

**COMMUNITY ASSOCIATIONS INSTITUTE**  
CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2023 and 2022

## CONTENTS

Independent Auditor's Report .....	1
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities.....	4
Consolidated Statements of Functional Expenses .....	5
Consolidated Statements of Cash Flows .....	6
Notes to Financial Statements .....	7

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Community Associations Institute  
Falls Church, Virginia

**Opinion**

We have audited the financial statements of Community Associations Institute, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated 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 accompanying financial statements present fairly, in all material respects, the financial position of Community Associations Institute as of June 30, 2023 and 2022, 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 Community Associations Institute 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.

**Adoption of New Accounting Guidance**

As discussed in Note 1 to the financial statements, Community Associations Institute adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, and all subsequently issued clarifying ASUs as of July 1, 2022. Our opinion is not modified with respect to this matter.

**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 Community Associations Institute'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 GAAS 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 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 Community Associations Institute'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 Community Associations Institute'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.



Wegner CPAs, LLP  
Alexandria, Virginia  
October 16, 2023

**COMMUNITY ASSOCIATIONS INSTITUTE**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash	\$ 1,607,231	\$ 2,354,739
Investments	11,550,534	10,279,118
Accounts receivable	98,960	173,441
Inventory	79,556	71,188
Prepaid expenses	283,590	197,513
Deposits	223,784	55,990
Operating lease right-of-use asset	3,161,475	-
Equipment, net	<u>384,360</u>	<u>506,781</u>
<b>Total assets</b>	<u>\$ 17,389,490</u>	<u>\$ 13,638,770</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,436,940	\$ 1,884,250
Deferred revenue	4,990,392	4,711,978
Operating lease liability	3,540,202	-
Deferred rent	<u>-</u>	<u>384,465</u>
<b>Total liabilities</b>	9,967,534	6,980,693
<b>NET ASSETS</b>		
Without member restrictions		
Undesignated	6,963,092	6,197,192
Board designated - President's Club	349,007	341,725
Board designated - Issues Advancement Fund	24,506	28,627
With member restrictions		
Political Action Committees	<u>85,351</u>	<u>90,533</u>
<b>Total net assets</b>	<u>7,421,956</u>	<u>6,658,077</u>
<b>Total liabilities and net assets</b>	<u>\$ 17,389,490</u>	<u>\$ 13,638,770</u>

See accompanying notes.

**COMMUNITY ASSOCIATIONS INSTITUTE**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Member Restrictions	With Member Restrictions	Total	Without Member Restrictions	With Member Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Membership	\$ 7,034,792	\$ -	\$ 7,034,792	\$ 6,744,379	\$ -	\$ 6,744,379
Education	4,258,150	-	4,258,150	4,398,963	-	4,398,963
Management fees	1,289,000	-	1,289,000	1,160,680	-	1,160,680
Conferences and seminars	3,013,227	-	3,013,227	4,169,988	-	4,169,988
Advertising	660,807	-	660,807	578,610	-	578,610
Royalties	283,850	-	283,850	312,358	-	312,358
Other income	55,020	-	55,020	54,422	-	54,422
Publication sales	81,249	-	81,249	102,316	-	102,316
President's club	7,282	-	7,282	49	-	49
Contributions	-	42,984	42,984	1,000	61,733	62,733
Paycheck Protection Program loan forgiveness	-	-	-	927,950	-	927,950
Investment return, net	893,945	-	893,945	(1,231,986)	-	(1,231,986)
<b>Total support and revenue</b>	<b>17,577,322</b>	<b>42,984</b>	<b>17,620,306</b>	<b>17,218,729</b>	<b>61,733</b>	<b>17,280,462</b>
<b>EXPENSES</b>						
Program Services						
Membership and Chapters	3,910,119	-	3,910,119	3,590,560	-	3,590,560
Education and Conferences	4,322,907	-	4,322,907	4,801,556	-	4,801,556
Communication and Publications	2,179,885	-	2,179,885	1,815,578	-	1,815,578
Government and Public Affairs	1,121,134	-	1,121,134	1,025,135	-	1,025,135
<b>Total program services</b>	<b>11,534,045</b>	<b>-</b>	<b>11,534,045</b>	<b>11,232,829</b>	<b>-</b>	<b>11,232,829</b>
Supporting Activities						
Management and General	4,511,606	-	4,511,606	4,202,505	-	4,202,505
Membership Development	810,776	-	810,776	841,761	-	841,761
<b>Total expenses</b>	<b>16,856,427</b>	<b>-</b>	<b>16,856,427</b>	<b>16,277,095</b>	<b>-</b>	<b>16,277,095</b>
<b>NET ASSETS RELEASED FROM RESTRICTION</b>						
Satisfaction of purpose restrictions	48,166	(48,166)	-	52,878	(52,878)	-
<b>Change in net assets</b>	<b>769,061</b>	<b>(5,182)</b>	<b>763,879</b>	<b>994,512</b>	<b>8,855</b>	<b>1,003,367</b>
Net assets at beginning of year	6,567,544	90,533	6,658,077	5,573,032	81,678	5,654,710
<b>Net assets at end of year</b>	<b>\$ 7,336,605</b>	<b>\$ 85,351</b>	<b>\$ 7,421,956</b>	<b>\$ 6,567,544</b>	<b>\$ 90,533</b>	<b>\$ 6,658,077</b>

