

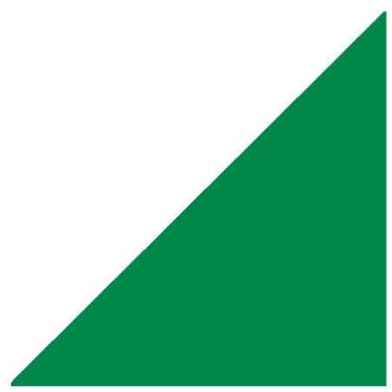


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**AMERICAN CONFERENCE  
OF ACADEMIC DEANS**

REVIEWED FINANCIAL STATEMENTS

For the years ended June 30, 2019 and 2018



# AMERICAN CONFERENCE OF ACADEMIC DEANS

For the Years Ended June 30, 2019 and 2018

## TABLE OF CONTENTS

	<u>Page</u>
<b>Independent accountant's review report</b>	1
<b>Financial statements</b>	
Statements of financial position	2
Statements of activities	3
Statements of functional expenses	4
Statements of cash flows	5
Notes to financial statements	6-11

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Board of Directors  
American Conference of Academic Deans  
Washington, DC

We have reviewed the accompanying financial statements of the American Conference of Academic Deans (a nonprofit organization) (the Organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **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.

### **Accountant's responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of matter – change in accounting principle**

As discussed in Note 2 to the financial statements, during the year ended June 30, 2019, the Organization adopted new accounting guidance in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The guidance has been applied retrospectively to all periods presented. Our conclusion is not modified with respect to this matter.

*E. Cohen and Company, CPAs*

October 30, 2019

# AMERICAN CONFERENCE OF ACADEMIC DEANS

## STATEMENTS OF FINANCIAL POSITION JUNE 30, 2019 AND 2018

### ASSETS

	<u>2019</u>	<u>2018</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 263,969	\$ 231,624
Account receivable	2,583	1,926
Prepaid expenses and other current assets	<u>2,689</u>	<u>3,254</u>
<b>Total current assets</b>	<u>269,241</u>	<u>236,804</u>
<b>Non-current assets</b>		
Website development costs, net	5,637	7,328
Property and equipment, net	<u>1,169</u>	<u>1,469</u>
<b>Total non-current assets</b>	<u>6,806</u>	<u>8,797</u>
<b>Total assets</b>	<u><u>\$ 276,047</u></u>	<u><u>\$ 245,601</u></u>

### LIABILITIES AND NET ASSETS

<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 8,825	\$ 9,027
Due to AAC&U	27,498	25,310
Deferred revenue	<u>62,290</u>	<u>55,065</u>
<b>Total current liabilities</b>	<u>98,613</u>	<u>89,402</u>
<b>Net assets</b>		
Without donor restriction - undesignated	162,434	151,199
Without donor restriction - board designated	<u>15,000</u>	<u>5,000</u>
<b>Total net assets</b>	<u>177,434</u>	<u>156,199</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 276,047</u></u>	<u><u>\$ 245,601</u></u>

# AMERICAN CONFERENCE OF ACADEMIC DEANS

## STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Revenue		
Membership dues	\$ 91,920	\$ 86,660
Meetings and other fees	85,979	82,964
Career services center	45,035	30,898
Publication sales	1,599	1,756
ACAD workshops	-	3,030
	<u>224,533</u>	<u>205,308</u>
<b>Total revenue</b>		
Expenses		
Program	158,918	161,205
General and administrative	44,380	42,014
	<u>203,298</u>	<u>203,219</u>
<b>Total expenses</b>		
<b>Change in net assets</b>	21,235	2,089
<b>Net assets without donor restriction, beginning</b>	<u>156,199</u>	<u>154,110</u>
<b>Net assets without donor restriction, ending</b>	<u>\$ 177,434</u>	<u>\$ 156,199</u>

## AMERICAN CONFERENCE OF ACADEMIC DEANS

### STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Program	General and Administrative	Total	Program	General and Administrative	Total
Personnel costs	\$ 69,397	\$ 34,181	\$ 103,578	\$ 66,125	\$ 32,569	\$ 98,694
Accounting	5,551	2,734	8,285	5,930	2,921	8,851
Bank and credit card fees	5,833	-	5,833	5,483	-	5,483
Insurance	-	2,666	2,666	-	2,653	2,653
Internet	1,742	-	1,742	1,720	-	1,720
Meetings	64,760	-	64,760	68,082	-	68,082
Membership management software	1,780	-	1,780	1,446	-	1,446
Office expenses	6,287	3,096	9,383	5,072	2,499	7,571
License and permits	-	-	-	54	26	80
Resource handbook	394	194	588	338	166	504
Postage and delivery	-	-	-	23	11	34
Professional fees	1,840	660	2,500	6,160	660	6,820
Staff development	-	192	192	-	129	129
Amortization and depreciation	1,334	657	1,991	772	380	1,152
<b>Total expenses</b>	<b>\$ 158,918</b>	<b>\$ 44,380</b>	<b>\$ 203,298</b>	<b>\$ 161,205</b>	<b>\$ 42,014</b>	<b>\$ 203,219</b>

See independent accountant's review report and notes to financial statements.

