INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022
with
Independent Auditors' Report

INTERNATIONAL ASSOCATION OF ASSESSING OFFICERS AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022

CONTENTS

Keller & Owens, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
International Association of Assessing Officers and Subsidiary

Opinion

We have audited the consolidated financial statements of **International Association of Assessing Officers and Subsidiary**, which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **International Association of Assessing Officers and Subsidiary** as of December 31, 2022, and the change in their net assets and their cash flows for the year 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). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **International Association of Assessing Officers and Subsidiary**, 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.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, during the year ended December 31, 2022, the entity adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842).* Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **International Association of Assessing Officers and Subsidiary**'s ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 **International Association of Assessing Officers and Subsidiary**'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **International Association of Assessing Officers and Subsidiary**'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.

Report on Summarized Comparative Information

The consolidated financial statements of **International Association of Assessing Officers and Subsidiary** for the year ended December 31, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on April 25, 2022.

In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Keller & Owens, LLC

Overland Park, Kansas
June 26, 2023

INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2022

(With comparative totals as of December 31, 2021)

ASSETS

	2022	2021
Cash and Cash Equivalents	$ 3,356,084	$ 2,942,473
Certificates of Deposit, at cost	212,878	212,878
Investments	4,534,859	5,390,693
Accounts Receivable, net	264,308	163,361
Grant Receivable	155,512	155,512
Inventory	8,985	8,985
Prepaid Expenses and Deposits	147,264	104,347
Right-of-Use Asset - Financing Lease, net	75,961	-
Property and Equipment:		
Land	276,400	276,400
Building and improvements	1,860,921	1,660,460
Furniture, fixtures, and equipment	841,879	1,256,652
	2,979,200	3,193,512
Less accumulated depreciation	(1,798,779)	(2,229,104)
Total Property and Equipment, net	1,180,421	964,408
Intangibles, net	30,106	35,121
Total Assets	$ 9,966,378	$ 9,977,778

LIABILITIES AND NET ASSETS

	2022	2021
Liabilities:		
Accounts payable	$ 199,827	$ 112,723
Accrued liabilities	164,951	211,718
Deferred revenue	1,487,562	1,508,167
Lease liability	77,812	-
Paycheck Protection Program loan	-	482,600
Total Liabilities	1,930,152	2,315,208
Net Assets:		
Net assets without donor restrictions	7,721,228	7,347,572
Net assets with donor restrictions	314,998	314,998
Total Net Assets	8,036,226	7,662,570
Total Liabilities and Net Assets	$ 9,966,378	$ 9,977,778

See accompanying notes

INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

(With comparative totals for the year ended December 31, 2021)

	2022	2021
Changes in Net Assets Without Donor Restrictions:		
Support and Revenue:		
Membership dues and fees	$ 1,647,758	$ 1,626,434
Education	2,441,791	2,359,176
Annual conference	1,609,265	1,097,488
Designations and certifications	217,115	202,114
Publications and marketing	152,525	164,588
Consulting services	256,124	123,575
Net investment return	(855,834)	625,160
Gain on forgiveness of Paycheck Protection Program loan	482,600	-
Other	106,660	224,490
Net assets released from restrictions	-	11,701
Total Support and Revenue	6,058,004	6,434,726
Expenses:		
Program services	4,584,638	4,087,916
Supporting services - management and general	1,099,710	1,160,888
Total Expenses	5,684,348	5,248,804
Change in Net Assets Without Donor Restrictions	373,656	1,185,922
Changes in Net Assets with Donor Restrictions:		
Contributions	-	13,157
Investment return, net	-	1,186
Net assets released from restrictions	-	(11,701)
Change in Net Assets With Donor Restrictions	-	2,642
Change in Net Assets	373,656	1,188,564
Net Assets, Beginning of Year	7,662,570	6,474,006
Net Assets, End of Year	$ 8,036,226	$ 7,662,570

