

Financial Statements
and Other Financial Information

Association for Institutional Research, Inc.

*Years ended December 31, 2021 and 2020
with Report of Independent Auditors*



Association for Institutional Research, Inc.

Financial Statements
and Other Financial Information

Years ended December 31, 2021 and 2020

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Report of Independent Auditors

Board of Directors
the Association for Institutional Research, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Association for Institutional Research, Inc. (the Association) which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities and changes in net assets, 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 referred to above present fairly, in all material respects, the financial position of Association for Institutional Research, Inc., as of December 31, 2021 and 2020, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Association'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 Responsibility 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 and *Government 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 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 consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, 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 consolidated 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 Association'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 Association'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.

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Report on Summarized Comparative Information

We have previously audited the Association for Institutional Research, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Association's financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the schedule of findings and questioned costs relating to federal awards are presented for purposes of additional analysis and are 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 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 GAAS. In our opinion, the schedule of expenditures of federal awards and the schedule of findings and questioned costs relating to federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2022 on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Association's internal control over financial reporting and compliance.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
May 11, 2022

Association for Institutional Research, Inc.

Statements of Financial Position

	December 31,	
	<u>2021</u>	<u>2020</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 616,656	\$ 1,877,912
Accounts receivable	11,248	22,618
Contracts and grants receivable	10,997	207,683
Asset held-for-sale	495,042	-
Prepaid expenses	<u>105,657</u>	<u>116,837</u>
Total current assets	1,239,600	2,225,050
Property and equipment, net	421,646	1,276,317
Investments	<u>2,508,138</u>	-
Total assets	<u>\$ 4,169,384</u>	<u>\$ 3,501,367</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 86,920	\$ 75,245
Accrued expenses	158,251	166,406
Unearned revenue	<u>900,823</u>	<u>562,807</u>
Total current liabilities	1,145,994	804,458
Total liabilities	<u>1,145,994</u>	<u>804,458</u>
Net assets:		
Without donor restrictions		
Undesignated	2,970,084	2,643,806
With donor restrictions		
Scholarship fund	<u>53,306</u>	<u>53,103</u>
Total net assets	<u>3,023,390</u>	<u>2,696,909</u>
Total liabilities and net assets	<u>\$ 4,169,384</u>	<u>\$ 3,501,367</u>

See accompanying notes.

Association for Institutional Research, Inc.

Statements of Activities and Changes in Net Assets

	Years ended December 31,			
	2021		2020	
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Changes in net assets:				
Revenue and other support:				
Contribution revenue	\$ -	\$ 1,100	\$ 1,100	\$ 1,100
Forum and related activities	622,485	-	622,485	429,597
Grants and contracts	1,840,301	-	1,840,301	1,920,354
Educational programs	400,275	-	400,275	243,519
Other revenue	506,087	-	506,087	462,920
Net assets released from restrictions	897	(897)	-	-
Total revenue and other support	<u>3,370,045</u>	<u>203</u>	<u>3,370,248</u>	<u>3,057,490</u>
Program services:				
Membership services	139,763	-	139,763	399,715
Forum and related activities	526,824	-	526,824	763,896
Grants and contracts	996,607	-	996,607	1,067,429
Educational services	678,828	-	678,828	615,797
Total program services	<u>2,342,022</u>	<u>-</u>	<u>2,342,022</u>	<u>2,846,837</u>
Support services	<u>628,997</u>	<u>-</u>	<u>628,997</u>	<u>800,691</u>
Total expenses	<u>2,971,019</u>	<u>-</u>	<u>2,971,019</u>	<u>3,647,528</u>
Change in net assets from operations	399,026	203	399,229	(590,038)
Investment income (loss), net of expenses	52,783	-	52,783	(282,095)
Loss on impairment of software	<u>(125,531)</u>	<u>-</u>	<u>(125,531)</u>	<u>-</u>
Change in net assets	326,278	203	326,481	(872,133)
Net assets at beginning of year	<u>2,643,806</u>	<u>53,103</u>	<u>2,696,909</u>	<u>3,569,042</u>
Net assets at end of year	<u>\$ 2,970,084</u>	<u>\$ 53,306</u>	<u>\$ 3,023,390</u>	<u>\$ 2,696,909</u>

See accompanying notes.