# AMERICAN CONFERENCE OF ACADEMIC DEANS

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<b>2019</b>	<b>2018</b>
Cash flows from operating activities		
Changes in net assets	\$ 21,235	\$ 2,089
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Amortization and depreciation	1,991	1,152
Net changes in:		
Account receivable	(657)	(384)
Prepaid expenses and other current assets	565	491
Accounts payable and accrued expenses	(202)	(551)
Due to AAC&U	2,188	(2,350)
Deferred revenue	7,225	(4,425)
Income tax payable	-	(1,445)
<b>Net cash provided by (used in) operating activities</b>	<b>32,345</b>	<b>(5,423)</b>
Cash flows from investing activities		
Website development costs	-	(1,955)
Purchases of property and equipment	-	(1,494)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(3,449)</b>
<b>Net change in cash and cash equivalents</b>	<b>32,345</b>	<b>(8,872)</b>
<b>Cash and cash equivalents, beginning</b>	<b>231,624</b>	<b>240,496</b>
<b>Cash and cash equivalents, ending</b>	<b>\$ 263,969</b>	<b>\$ 231,624</b>
<b>Supplemental disclosure of cash flows:</b>		
Taxes paid	\$ -	\$ 1,445

# AMERICAN CONFERENCE OF ACADEMIC DEANS

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

### 1. Description of the Organization

The American Conference of Academic Deans (the Organization) was incorporated in 1975. It is an individual membership organization dedicated to the professional development of academic leaders. Recognizing that provosts, deans, and other academic administrators undertake academic leadership as their “second discipline,” the Organization’s mission is to assist these leaders as they advance in careers dedicated to the ideals of liberal education. Through meetings and workshops relevant to the current and future directions of higher education, the Organization facilitates professional networking across institutional types in order to promote collaboration, innovation, and effective practice. The Organization’s vision is to be recognized as a leader in promoting the effective practice of academic leadership in higher education. The Organization’s members are located predominantly throughout North America.

### 2. Summary of significant accounting policies

#### **Basis of accounting**

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

#### **Basis of presentation**

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: *net assets without donor restrictions* and *net assets with donor restrictions*.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor restrictions.

*Net assets with donor restrictions* – Net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The asset is required to be invested in perpetuity and the earnings from such assets are to be used for specified purposes, as determined by the donor.

There were no net assets with donor restrictions at June 30, 2019 and 2018.



# AMERICAN CONFERENCE OF ACADEMIC DEANS

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

### 2. Summary of significant accounting policies (continued)

#### **Cash and cash equivalents**

The Organization considers cash and cash equivalents to be cash held in checking, savings and investment accounts that are available on demand, including money market funds.

#### **Accounts receivable**

Accounts receivable are valued at management's estimate of the amount that will ultimately be collected. The allowance for doubtful accounts is based on specific identification of uncollectible accounts and the Organization's historical collection experience. The allowance for uncollectible accounts receivable was zero at June 30, 2019 and 2018.

#### **Property and equipment**

The Organization follows the practice of capitalizing, at cost, all expenditures for equipment in excess of \$1,000. If donated, equipment is capitalized at the fair market value at date of donation. Depreciation of equipment is provided on the straight-line method over estimated useful life of five years.

#### **Website development costs**

The Organization follows FASB Accounting Standards Codification (ASC) 350 relating to standards on capitalizing website development costs. Amortization of website development costs is provided on the straight-line method over an estimated useful life of five years.

#### **Deferred revenue**

Deferred revenue consists of membership dues collected in advance. Dues are recorded as deferred revenue upon receipt and are recognized as revenue ratably over the period to which the fees relate.

#### **Functional allocation of expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification details of expenses by function. Costs that can be identified with a particular program or supporting function are charged directly to that program or function. Expenses that are not specifically identified are allocated among programs and supporting services based on management best estimate of the allocation of hours.

#### **Income taxes**

The Organization is exempt from federal and state income taxes (except taxes on unrelated business income, including certain qualified transportation fringe benefits) under Section 501(c)(3) and has been granted public charity status under Internal Revenue Code Section 509(a)(2). No provision for income taxes is required for the years ended June 30, 2019 and 2018, since the Organization had no taxable income from unrelated business activities.