See accompanying notes

INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022

(With comparative totals for the year ended December 31, 2021)

	2022								
	Program Services						Supporting Services		
	Research and Information	Education & Professional Development	Membership Services	Publications and Marketing	Conferences and Meetings	Total Program Services	Management and General	Total	2021
Salaries and wages	$ 318,888	$ 535,637	$ 357,091	$ 245,501	$ 357,090	$ 1,814,207	$ 424,046	$ 2,238,253	$ 1,991,930
Employee taxes and benefits	78,171	134,008	89,339	61,420	89,338	452,276	121,462	573,738	542,873
Conferences and meetings	7,693	37,460	136,364	-	678,008	859,525	22,383	881,908	892,032
Professional fees and subscriptions	72,652	80,237	38,841	32,007	70,996	294,733	201,600	496,333	596,029
Office supplies and expense	13,896	157,606	29,940	4,562	51,825	257,829	44,091	301,920	299,349
Travel	14,774	41,076	265,362	-	45,569	366,781	25,034	391,815	216,476
Bank and credit card fees	19,037	82,144	16,560	24,642	38,953	181,336	161,025	342,361	273,094
Depreciation and amortization	15,159	40,271	42,951	16,422	15,159	129,962	25,265	155,227	173,110
Awards, gifts, and honoraria	7,126	81,493	3,568	-	3,166	95,353	5,997	101,350	62,096
Occupancy	17,314	8,281	8,281	8,281	8,281	50,438	43,731	94,169	82,976
Advertising and promotion	1,322	4,916	14,455	24,496	12	45,201	-	45,201	32,980
Scholarships	517	3,777	26,293	-	-	30,587	-	30,587	41,702
Unrelated business income tax	-	-	-	-	-	-	25,076	25,076	31,007
Miscellaneous	-	-	-	6,410	-	6,410	-	6,410	13,150
Total Expenses	$ 566,549	$ 1,206,906	$ 1,029,045	$ 423,741	$ 1,358,397	$ 4,584,638	$ 1,099,710	$ 5,684,348	$ 5,248,804

See accompanying notes

INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2022

(With comparative totals for the year ended December 31, 2021)

	2022	2021
Cash Flows from Operating Activities:		
Change in net assets	$ 373,656	$ 1,188,564
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	155,227	173,110
Net unrealized and realized losses (gains)	930,855	(567,511)
Gain on forgiveness of Paycheck Protection Program loan	(482,600)	-
(Increase) decrease in:		
Accounts receivable	(100,947)	(54,105)
Grant receivable	-	(137,186)
Inventory	-	6,938
Prepaid expenses and deposits	(42,917)	(5,388)
Increase (decrease) in:		
Accounts payable	77,177	(50,023)
Accrued liabilities	(46,767)	32,909
Deferred revenue	(20,605)	(28,548)
Net Cash Provided by Operating Activities	843,079	558,760
Cash Flows from Investing Activities:		
Purchases of investments	(687,747)	(6,089,867)
Proceeds from sales of investments	612,726	6,186,963
Purchases of property and equipment	(303,927)	(31,691)
Purchases of intangibles	(23,886)	(8,885)
Net Cash (Used) Provided by Investing Activities	(402,834)	56,520
Cash Flows from Financing Activities:		
Repayment of lease liability	(26,634)	-
Proceeds from Paycheck Protection Program loan	-	482,600
Net Cash (Used) Provided by Financing Activities	(26,634)	482,600
Net Change in Cash and Cash Equivalents	413,611	1,097,880
Cash and Cash Equivalents, Beginning of Year	2,942,473	1,844,593
Cash and Cash Equivalents, End of Year	$ 3,356,084	$ 2,942,473

NONCASH INVESTING AND FINANCING ACTIVITIES

	2022	2021
Purchases of Property and Equipment:		
Using trade payables	$ 9,927	$ -
Right-of-Use Assets Obtained in Exchange for Lease Liabilities	$ 104,446	$ -

See accompanying notes

INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022

1. NATURE OF THE ORGANIZATION

International Association of Assessing Officers ("IAAO") is a not-for-profit organization of approximately 8,400 members whose mission and principal activities are to provide leadership in accurate property valuation, property tax administration and property tax policy.

