

The Forum on Education Abroad

Financial Statements

Years Ended June 30, 2021 and 2020
with Independent Auditor's Report

MaherDuessel

The logo for MaherDuessel features the company name in a serif font. The word "Maher" is in black, and "Duessel" is in blue. Below the text is a horizontal bar that is black on the left and blue on the right, matching the color scheme of the text.

THE FORUM ON EDUCATION ABROAD

YEARS ENDED JUNE 30, 2021 AND 2020

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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 statements of financial position as of June 30, 2021 and 2020, 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, 2021 and 2020, 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.

Change in Accounting Principal

As described in Note 2 to the financial statements, the Forum adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to this matter.

Maher Duessel

Harrisburg, Pennsylvania
February 1, 2022

THE FORUM ON EDUCATION ABROAD

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	2021	2020
Assets		
<hr/>		
Current assets:		
Cash	\$ 693,891	\$ 420,144
Accounts receivable	50,915	35,557
Prepaid expenses	80,035	45,224
Total current assets	<u>824,841</u>	<u>500,925</u>
Noncurrent assets:		
Beneficial interest in net assets of a college	<u>2,702,644</u>	<u>2,006,993</u>
Total Assets	<u><u>\$ 3,527,485</u></u>	<u><u>\$ 2,507,918</u></u>
<hr/>		
Liabilities and Net Assets		
<hr/>		
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 248,507	\$ 23,813
Deferred revenue	299,066	303,462
Payroll Protection Program Loan, current portion	-	93,662
Economic Injury Disaster Loan, current portion	3,522	578
Total current liabilities	<u>551,095</u>	<u>421,515</u>
Long-term liabilities:		
Payroll Protection Program Loan	190,878	116,866
Economic Injury Disaster Loan	145,737	149,322
Total long-term liabilities	<u>336,615</u>	<u>266,188</u>
Total Liabilities	<u>887,710</u>	<u>687,703</u>
Net Assets:		
Without donor restrictions:		
Undesignated	(81,494)	(199,403)
Board-designated	2,577,095	1,913,765
Total without donor restrictions	2,495,601	1,714,362
With donor restrictions	144,174	105,853
Total Net Assets	<u>2,639,775</u>	<u>1,820,215</u>
Total Liabilities and Net Assets	<u><u>\$ 3,527,485</u></u>	<u><u>\$ 2,507,918</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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Membership dues	\$ 589,166	\$ -	\$ 589,166
Conference income	389,842	-	389,842
Grants	111,000	-	111,000
In-kind contributions	56,429	-	56,429
Contributions	8,328	6,000	14,328
Workshops and seminars	132,096	-	132,096
Other program income	20,650	-	20,650
Publication sales	392	-	392
Paycheck Protection Plan Loan forgiveness	210,528	-	210,528
Interest	4,869	-	4,869
Investment return, net	663,330	32,321	695,651
Net assets released from restrictions	-	-	-
	2,186,630	38,321	2,224,951
Expenses:			
Program services:			
Programs and resources	355,821	-	355,821
Events and conferences	451,647	-	451,647
Training and education	220,948	-	220,948
Management and general	366,669	-	366,669
Fundraising	10,306	-	10,306
	1,405,391	-	1,405,391
Change in Net Assets	781,239	38,321	819,560
Net Assets:			
Beginning of year	1,714,362	105,853	1,820,215
End of year	\$ 2,495,601	\$ 144,174	\$ 2,639,775

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)	-
	1,665,101	8,025	1,673,126
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
	1,546,846	-	1,546,846
Change in Net Assets	118,255	8,025	126,280
Net Assets:			
Beginning of year	1,596,107	97,828	1,693,935
End of year	\$ 1,714,362	\$ 105,853	\$ 1,820,215

