

**WESTERN ASSOCIATION OF COLLEGE
AND UNIVERSITY BUSINESS OFFICERS**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018



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**WESTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Western Association of College and University Business Officers
Washington, DC

We have audited the accompanying financial statements of Western Association of College and University Business Officers (WACUBO), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion


In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WACUBO as of December 31, 2019 and 2018, 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.

Other Matters

Change in Accounting Principles

As discussed in Note 1, WACUBO adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification No. 606, *Revenue Recognition from Contracts with Customers*, in 2019. Accordingly, the accounting change has been adopted using the modified retrospective approach.

As discussed in Note 1 to the financial statements, management has adopted Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to that matter.



CliftonLarsonAllen LLP

Arlington, Virginia
March 11, 2020

**WESTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

	2019	2018
ASSETS		
Cash	\$ 393,403	\$ 432,102
Accounts Receivable, Net	11,948	9,113
Prepaid Expenses	275,368	202,440
Investments	947,529	755,470
Total Assets	\$ 1,628,248	\$ 1,399,125
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 19,602	\$ 22,075
Deferred Revenue	241,959	232,234
Total Liabilities	261,561	254,309
NET ASSETS		
Without Donor Restrictions	1,366,687	1,144,816
Total Net Assets	1,366,687	1,144,816
Total Liabilities and Net Assets	\$ 1,628,248	\$ 1,399,125

See accompanying Notes to Financial Statements.

**WESTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
REVENUE		
Conferences and Meetings	\$ 1,145,617	\$ 1,296,892
Grants, Contributions and Sponsorships	303,725	336,705
Membership Dues	247,257	179,382
Investment Income (Loss), Net	192,059	(86,195)
Total Revenue	1,888,658	1,726,784
EXPENSES		
Program Services:		
Annual Conference	855,428	909,317
Workshops	228,158	290,344
Business Management Institute	251,842	247,643
Other Program Expenses	38,067	22,005
Total Program Services	1,373,495	1,469,309
Supporting Service:		
Management and General	293,292	222,929
Total Expenses	1,666,787	1,692,238
CHANGE IN NET ASSETS	221,871	34,546
Net Assets - Beginning of Year	1,144,816	1,110,270
NET ASSETS - END OF YEAR	\$ 1,366,687	\$ 1,144,816

See accompanying Notes to Financial Statements.

**WESTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2019 AND 2018**

2019							
Program Services							
	Annual Conference	Workshops	Business Management Institute	Other Program Expenses	Total Program Services	Management and General	Total Expenses
Meetings and Travel	\$ 475,565	\$ 184,166	\$ 134,317	\$ 15,320	\$ 809,368	\$ 81,645	\$ 891,013
Professional Fees	117,814	15,300	109,419	21,835	264,368	180,628	444,996
Audio Visual	-	79	-	-	79	-	79
Marketing and Printing	75,314	1,554	843	-	77,711	2,010	79,721
Credit Card and Bank Fees	7,051	-	-	-	7,051	4,655	11,706
Equipment Rental and Software	130,983	24,968	-	912	156,863	13,069	169,932
Supplies	30,937	1,860	5,728	-	38,525	527	39,052
Other	17,764	231	1,013	-	19,008	10,480	29,488
Postage and Delivery	-	-	522	-	522	278	800
Total Expenses	<u>\$ 855,428</u>	<u>\$ 228,158</u>	<u>\$ 251,842</u>	<u>\$ 38,067</u>	<u>\$ 1,373,495</u>	<u>\$ 293,292</u>	<u>\$ 1,666,787</u>

2018							
Program Services							
	Annual Conference	Workshops	Business Management Institute	Other Program Expenses	Total Program Services	Management and General	Total Expenses
Meetings and Travel	\$ 525,982	\$ 232,041	\$ 123,803	\$ 16,309	\$ 898,135	\$ 102,946	\$ 1,001,081
Professional Fees	149,200	24,200	110,491	3,130	287,021	88,138	375,159
Audio Visual	51,104	2,690	-	625	54,419	6,251	60,670
Marketing and Printing	71,873	4,116	4,312	-	80,301	4,071	84,372
Credit Card and Bank Fees	10,616	-	-	-	10,616	937	11,553
Equipment Rental and Software	42,046	25,982	3,030	443	71,501	8,186	79,687
Supplies	31,985	1,053	2,374	-	35,412	8,457	43,869
Other	26,511	-	2,486	1,498	30,495	2,995	33,490
Telephone	-	-	5	-	5	-	5
Postage and Delivery	-	262	1,142	-	1,404	948	2,352
Total Expenses	<u>\$ 909,317</u>	<u>\$ 290,344</u>	<u>\$ 247,643</u>	<u>\$ 22,005</u>	<u>\$ 1,469,309</u>	<u>\$ 222,929</u>	<u>\$ 1,692,238</u>

See accompanying Notes to Financial Statements.

**WESTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 221,871	\$ 34,546
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) Provided by Operating Activities:		
Realized Loss on Investments	-	568
Unrealized (Gain) Loss on Investments	(174,317)	109,731
Change in Assets and Liabilities:		
Accounts Receivable, Net	(2,835)	124,919
Prepaid Expenses	(72,928)	31,794
Accounts Payable and Accrued Expenses	(2,473)	(1,788)
Deferred Revenue	9,725	(59,296)
Net Cash (Used) Provided by Operating Activities	(20,957)	240,474
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(159,242)	(39,622)
Proceeds from Sales of Investments	141,500	120,053
Net Cash (Used) Provided by Investing Activities	(17,742)	80,431
NET (DECREASE) INCREASE IN CASH	(38,699)	320,905
Cash - Beginning of Year	432,102	111,197
CASH - END OF YEAR	\$ 393,403	\$ 432,102

See accompanying Notes to Financial Statements.

**WESTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Western Association of College and University Business Officers (WACUBO) is a nonprofit membership organization incorporated in 1996 under the laws of the state of California.

WACUBO was established in 1937 with the purpose of offering business officers in the western region opportunities to develop professionally, to identify solutions for issues affecting higher education, and to share their expertise with their colleagues. WACUBO's primary goal is to provide quality professional development opportunities that are relevant and timely to its members.

WACUBO has a diverse membership of over 400 institutions and organizations. Membership includes institutions in 14 western U.S. states, three Canadian provinces, Mexico, and other Pacific Rim nations. These include public and private colleges, universities, other post-secondary institutions, and agencies and for-profit organizations affiliated with or serving higher education.

WACUBO is one of four regional associations affiliated with the National Association of College and University Business Officers (NACUBO).

WACUBO does not have employees. Board and committee members are primarily volunteers, although certain members receive minimal stipends.

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 can affect certain reported amounts and disclosures. Actual results could differ from estimates.

Accounts Receivable

Accounts receivable consist primarily of sponsorship and exhibitor fees due from the annual meeting. WACUBO uses the allowance method to record potentially uncollectible accounts receivable. The allowance recorded is \$7,095 and \$10,000 for the years ended December 31, 2019 and 2018, respectively.

Investments

Investments are composed of mutual funds and are recorded in the accompanying statements of financial position at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Unrealized gains or losses are determined by comparison of fair value at the beginning and end of the reporting period.

**WESTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement

WACUBO follows Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, for financial assets (and liabilities) measured at fair value on a recurring basis. The FASB ASC topic defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. The standard emphasizes that fair value is a market-based measurement, not an entity-specific measurement and, therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions, the standard established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby the market participant assumptions are developed based on market data obtained from independent sources, or unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances. The three levels of the fair value hierarchy under the standard are described as follows:

Level 1 – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

As of December 31, 2019 and 2018, WACUBO's investments, as described in Note 3 of the financial statements, were measured at fair value on a recurring basis.

Net Assets Without Donor Restrictions

Represents net assets not subject to donor restrictions available for general operations.

Revenue and Expense Recognition

Membership dues are recognized as revenue in the period to which the dues relate. Accordingly, dues paid by members in advance of their membership period are reported as deferred revenue in the accompanying statements of financial position. Membership dues run on a June 1st through May 31st membership year.

Revenue and the related costs of the annual conference and meeting workshops are recognized in the year in which the conference and workshops are held. Accordingly, related registration, exhibitor fees, and sponsorships received in advance of an event are recorded as deferred revenue in the accompanying statements of financial position. Expenses paid in advance of an event are recorded as prepaid expenses in the accompanying statements of financial position.

**WESTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Expenses

The costs of providing the various programs and activities have been summarized by function in the accompanying statements of functional expenses. Most program-related expenses are directly charged directly to a program. Costs that are not directly charged to a program are captured in other program expenses as miscellaneous program operating costs.

Income Taxes

WACUBO is exempt from the payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes is required as of December 31, 2019 and 2018, as WACUBO had no net unrelated business income.

WACUBO's income tax return is subject to review and examination by Federal and state authorities. WACUBO is not aware of any activities that would jeopardize its tax-exempt status.

Liquidity

As part of WACUBO'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.

