

**Audited Financial Statements
and Supplementary Information**

**FOUNDATION FOR COMMUNITY
ASSOCIATION RESEARCH**

June 30, 2016

Foundation for Community Association Research

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T R Y O N

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Independent Auditor’s Report on the Financial Statements

To the Board of Directors
Foundation for Community
Association Research

We have audited the accompanying financial statements of the Foundation for Community Association Research (the Foundation), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 Foundation’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 Foundation’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 Foundation as of June 30, 2016 and 2015, 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.

Washington, DC
October 5, 2016

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**Foundation for Community
Association Research**

Statements of Financial Position

June 30,	2016	2015
Assets		
Cash	\$ 63,254	\$ 104,969
Investments	337,035	259,388
Receivables	120	180
Due from affiliates	14,156	10,379
Inventory	1,738	4,081
Total assets	\$ 416,303	\$ 378,997
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 3,500	\$ 3,540
Total liabilities	3,500	3,540
Net assets		
Unrestricted	360,509	326,072
Temporarily restricted	52,294	49,385
Total net assets	412,803	375,457
Total liabilities and net assets	\$ 416,303	\$ 378,997

Foundation for Community Association Research

Statements of Activities

Year Ended June 30,	2016	2015
Unrestricted activities		
Revenue and support		
Contributions	\$ 335,044	\$ 266,266
Survey sales and other income	9,364	12,395
Investment income	2,762	921
	347,170	279,582
Net assets released from restrictions	2,000	23,572
Total revenue and support	349,170	303,154
Expense		
Program services	197,272	164,821
Supporting services		
Fundraising	79,325	61,283
General and administrative	38,136	42,766
Total supporting services	117,461	104,049
Total expense	314,733	268,870
Change in unrestricted net assets	34,437	34,284
Temporarily restricted activities		
Contributions	4,909	4,909
Net assets released from restrictions	(2,000)	(23,572)
Change in temporarily restricted net assets	2,909	(18,663)
Change in net assets	37,346	15,621
Net assets, beginning of year	375,457	359,836
Net assets, end of year	\$ 412,803	\$ 375,457

Foundation for Community Association Research

Statements of Cash Flows

Year Ended June 30,	2016	2015
Cash flows from operating activities		
Change in net assets	\$ 37,346	\$ 15,621
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net gain on investments	(889)	(166)
Changes in assets and liabilities:		
Receivables	60	4,820
Due from affiliates	(3,777)	5,190
Inventory	2,343	835
Accounts payable	(40)	(3,145)
Total adjustments	(2,303)	7,534
Net cash provided by operating activities	35,043	23,155
Cash flows from investing activities		
Purchases of investments	(76,758)	(648)
Net cash used in investing activities	(76,758)	(648)
Net (decrease) increase in cash	(41,715)	22,507
Cash, beginning of year	104,969	82,462
Cash, end of year	\$ 63,254	\$ 104,969

Foundation for Community Association Research

Notes to the Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Foundation for Community Association Research (the Foundation) was incorporated in 1975 under the laws of the District of Columbia as a not-for-profit corporation. The Foundation serves as the driving force for common interest community research, development and scholarship by illuminating future trends and opportunities, supporting and conducting research and mobilizing resources. Through these activities, the Foundation is the catalyst for positive change in the community association industry.

Income taxes: The Foundation is exempt from the payment of income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as other than a private foundation within the meaning of Section 509(a)(2) of the Internal Revenue Code.

Basis of accounting: The accompanying financial statements have been prepared on the accrual basis of accounting. Revenue, other than contributions, is recognized when earned and expense when the obligation is incurred.

Use of estimates: Preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from estimates.

Cash: For financial statement purposes, the Foundation considers demand deposits to be cash. Money market mutual funds and certificates of deposit held in the investment portfolio are included in investments.

Inventory: Inventory consists of a survey and is stated at the lower of cost (first in, first out method) or market. Inventory is periodically reviewed for any obsolete and non-salable items and management believes all inventory recorded at June 30, 2016 and 2015 is fully salable; consequently, no allowance for obsolete or slow-moving items has been established.

Contributions: Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending upon the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily restricted net assets or permanently restricted net assets. Within temporarily restricted net assets, amounts are reclassified to unrestricted net assets when the restriction expires.

Subsequent events: Subsequent events have been evaluated through October 5, 2016, which is the date the financial statements were available to be issued.

Foundation for Community Association Research

Notes to the Financial Statements

B. INVESTMENTS

The Foundation invests funds in a professionally managed portfolio that may include various types of fixed income investments. Certain of these investments are exposed to various risks, such as fluctuations in market value, interest rate, or credit risk. Therefore, the Foundation's investments may be subject to significant fluctuations in fair value. As a result, the investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

Investments recorded at cost included money market funds and certificates of deposit. Investments carried at cost are not required to be classified in one of the levels prescribed by the fair value hierarchy.