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

THE FORUM ON EDUCATION ABROAD

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services				Management and General	Fundraising	Total
	Programs and Resources	Events and Conferences	Training and Education	Total Program Services			
Expenses:							
Management services	\$ 266,146	\$ 348,743	\$ 128,484	\$ 743,373	\$ 165,196	\$ 9,177	\$ 917,746
Conference event expense	-	66,662	-	66,662	-	-	66,662
Office supplies	425	556	205	1,186	278	-	1,464
Legal and professional fees	54,750	-	-	54,750	82,124	-	136,874
Postage and delivery	35	46	17	98	23	-	121
Workshops and seminars	-	-	42,822	42,822	-	-	42,822
Bank services charges	-	-	-	-	34,908	-	34,908
Credit card charges	-	-	-	-	343	-	343
Other program expenses	-	-	33,519	33,519	-	-	33,519
Webinar expenses	-	-	30	30	-	-	30
Professional development	-	-	-	-	1,558	-	1,558
Contributed goods and services	11,286	4,514	3,950	19,750	35,550	1,129	56,429
Telephone	396	532	204	1,132	-	-	1,132
Advertising	20,496	27,524	10,541	58,561	-	-	58,561
Auto and travel expenses	235	316	121	672	-	-	672
Meals and entertainment	-	-	-	-	827	-	827
Information technology	-	-	-	-	45,862	-	45,862
Dues and subscriptions	1,911	2,565	982	5,458	-	-	5,458
Printing and reproduction	141	189	73	403	-	-	403
Total expenses	\$ 355,821	\$ 451,647	\$ 220,948	\$ 1,028,416	\$ 366,669	\$ 10,306	\$ 1,405,391

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.

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STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 819,560	\$ 126,280
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized (gain) loss on investments	(613,568)	64,830
Forgiveness of Paycheck Protection Plan Loan	(210,528)	-
(Increase) decrease in assets:		
Accounts receivable	(15,358)	(18,096)
Prepaid expenses	(34,811)	(26,056)
Inventory	-	8,890
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	224,694	(259,731)
Deferred revenue	(4,396)	(129,064)
Net cash provided by (used in) operating activities	<u>165,593</u>	<u>(232,947)</u>
<u>Cash Flows From Investing Activities:</u>		
Purchase of investments	<u>(82,083)</u>	<u>(77,722)</u>
<u>Cash Flows From Financing Activities:</u>		
Borrowings on Payroll Protection Program Loan	190,878	210,528
Borrowings on Economic Injury Disaster Loan	-	149,900
Principal payments on Economic Injury Disaster Loan	(641)	-
Net cash provided by financing activities	<u>190,237</u>	<u>360,428</u>
Net Increase in Cash	<u>273,747</u>	<u>49,759</u>
<u>Cash:</u>		
Beginning of year	<u>420,144</u>	<u>370,385</u>
End of year	<u>\$ 693,891</u>	<u>\$ 420,144</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, 2021 AND 2020

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.

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YEARS ENDED JUNE 30, 2021 AND 2020

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, 2021 and 2020 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, 2021 and 2020, 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, 2021 AND 2020

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, 2021 AND 2020

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. Membership dues, conference income, and workshop and seminar registration fees collected in advance are presented as deferred revenue in the statements of financial position.

Net Assets

Financial statement presentation follows the Not-for-Profit Entities topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), which requires the Forum to report information regarding its financial position and activities according to

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

two classes of net assets: net assets with and without donor restrictions. A description of the two net asset categories follows:

Without donor restrictions – Net assets not subject to donor-imposed stipulations. They may be used for any purpose of the Forum.

With donor restrictions – Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Forum or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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 revenue is recognized. All other donor-restricted revenue is reported as an increase in net assets with donor restrictions.

Revenue Recognition

Membership Dues – The Forum considers membership dues to be exchange transactions. Memberships are assessed on an annual basis, which aligns with the Forum’s fiscal year, and includes benefits such as discounted registration for conferences, research tools, networking, and access to other resources. The Forum recognizes the membership dues ratably over the membership period. The membership fees revenue received for future periods has been recorded as deferred revenue. Deferred revenue related to membership dues was \$261,581 and \$232,027 for the years ended June 30, 2021 and 2020, respectively.