WACUBO's financial assets available within one year of the statements of financial position date for general expenditures were as follows:

	2019	2018
Cash	\$ 393,403	\$ 432,102
Accounts Receivable, Net	11,948	9,113
Investments	947,529	755,470
Total	<u>\$ 1,352,880</u>	<u>\$ 1,196,685</u>

Change in Accounting Principles

WACUBO adopted the accounting guidance in Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, issued by the Financial Accounting Standards Board (FASB). The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods and services. WACUBO adopted ASU 2014-09 during 2019 using the modified retrospective method, which did not result in an adjustment to net assets because the adoption of ASU 2014-09 did not have a material impact on WACUBO's reported historical revenue.

**WESTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles (Continued)

In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The guidance provides a more robust framework to determine when a transaction should be accounted for as a contribution or as an exchange transaction. The guidance also requires an entity to determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The ASU has been applied retrospectively to all periods presented with no effect on net assets.

Subsequent Events

In preparing these financial statements, WACUBO has evaluated events and transactions for potential recognition or disclosure through March 11, 2020, the date the financial statements were available to be issued.

NOTE 2 CONCENTRATIONS OF RISK

Credit Risk

Financial instruments, which subject WACUBO to a concentration of credit risk, consist of demand deposits placed with financial institutions. At certain times during the year WACUBO had funds invested with local institutions in excess of the Federal Deposit Insurance Corporation insurance limits.

Market Value Risk

WACUBO invests in diversified investments. These investments are exposed to various risks, such as fluctuations in market value and credit risk. It is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amount reported in the financial statements.

WESTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENT

The following table summarizes investments measured at fair value on a recurring basis as of December 31:

	2019			Total Fair Value
	Level 1	Level 2	Level 3	
Equity Mutual Funds:				
Small Cap	\$ 216,093	\$ -	\$ -	\$ 216,093
Mid Cap	159,746	-	-	159,746
Large Cap	179,466	-	-	179,466
International Mutual Funds:				
Large Value	87,993	-	-	87,993
Large Growth	157,717	-	-	157,717
Fixed Income Mutual Fund	95,888	-	-	95,888
Emerging Market Funds	50,626	-	-	50,626
Total Investments	<u>\$ 947,529</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 947,529</u>
	2018			Total Fair Value
	Level 1	Level 2	Level 3	
Equity Mutual Funds:				
Small Cap	\$ 171,385	\$ -	\$ -	\$ 171,385
Mid Cap	121,969	-	-	121,969
Large Cap	136,885	-	-	136,885
International Mutual Funds:				
Small/Medium Blend	58,635	-	-	58,635
Large Value	73,089	-	-	73,089
Large Growth	63,224	-	-	63,224
Fixed Income Mutual Fund	88,202	-	-	88,202
Emerging Market Funds	42,081	-	-	42,081
Total Investments	<u>\$ 755,470</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 755,470</u>

WACUBO estimated fair value for these funds using quoted market prices in active markets.

Investment income (loss), net, including interest earned on cash accounts, is as follows as of December 31:

	2019	2018
Interest and Dividends	\$ 17,742	\$ 24,104
Realized Loss	-	(568)
Unrealized Gain (Loss)	174,317	(109,731)
Total Investment Income (Loss), Net	<u>\$ 192,059</u>	<u>\$ (86,195)</u>

**WESTERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 4 COMMITMENTS

Contracts

WACUBO has entered into various agreements for hotel accommodations for future meetings and workshops. In the event that WACUBO were to cancel these agreements or fail to use a specified percentage of the total space reserved, WACUBO would be required to pay liquidated damages based upon the date the hotel was notified of the cancellation or reduction in requested rooms, as well as the hotel's ability to fill the resulting vacancies. WACUBO's management does not believe that any of these commitments will result in a loss due to liquidated damages. Accordingly, no amount for this potential liability has been reflected in the accompanying financial statements.

Effective January 1, 2014, WACUBO entered into a five-year association management agreement with NACUBO, WACUBO's national affiliate, for a variety of financial management, program registration and website and member communications support. The annual fee is \$50,800, payable in equal monthly installments of \$4,233. Effective January 1, 2019, the agreement was renewed for one additional year. The annual fee for this agreement is \$76,000 payable in equal monthly installments of \$6,367. The outstanding net receivable balance due from NACUBO as of December 31, 2019, was \$1,270, which is reflected in the statements of financial position. The outstanding net payable balance due to NACUBO as of December 31, 2018, was \$4,303, which is reflected in the statements of financial position.

On July 2, 2019, WACUBO entered into an agreement for management services with SBI Association Management (SBI). The agreement commenced on September 1, 2019, and shall terminate on August 31, 2021, but can be renewed if agreed upon by both parties. The monthly retainer for 2019 is \$19,750, increasing to \$22,250 beginning in January 2020. Either party may terminate this agreement without cause by giving the other party one hundred eighty (180) days written notice thereof, which is the equivalent of \$133,500.