The following is a summary of investments at June 30,:

	2016	2015
Investments, at cost		
Money market funds	\$ 45,424	\$ 84,277
Certificates of deposit	<u>291,611</u>	<u>175,111</u>
Total investments	<u>\$ 337,035</u>	<u>\$ 259,388</u>

Investment income consists of the following for the years ended June 30,:

	2016	2015
Interest income	\$ 1,873	\$ 755
Net gain on investments	<u>889</u>	<u>166</u>
	<u>\$ 2,762</u>	<u>\$ 921</u>

C. RELATED PARTY TRANSACTIONS

Community Associations Institute (CAI) was formed in January 1973 as a national, nonprofit organization dedicated to fostering vibrant, responsive, competent community associations and helping them promote harmony, community and responsible leadership. CAI is exempt from the payment of income taxes on its exempt activities under Section 501(c)(6) of the Internal Revenue Code. CAI does not control the Foundation because it does not have the ability to appoint a majority voting interest of the Foundation's Board of Directors. Therefore, the Foundation is not required to be consolidated with CAI under current accounting standards.

Foundation for Community Association Research

Notes to the Financial Statements

C. RELATED PARTY TRANSACTIONS – CONTINUED

Contributions: Amounts due from CAI relate to contributions and survey sales that CAI has collected on behalf of the Foundation. Amounts due from CAI were \$14,156 and \$10,369 at June 30, 2016 and 2015, respectively.

Administrative fees: Under the terms of an agreement between the organizations, CAI charges the Foundation an administrative fee for use of office facilities, personnel, and property and equipment owned by CAI. The Foundation paid administrative fees of \$132,000 and \$144,000 during the years ended June 30, 2016 and 2015, respectively. No amounts were due to CAI at June 30, 2016 and 2015, respectively.

Community Association Managers International Certification Board (CAMICB) was formed in 1995 to conduct a certification program for community association managers. CAMICB is exempt from the payment of income taxes on its exempt activities under Section 501(c)(6) of the Internal Revenue Code. The Foundation does not control the CAMICB because it does not have the ability to appoint a majority voting interest of CAMICB’s Board of Directors. Therefore, CAMICB is not required to be consolidated with the Foundation under current accounting standards. Amounts due from CAMICB were \$0 and \$10 at June 30, 2016 and 2015, respectively.

D. NET ASSETS

Unrestricted: Unrestricted net assets include those net assets whose use has not been restricted by donors, even though their use may be limited in other respects, such as by board designation.

Temporarily restricted: Temporarily restricted net assets include those net assets whose use by the Foundation have been donor-restricted for specified purpose limitations.

Temporarily restricted net assets consist of the following at June 30,:

	2016	2015
Large-scale manager	\$ 47,194	\$ 44,285
JCAL Award of Excellence	5,100	5,100
	\$ 52,294	\$ 49,385

Net assets released from restriction consist of the following during the years ended June 30,:

	2016	2015
Large-scale manager	\$ 2,000	\$ 2,000
Dolnick Homeowner Fund	-	21,572
	\$ 2,000	\$ 23,572

Foundation for Community Association Research

Notes to the Financial Statements

E. FUNCTIONAL COSTS

The costs of providing various program and supporting services have been summarized on a functional basis in the statement of activities. The administrative fees paid to CAI (see Note C) have been allocated among the programs and supporting services benefited. In particular, program services consisted of the following for the years ended June 30,:

	2016	2015
Surveys	\$ 76,935	\$ 25,482
Marketing	34,036	28,012
Meetings	28,841	30,559
Volunteer leadership	26,400	28,800
Best practices/CPI	16,140	16,328
Awards	7,640	2,880
Scholarships	3,320	3,440
Grants	2,640	2,880
Website	1,320	1,440
Sponsorship	-	25,000
	<u>\$ 197,272</u>	<u>\$ 164,821</u>

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Independent Auditor's Report on Supplementary Information

To the Board of Directors
Foundation for Community
Association Research

We have audited the financial statements of Foundation for Community Association Research (the Foundation) as of and for the years ended June 30, 2016 and 2015 and issued our report thereon dated October 5, 2016, which expressed an unmodified opinion on the financial statements and appears on page one. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements taken as a whole.

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October 5, 2016

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**Foundation for Community
Association Research**

Statements of Natural Expense

Year Ended June 30,	2016	2015
Program services		
Administrative fee	\$ 85,800	\$ 105,120
Printing and publications	57,775	16,982
Consultant	27,477	1,000
Travel	7,393	6,681
Gifts	5,723	-
Grants	5,000	-
Food and beverages	3,935	6,613
Audio visual	2,169	1,425
Scholarships	2,000	2,000
Sponsorship	-	25,000
Total program services	197,272	164,821
Supporting services		
Consultant	51,740	46,847
Administrative fee	46,200	38,880
Audit	8,321	8,175
Volunteer travel	4,604	4,376
Production	1,963	1,311
Telephone	1,743	1,671
Postage and mailing	1,004	1,235
Supplies	812	917
Food and beverages	672	-
Gifts	254	423
Miscellaneous	148	214
Legal	-	-
Total supporting services	117,461	104,049
Total expense	\$ 314,733	\$ 268,870