Conferences, Workshops, and Seminar Fees – The Forum recognizes revenue from conferences, workshops, and seminars, which consists of exhibit income, sponsorships, and registration fee income, when the event occurs. The fees revenue received for future conferences, workshops, and seminars has been recorded as deferred revenue. Deferred revenue related to conferences, workshops, and seminars was \$37,485 and \$71,435 for the years ended June 30, 2021 and 2020, respectively.

Other Program Income – Other program income consists of revenue from hosting other virtual events on behalf of institutions. The Forum recognizes revenue from these events when the events occur. Revenue received for future hosting opportunities has been recorded as deferred revenue. There was no deferred revenue recorded associated with the other program income for the years ended June 30, 2021 and 2020.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

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

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

Adopted Accounting Standards Update

The requirements of the following Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) were adopted during the year ended June 30, 2021:

ASU 2014-09, *“Revenue from Contracts with Customers (Topic 606).”* The amendments provide guidance for revenue recognition related to contracts involving the transfer of promised goods or services to customers and the related disclosures. The implementation of this standard was applied retrospectively to all periods presented, but no prior period adjustments were necessary as a result.

ASU 2018-13, *“Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820).”* The amendments remove and modify certain fair value hierarchy leveling disclosures. The implementation of this standard was applied retrospectively to all periods presented. Implementation resulted in no financial statement disclosure modifications.

Pending Accounting Standards Update

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 Statements 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 2018-15, *“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 the year ending June 31, 2022. The amendments 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 2020-07, *“Not-For-Profit Entities (Subtopic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets,”* is effective for the Forum’s financial statements for the year ending June 30, 2022. The amendments in this update address presentation and disclosure of contributed nonfinancial assets.

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

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

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, 2021 and 2020, \$195,441 and \$95,767, 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.

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>2021</u>	<u>2020</u>
Net assets without donor restrictions:		
Board-designated	\$ 2,577,095	\$ 1,913,765
Net assets with donor restrictions:		
The AIFS Foundation Education Abroad Special Collection	<u>125,549</u>	<u>93,228</u>
	<u>\$ 2,702,644</u>	<u>\$ 2,006,993</u>

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

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

	<u>2021</u>	<u>2020</u>
Beginning of year	\$ 2,006,993	\$ 1,994,101
Realized gain	96,568	91,437
Unrealized gain (loss)	613,568	(64,830)
Investment management fee	<u>(14,485)</u>	<u>(13,715)</u>
End of year	<u>\$ 2,702,644</u>	<u>\$ 2,006,993</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.

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

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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, 2021 and 2020, no amount 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.

5. Deferred Revenue

The following table provides information about significant changes in the deferred revenue for the years ended June 30, 2021 and 2020:

	Membership Dues	Conferences, Workshops, and Seminars	Total
Deferred revenue, June 30, 2019	\$ 426,526	\$ 6,000	\$ 432,526
Revenue recognized that was included in deferred revenue at the beginning of the year	(426,526)	(6,000)	(432,526)
Increase in deferred revenue due to cash received	<u>232,027</u>	<u>71,435</u>	<u>303,462</u>
Deferred revenue, June 30, 2020	232,027	71,435	303,462
Revenue recognized that was included in deferred revenue at the beginning of the year	(232,027)	(71,435)	(303,462)
Increase in deferred revenue due to cash received	<u>261,581</u>	<u>37,485</u>	<u>299,066</u>
Deferred revenue, June 30, 2021	<u>\$ 261,581</u>	<u>\$ 37,485</u>	<u>\$ 299,066</u>

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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 from May 2022 through May 2050. Each payment will be applied first to interest accrued to the date of receipt of each payment, and the balance, if any, will be applied to principal. 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:

