

FORUM ON EDUCATION ABROAD
FINANCIAL REPORT
JUNE 30, 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Forum on Education Abroad
Carlisle, Pennsylvania

We have audited the accompanying statements of financial position of the Forum on Education Abroad as of June 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Forum's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Forum on Education Abroad, as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



Carlisle, Pennsylvania
October 25, 2012

FORUM ON EDUCATION ABROAD

STATEMENTS OF FINANCIAL POSITION June 30, 2012 and 2011

	2012	2011
ASSETS		
Current Assets		
Cash	\$ 828,715	\$ 669,069
Accounts receivable	593	4,197
Prepaid expenses	9,311	10,500
Inventory	3,159	4,484
Total current assets	841,778	688,250
Investments	520,125	475,990
Total assets	\$ 1,361,903	\$ 1,164,240
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 1,690	\$ 10,292
Accrued expenses	9,443	9,434
Deferred revenue	288,178	248,458
Total current liabilities	299,311	268,184
Net Assets		
Unrestricted		
Undesignated	473,697	381,493
Board designated - endowment	520,125	475,990
	993,822	857,483
Temporarily restricted	68,770	38,573
Total net assets	1,062,592	896,056
Total liabilities and net assets	\$ 1,361,903	\$ 1,164,240

See Notes to Financial Statements.

FORUM ON EDUCATION ABROAD

STATEMENTS OF ACTIVITIES Years Ended June 30, 2012 and 2011

	2012		
	Total	Unrestricted	Temporarily Restricted
Changes in Unrestricted Net Assets			
Revenue and Other Support			
Membership fees	\$ 505,288	\$ 505,288	\$ -
Conference income	740,798	740,798	-
Contributions	79,700	79,700	-
Grant revenue	59,250	-	59,250
Workshops and seminars	76,289	76,289	-
Other program income	12,350	12,350	-
Publication sales	6,404	6,404	-
Interest	1,473	1,473	-
Endowment income	7,090	7,090	-
Other income	-	-	-
Release of restricted revenues	-	29,053	(29,053)
Total revenue and other support	1,488,642	1,458,445	30,197
Expenses			
Program services			
Member Education and Resources	440,952	440,952	-
Conference	653,358	653,358	-
	1,094,310	1,094,310	-
Management and general	196,206	196,206	-
Fundraising expenses	18,635	18,635	-
Total expenses	1,309,151	1,309,151	-
Other Income			
Unrealized holding gain (loss) on investments	(12,955)	(12,955)	-
Increase in net assets	166,536	136,339	30,197
Net Assets:			
Beginning	896,056	857,483	38,573
Ending	\$ 1,062,592	\$ 993,822	\$ 68,770

See Notes to Financial Statements.

2011		
Total	Unrestricted	Temporarily Restricted
\$ 414,530	\$ 414,530	\$ -
700,172	700,172	-
56,920	46,900	10,020
20,000	-	20,000
41,170	41,170	-
15,750	15,750	-
5,297	5,297	-
2,626	2,626	-
2,149	2,149	-
151	151	-
-	1,907	(1,907)
<u>1,258,765</u>	<u>1,230,652</u>	<u>28,113</u>
303,789	303,789	-
559,841	559,841	-
<u>863,630</u>	<u>863,630</u>	<u>-</u>
160,875	160,875	-
31,814	31,814	-
<u>1,056,319</u>	<u>1,056,319</u>	<u>-</u>
40,319	40,319	-
242,765	214,652	28,113
653,291	642,831	10,460
<u>\$ 896,056</u>	<u>\$ 857,483</u>	<u>\$ 38,573</u>

