

The Forum on Education Abroad

Financial Statements

Years Ended June 30, 2022 and 2021
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, 2022 AND 2021

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Forum on Education Abroad (Forum), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Forum, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Forum's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Forum's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Forum's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Maher Duessel

Harrisburg, Pennsylvania
November 23, 2022

THE FORUM ON EDUCATION ABROAD

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	2022	2021
Assets		
<hr/>		
Current assets:		
Cash	\$ 784,765	\$ 693,891
Accounts receivable	3,589	50,915
Prepaid expenses	23,471	80,035
Total current assets	<u>811,825</u>	<u>824,841</u>
Noncurrent assets:		
Beneficial interest in net assets of a college	<u>2,814,838</u>	<u>2,702,644</u>
Total Assets	<u><u>\$ 3,626,663</u></u>	<u><u>\$ 3,527,485</u></u>
<hr/>		
Liabilities and Net Assets		
<hr/>		
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 388,549	\$ 248,507
Deferred revenue	361,205	299,066
Economic Injury Disaster Loan, current portion	493	3,522
Total current liabilities	<u>750,247</u>	<u>551,095</u>
Long-term liabilities:		
Payroll Protection Program Loan	-	190,878
Economic Injury Disaster Loan	499,407	145,737
Total long-term liabilities	<u>499,407</u>	<u>336,615</u>
Total Liabilities	<u>1,249,654</u>	<u>887,710</u>
Net Assets:		
Without donor restrictions:		
Undesignated	(466,454)	(81,494)
Board-designated	2,684,077	2,577,095
Total without donor restrictions	<u>2,217,623</u>	<u>2,495,601</u>
With donor restrictions	<u>159,386</u>	<u>144,174</u>
Total Net Assets	<u>2,377,009</u>	<u>2,639,775</u>
Total Liabilities and Net Assets	<u><u>\$ 3,626,663</u></u>	<u><u>\$ 3,527,485</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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Membership dues	\$ 579,623	\$ -	\$ 579,623
Conference income	684,350	-	684,350
Grants	56,000	-	56,000
Contributions of cash and other financial assets	6,585	10,000	16,585
Contributions of nonfinancial assets: services	34,738	-	34,738
Workshops and seminars	166,846	-	166,846
Other program income	8,581	-	8,581
Publication sales	744	-	744
Paycheck Protection Plan Loan forgiveness	190,878	-	190,878
Interest	126	-	126
Investment return, net	106,982	5,212	112,194
Net assets released from restrictions	-	-	-
	1,835,453	15,212	1,850,665
Expenses:			
Program services:			
Programs and resources	414,665	-	414,665
Events and conferences	999,878	-	999,878
Training and education	259,375	-	259,375
Management and general	428,413	-	428,413
Fundraising	11,100	-	11,100
	2,113,431	-	2,113,431
Change in Net Assets	(277,978)	15,212	(262,766)
Net Assets:			
Beginning of year	2,495,601	144,174	2,639,775
End of year	\$ 2,217,623	\$ 159,386	\$ 2,377,009

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
Contributions of cash and other financial assets	8,328	6,000	14,328
Contributions of nonfinancial assets: services	56,429	-	56,429
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 FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Program Services			Total Program Services	Management and General	Fundraising	Total
	Programs and Resources	Events and Conferences	Training and Education				
Expenses:							
Management services	\$ 301,759	\$ 395,408	\$ 145,677	\$ 842,844	\$ 187,299	\$ 10,405	1,040,548
Conference event expense	-	549,799	-	549,799	-	-	549,799
Office supplies	1,953	2,558	943	5,454	1,279	-	6,733
Legal and professional fees	67,032	-	-	67,032	100,548	-	167,580
Postage and delivery	432	567	209	1,208	283	-	1,491
Workshops and seminars	-	-	54,738	54,738	-	-	54,738
Bank services charges	-	-	-	-	43,472	-	43,472
Credit card charges	-	-	-	-	99	-	99
Other program expenses	-	-	36,875	36,875	-	-	36,875
Professional development	-	-	-	-	3,815	-	3,815
Contributed services	6,948	2,778	2,432	12,158	21,885	695	34,738
Telephone	111	150	57	318	-	-	318
Advertising	18,306	24,583	9,415	52,304	-	-	52,304
Auto and travel expenses	2,680	3,600	1,378	7,658	-	-	7,658
Meals and entertainment	-	-	-	-	12,344	-	12,344
Information technology	-	-	-	-	46,305	-	46,305
Dues and subscriptions	2,882	3,870	1,482	8,234	-	-	8,234
Printing and reproduction	3,299	4,429	1,697	9,425	-	-	9,425
Meeting expenses	9,263	12,136	4,472	25,871	6,069	-	31,940
Interest expense	-	-	-	-	5,015	-	5,015
Total expenses	\$ 414,665	\$ 999,878	\$ 259,375	\$ 1,673,918	\$ 428,413	\$ 11,100	\$ 2,113,431

