

COMMUNITY ASSOCIATIONS INSTITUTE
CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

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, 2025 and 2024, 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, 2025 and 2024, 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.

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.

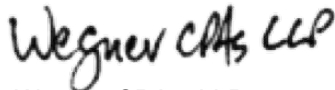
Auditor's Responsibilities for the Audit of the Financial Statements

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 24, 2025

COMMUNITY ASSOCIATIONS INSTITUTE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and 2024

	2025	2024
ASSETS		
Cash	\$ 2,099,457	\$ 1,921,089
Investments	13,378,877	12,288,052
Accounts receivable	37,001	75,106
Inventory	57,464	69,751
Prepaid expenses	503,307	475,310
Deposits	121,134	664,249
Operating lease right-of-use asset	2,245,532	2,710,577
Property and equipment, net	764,939	314,529
Total assets	\$ 19,207,711	\$ 18,518,663
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,432,728	\$ 2,616,926
Deferred revenue	6,192,411	4,880,925
Operating lease liability	2,571,007	3,069,755
Total liabilities	10,196,146	10,567,606
NET ASSETS		
Without member restrictions		
Undesignated	8,520,938	7,475,551
Board designated - President's Club	359,834	359,834
Board designated - Issues Advancement Fund	28,786	28,474
With member restrictions		
Political Action Committees	102,007	87,198
Total net assets	9,011,565	7,951,057
Total liabilities and net assets	\$ 19,207,711	\$ 18,518,663

See accompanying notes.

COMMUNITY ASSOCIATIONS INSTITUTE
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Member Restrictions	With Member Restrictions	Total	Without Member Restrictions	With Member Restrictions	Total
SUPPORT AND REVENUE						
Membership	\$ 8,038,489	\$ -	\$ 8,038,489	\$ 7,282,500	\$ -	\$ 7,282,500
Education	4,740,764	-	4,740,764	4,469,510	-	4,469,510
Management fees	1,305,800	-	1,305,800	1,151,000	-	1,151,000
Conferences and seminars	4,190,803	-	4,190,803	3,458,062	-	3,458,062
Advertising	713,842	-	713,842	710,364	-	710,364
Royalties	198,163	-	198,163	207,964	-	207,964
Other income	82,527	-	82,527	58,917	-	58,917
Publication sales	96,595	-	96,595	85,601	-	85,601
President's club	14,663	-	14,663	10,827	-	10,827
Contributions	7,000	32,742	39,742	260	95,931	96,191
Investment return, net	1,289,614	-	1,289,614	1,247,776	-	1,247,776
	20,678,260	32,742	20,711,002	18,682,781	95,931	18,778,712
Total support and revenue						
EXPENSES						
Program Services						
Membership and Chapters	4,812,222	-	4,812,222	4,226,185	-	4,226,185
Education and Conferences	4,472,689	-	4,472,689	4,663,224	-	4,663,224
Communications and Publications	2,351,669	-	2,351,669	2,241,387	-	2,241,387
Government and Public Affairs	1,242,548	-	1,242,548	1,251,857	-	1,251,857
	12,879,128	-	12,879,128	12,382,653	-	12,382,653
Total program services						
Supporting Activities						
Management and General	5,675,041	-	5,675,041	4,860,097	-	4,860,097
Membership Development	1,096,325	-	1,096,325	1,006,861	-	1,006,861
	19,650,494	-	19,650,494	18,249,611	-	18,249,611
Total expenses						
NET ASSETS RELEASED FROM RESTRICTION						
Satisfaction of purpose restrictions	17,933	(17,933)	-	94,084	(94,084)	-
	1,045,699	14,809	1,060,508	527,254	1,847	529,101
Change in net assets						
Net assets at beginning of year	7,863,859	87,198	7,951,057	7,336,605	85,351	7,421,956
	\$ 8,909,558	\$ 102,007	\$ 9,011,565	\$ 7,863,859	\$ 87,198	\$ 7,951,057
Net assets at end of year						

See accompanying notes.