Professional Consulting Services of IAAO, LLC ("PCS") is a wholly-owned subsidiary of IAAO. PCS provides technical assistance consulting services.

Principles of Consolidation – The consolidated financial statements include the accounts of IAAO and PCS, collectively referred to as the Association. All significant intra-entity transactions and accounts have been eliminated.

The Association's revenues and other support are derived principally from the sale of education course materials, as well as membership fees, annual conference registration fees, and the sale of publications and advertising revenue. The Association's services are provided to members and others throughout the world, but principally within the United States and Canada.

The Association's major program services it provides to its members include conducting an annual conference; conducting professional development workshops and seminars; performing research; and publishing a journal, a magazine, several electronic newsletters, and various textbooks and reference books in the area of ad valorem taxation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounts Receivable – Accounts receivable are stated at the amount of consideration from customers and members, of which the Association has an unconditional right to receive plus any accrued and unpaid interest. The Association provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. At December 31, 2022 and 2021, management estimated the allowance for doubtful accounts to be $2,600.

Accounts receivable are ordinarily due 90 days after issuance of the invoice. Accounts that are unpaid after the due date are charged a 1.5 percent late fee. Delinquent accounts are not turned over to collection agencies; however, they are identified to prevent any additional sales. The delinquency of accounts is based upon past due status in accordance with payment terms. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising – The Association expenses advertising costs as they are incurred. Total advertising costs during the fiscal years ended December 31, 2022 and 2021 were $45,201 and $32,980, respectively.

Basis of Accounting – The Association prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Cash and Cash Equivalents – The Association considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in brokerage accounts are not considered to be cash and cash equivalents.

Certificates of Deposit – Certificates of deposit of $212,878 were held by the Association at December 31, 2022, and are carried at the lower of cost or fair value in the consolidated statement of financial position. Their original maturity dates are greater than three months and thus do not meet the definition of cash and cash equivalents. Their interest rates range between 1.65% and 2.00%.

Comparative Financial Information – The consolidated financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the entity's consolidated financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Concentrations of Credit Risk – The Association maintains its cash in bank accounts in amounts that may exceed federally insured limits at times. The Association has not experienced any losses in these accounts in the past, and management believes the Association is not exposed to significant credit risks as they periodically evaluate the strength of the financial institutions in which it deposits funds. At December 31, 2022, the Association had approximately $2,818,000 in deposits in excess of FDIC-insured limits.

The Association invests in various investment securities. 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 changes could materially affect the amounts reported in the accompanying consolidated statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services – A significant amount of services are contributed to the Association by various members to support the Association's program services. These volunteer activities include participating on the Executive Board and numerous other committees. The value of these services has not been included in the consolidated financial statements as they do not meet the criteria for recognition in the consolidated financial statements.

Estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Accordingly, actual results could differ from those estimates.

Functional Expense Allocation – The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses present the natural classification detail of expenses by function. Costs that can be directly attributed to a specific program or supporting service are charged to that program or supporting function. Expenses that relate to more than one program or supporting service require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, and employee taxes and benefits, which are allocated on the basis of estimates of time and effort. Professional fees and subscriptions, office supplies and expense, bank and credit card fees, and occupancy are also allocated on a similar basis at amounts that management believes is a reasonable representation of usage.

Income Taxes – IAAO is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the IAAO is subject to federal income tax on any unrelated business taxable income. Total unrelated business income tax expense was $25,076 and $31,007 for 2022 and 2021, respectively.

PCS is a domestic single member LLC to be treated as a disregarded entity for federal income tax purposes under 501(a) of the Internal Revenue Code.