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			Total Program Services	Management and General	Fundraising	Total
	Programs and Resources	Events and Conferences	Training and Education				
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 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.

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STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ (262,766)	\$ 819,560
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized (gain) loss on investments	(22,094)	(613,568)
Forgiveness of Paycheck Protection Plan Loan	(190,878)	(210,528)
(Increase) decrease in assets:		
Accounts receivable	47,326	(15,358)
Prepaid expenses	56,564	(34,811)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	140,042	224,694
Deferred revenue	62,139	(4,396)
Net cash provided by (used in) operating activities	<u>(169,667)</u>	<u>165,593</u>
<u>Cash Flows From Investing Activities:</u>		
Purchase of investments	<u>(90,100)</u>	<u>(82,083)</u>
<u>Cash Flows From Financing Activities:</u>		
Borrowings on Payroll Protection Program Loan	-	190,878
Borrowings on Economic Injury Disaster Loan	350,641	-
Principal payments on Economic Injury Disaster Loan	-	(641)
Net cash provided by (used in) financing activities	<u>350,641</u>	<u>190,237</u>
Net Increase (Decrease) in Cash	<u>90,874</u>	<u>273,747</u>
<u>Cash:</u>		
Beginning of year	<u>693,891</u>	<u>420,144</u>
End of year	<u>\$ 784,765</u>	<u>\$ 693,891</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, 2022 AND 2021

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, and such difference may be material.

Cash

Cash consists of funds in checking and savings accounts.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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, 2022 and 2021 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, 2022 and 2021, 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, 2022 AND 2021

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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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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, 2022 AND 2021

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 \$278,306 and \$261,581 for the years ended June 30, 2022 and 2021, 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 \$82,899 and \$37,485 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

Contributions of Nonfinancial Assets

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.

These contributions are recorded as revenue at their estimated fair value at the date of donation. The Forum reports these contributions as without donor restrictions, unless explicit donor stipulations specify how these 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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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, 2022:

ASU 2018-15, *“Customers Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract.”* The amendments in this update 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. The implementation of this standard had no effect.

ASU 2020-07, *“Not-For-Profit Entities (Subtopic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets.”* The amendments in this update expand upon the presentation and disclosure of contributed nonfinancial assets to provide the reader of the financial statements a clearer understanding of the types of nonfinancial assets received and how they are utilized and recognized by the not-for-profit organization. The implementation of this standard was applied retrospectively to all periods presented. Implementation resulted in financial statement disclosure modifications only.

Pending Accounting Standards Update

ASU 2016-02, *“Leases (Topic 842),”* is effective for the Forum’s financial statements for the year ending June 30, 2023. 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.