# AMERICAN CONFERENCE OF ACADEMIC DEANS

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

### 2. Summary of significant accounting policies (continued)

#### **Income taxes (continued)**

The income tax positions taken by the Organization for any years open under the various statutes of limitations are that the Organization continues to be exempt from income taxes and that they have properly reported unrelated business income that is subject to income taxes. The Organization believes that there are no positions taken or expected to be taken that would significantly increase unrecognized tax liabilities within 12 months of the reporting date. None of the Organization's federal or state income tax returns are currently under examination.

#### **Fair value measurements**

The Organization follows FASB ASC 820 relating to standards on fair value measurement, which apply whenever other authoritative literature requires certain assets and liabilities to be measured at fair value.

Items carried at fair value on a recurring basis consist primarily of financial instruments which are valued primarily based on quoted prices in active or brokered markets for identical as well as similar assets and liabilities. The Organization also uses fair value concepts to test various long-lived assets for impairment, if applicable.

#### **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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Change in accounting principle**

On August 18, 2016, FASB issued Accounting Standards Update ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented. There is no impact on the prior year change in net assets.

# AMERICAN CONFERENCE OF ACADEMIC DEANS

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

### 2. Summary of significant accounting policies (continued)

#### Pending accounting standards

A new standard has been issued by the FASB that will require significant changes in the method and timing of recognition of certain program service revenues and related incremental expenses. This standard will be adopted by the Organization for the year ended June 30, 2020 and will entail certain retrospective adjustments at that time. The effects of this change on the Organization's financial statements have not yet been determined.

### 3. Liquidity and availability

Financial assets available for general expenditure, that is, without donor restriction or other restrictions limiting their use, within one year of the statement of financial position date, are calculated at June 30, 2019, as follows:

Total assets at June 30, 2019	\$	276,047
Less: Prepaid expenses and other current assets		(2,689)
Website development costs, net		(5,637)
Property and equipment, net		(1,169)
Board designated net assets		<u>(15,000)</u>
Financial assets available for general expenditure	\$	<u>251,552</u>

### 4. Concentration of credit risk

The Organization maintains its operating cash balances with high credit quality commercial banks and financial institutions. At times, these balances may exceed federal insurance limits. The Organization has not experienced any losses in cash and believes it is not exposed to significant credit risk. Cash and cash equivalents in excess of FDIC insured limits on June 30, 2019, approximated \$13,000.

### 5. Website development costs

Website development costs consist of upgrades and enhancements that increase functionality and consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Website development costs	\$ 8,455	\$ 8,455
Less: accumulated amortization	<u>(2,818)</u>	<u>(1,127)</u>
Website development costs, net	<u>\$ 5,637</u>	<u>\$ 7,328</u>

Amortization expense was \$1,691 and \$1,127 for the years ended June 30, 2019 and 2018, respectively.

# AMERICAN CONFERENCE OF ACADEMIC DEANS

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

### 6. Property and equipment

Property and equipment consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Property and equipment	\$ 1,494	\$ 1,494
Less: accumulated depreciation	<u>(325)</u>	<u>(25)</u>
Property and equipment, net	<u>\$ 1,169</u>	<u>\$ 1,469</u>

Depreciation expense was \$300 and \$25 for the years ended June 30, 2019 and 2018, respectively.

### 7. Related party transactions

The Association of American Colleges and Universities (AAC&U), a related party through common management, provides administrative services to the Organization. For the years ended June 30, 2019 and 2018, the Organization paid AAC&U \$2,000 for administrative services. In addition, the Organization paid AAC&U \$103,578 and \$98,694 for personnel costs and AAC&U paid the Organization \$22,000 and \$15,000 in registration fees for the joint annual meeting for the years ended June 30, 2019 and 2018, respectively.

AAC&U maintains a defined-contribution retirement plan for eligible employees. Participants receive an employer contribution of an amount equal up to ten percent of the employee's salary subject to Internal Revenue Code limitations. For the years ended June 30, 2019 and 2018 retirement expense included in the personnel costs paid by the Organization was \$8,000 and \$7,556, respectively.

At June 30, 2019 and 2018, \$27,498 and \$25,310, respectively, was due to AAC&U for expenses paid on the Organization's behalf.

### 8. Board designated net assets

Net assets without donor restriction include amounts designated by the Board of Directors for future years for the following purposes at June 30:

	<u>2019</u>	<u>2018</u>
Strategic initiatives	\$ 5,000	\$ 5,000
Organization's 75 <sup>th</sup> anniversary	<u>10,000</u>	<u>-</u>
Board designated net assets	<u>\$ 15,000</u>	<u>\$ 5,000</u>

The remaining net assets without donor restriction are available for the general operations of the Organization.

# AMERICAN CONFERENCE OF ACADEMIC DEANS

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

### 9. Subsequent events

Management of the Organization has evaluated events and transactions that occurred after June 30, 2019 and through October 30, 2019, the date the financial statements were available to be issued and has determined that no subsequent events or transactions have occurred that require recognition or disclosure in the financial statements.