See accompanying notes.

**COMMUNITY ASSOCIATIONS INSTITUTE**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
Years Ended June 30, 2023 and 2022

	Program Services				Supporting Activities		Total
	Membership and Chapters	Education and Conferences	Communications and Publications	Government and Public Affairs	Management and General	Membership Development	
<u>2023</u>							
Personnel	\$ 632,914	\$ 1,097,708	\$ 1,272,662	\$ 710,152	\$ 3,147,700	\$ 600,897	\$ 7,462,033
Professional fees	15,245	40,371	61,938	4,000	87,705	18,237	227,496
Office expenses	94,784	342,359	425,169	187,120	530,995	69,768	1,650,195
Conferences and meetings	297,030	2,170,526	82,020	10,350	65,490	7,524	2,632,940
Insurance	-	-	-	-	32,255	-	32,255
Occupancy	47,837	82,966	96,190	53,674	237,907	45,417	563,991
Advertising	-	12,000	67,886	-	-	19,775	99,661
Information technology	34,311	59,509	68,993	38,499	170,643	32,576	404,531
Travel	68,707	113,050	25,840	44,797	165,587	2,585	420,566
Depreciation	14,743	25,570	29,645	16,542	73,324	13,997	173,821
Cost of goods sold	-	226,611	45,657	-	-	-	272,268
Grants and assistance	5,000	-	3,885	56,000	-	-	64,885
Chapter rebates and commissions	2,699,548	152,237	-	-	-	-	2,851,785
Total expenses	<u>\$ 3,910,119</u>	<u>\$ 4,322,907</u>	<u>\$ 2,179,885</u>	<u>\$ 1,121,134</u>	<u>\$ 4,511,606</u>	<u>\$ 810,776</u>	<u>\$ 16,856,427</u>
	Program Services				Supporting Activities		
	Membership and Chapters	Education and Conferences	Communications and Publications	Government and Public Affairs	Management and General	Membership Development	Total
<u>2022</u>							
Personnel	\$ 494,917	\$ 1,026,718	\$ 1,041,472	\$ 652,513	\$ 2,853,485	\$ 637,088	\$ 6,706,193
Professional fees	-	28,509	66,986	9,000	103,628	21,552	229,675
Office expenses	55,273	343,654	358,723	183,075	551,030	66,576	1,558,331
Conferences and meetings	321,182	2,706,872	61,012	6,508	52,026	3,385	3,150,985
Insurance	-	-	-	-	27,119	-	27,119
Occupancy	35,675	74,010	75,073	47,036	205,689	45,924	483,407
Advertising	-	29,162	64,986	157	-	13,385	107,690
Information technology	25,504	52,908	53,668	33,625	147,044	32,830	345,579
Travel	60,890	107,862	22,109	20,894	171,982	815	384,552
Depreciation	15,697	32,564	33,032	20,695	90,502	20,206	212,696
Miscellaneous	-	-	-	282	-	-	282
Cost of goods sold	-	240,997	30,196	-	-	-	271,193
Grants and assistance	17,000	-	8,321	51,350	-	-	76,671
Chapter rebates and commissions	2,564,422	158,300	-	-	-	-	2,722,722
Total expenses	<u>\$ 3,590,560</u>	<u>\$ 4,801,556</u>	<u>\$ 1,815,578</u>	<u>\$ 1,025,135</u>	<u>\$ 4,202,505</u>	<u>\$ 841,761</u>	<u>\$ 16,277,095</u>

