggregate principal amount of \$210,528 (the “PPP Loan”). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Forum’s request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Forum. The Forum intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. To the extent that all or part of the PPP Loan is not forgiven, the Forum will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in (month/year) principal and interest payments will be required through the maturity date in (month/year). The terms of the PPP Loan provide for customary events of default, including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default.

8. Net Assets

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

	2020	2019
The AIFS Foundation Education Abroad Special Collection	\$ 93,228	\$ 92,594
Ron Koehn Conference Grant Award	6,675	4,284
Sara's Wish Foundation scholarships	5,950	950
	<u>\$ 105,853</u>	<u>\$ 97,828</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.

THE FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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.

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

	<u>2020</u>	<u>2019</u>
Beneficial interest in the endowment fund of a college	<u>\$ 1,913,765</u>	<u>\$ 1,901,507</u>

9. 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>2020</u>	<u>2019</u>
Donated facility	\$ 28,604	\$ 28,433
Donated services	<u>55,867</u>	<u>55,534</u>
	<u>\$ 84,471</u>	<u>\$ 83,967</u>

10. 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

THE FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

Directors of the Forum. The amounts paid for these services for the fiscal years ended June 30, 2020 and 2019, was \$1,078,604 and \$980,790, respectively.

11. 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.

At June 30, 2020, the Forum has \$455,701 of financial assets expected to be available within one year to meet cash needs for general expenses, consisting of cash of \$420,144 and accounts receivable of \$35,557. 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.

12. Risk and Contingency

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on our business and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which we operate, which is highly uncertain.