FORUM ON EDUCATION ABROAD

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2012

	2012				
	Program Services				
	Member Education and Resources	Conference	Management and General	Fundraising	Total
Management expenses	\$ 294,441	\$ 115,701	\$ 71,849	\$ 17,781	\$ 499,772
Conference event expense	-	498,053	-	-	498,053
Office expense/supplies	1,500	589	351	-	2,440
Legal and professional fees	1,890	-	11,837	-	13,727
License and permits	90	35	-	-	125
Postage and delivery	5,018	1,972	1,174	-	8,164
Scholarship donations	10,000	-	-	-	10,000
Bank service charges	-	-	128	-	128
Credit card charges	-	-	53,427	-	53,427
QUIP expense	4,779	-	-	-	4,779
Grant expenses	29,053	-	-	-	29,053
Webinar expenses	9,532	3,745	-	-	13,277
Contributed services	22,396	8,800	47,450	854	79,500
Miscellaneous expenses	3	1	-	-	4
Telephone	2,836	1,114	-	-	3,950
Advertising	-	-	-	-	-
Auto and travel expenses	30,203	11,869	-	-	42,072
Meeting expense	-	-	115	-	115
Meals and entertainment	-	-	8,817	-	8,817
Repairs and maintenance	-	-	1,058	-	1,058
Dues and subscriptions	538	212	-	-	750
Printing and reproduction	28,673	11,267	-	-	39,940
	<u>\$ 440,952</u>	<u>\$ 653,358</u>	<u>\$ 196,206</u>	<u>\$ 18,635</u>	<u>\$ 1,309,151</u>

See Notes to Financial Statements.

FORUM ON EDUCATION ABROAD

STATEMENT OF FUNCTIONAL EXPENSES Year Ended June 30, 2011

	2011				
	Program Services				
	Member Education and Resources	Conference	Management and General	Fundraising	Total
Management expenses	\$ 218,383	\$ 83,248	\$ 73,566	\$ 30,419	\$ 405,616
Conference event expense	-	450,295	-	-	450,295
Office expense/supplies	682	265	208	-	1,155
Legal and professional fees	-	-	7,175	-	7,175
License and permits	29	11	-	-	40
Postage and delivery	7,778	3,025	2,371	-	13,174
Scholarship donations	10,000	-	-	-	10,000
Bank service charges	-	-	451	-	451
Credit card charges	-	-	43,534	-	43,534
QUIP expense	5,875	-	-	-	5,875
Grant expenses	1,907	-	-	-	1,907
Webinar expenses	162	63	-	-	225
Contributed services	16,799	6,533	22,173	1,395	46,900
Miscellaneous expenses	124	48	-	-	172
Telephone	2,361	918	-	-	3,279
Advertising	-	-	-	-	-
Auto and travel expenses	18,181	7,071	-	-	25,252
Meeting expense	-	-	4,510	-	4,510
Meals and entertainment	-	-	5,366	-	5,366
Repairs and maintenance	-	-	1,521	-	1,521
Dues and subscriptions	-	-	-	-	-
Printing and reproduction	21,508	8,364	-	-	29,872
	<u>\$ 303,789</u>	<u>\$ 559,841</u>	<u>\$ 160,875</u>	<u>\$ 31,814</u>	<u>\$ 1,056,319</u>

See Notes to Financial Statements.

FORUM ON EDUCATION ABROAD

STATEMENTS OF CASH FLOWS Years Ended June 30, 2012 and 2011

	2012	2011
Cash Flows From Operating Activities		
Increase in net assets	\$ 166,536	242,765
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Unrealized holding (gain) loss on investments	12,955	(40,319)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	3,604	(3,574)
Prepaid expenses	1,189	(10,062)
Inventory	1,325	(4,484)
(Decrease) increase in:		
Accounts payable	(8,602)	10,292
Accrued expenses	9	1,010
Deferred revenue	39,720	40,119
Net cash provided by operating activities	216,736	235,747
Cash Flows From Investing Activities		
Purchase of investments	(57,090)	(272,149)
Net increase (decrease) in cash	159,646	(36,402)
Cash:		
Beginning	669,069	705,471
Ending	\$ 828,715	\$ 669,069

See Notes to Financial Statements.

FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies

Nature of Activity: The Forum on Education Abroad (Forum) is a non-profit organization. The Forum promotes high quality and effective programming through advocating standards of good practice, and by promoting excellence in curricular development and academic design. The Forum encourages outcomes assessment and other research through data collection and advocating for Education Abroad at all levels with a focus on college campuses. The Forum was founded in July 2001, by a group of leading practitioners in the field. Its members are educational institutions, consortia, agencies, organizations and individuals that provide, direct or manage educational opportunities in the field of Education Abroad.

Basis of Accounting: The Forum prepares its financial statements on the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

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

Restricted and Unrestricted Revenue and Support: Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

In-kind contributions are recorded as support at their estimated fair value at the date of donation. The Forum reports in-kind donations as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Accounts Receivable: Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a regular basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

Investments and Fair Value: Investments are reported at fair value with gains and losses included in the Statement of Activities. 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.

Functional Expenses: Expenses directly related to a function are charged to that function. Expenses not directly related to a function are allocated by management to the various functions on a reasonable basis.

Income Taxes: The Forum has received exemption from income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. On such basis, the Forum will not incur any liability for federal income taxes, except for possible unrelated business income.

Management has assessed the Forum's exposure to income taxes at the entity level as a result of uncertain tax positions taken in current and previously filed tax returns. Examples of tax positions taken at the entity level include the continuing validity of its exempt organization status, potential filing requirement for unrelated business income and other tax positions that could result in income tax liabilities to the Forum upon examination by taxing authorities. Presently, management believes that it is more likely than not its tax position will be sustained upon examination, including any appeals and litigation, such that the Forum has no exposure to income tax liabilities from uncertain tax positions. The Forum is currently open to audit under the statute of limitations by the Internal Revenue Service for the years ended June 30, 2009 through 2012.

Subsequent Events: Subsequent events have been evaluated for potential recognition or disclosure through October 25, 2012, the date the financial statements were available to be issued.

Reclassifications: Certain balances reported at June 30, 2011, have been reclassified to conform with 2012 presentations. These reclassifications had no effect on the Forum's financial position, change in net assets or cash flows as of and for the year ended June 30, 2011.

Note 2. Concentration of Credit Risk

Cash balances of the Forum are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Forum had uninsured cash balances of \$261,967 at June 30, 2012.

FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

Note 3. Deferred Revenue

Deferred revenue consists of membership dues, conference sponsorship fees, and other program revenues collected as of June 30, for the next fiscal year. Deferred revenue consists of the following as of June 30:

	2012	2011
Membership dues	\$ 224,397	\$ 206,018
Conference fees	63,781	42,440
	<u>\$ 288,178</u>	<u>\$ 248,458</u>

Note 4. Management Services

The Forum has contracted with Dickinson College to provide management, development, and program services. As part of the contract, the President of the Forum is employed by Dickinson College and is appointed by the Board of Directors of the Forum. The Forum staff is also provided under the contract but the hiring decision is made by the Forum President and the Board of Directors of the Forum. The payment for these services for the fiscal years ended June 30, 2012 and 2011, was \$499,772 and \$405,616, respectively.

Note 5. Donated Goods and Services

Dickinson College provides the Forum with program and administrative services and other contributed goods and services. The value of the donated goods and services included in the financial statements and corresponding expenditures for the years ended June 30, 2012 and 2011, are as follows:

	2012	2011
Contributions		
Donated facility	\$ 20,000	\$ 15,600
Donated services	57,500	30,100
Donated supplies	2,000	1,200
	<u>\$ 79,500</u>	<u>\$ 46,900</u>
Expenses		
Program	\$ 31,196	\$ 23,332
Management and general	47,450	22,173
Fundraising	854	1,395
	<u>\$ 79,500</u>	<u>\$ 46,900</u>

FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

Note 6. Board Designated - Endowment Fund

The Forum has invested in the Dickinson College Endowment Fund for the purpose of enhancing the growth of its operating account, with the intent that income distributions from the Board Designated Endowment Fund will provide support for the Forum's programming. At June 30, 2012, the investment is carried at fair value of \$520,125. An unrealized loss of \$12,955 is included in the Statements of Activities. The net assets of the Endowment Fund are classified as unrestricted.