See accompanying notes.

**COMMUNITY ASSOCIATIONS INSTITUTE**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 763,879	\$ 1,003,367
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	173,821	212,696
Net realized and unrealized (gain) loss on investments	(595,327)	1,658,995
Amortization of operating lease right-of-use asset	546,681	-
Loss on disposal of equipment	-	91
Forgiveness of Paycheck Protection Program loan	-	(927,950)
(Increase) decrease in assets		
Accounts receivable	74,481	(86,907)
Inventory	(8,368)	(2,634)
Prepaid expenses	(86,077)	193,776
Deposits	(167,794)	(13,856)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(447,310)	598,574
Deferred revenue	278,414	(560,976)
Operating lease liability	(552,418)	-
Deferred rent	-	(85,483)
<b>Net cash flows from operating activities</b>	<u>(20,018)</u>	<u>1,989,693</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	-	23,320
Purchases of and interest and dividends retained in investments	(676,090)	(1,676,994)
Purchases of property and equipment	(51,400)	(34,166)
<b>Net cash flows from investing activities</b>	<u>(727,490)</u>	<u>(1,687,840)</u>
<b>Change in cash</b>	<u>(747,508)</u>	<u>301,853</u>
Cash at beginning of year	<u>2,354,739</u>	<u>2,052,886</u>
<b>Cash at end of year</b>	<u><u>\$ 1,607,231</u></u>	<u><u>\$ 2,354,739</u></u>

See accompanying notes.



**COMMUNITY ASSOCIATIONS INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023 and 2022

---

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Community Associations Institute (CAI) was formed in January 1973 as a nonprofit corporation in the District of Columbia. CAI is an international membership organization dedicated to building better communities. With over 40,000 members, CAI has 64 chapters worldwide, including Canada, the Middle East, and South Africa, and relationships with housing leaders in a number of other countries, including Australia and the United Kingdom. CAI provides information, education and resources to the homeowner volunteers who govern communities and the professionals who support them. CAI members include association board members and other homeowner leaders, community managers, association management firms, and other professionals who provide products and services to associations.

In addition, CAI has established affiliated political action committees (the PACs). The PACs include one federal and six state PACs which are voluntary, nonprofit, unincorporated associations created to further the interest of CAI and the communities it represents through financial participation in the elective process. The financial activities of the PACs have been included in the accompanying financial statements. In particular, the assets related to the PACs consisted entirely of cash accounts which totaled \$85,211 and \$90,533 at June 30, 2023 and 2022, respectively.

**Principles of Consolidation**

The consolidated financial statements include the activities of CAI and the PACs (collectively, CAI). The PACs are consolidated since CAI has both an economic interest and control of the PACs through a majority voting interest in its governing body. Significant intra-entity accounts and transactions, if any, have been eliminated in consolidation.