Association for Institutional Research, Inc.

Statement of Functional Expenses

Year ended December 31, 2021

	Membership Services	Forum and Related Activities	Grants and Contracts	Educational Services	Support Services	Total
Expenses						
Personnel costs	\$ 105,923	\$ 314,109	\$ 609,612	\$ 453,573	\$ 334,921	\$ 1,818,138
Grants and awards	1,157	-	74,835	-	-	75,992
Bank and credit card processing fees	3,237	9,598	18,858	11,102	13,329	56,124
Building expenses	1,732	5,136	10,090	5,940	14,001	36,898
Computer equipment and furniture	9,056	68,424	52,889	54,905	72,783	258,058
Depreciation and amortization	7,269	21,555	42,350	104,159	58,764	234,097
Legal	339	1,006	1,977	1,164	2,743	7,229
Meeting costs	142	34,020	825	486	1,145	36,618
Other expenses	940	7,018	5,175	3,335	12,556	29,026
Printing, supplies, and postage	196	675	862	588	1,711	4,032
Professional services	8,046	64,398	177,602	42,553	113,922	406,520
Staff support costs	263	779	1,531	902	3,121	6,596
Travel	1,465	104	-	121	-	1,691
Total expenses	\$ 139,763	\$ 526,824	\$ 996,607	\$ 678,828	\$ 628,997	\$ 2,971,019

See accompanying notes.

Association for Institutional Research, Inc.

Statement of Functional Expenses

Year ended December 31, 2020

	Membership Services	Forum and Related Activities	Grants and Contracts	Educational Services	Support Services	Total
Expenses						
Personnel costs	\$ 283,917	\$ 538,667	\$ 594,340	\$ 398,355	\$ 439,507	\$ 2,254,786
Grants and awards	2,396	-	149,671	-	5,883	157,950
Bank and credit card processing fees	8,547	10,263	13,909	10,684	11,216	54,619
Building expenses	12,472	14,978	20,372	15,591	35,736	99,149
Computer equipment and furniture	26,043	57,741	42,765	40,332	74,623	241,504
Depreciation and amortization	26,022	31,248	42,348	97,966	74,562	272,146
Legal	1,199	1,440	1,952	1,499	3,436	9,526
Meeting costs	-	9,250	3,992	-	7,687	20,929
Other expenses	2,003	3,151	4,879	4,136	14,213	28,382
Printing, supplies, and postage	1,410	1,866	2,731	1,892	4,225	12,124
Professional services	27,760	85,203	160,807	36,909	96,303	406,982
Marketing and communication	-	2,246	-	-	-	2,246
Staff support costs	4,937	5,929	8,035	6,665	15,275	40,841
Travel	3,009	1,914	21,628	1,768	18,025	46,344
Total expenses	\$ 399,715	\$ 763,896	\$ 1,067,429	\$ 615,797	\$ 800,691	\$ 3,647,528

See accompanying notes.

Association for Institutional Research, Inc.

Statements of Cash Flows

	Years ended December 31,	
	<u>2021</u>	<u>2020</u>
Operating activities		
Change in net assets	\$ 326,481	\$ (872,133)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	234,097	272,146
Change in unrealized gains (losses) on investments	(23,770)	26,867
Realized gains (losses) and other investment income	(28,742)	-
Loss on impairment of fixed assets	125,531	-
Changes in operating assets and liabilities:		
Accounts receivable	11,370	33,408
Contracts and grants receivable	196,686	230,548
Prepaid expenses	11,180	74,371
Accounts payable	11,675	(90,907)
Accrued expenses	(8,155)	(107,711)
Unearned revenue	<u>338,016</u>	<u>(149,677)</u>
Net cash provided by (used in) operating activities	<u>1,194,369</u>	<u>(583,088)</u>
Investing activities		
Purchases of property and equipment	-	(58,021)
Proceeds from sale of investments	213,922	2,142,449
Purchases of investments	<u>(2,669,547)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>(2,455,625)</u>	<u>2,084,428</u>
Increase (decrease) in cash and cash equivalents	(1,261,256)	1,501,340
Cash and cash equivalents at beginning of year	<u>1,877,912</u>	<u>376,572</u>
Cash and cash equivalents at end of year	<u>\$ 616,656</u>	<u>\$ 1,877,912</u>
Other supplemental disclosures		
PPP loan received and recognized in income	\$ 467,810	\$ 460,158