Management has not yet determined the impact of this amendment 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.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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, 2022 and 2021, \$96,153 and \$195,441, 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. Accounts Receivable

Accounts receivable consist of the following:

	Conference Income	Grants	Total
Accounts receivable, June 30, 2020	\$ 35,557	\$ -	\$ 35,557
Cash received that was included in accounts receivable at the beginning of the year	(35,557)	-	(35,557)
Increase in accounts receivable	<u>10,915</u>	<u>40,000</u>	<u>50,915</u>
Accounts receivable, June 30, 2021	10,915	40,000	50,915
Cash received that was included in accounts receivable at the beginning of the year	(10,915)	(40,000)	(50,915)
Increase in accounts receivable	<u>3,589</u>	<u>-</u>	<u>3,589</u>
Accounts receivable, June 30, 2022	<u>\$ 3,589</u>	<u>\$ -</u>	<u>\$ 3,589</u>

5. Beneficial Interest in Net Assets of a College

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

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

	<u>2022</u>	<u>2021</u>
Net assets without donor restrictions:		
Board-designated	\$ 2,684,077	\$ 2,577,095
Net assets with donor restrictions:		
The AIFS Foundation Education Abroad Special Collection	<u>130,761</u>	<u>125,549</u>
	<u>\$ 2,814,838</u>	<u>\$ 2,702,644</u>

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

	<u>2022</u>	<u>2021</u>
Beginning of year	\$ 2,702,644	\$ 2,006,993
Realized gain (loss)	106,000	96,568
Unrealized gain (loss)	22,094	613,568
Investment management fee	<u>(15,900)</u>	<u>(14,485)</u>
End of year	<u>\$ 2,814,838</u>	<u>\$ 2,702,644</u>

Interpretation of Relevant Law

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

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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, 2022 and 2021, 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.

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6. Deferred Revenue

The following table provides information about significant changes in the deferred revenue for the years ended June 30, 2022 and 2021:

	Membership Dues	Conferences, Workshops, and Seminars	Total
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	261,581	37,485	299,066
Deferred revenue, June 30, 2021	261,581	37,485	299,066
Revenue recognized that was included in deferred revenue at the beginning of the year	(261,581)	(37,485)	(299,066)
Increase in deferred revenue due to cash received	278,306	82,899	361,205
Deferred revenue, June 30, 2022	<u>\$ 278,306</u>	<u>\$ 82,899</u>	<u>\$ 361,205</u>

7. 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 (SBA). In August 2021, the Forum received a modification from the SBA to increase the Loan to \$500,000. The Loan bears interest at a fixed rate of 2.75%, and monthly principal and interest payments of \$2,187 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.

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

	<u>Principal</u>	<u>Interest</u>
2023	\$ 493	\$ 25,751
2024	12,666	13,578
2025	13,019	13,225
2026	13,382	12,862
2027	13,754	12,490
2028-2032	74,735	56,485
2033-2037	85,739	45,482
2038-2042	98,362	32,859
2043-2047	112,841	18,379
2048-2050	74,909	3,195
	<u>\$ 499,900</u>	<u>\$ 234,306</u>

8. 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 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 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

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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. On March 16, 2022, the loan was forgiven by the SBA in full, and the Forum recorded a gain on loan forgiveness on the accompanying Statement of Activities.

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, 2022, the Forum submitted \$56,000 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, 2022, and \$0 was recorded as a receivable at June 30, 2022. 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 and received during the year ended June 30, 2022.

9. Net Assets

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

	<u>2022</u>	<u>2021</u>
The AIFS Foundation Education Abroad Special Collection	\$ 130,761	\$ 125,549
Ron Koehn Conference Grant Award	6,675	6,675
Sara's Wish Foundation scholarships	21,950	11,950
	<u>\$ 159,386</u>	<u>\$ 144,174</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.

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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>2022</u>	<u>2021</u>
Beneficial interest in the endowment fund of a college	<u>\$ 2,684,077</u>	<u>\$ 2,577,095</u>

10. Contributions of Nonfinancial Assets

Dickinson College provides the Forum with contributed services. The value of the services included in the financial statements as revenue and expense for the years ended June 30, 2022 and 2021 was \$34,738 and \$56,429, respectively.

11. 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, 2022 and 2021, was \$1,040,548 and \$917,746, respectively.

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12. 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, 2022, the Forum had \$788,354 of financial assets expected to be available within one year to meet cash needs for general expenses, consisting of cash of \$784,765 and accounts receivable of \$3,589. 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.

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.