COMMUNITY ASSOCIATIONS INSTITUTE
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2025 and 2024

	Program Services				Supporting Activities		Total
	Membership and Chapters	Education and Conferences	Communications and Publications	Government and Public Affairs	Management and General	Membership Development	
<u>2025</u>							
Personnel	\$ 634,809	\$ 1,282,490	\$ 1,424,896	\$ 863,003	\$ 3,488,617	\$ 853,565	\$ 8,547,380
Professional fees	-	49,719	62,500	651	518,973	25,882	657,725
Office expenses	75,562	253,345	449,572	191,135	855,034	81,342	1,905,990
Conferences and meetings	383,748	2,196,491	71,284	7,588	106,340	714	2,766,165
Insurance	-	-	-	-	30,530	-	30,530
Occupancy	40,729	82,287	91,424	55,372	223,835	54,766	548,413
Advertising	-	39,130	117,494	175	-	7,500	164,299
Information technology	29,017	58,622	65,131	39,447	159,462	39,015	390,694
Travel	120,658	106,226	19,054	34,773	215,694	14,811	511,216
Depreciation	13,931	28,144	31,269	18,938	76,556	18,730	187,568
Cost of goods sold	-	178,505	15,284	-	-	-	193,789
Grants and assistance	10,000	-	3,761	31,400	-	-	45,161
Chapter rebates and commissions	3,503,768	197,730	-	-	-	-	3,701,498
Miscellaneous	-	-	-	66	-	-	66
Total expenses	<u>\$ 4,812,222</u>	<u>\$ 4,472,689</u>	<u>\$ 2,351,669</u>	<u>\$ 1,242,548</u>	<u>\$ 5,675,041</u>	<u>\$ 1,096,325</u>	<u>\$ 19,650,494</u>

	Program Services				Supporting Activities		Total
	Membership and Chapters	Education and Conferences	Communications and Publications	Government and Public Affairs	Management and General	Membership Development	
<u>2024</u>							
Personnel	\$ 584,866	\$ 1,181,585	\$ 1,312,784	\$ 795,100	\$ 3,242,538	\$ 786,406	\$ 7,903,279
Professional fees	-	46,486	54,751	-	183,176	21,175	305,588
Office expenses	47,861	299,214	450,069	217,308	582,188	72,068	1,668,708
Conferences and meetings	370,494	2,464,546	69,802	8,833	89,518	6,715	3,009,908
Insurance	-	1,075	-	-	29,119	-	30,194
Occupancy	43,111	87,096	96,766	58,607	239,010	57,967	582,557
Advertising	-	17,758	90,553	161	-	-	108,472
Information technology	32,991	66,651	74,051	44,850	182,905	44,360	445,808
Travel	117,660	107,750	28,549	26,915	254,699	4,359	539,932
Depreciation	10,271	20,751	23,055	13,963	56,944	13,811	138,795
Cost of goods sold	-	216,819	34,404	-	-	-	251,223
Grants and assistance	5,000	-	6,603	85,550	-	-	97,153
Chapter rebates and commissions	3,013,931	153,493	-	-	-	-	3,167,424
Miscellaneous	-	-	-	570	-	-	570
Total expenses	<u>\$ 4,226,185</u>	<u>\$ 4,663,224</u>	<u>\$ 2,241,387</u>	<u>\$ 1,251,857</u>	<u>\$ 4,860,097</u>	<u>\$ 1,006,861</u>	<u>\$ 18,249,611</u>

See accompanying notes.

COMMUNITY ASSOCIATIONS INSTITUTE
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,060,508	\$ 529,101
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	187,568	138,795
Net realized and unrealized gain on investments	(643,821)	(826,185)
Amortization of operating lease right-of-use asset	465,045	450,898
(Increase) decrease in assets		
Accounts receivable	38,105	23,854
Inventory	12,287	9,805
Prepaid expenses	(27,997)	(191,720)
Deposits	543,115	(440,465)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(1,184,198)	1,179,986
Deferred revenue	1,311,486	(109,467)
Operating lease liability	(498,748)	(470,447)
Net cash flows from operating activities	1,263,350	294,155
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	192,212	505,000
Purchases of and interest and dividends retained in investments	(639,216)	(416,333)
Purchases of property and equipment	(637,978)	(68,964)
Net cash flows from investing activities	(1,084,982)	19,703
Change in cash	178,368	313,858
Cash at beginning of year	1,921,089	1,607,231
Cash at end of year	\$ 2,099,457	\$ 1,921,089

See accompanying notes.