See accompanying notes.

Association for Institutional Research, Inc.

Notes to Financial Statements

Years ended December 31, 2021 and 2020

1. Nature of Operations and Significant Accounting Policies

Nature of Association

The Association for Institutional Research, Inc. (the Association) is a Florida corporation operating as a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), with its central office located in Tallahassee, Florida. The Association is a global association that empowers higher education professionals at all levels to utilize data, analytics, information, and evidence to make decisions and take actions that benefit students and institutions and improve higher education.

Basis of Accounting

The Association uses the accrual basis of accounting. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies are described below.

Revenue Recognition

Revenues are recognized when the earnings process is substantially complete and services have been performed. Forum and workshop revenues are recognized in the period to which they are related. Grant revenue is recognized as related grant expenditures are incurred.

The Association recognizes grants, contracts and contributions of cash or other assets as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor's restriction expires, when a stipulated time restriction ends, or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions received with donor-imposed restrictions, if any, that may be met in the same year in which the contributions are received are classified as contributions without donor restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Association considers all highly liquid investments with a maturity of three months or less from the date of purchase to be cash equivalents.

Association for Institutional Research, Inc.

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable are stated at net realizable value, and accounts deemed uncollectible by management are expensed as bad debts. There is no material difference between the direct write-off method used by the Association and the allowance method required by accounting principles generally accepted by the United States of America.

Property and Equipment

Property and equipment are recorded at cost. Renewals and enhancements that materially extend the lives of the assets are capitalized. Maintenance and repairs are charged to expense as incurred. Upon retirement or sale, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is then recognized as income.

The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

	<u>Useful Lives</u>
Building	40
Building improvements	15
Furniture and equipment	3-6
Software	5

Investments

Investments are reported at fair value in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities and changes in net assets.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. Certain categories of expenses are attributable to one or more programs or supporting functions of the Association. Many expenses are clearly attributable to specific programs and are assigned directly to the respective program. Salary and benefit expenses are allocated based on estimates of time and effort submitted by employees on a monthly basis. Other shared expenses, such as office and building expenses, are allocated between support services and specific programs based on time and effort estimates as well as by an internal review by management.

Association for Institutional Research, Inc.

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies (continued)

Income Taxes

The Association is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the IRC and has been classified as an other-than private foundation. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Association is no longer subject to examinations by major tax jurisdictions for years ended December 31, 2017 and prior.

Subsequent Events

The Association has evaluated subsequent events through May 11, 2022, the date the financial statements were available to be issued. During the period from December 31, 2021 to May 11, 2022, the Association did not have any material recognizable subsequent events.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

2. Available Resources and Liquidity

The Association receives contributions, grants and investment income and considers these revenue streams to be without donor restrictions (if unspecified) and available to meet cash needs for general expenditures. The Association manages its liquidity to meet 180 days of operating expenses.

The table below presents financial assets available for general expenditures within one year at December 31:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 616,656	\$ 1,877,912
Accounts receivable	11,248	22,618
Grants and contract receivable	10,997	207,683
Investments	<u>2,508,138</u>	<u>-</u>
Total financial assets	3,147,039	2,108,213
Net assets with donor restrictions	<u>(53,306)</u>	<u>(53,103)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,093,733</u>	<u>\$ 2,055,110</u>

Association for Institutional Research, Inc.