The Association's policy is to record a liability for any tax position that is beneficial to the Association, including any related interest and penalties, when it is more likely than not the position taken by management with respect to the transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of December 31, 2022 and 2021, and accordingly, no liability has been accrued.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory – Inventory consists of finished course materials and publications. Inventory is stated at the lower of cost or net realizable value. Costs of inventory are determined using the first-in, first-out (“FIFO”) method.

Investments – The Association measures investment securities at cost when purchased and thereafter at fair value. Investment return includes dividend, interest and realized and unrealized gains and losses on investments carried at fair value, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method. Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is recorded as with donor restrictions and then released from restriction.

Intangibles – The Association capitalizes costs incurred from third parties associated with the writing and development of course materials and with developing a body of knowledge for the industry. The body of knowledge is a complete set of concepts, terms and activities that makes up the professional domain. The body of knowledge is a resource that will form the basis of education and professional designation in the future. Intangibles are amortized between three and five years on the straight-line basis and are periodically evaluated as to the recoverability of carrying values.

Leases – The Association determines if an arrangement is a lease or contains a lease at inception. Leases are included in right-of-use (“ROU”) assets and liabilities in the consolidated statement of financial position. ROU asset represents the right to use an underlying asset for the lease term, and lease liability represents the obligation to make lease payments arising from the lease, measured on a discounted basis. At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The weighted-average discount rate is based on the discount rate implicit in the lease. The Association has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. Lease expense is generally recognized on a straight-line basis over the term of lease.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions. They also include any designations by the governing board.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Property and Equipment – Property and equipment acquisitions over $1,000 are stated at cost, less accumulated depreciation. Depreciation is charged to expense on the straight-line basis over the estimated useful life of each asset. The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building and improvements	8 – 40 years
Furniture, fixtures, and equipment	3 – 10 years

The Association evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2022 and 2021.

Depreciation expense related to property and equipment was $97,841 and $97,756 during 2022 and 2021, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Issued Accounting Pronouncements – Effective January 1, 2022, the Association adopted the new lease accounting guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-02 *Leases (Topic 842)* using the modified retrospective transition approach and electing the effective date option. As of January 1, 2022, the Association recognized (a) a financing lease liability of $104,796, which represents the present value of the remaining lease payments of $113,359, discounted using its incremental borrowing rate of 4.25%, and (b) a financing right-of-use asset of $104,446. There was no cumulative effect adjustment to the opening balance of net assets as of January 1, 2021.

Reclassifications – Certain amounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. There was no impact on previously-reported net assets.

Revenue Recognition – Contributions are provided to the Association either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

- Conditional gifts, with or without restriction – Gifts that depend on the Association overcoming a donor-imposed barrier to be entitled to the funds and are not recognized until the gift becomes unconditional, i.e. the donor-imposed barrier is met.

- Unconditional gifts, with or without restriction – Cash, property and equipment, and other assets are recognized at estimated fair value when received. For unconditional gifts to be collected in future years, they are initially reported at fair value determined using the discounted present value of estimated future cash flows technique; revenue is also recognized each year as the present-value discount is amortized using the level-yield method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued) – Revenues from exchange transactions are recognized as follows:

Membership dues and fees – Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration to which the Association expects to be entitled in exchange for providing various member benefits such as access to research library, discounts for webinars, seminars, and the annual conference, opportunities to earn IAAO professional designation, subscriptions to various publications, networking opportunities, and additional benefits. These amounts are due from members and includes variable consideration for certain price concessions. If a member joins within the last three months of the year, the due paid will cover the remaining of that year and the next full 12 months (in essence will receive a 15 month membership for the price of a 12 month membership).

Membership revenue is recognized as the performance obligations are satisfied. Membership dues include two performance obligations: provision of publications and general membership benefits. General membership benefits are recognized ratably over the membership term and revenue allocated to the publications is recognized at the point in time the publication is delivered to the member.