**Accounts Receivable**

Accounts receivable consist primarily of amounts owed from CAI's affiliates, as well as royalties. Accounts receivable are presented at the gross amount due to CAI. CAI's management periodically reviews the status of all accounts receivable balances for collectability. Each receivable balance is assessed based on management's knowledge of the customer, CAI's relationship with the customer, and the age of the receivable balance. As a result of these reviews, customer balances deemed to be uncollectible are charged directly to bad debt expense. Management believes that the use of the direct write-off method approximates the results that would be presented if an allowance for bad debts was recorded. There were no amounts deemed uncollectible at June 30, 2023 and 2022.

**Inventory**

Inventory includes items held for sale such as publications and logo merchandise. Inventory has been reported at the lower of cost or net realizable value and cost of goods sold is determined using the average cost method.

**COMMUNITY ASSOCIATIONS INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023 and 2022

---

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statements of financial position. Unrealized and realized gains and losses are included in the consolidated statements of activities in the period in which such changes occur. Interest and dividends are recorded when earned.

Investment securities, in general, are exposed to various risks, such as interest rates, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the consolidated statements of financial position.

**Property and Equipment**

CAI capitalizes all expenditures for furniture and equipment in excess of \$1,000 with expected useful lives greater than one year. Purchases of furniture and equipment are carried at cost. Depreciation of furniture and equipment is computed using the straight-line method over the estimated useful lives of the assets, ranging from three to ten years. Leasehold improvements are amortized over the lesser of the remaining life of the office lease or the estimated useful life of the improvements.

**Revenue Recognition**

CAI's earned revenue consists of membership, management fees, education, conferences and seminars, advertising, and royalties.

Membership dues provide economic as well as other benefits to members and are therefore accounted for as exchange transactions rather than as contributions. Revenue from membership dues is recognized on a straight-line basis over the related annual membership period because benefits are consumed ratably over the membership term by members. Dues received prior to the membership period are recorded as deferred revenue on the consolidated statements of financial position.

Management fees revenue consist of revenue earned by CAI for providing personnel, facility use, and use of property and equipment to its affiliates, as detailed in Note 7. Revenue from management fees is earned when CAI's personnel, facilities, or equipment is used by its affiliates.

Education revenue includes various courses and credentials to provide homeowner leaders, community managers, and business partners worldwide the latest training to make an immediate impact in their association, career, and business. Revenue from CAI's suite of live virtual courses, classroom courses, self-paced online learning, monthly webinars and on-demand programs is recognized when the related course is taken or when online materials are made available to the customer. Education revenue received in advance of being earned are recorded as deferred revenue in the statements of financial position.

**COMMUNITY ASSOCIATIONS INSTITUTE**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

---

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Revenue Recognition (continued)**

Conferences and seminars revenue, which includes registration fees, exhibit fees, and sponsorships received in advance of the date of the event is recorded as deferred revenue until the related events occur. Conferences and seminars revenue is recognized over the period of time in which the related events occur.

Advertising revenue relates to advertising placements within either printed publications or digital resources which are available on CAI's website. Advertising revenue for printed publications is recognized in the month during which the advertisement is placed. Advertising revenue from digital resources is recognized in the period during which the advertisements are placed online. Advertising revenue received in advance of being earned is recorded as deferred revenue in the consolidated statements of financial position.

Royalty revenue is recognized in the same period as the sales which generated the royalty.

**Contributions**

Contributions received are recorded as increases in net assets without member restrictions and net assets with member restrictions depending on the existence of any member restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with member restrictions are reclassified to net assets without member restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

**Leases**

CAI does not recognize short-term leases in the statement of financial position. For these leases, CAI recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. CAI also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, CAI uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

**Expense Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, office expenses, conferences and meetings, occupancy, information technology, travel, and depreciation, which are allocated on the basis of estimates of time and effort.