COMMUNITY ASSOCIATIONS INSTITUTE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

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 eight 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 \$102,007 and \$87,198 at June 30, 2025 and 2024, 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, 2025 and 2024.

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, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments in equity 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 are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least 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 recognized 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 consolidated statements of financial position.

COMMUNITY ASSOCIATIONS INSTITUTE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

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.

CAI's receivables and contract liabilities from contracts with customers are as follows:

	2025	2024
Accounts receivable at beginning of year	\$ 75,106	\$ 98,960
Accounts receivable at end of year	37,001	75,106
Deferred revenue at beginning of year	\$ 4,880,925	\$ 4,990,392
Deferred revenue at end of year	6,192,411	4,880,925

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 consolidated 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.

COMMUNITY ASSOCIATIONS INSTITUTE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Date of Management's Review

Management has evaluated subsequent events through October 24, 2025, the date which the financial statements were available to be issued.

NOTE 2 – CASH

At June 30, 2025 and 2024, cash includes \$102,007 and \$87,198, 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, 2025 and 2024, CAI's uninsured cash balances totaled approximately \$1,399,000 and \$1,133,000, respectively.

COMMUNITY ASSOCIATIONS INSTITUTE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 4 – 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 \$240,611 and \$234,739 for the years ended June 30, 2025 and 2024, respectively.

NOTE 5 – INVESTMENTS

Investments are comprised of the following:

	2025	2024
Cash and cash equivalents	\$ 979,129	\$ 664,095
Mutual funds	8,432,510	7,282,886
Exchange traded funds	2,087,948	1,669,201
Certificates of deposit	1,879,290	2,671,870
Investments	\$ 13,378,877	\$ 12,288,052

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 6 – PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	2025	2024
Furniture and equipment	\$ 437,623	\$ 421,866
Computer software	1,195,230	960,971
Course materials	785,735	785,735
Leasehold improvements	1,071,402	1,071,402
Less accumulated depreciation	(2,725,051)	(2,925,445)
Property and equipment, net	\$ 764,939	\$ 314,529

COMMUNITY ASSOCIATIONS INSTITUTE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

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 \$305,905 and \$250,245 as of June 30, 2025 and 2024, 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.

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, 2025 and 2024, the net amount due to FCAR totals \$23,049 and \$17,195, respectively.

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 \$286,800 and \$230,000 during the years ended June 30, 2025 and 2024, respectively.

COMMUNITY ASSOCIATIONS INSTITUTE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 7 – RELATED PARTY TRANSACTIONS (continued)

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, 2025 and 2024, the net amount due from CAM-ICB totals \$1,818 and \$18,582, 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 \$1,019,000 and \$921,000 during the years ended June 30, 2025 and 2024, 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 \$2,525,000.

COMMUNITY ASSOCIATIONS INSTITUTE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 9 – LEASES

CAI leases office space in Falls Church, Virginia that expires on June 30, 2030. 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:

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 546,680	\$ 546,680
Short-term lease cost	7,189	7,189
Total lease cost	<u>\$ 553,869</u>	<u>\$ 553,869</u>

Other information related to operating leases is as follows:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of operating lease liabilities		
Operating cash flows from operating lease	\$ 580,385	\$ 566,229
Weighted average remaining lease term	4.42 years	5.42 years
Weighted average discount rate	2.92%	2.92%

The maturities of operating lease liabilities as of June 30, 2025 are as follows:

Year ending June 30:		
2026		\$ 594,894
2027		609,767
2028		625,011
2029		640,636
2030		<u>269,672</u>
Total minimum lease payments		2,739,980
Imputed interest		<u>(168,973)</u>
Total lease liability		<u>\$ 2,571,007</u>

COMMUNITY ASSOCIATIONS INSTITUTE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 10 – LIQUIDITY AND AVAILABILITY

The following table 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.

	2025	2024
Financial assets at end of year		
Cash	\$ 2,099,457	\$ 1,921,089
Investments	13,378,877	12,288,052
Accounts receivable	37,001	75,106
 Total financial assets	 15,515,335	 14,284,247
 Less amounts unavailable for general expenditures within one year:		
Designated by the board for specific use	(388,620)	(388,308)
Restricted by members with purpose restrictions	(102,007)	(87,198)
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 15,024,708</u>	 <u>\$ 13,808,741</u>

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, 2025 and 2024

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.