The Association bills members annually. A member must provide 30 days' notice for cancellation of their membership. If membership is cancelled within 30 days of joining, a full refund is available; however, all dues are nonrefundable if cancelled after 30 days.

Designations and certifications – The Association offers various designations or certifications of excellence for professionals aspiring to advance their career in appraising, mapping, property assessment and property tax policy in both the government or private sector. Designations and certificates are provided once the requirements for a particular designation or certificate are completed (e.g., certain education and examination requirements, etc.). Revenue recognized is based on the stated standalone price of a particular designation or certificate. Designations are recognized ratably over the period of time the stated designation is for as the Association has continuing obligations in relation to monitoring of continuing professional education requirements and ensuring designations remain in good standing. Certificates are recognized at the point in time the certificate is awarded as the Association does not believe it is required to provide additional goods or services related to that sale. Customary terms require payment within 90 days.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Annual conference – The Association hosts an annual four-day conference each year and revenue is reported at the amount that reflects the consideration to which the Association expects to be entitled to in exchange for providing the conference. The amounts due from attendees includes variable consideration for discounts provided such as “early bird” registration fees. Sponsorships are also included in the annual conference revenue. Performance obligations are determined based on the nature of the services provided by the Association in accordance with the contract. Annual conference revenue (including sponsorships) is recognized ratably over the conference period as the services are provided to the attendees or sponsors.

Education, publications, and marketing – The Association sells various publications, advertisements, and education course materials, and revenue is recognized based on the stated contract price. The Association recognizes revenue when performance obligations under the terms of contracts with its customers are satisfied, which occurs when control passes to a customer to enable them to direct the use of and obtain benefit from a product. This typically occurs when a customer obtains legal title, obtains the risks and rewards of ownership, has received the product according to the contractual shipping terms (e.g., shipping point) and is obligated to pay for the product. Customary terms require payment within 90 days.

Consulting services – The Association enters into consulting service contracts with various customers related to valuation assessments and revenue is recognized based on the stated contract price. For consulting services, the Association measures a contract’s progress based on discernable milestones, a so-called output method. The Association believes this method provides a faithful depiction of the transfer of services over the term of the contract based on the outputs needed to satisfy the obligation.

Revenue from fees for annual membership dues is deferred and recognized over the periods to which the fees relate. Annual membership dues are on a calendar year basis. Other deferred revenue consists of advance payments received for designations, advertising, and conference registrations which are recognized upon publication of the advertisement or occurrence of the event.

Subsequent Events – Management has evaluated events and transactions that have occurred since December 31, 2022, and reflected their effects, if any, in these consolidated financial statements through June 26, 2023, the date the consolidated financial statements were available to be issued.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table reflects the Association's consolidated financial assets as of December 31, reduced by amounts that are not available to meet general expenditures because of donor restrictions or Board designations:

	2022	2021
Cash and cash equivalents	$ 3,356,084	$ 2,942,473
Certificates of deposit	212,878	212,878
Investments	4,534,859	5,390,693
Receivables	419,820	318,873
	8,523,641	8,864,917
Less: amounts restricted by donors	(314,998)	(314,998)
Less: amounts designated by the Board	(4,821,135)	(5,676,969)
Total financial assets available for general expenditures within one year	$ 3,387,508	$ 2,872,950

The Association strives to maintain liquid financial assets sufficient to cover operating expenditures, liabilities, and other obligations as they come due. Amounts not available include a Board-designated special projects fund that is intended to fund curriculum or course revisions, Board designated funds for major repairs to the building, and a Board designated fund to support unforeseen circumstances (e.g., operating reserve). In the event the need arises to utilize the Board-designated funds for liquidity purposes, the reserves could be drawn upon through a board resolution.