**COMMUNITY ASSOCIATIONS INSTITUTE**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

---

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Income Tax Status**

CAI is exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code. However, CAI is subject to income taxes on its unrelated business activities (primarily advertising). The PACs are subject to income taxes on their investment income, less related expenses, under Section 527 of the Internal Revenue Code.

**Estimates**

The preparation of financial statements in conformity with U.S. GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Adoption of New Accounting Guidance**

On February 25, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. The guidance in this Update and all subsequently issued clarifying Updates supersede the guidance in FASB Accounting Standards Codification (ASC) Topic 840, *Leases*, and creates FASB ASC Topic 842, *Leases*. The main difference between previous guidance and Topic 842 is the recognition of assets and liabilities by lessees for those leases classified as operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. Also, under Topic 842, disclosures are required by lessees and lessors to report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from leases.

CAI adopted the requirements of Topic 842 as of July 1, 2022, using the optional transition method that allows CAI to initially apply the new guidance at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. CAI's reporting for the year ended June 30, 2022, is in accordance with the previous guidance in Topic 840.

CAI elected the package of practical expedients permitted under the transition guidance within Topic 842. This package allowed CAI to account for its leases that commenced before the adoption date without reassessing whether any expired or existing contracts are or contain leases, the lease classification for any expired or existing leases, and initial direct costs for any existing leases.

The adoption of Topic 842 resulted in the recognition of operating lease right-of-use assets of \$3,599,034 and operating lease liabilities of \$3,983,499 as of January 1, 2022. The adoption of Topic 842 did not have a material effect on CAI's change in net assets or cash flows.

**COMMUNITY ASSOCIATIONS INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023 and 2022

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Date of Management’s Review**

Management has evaluated subsequent events through October 16, 2023, the date which the financial statements were available to be issued.

NOTE 2 – CASH

At June 30, 2023 and 2022, cash includes \$85,211 and \$90,533, respectively, that is required by Section 527 of the Internal Revenue Code to be maintained in a separate account for CAI’s various political action committees.

NOTE 3 – CONCENTRATIONS OF CREDIT RISK

CAI maintains its cash balances in two financial institutions located in Alexandria, Virginia. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times during the year, CAI’s cash balances exceed the FDIC Insurance amount. At June 30, 2023 and 2022, CAI’s uninsured cash balances totaled approximately \$704,000 and \$1,453,000, respectively.

NOTE 4 – INVESTMENTS

Investments are comprised of the following:

	2023	2022
Cash and cash equivalents	\$ 1,161,584	\$ 1,476,815
Mutual funds	2,295,687	6,177,835
Exchange traded funds	6,929,903	1,126,841
Certificates of deposit	1,163,360	1,497,627
Investments	<b>\$ 11,550,534</b>	<b>\$ 10,279,118</b>

Fair values of mutual funds and exchange traded funds are valued at the closing price reported on the active market on which the funds are traded and are considered Level 1 fair value measurements. Fair values of certificates of deposit are determined using a market approach on yields currently available on comparable securities of issuers with similar credit ratings, which is a Level 2 fair value measurement.

NOTE 5 – RETIREMENT PLAN

CAI sponsors a defined contribution 401(k) retirement plan available to all employees meeting certain eligibility requirements as defined by the plan document. The plan requires a safe harbor employer matching contribution equal to 100% of employee deferrals up to 3% of participant compensation plus 50% of employee deferrals above 3% and up to 5% of participant compensation. CAI may also make an employer discretionary profit-sharing contribution to the plan on behalf of eligible participants. Total contributions were \$231,048 and \$199,750 for the years ending June 30, 2023 and 2022, respectively.