	<u>Principal</u>	<u>Interest</u>
2022	\$ -	\$ 1,282
2023	-	7,692
2024	464	7,228
2025	3,625	4,067
2026	3,726	3,966
2027-2031	20,247	18,213
2032-2036	23,227	15,233
2037-2041	26,647	11,813
2042-2046	30,569	7,890
2047-2050	40,754	3,069
	<u>\$ 149,259</u>	<u>\$ 80,453</u>

7. COVID-19 Funding

Paycheck Protection Program Loans

On April 9, 2020, the Forum qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration (SBA) 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 SBA. 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

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pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Forum. On June 15, 2021, the loan was forgiven by the SBA in full, and the Forum recorded a gain on loan forgiveness on the accompanying Statement of Activities.

On March 24, 2021, the Forum qualified for and received a loan pursuant to the Paycheck Protection Program under the second round of funding for an aggregated principal amount of \$190,878 (the “second PPP Loan”). The second PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of five years with all principal and accrued interest to be paid in one payment at the end of five years, and is unsecured and guaranteed by the SBA. The principal amount of the second PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Forum’s request to the extent that the second 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 second PPP Loan with respect to these covered expenses. To the extent that all or part of the second PPP Loan is not forgiven, the Forum will be required to pay interest and principal on the second PPP Loan. The terms of the second PPP Loan provide for customary events of default, including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The second PPP Loan may be accelerated upon the occurrence of an event of default. As of June 30, 2021, the Forum recorded a loan payable on the accompanying Statements of Financial Position.

Employee Retention Tax Credit

The Forum qualified for the Employee Retention Credit under the Coronavirus Aid, Relief, and Economic Security Act. This credit encourages businesses to keep employees on their payroll. The refundable tax credit is 50% of up to \$10,000 in wages paid by an eligible employer whose business has been financially impacted by COVID-19. During the year ended June 30, 2021, the Forum submitted \$96,000 to be reimbursed under this program which was included in Grant Revenue in the accompanying Statement of Activities. Of this total, \$56,000 was received during the year ended June 30, 2021, and \$40,000 was recorded as a receivable at June 30, 2021.

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8. Net Assets

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

	<u>2021</u>	<u>2020</u>
The AIFS Foundation Education Abroad Special Collection	\$ 125,549	\$ 93,228
Ron Koehn Conference Grant Award	6,675	6,675
Sara's Wish Foundation scholarships	<u>11,950</u>	<u>5,950</u>
	<u>\$ 144,174</u>	<u>\$ 105,853</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.

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

	<u>2021</u>	<u>2020</u>
Beneficial interest in the endowment fund of a college	<u>\$ 2,577,095</u>	<u>\$ 1,913,765</u>

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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>2021</u>	<u>2020</u>
Donated facility	\$ -	\$ 28,604
Donated services	<u>56,429</u>	<u>55,867</u>
	<u>\$ 56,429</u>	<u>\$ 84,471</u>

10. Management Services

The Forum has contracted with Dickinson College to provide HR, Payroll and IT support services. The contract has been extended through June 30, 2026. 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, including payroll, for the fiscal years ended June 30, 2021 and 2020, was \$917,746 and \$1,078,604, 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 and program income collected to cover expenses.

At June 30, 2021, the Forum had \$744,806 of financial assets expected to be available within one year to meet cash needs for general expenses, consisting of cash of \$693,891 and accounts receivable of \$50,915. At June 30, 2020, the Forum had \$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.

The Forum's Board of Directors has authorized the President & CEO of the Forum to utilize up to 5% of the book value of the Board Designated Endowment annually to support operations, strategic initiatives, or other expenses, at her discretion.

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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.

13. Subsequent Event

On August 2, 2021 the Economic Injury Disaster Loan (Loan) described in footnote 6 was modified by the U.S. Small Business Administration. The loan amount was increased from \$150,000 to \$500,000 and monthly payments increased from \$641 to \$2,187.