4. FAIR VALUE MEASUREMENTS

The objective of a fair value measurement is to determine 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 (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

4. FAIR VALUE MEASUREMENTS (continued)

- Level 1 – inputs are unadjusted quoted market prices in active, independent markets for identical assets and liabilities;
- Level 2 – inputs are directly or indirectly observable estimates from quotes for similar but not identical assets and liabilities, market trades for identical assets not actively traded, or other external independent means;
- Level 3 – inputs are unobservable and reflect assumptions on the part of the reporting entity.

There have been no significant changes in the valuation techniques during 2022 and 2021. The following is a description of the valuation methodologies used for Level 2 and 3 fair value measurements. There have been no changes in the methodology used during 2022.

- *Fixed income* – Valued by the custodians of securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions.

The following table sets forth information about the level within the fair value hierarchy at which the Association's consolidated financial assets and liabilities are measured on a recurring basis at December 31:

2022	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds, at cost	$ -	$ -	$ -	$ 246,980
Fixed income:				
U.S. Treasury Notes	-	478,097	-	478,097
Corporate bonds				
S&P quality rating – A	-	158,840	-	158,840
S&P quality rating – BBB	-	382,484	-	382,484
Not rated	-	487,644	-	487,644
Equities:				
Common stock	1,857,743	-	-	1,857,743
Mutual funds	890,946	-	-	890,946
Preferred stock	32,125	-	-	32,125
Total	$ 2,780,814	$1,507,065	$ -	$ 4,534,859

4. FAIR VALUE MEASUREMENTS (continued)

2021	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds, at cost	$ -	$ -	$ -	$ 189,660
Fixed income:				
U.S. Treasury Notes	-	500,045	-	500,045
Corporate bonds				
S&P quality rating – A	-	180,846	-	180,846
S&P quality rating – BBB	-	423,593	-	423,593
Not rated	-	577,860	-	577,860
Equities:				
Common stock	2,335,805	-	-	2,335,805
Mutual funds	1,151,788	-	-	1,151,788
Preferred stock	31,096	-	-	31,096
Total	$ 3,518,689	$1,682,344	$ -	$ 5,390,693

5. LEASE COMMITMENT

Effective May 27, 2021, the Association entered into a lease for office equipment expiring September 15, 2025. Components of lease cost for 2022 are as follows:

Finance lease cost:	
Amortization of ROU asset	$ 28,485
Interest on lease liability	3,932
Total lease cost	$ 32,417

Supplemental cash flow information related to leases for 2022 is as follows:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from finance lease	$ 3,932
Financing cash flows from finance lease	26,984
Total rent payments	$ 30,916

5. LEASE COMMITMENT (continued)

The ROU asset for the financing lease consists of the following at December 31, 2022:

ROU Asset	$ 104,446
Accumulated amortization	(28,485)
ROU Asset – Financing Lease, net	$ 75,961

Depreciation expense related to the ROU asset was $28,485 for 2022.

Weighted-average remaining lease term (in years):	2.75
Weighted-average discount rate (as a %):	4.25

Future maturities of the lease liability for the fiscal years ended December 31 are as follows:

Year Ending December 31:	
2023	$ 30,916
2024	30,916
2025	20,610
Total remaining cash payments	82,442
Less: present value discount	(4,630)
Total Lease Liability	$ 77,812

6. INTANGIBLES

Intangibles consist of the following at December 31:

	Gross Cost	Accumulated Amortization	Net
As of December 31, 2022:			
Curriculum development costs	$ 554,038	$ (523,932)	$ 30,106
Body of knowledge	374,797	(374,797)	-
Intangibles, net	$ 928,835	$ (898,729)	$ 30,106
As of December 31, 2021:			
Curriculum development costs	$ 530,152	$ (510,305)	$ 19,847
Body of knowledge	374,797	(359,523)	15,274
Intangibles, net	$ 904,949	$ (869,828)	$ 35,121