Interpretation of Relevant Law

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

Return Objective and Risk Parameters

The Forum has adopted investment and spending policies of the Dickinson College Endowment Fund that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy the endowment assets are invested in a manner that is intended to produce results that exceed the endowment spending rate plus inflation, defined as the Consumer Price Index plus 1%, while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Forum relies on a total return strategy of the Dickinson College Endowment Fund in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Dickinson College Endowment Fund targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

Note 6. Board Designated - Endowment Fund (Continued)

Spending Policy

If the Forum requests it, a distribution from the Board Designated Endowment Fund will be made if the Forum's cash reserves total less than six months of estimated operating expenses. At such time, the spendable amount will be that percentage of the total Fund which the Dickinson College Endowment Fund would consider available for spending from the overall Dickinson College Endowment Fund under the spending policies then in effect. Any portion of the spendable amount not distributed in any year shall be added to the principal of the Forum's Board Designated Endowment Fund. The Forum may decide to withdraw a portion of or the entire amount of the Fund from the Dickinson College Endowment Fund, in which case such amount will be deposited in the Forum operating account. The Forum President or Chair of the Board may authorize a withdrawal. Should the Forum withdraw its investment from the Fund, regardless of when such withdrawal occurs, the market value of the investment will be calculated as of the end of the previous month.

Changes in the unrestricted board designated - endowment for the years ended June 30, 2012 and 2011, are as follows:

	2012	2011
Endowment Fund, at beginning of year	\$ 475,990	\$ 163,522
Transfers	50,000	270,000
Investment Returns		
Investment income	7,090	2,149
Unrealized gain (loss)	(12,955)	40,319
	<u>(5,865)</u>	<u>42,468</u>
Endowment Fund, at end of year	<u>\$ 520,125</u>	<u>\$ 475,990</u>

FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

Note 7. Fair Value Measurements

Financial Accounting Standards Board ASC 820, *Fair Value Measurements and Disclosures* 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).

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that is observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The assets that are recorded at fair value on a recurring basis consist of the investment in the Dickinson College Endowment Fund (DCEF). The fair value of the DCEF is derived from unitizing the fair value of the underlying investments owned by the fund. The unitized fair value is supplied to the Forum by the DCEF fund manager on a monthly basis. Inputs to the valuation methodology that are significant to the fair value measurement are unobservable and thus deemed to be Level 3 inputs.

The table below sets forth a summary of changes in the fair value of the Forum's investment in the Dickinson College Endowment Fund (Level 3 assets) for the years ended June 30, 2012 and 2011.

	2012	2011
Balance, beginning of year	\$ 475,990	\$ 163,522
Purchases, sales, issuances and settlements (net)	57,090	272,149
Unrealized gains (losses)	(12,955)	40,319
Balance, end of year	<u>\$ 520,125</u>	<u>\$ 475,990</u>

FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

Note 8. Temporarily Restricted Net Assets

The Forum has the following temporarily restricted net assets as of June 30:

	2012	2011
Institute of International Education, Inc., Open Doors Project	\$ -	\$ 28,553
Ron Koehn Conference Grant Award	9,520	10,020
American Council of Learned Societies Public Fellows Program	59,250	-
	<u>\$ 68,770</u>	<u>\$ 38,573</u>

The Institute of International Education, Inc., Open Doors Project is to help develop a standardized methodology for assessing and expanding study abroad capacity on a pilot basis in three countries. The program was extended through November 2011.

The Ron Koehn Conference Grant Award will be given to faculty members or education abroad colleagues who have been especially effective in contributing to innovations in education abroad program design. Award winners receive a stipend that will help to underwrite the costs of their attendance at the Forum's Annual Conference.

The American Council of Learned Societies Public Fellow Program is to provide a fellowship stipend and the total cost of the Fellow's health insurance. The program provides the Forum with a full-time Associate Director to work on a wide range of projects and initiatives, and runs from July 1, 2012 to June 30, 2014.