**COMMUNITY ASSOCIATIONS INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023 and 2022

**NOTE 6 – PROPERTY AND EQUIPMENT**

Property and equipment is comprised of the following:

	2023	2022
Furniture and equipment	\$ 440,375	\$ 434,162
Computer software	991,923	971,930
Course materials	844,363	844,363
Leasehold improvements	1,071,402	1,071,402
Less accumulated depreciation	(2,963,703)	(2,815,076)
Furniture and equipment, net	\$ 384,360	\$ 506,781

**NOTE 7 – RELATED PARTY TRANSACTIONS**

**Chapters**

CAI has 64 separately incorporated and separately governed nonprofit chapters in the United States and worldwide, including Canada, the Middle East and South Africa (Chapters). The Chapters administer a variety of programs and services, such as professional development, community association board member education, networking opportunities, educational publications and other services to meet the needs of their members. Some of the Chapters have professional staff and others are administered solely by volunteer efforts. CAI's involvement in the oversight of the Chapters does not constitute control in accordance with U.S. GAAP. Therefore, the Chapters are not required to be consolidated with CAI for financial reporting purposes.

In an agency capacity, CAI processes cash receipts on behalf of the Chapters. Therefore, CAI has recorded an amount due to the Chapters totaling \$239,163 and \$226,058 as of June 30, 2023 and 2022, respectively.

**FCAR**

Community Associations Institute Research Foundation (d/b/a Foundation for Community Association Research) (FCAR) was incorporated in 1975 under the laws of the District of Columbia as a nonprofit corporation. Authoritative research sponsored by FCAR supports the aspirations of the more than 70 million Americans who live and work in an estimated 344,500 community associations in the United States of America. FCAR's mission is to provide research-based information for homeowners, association board members, community managers, developers and others. Since FCAR's inception in 1975, FCAR has built a solid reputation for producing accurate, insightful and timely information.

FCAR is exempt from the payment of income taxes under Section 501(c)(3) of the IRC 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 IRC. CAI does not control FCAR because it does not have the ability to appoint a majority voting interest of FCAR's Board of Directors. Therefore, FCAR is not required to be consolidated with CAI for financial reporting purposes.

**COMMUNITY ASSOCIATIONS INSTITUTE**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

---

---

NOTE 7 – RELATED PARTY TRANSACTIONS (continued)

CAI collects contributions and survey sales on behalf of FCAR in an agency capacity while also having amounts due from FCAR related to management fees owed to CAI, as well as cost reimbursements. At June 30, 2023, the net amount due to FCAR totals \$10,030. At June 30, 2022, the net amount from to FCAR totals \$5,287

Under the terms of memorandum of understanding, FCAR pays CAI a management fee for use of office facilities, personnel and property and equipment owned by CAI. FCAR paid management fees to CAI totaling \$215,000 and \$190,000 during the years ended June 30, 2023 and 2022, respectively.

**CAM-ICB**

Community Association Managers International Certification Board, Inc. (CAM-ICB) was formed in 1995 to ensure that community association managers practice with professionalism, integrity, and knowledge. To do so, CAM-ICB administers the Certified Manager of Community Associations (CMCA®) certification program, the only internationally accredited certification program in the field.

CAM-ICB is exempt from the payment of income taxes on its exempt activities under Section 501(c)(6) of the IRC. CAI does not control CAM-ICB because it does not have the ability to appoint a majority voting interest of CAM-ICB's Board of Commissioners. Therefore, CAM-ICB is not required to be consolidated for financial reporting purposes.

CAI collects certification and re-certification fees on behalf of CAM-ICB in an agency capacity while also having amounts due from CAM-ICB related to management fees owed to CAI, as well as cost reimbursements. At June 30, 2023 and 2022, the net amount due from CAM-ICB totals \$29,049 and \$50,969, respectively.

Under the terms of memorandum of understanding, CAM-ICB pays CAI a management fee for use of office facilities, personnel and property and equipment owned by CAI. CAM-ICB paid management fees to CAI totaling \$1,074,000 and \$970,680 during the years ended June 30, 2023 and 2022, respectively.