Amortization expense was $28,901 and $75,354 in 2022 and 2021, respectively.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	2022	2021
Purpose restricted:		
Educational grants	$ 217,530	$ 217,530
Library functions	76,882	76,882
Annual conference	14,326	14,326
Past president functions	6,260	6,260
Total Net Assets with Donor Restrictions	$ 314,998	$ 314,998

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events by the donors are as follows for the year ended December 31:

Satisfaction of purpose restrictions:		
Educational grants	$ -	$ 2,089
Library functions	-	8,967
Annual conference	-	645
Total Net Assets Released from Donor Restrictions	$ -	$ 11,701

8. BOARD-DESIGNATED NET ASSETS

Amounts designated by the Board were for the following purposes at December 31:

Operating reserve	$ 4,534,859	$ 5,390,693
Building repair and maintenance reserve	130,500	130,500
Safety net for Executive Director's emergency use	155,776	155,776
Total Board-Designated Net Assets	$ 4,821,135	$ 5,676,969

9. REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table provides information about the Association's receivables and deferred revenue from contracts with customers at December 31:

	2022	2021
Accounts receivable, beginning of year	$ 163,361	$ 109,256
Accounts receivable, end of year	264,308	163,361
Deferred revenue, beginning of year	1,508,167	1,536,715
Deferred revenue, end of year	1,487,562	1,508,167

10. DEFINED CONTRIBUTION PLAN

The Association sponsors a 403(b) plan covering eligible employees. The Association matches 100% of participants' elective deferrals up to 5% of compensation. Elective deferrals vest immediately and the employer match becomes 100% vested after five years of service. Plan forfeitures are placed in a repurchase fund and are used to reduce future contributions. The total employer match was $179,241 and $142,553 for the years ended December 31, 2022 and 2021, respectively.

11. EMPLOYMENT CONTRACT

Effective January 4, 2021, the Association entered into an employment agreement with the current Executive Director expiring December 31, 2023. The contract specifies various compensation and benefits.

12. CONTINGENCIES

As of December 31, 2022, the Association had entered into three contracts for services and accommodations for future events. If the Association were to breach these contracts, it would incur liquidating damages ranging from $778,000 to $1,729,000. These damages are unlikely as management does not plan to breach these contracts.

13. PAYCHECK PROTECTION PROGRAM LOAN

The Association received a Second Round Paycheck Protection Program ("PPP") loan of $482,600 in 2021. The Association has elected to account for the funding as loans in accordance with ASC Topic 470, *Debt*. Interest is accrued in accordance with the loan agreement. The loan was forgiven on January 5, 2022 and recognized as a gain on forgiveness of Paycheck Protection Program loan in the 2022 consolidated statement of activities.

14. RECENT ACCOUNTING PRONOUNCEMENTS

ASU 2016-13, Financial Instruments – Credit Losses

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This standard requires application of the current expected credit loss ("CECL") methodology for the measurement of credit losses on financial assets measured at amortized cost. The CECL methodology replaces the previous incurred loss methodology. It also modifies the accounting for available-for-sale debt securities, which must be individually assessed for credit losses when fair value is less than the amortized cost basis. This standard is effective for annual reporting periods beginning after December 15, 2020. The standard is applied on a modified retrospective approach.

In November 2019, the FASB issued ASU No. 2019-10, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates,* which deferred the effective date of the new CECL standard. The new standard is effective for fiscal years beginning after December 15, 2022.

The Association is evaluating the effect that these standards will have on its consolidated financial statements and related disclosures.

15. SUBSEQUENT EVENTS

In January 2023, the Association entered into two contracts for services and accommodations for future events. If the Association were to breach these contracts, it would incur liquidating damages ranging from $162,000 to $551,000. These damages are unlikely as management does not plan to breach these contracts.