Notes to Financial Statements

3. Investments

The Fair Value Measurement and Disclosures Topic of the FASB Accounting Standards Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the Fair Value Measurement and Disclosure Topic are described as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by the market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

Investments may include money market funds, securities and bonds and are reported at fair value. The fair values of debt and equity investments that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or by quoted market prices of similar securities with similar due dates or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs).

Investments consist of the following at December 31, 2021:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Market and Carrying Value</u>	<u>Level 1</u>
Mutual funds	\$ 2,242,607	\$ 977	\$ 2,243,584	\$ 2,243,584
Exchange traded funds	<u>241,761</u>	<u>22,793</u>	<u>264,554</u>	<u>264,554</u>
Total	<u>\$ 2,484,368</u>	<u>\$ 23,770</u>	<u>\$ 2,508,138</u>	<u>\$ 2,508,138</u>

Investment activity for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 17,329	\$ 17,131
Realized gains (losses) on investments sold	11,684	(272,359)
Change in unrealized gains (losses) during the year	<u>23,770</u>	<u>(26,867)</u>
Net investment income (loss)	<u>\$ 52,783</u>	<u>\$ (282,095)</u>

Association for Institutional Research, Inc.

Notes to Financial Statements

4. Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2021</u>	<u>2020</u>
Software	\$ 1,265,239	\$ 1,254,775
Work in progress	-	205,895
Land	-	133,202
Building and improvements	<u>-</u>	<u>608,956</u>
	1,265,239	2,202,828
Less accumulated depreciation and amortization	<u>(843,593)</u>	<u>(926,511)</u>
Property and equipment, net	<u>\$ 421,646</u>	<u>\$ 1,276,317</u>

Depreciation and amortization expense totaled \$257,156 and \$272,146 for the years ended December 31, 2021 and 2020, respectively.

During 2021, the Association evaluated the ongoing value of certain software assets recorded as of December 31, 2020 and determined that assets with a carrying value of \$125,351 were no longer recoverable and wrote them down to their estimated fair value of \$0. Estimated fair value was based on estimated future cash flows of the impaired assets in their current state.

Land and building and improvements balances, as well as a portion of accumulated depreciation reported as of December 31, 2020 relate to the 1435 East Piedmont Drive property which was classified as assets held-for-sale as of December 31, 2021. See Note 5.

5. Assets Held-For-Sale

During 2021, the Association decided to sell the property at 1435 East Piedmont Drive. The net book value of the property was used to value the assets held-for-sale which approximates fair value. The assets will be tested for impairment on an annual basis.

Assets held-for-sale consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 133,202	\$ -
Building and improvements	<u>361,840</u>	<u>-</u>
Assets held-for-sale	<u>\$ 495,042</u>	<u>\$ -</u>

Association for Institutional Research, Inc.

Notes to Financial Statements

6. Concentration of Credit Risk

The Association's financial instruments exposed to concentrations of credit risk consist primarily of its cash, cash equivalents, and investments. The Association maintains its cash and cash equivalents at several financial institutions. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. Bank deposits at times may exceed federally insured limits. The Association has not experienced any losses in such accounts.

All investment transactions have credit exposure to the extent that a counterparty may default on an obligation to the Association. Credit risk is a consequence of carrying investment positions. To manage credit risk, the Association focuses primarily on higher quality, fixed income and equity securities, reviews the credit strength of all entities in which it invests, limits its exposure in any one investment, and monitors portfolio quality, taking into account credit ratings assigned by recognized credit rating organizations.

The Association received approximately 42% and 53% of its revenue from the Research Triangle Institute (RTI) International contract during the years ended December 31, 2021 and 2020, respectively. At December 31, 2021 and 2020, 100% and 99%, respectively, of the grants and contract receivable balance relates to the RTI International contract.

7. Revenue from Contracts with Customers

The following table provides information about significant changes in deferred revenue for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Deferred revenue, beginning of year	\$ 562,807	\$ 712,484
Revenue recognized that was included in deferred revenue at the beginning of year	(438,283)	(436,398)
Increases in deferred revenue due to cash received during the year	<u>776,299</u>	<u>286,721</u>
Deferred revenue, end of year	<u>\$ 900,823</u>	<u>\$ 562,807</u>

The deferred revenue at end of year represents the amounts received during the current year that cannot be recognized until their performance obligations have been satisfied in the following year when the Association's annual forum occurs, when certain member discounts expire, and when obligations relating to grants and contracts are performed.