NOTE 8 – COMMITMENTS

Employment Agreement

CAI has an employment agreement with its President and CEO. Under the terms of the agreement, should CAI terminate his employment without cause, CAI would be obligated to pay severance.

Hotel Commitments

CAI has entered into agreements to reserve space for future conferences through 2028. These agreements indicated that CAI would be liable for certain cancellation fees and liquidated damages in the event of cancellation. If cancellations occur, CAI could be liable for up to approximately \$4,465,000.

**COMMUNITY ASSOCIATIONS INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023 and 2022

---

NOTE 9 – LEASES

CAI leases office space in Falls Church, Virginia that expires on March 30, 2029. CAI also leases a space for offsite storage on a month-to-month basis. There are no variable components associated with either lease.

The components of total lease cost are as follows:

Operating lease cost	\$ 546,680
Short-term lease cost	<u>13,865</u>
 Total lease cost	 <u><u>\$ 560,545</u></u>

Other information related to operating leases is as follows:

Cash paid for amounts included in the measurement of operating lease liabilities	
Operating cash flows from operating lease	\$ 552,418
Right-of-use assets obtained in exchange for new operating lease liabilities	3,983,499
Weighted average remaining lease term	6.42 years
Weighted average discount rate	2.92%

The maturities of operating lease liabilities as of June 30, 2023 are as follows:

Year ending December 31:	
2024	\$ 566,229
2025	580,385
2026	594,894
2027	609,767
2028	625,011
Thereafter	<u>910,308</u>
 Total minimum lease payments	 3,886,594
Imputed interest	<u>(346,392)</u>
 Total lease liability	 <u><u>\$ 3,540,202</u></u>

For the year ended June 30, 2022, rent expense under CAI's leases totaled \$483,229.



**COMMUNITY ASSOCIATIONS INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023 and 2022

---

NOTE 10 – LIQUIDITY AND AVAILABILITY

The following reflects CAI's financial assets as of the date of the consolidated statements of financial position, reduced by amounts not available for expenditures within one year of the date of the consolidated statements of financial position because of board-designations or member-imposed restrictions.

	2023	2022
Financial assets at end of year		
Cash	\$ 1,607,231	\$ 2,354,739
Investments	11,550,534	10,279,118
Accounts receivable	98,960	173,441
Total financial assets	13,256,725	12,807,298
Less amounts unavailable for general expenditures within one year:		
Designated by the board for specific use	(373,513)	(370,352)
Restricted by members with purpose restrictions	(85,351)	(90,533)
Financial assets available to meet cash needs for general expenditures within one year	\$ 12,797,861	\$ 12,346,413

As part of CAI's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, financial assets in excess of daily cash requirements are invested in financial instruments that can be converted to cash within a short period of time in accordance with CAI's investment policy. CAI's investments include portfolios for the following specific uses:

*Operating Fund:* The purpose of the operating fund is to provide sufficient cash to meet CAI's current financial obligations in a timely manner.

*Short-Term Investment Fund:* The purpose of the short-term investment fund is to provide liquidity to pay for expenses that may occur due to unanticipated activities, to improve the return on the short-term funds which are held for expenditure within one to two years and to manage investment risk.

*Long-Term Investment Fund:* The purposes of the long-term investment fund is to enhance the purchasing power of CAI's assets that are held for future expenditures, such as initiating new programs and providing funds for capital investments.

**COMMUNITY ASSOCIATIONS INSTITUTE**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

---

---

NOTE 11 – PAYCHECK PROTECTION PROGRAM LOAN

During the year ended June 30, 2021, CAI received a \$927,150 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). During the year ended June 30, 2022, CAI received preliminary forgiveness of its PPP loan. CAI must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review CAI's good-faith certification concerning the necessity of its loan request, whether CAI calculated the loan amount correctly, whether CAI used loan proceeds for the allowable uses specified in the CARES Act, and whether CAI is entitled to loan forgiveness in the amount claimed on its application. If SBA determines CAI was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.