SUPPLEMENTARY INFORMATION

INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS AND SUBSIDIARY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2022

ASSETS	IAAO	PCS of IAAO, LLC	Eliminations	Consolidated Total
Cash and Cash Equivalents	$ 3,044,156	$ 311,928	$ -	$ 3,356,084
Certificates of Deposit	212,878	-	-	212,878
Investments	4,534,859	-	-	4,534,859
Investment in Subsidiary	196,347	-	(196,347)	-
Accounts Receivable	210,684	53,624	-	264,308
Grant Receivable	155,512	-	-	155,512
Due from Affiliate	149,184	-	(149,184)	-
Inventory	8,985	-	-	8,985
Prepaid Expenses and Deposits	147,264	-	-	147,264
Right-of-Use Asset - Financing Lease	75,961	-	-	75,961
Property and Equipment:				
Land	276,400	-	-	276,400
Building and improvements	1,860,921	-	-	1,860,921
Furniture, fixtures, and equipment	841,879	-	-	841,879
	2,979,200	-	-	2,979,200
Less accumulated depreciation	(1,798,779)	-	-	(1,798,779)
Total Property and Equipment	1,180,421	-	-	1,180,421
Intangibles	30,106	-	-	30,106
Total Assets	$ 9,946,357	$ 365,552	$ (345,531)	$ 9,966,378

LIABILITIES AND NET ASSETS	IAAO	PCS of IAAO, LLC	Eliminations	Consolidated Total
Liabilities:				
Accounts payable	$ 198,827	$ 1,000	$ -	$ 199,827
Due to affiliate	-	149,184	(149,184)	-
Accrued liabilities	164,951	-	-	164,951
Deferred revenue	1,468,541	19,021	-	1,487,562
Lease liability	77,812	-	-	77,812
Total Liabilities	1,910,131	169,205	(149,184)	1,930,152
Net Assets	8,036,226	-	-	8,036,226
Member's Equity	-	196,347	(196,347)	-
Total Net Assets and Member's Equity	8,036,226	196,347	(196,347)	8,036,226
Total Liabilities and Net Assets	$ 9,946,357	$ 365,552	$ (345,531)	$ 9,966,378

INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS AND SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES
December 31, 2022

	IAAO	PCS of IAAO, LLC	Eliminations	Consolidated Total
Support and Revenue:				
Membership dues and fees	$ 1,647,758	$ -	$ -	$ 1,647,758
Education	2,441,791	-	-	2,441,791
Annual conference	1,609,265	-	-	1,609,265
Designations and certifications	217,115	-	-	217,115
Publications and marketing	152,525	-	-	152,525
Consulting services	-	256,124	-	256,124
Net investment return	(855,834)	-	-	(855,834)
Gain on forgiveness of Paycheck Protection Program loan	482,600	-	-	482,600
Other	106,660	-	-	106,660
Equity in earnings of subsidiary	(77,765)	-	77,765	-
Total Support and Revenue	5,724,115	256,124	77,765	6,058,004
Expenses:				
Salaries and wages	2,008,638	229,615	-	2,238,253
Employee taxes and benefits	517,902	55,836	-	573,738
Conferences and meetings	881,908	-	-	881,908
Professional fees and subscriptions	478,899	17,434	-	496,333
Office supplies and expense	292,934	8,986	-	301,920
Travel	389,505	2,310	-	391,815
Bank and credit card fees	331,557	10,804	-	342,361
Depreciation and amortization	155,227	-	-	155,227
Awards, gifts, and honoraria	101,350	-	-	101,350
Occupancy	85,265	8,904	-	94,169
Advertising and promotion	45,201	-	-	45,201
Scholarships	30,587	-	-	30,587
Unrelated business income tax	25,076	-	-	25,076
Miscellaneous	6,410	-	-	6,410
Total Expenses	5,350,459	333,889	-	5,684,348
Change in Net Assets and Net Income	373,656	(77,765)	77,765	373,656
Net Assets and Member's Equity, beginning of year	7,662,570	274,112	(274,112)	7,662,570
Net Assets and Member's Equity, end of year	$ 8,036,226	$ 196,347	$ (196,347)	$ 8,036,226