Association for Institutional Research, Inc.

Notes to Financial Statements

8. Retirement Plan

The Association has a Section 403(b) defined contribution retirement plan (the Plan) for its employees. The Association makes a discretionary contribution for all eligible employees irrespective of whether the employee contributes. The discretionary contribution equaled 3% of the employee's annual compensation for 2021 and 2% of the employee's annual compensation for 2020. The Plan is funded 100% annually. The Association's contributions to the Plan at December 31, 2021 and 2020 totaled \$46,610 and \$134,653, respectively.

9. Loan forgiveness

The Association received loans during 2021 and 2020 in the amount of \$464,552 and \$457,800, respectively, under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loans were subject to notes dated February 3, 2021 and April 20, 2020, respectively, bearing interest at an annual rate of 1% payable in monthly installments of principal and interest over 24 months beginning six months from the date of the note. Under terms of the notes, the loans may be forgiven to the extent proceeds of the loans are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The Association received confirmation during 2021 and 2020 that all loan proceeds received have been forgiven. Therefore, the forgiven loans have been recognized in income and are presented as other revenue on the statement of activities and changes in net assets for the years ended December 31, 2021 and 2020. Interest expense on the loans were \$3,258 for 2021 and \$2,358 for 2020, which was also forgiven.

Other Reports

Report of Independent Auditors on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Board of Directors
Association for Institutional Research, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Association for Institutional Research, Inc. (the Association), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets and cash flows for the year ended, and the related notes to the financial statements and have issued our report thereon dated May 11, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Page Two

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
May 11, 2022

Report of Independent Auditors on Compliance for the Major Federal Program and
on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Association for Institutional Research, Inc.

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Association for Institutional Research, Inc.'s (the Association) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Association's major federal program for the year ended December 31, 2021. The Association's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Association complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2021.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Association's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Association's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Association's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Association's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Association's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Association's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over compliance. Accordingly, no such opinion is expressed.

Page Three

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
May 11, 2022

Association for Institutional Research, Inc.
 Schedule of Expenditures of Federal Awards
 Year ended December 31, 2021

<u>Grantor and Program Title</u>	<u>CFDA/CSFA Number</u>	<u>Total Expenditures</u>
<u>Federal Grantor</u>		
United States Department of Education Pass-Through Research Triangle Institute (RTI): Integrated Post-Secondary Educational Data Systems	84.EDIES09C0056	\$ 573,288
Total Federal Awards		\$ 573,288

Note 1 - This Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal grant activity of the Association for Institutional Research, Inc. for the year ended December 31, 2021, and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

Note 2 - Amounts included on this Schedule include only the expenditure of Federal Awards received from an awarding agency. The amounts on the accompanying statements of activities and changes in net assets include additional expenditures associated with other resources committed by the Association for purposes of fulfilling the grant program.

Note 3 - The Association has elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.

See report of independent auditors.

Association for Institutional Research, Inc.

Schedule of Findings and Questioned Costs
Relating to Federal Awards

Year ended December 31, 2021

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Programs

Type of auditor's report issued on compliance for major federal programs?	Unmodified
Internal control over Federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)?	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.EDIES09C0056	United States Department of Education

Dollar threshold used to distinguish between Type A and Type B programs:	\$573,288
Auditee qualified as low-risk auditee?	Yes

Section II -- Financial Statement Findings

We noted no matters involving internal control over financial reporting and its operation that we considered to be material weaknesses, significant deficiencies, and /or control deficiencies required to be reported in accordance with *Government Auditing Standards* .

Section III - Federal Award Findings and Questioned Costs

We noted no instances of matters involving noncompliance that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200.

Section IV -- Other Matters

No prior year findings.

See report of independent auditors.