International Right of Way Association

Financial Statements

Years Ended June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
International Right of Way Association
Gardena, California

We have audited the accompanying financial statements of the International Right of Way Association, which comprise the statement of financial position as of June 30, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, the related statements of functional expenses for the year ended June 30, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the International Right of Way Association as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT – Continued

Emphasis of Matter

International Right of Way Association adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as discussed in Note 1. Our opinion is not modified with respect to this matter.

MANN. WEITZ & ASSOCIATES L.L.C.

Deerfield, Illinois
Month XX, 2019

INTERNATIONAL RIGHT OF WAY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,131,110	$ 512,899
Investments - Notes 3 and 4		501,649
Accounts receivable, net of allowance for doubtful accounts of $10,365 and $15,278 for 2019 and 2018, respectively	55,271	145,884
Contributions receivable - Note 5	120,000	114,000
Interest receivable		1,063
Inventory	54,046	46,182
Prepaid expenses	194,620	141,979
Total Current Assets	1,555,047	1,463,656
Property and Equipment, net - Notes 6 and 8	2,011,165	2,118,765
Other Assets		
Deposits	17,366	17,349
Investments - Notes 3 and 4	1,210,341	1,152,610
Contributions receivable - Note 5	153,500	161,000
Total Other Assets	1,381,207	1,330,959
Total Assets	$ 4,947,419	$ 4,913,380
LIABILITIES AND NET ASSETS		
Current Liabilities		
Note payable - Note 8	$ 54,757	$ 106,570
Accounts payable and accrued expenses	1,075,141	841,731
Deferred membership dues revenue	934,423	903,869
Deferred other revenue	92,878	109,718
Total Current Liabilities	2,157,199	1,961,888
Noncurrent Liabilities		
Note payable - Note 8		54,758
Total Liabilities	2,157,199	2,016,646
Net Assets		
Without donor restrictions	2,474,359	2,588,590
With donor restrictions - Note 9	315,861	308,144
Total Net Assets	2,790,220	2,896,734
Total Liabilities and Net Assets	$ 4,947,419	$ 4,913,380

The accompanying notes are an integral part of this statement.

INTERNATIONAL RIGHT OF WAY ASSOCIATION
STATEMENT OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Gains						
Membership dues	$ 1,846,374	$ -	$ 1,846,374	$ 1,903,754	$ -	1,903,754
Annual education conference	859,515		859,515	601,805		601,805
Educational courses net of scholarships in the amount of $40,783 and $51,856 during the years ended June 30, 2019 and 2018	1,929,065		1,929,065	1,936,305		1,936,305
Right of Way magazine	217,000		217,000	264,666		264,666
Other seminars and courses				7,998		7,998
Contributions and grants		92,500	92,500		360,000	360,000
Expiration of grant funding		(18,060)	(18,060)			
Investment income - Note 3	62,278		62,278	74,873		74,873
SR/WA and certification fees	109,480		109,480	93,886		93,886
Pipeline committee	22,439		22,439	19,663		19,663
Other	508		508	5,751		5,751
Total Revenues and Gains	5,046,659	74,440	5,121,099	4,908,701	360,000	5,268,701
Net assets released from restriction - Note 10	66,723	(66,723)		51,856	(51,856)	
Total Revenue, Gains and Other Support	5,113,382	7,717	5,121,099	4,960,557	308,144	5,268,701
Expenses						
Program Services						
Annual education conference	819,481		819,481	1,050,019		1,050,019
Educational courses	430,092		430,092	1,200,456		1,200,456
Right of Way magazine	286,897		286,897	429,155		429,155
Member services	865,975		865,975	912,225		912,225
SR/WA and certification expenses	117,614		117,614	205,409		205,409
Pipeline committee	34,540		34,540	30,744		30,744
Total Program Services	2,554,599		2,554,599	3,828,008		3,828,008
Supporting Services						
Management and general	2,256,346		2,256,346	666,887		666,887
Membership maintenance and promotion	76,712		76,712	95,768		95,768
Board of Directors and governance	339,956		339,956	472,062		472,062
Total Supporting Services	2,673,014		2,673,014	1,234,717		1,234,717
Total Expenses	5,227,613		5,227,613	5,062,725		5,062,725
Change in Net Assets	(114,231)	7,717	(106,514)	(102,168)	308,144	205,976
Net Assets						
Beginning of year	2,588,590	308,144	2,896,734	2,690,758		2,690,758
End of year	$ 2,474,359	$ 315,861	$ 2,790,220	$ 2,588,590	$ 308,144	$ 2,896,734

The accompanying notes are an integral part of this statement.

INTERNATIONAL RIGHT OF WAY ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services							Supporting Services				
	Annual Education Conference	Educational Courses	Right of Way Magazine	Member Services	SR/WA and Certification Expense	Pipeline Committee	Total Program Services	Management and General	Membership Maintenance and Promotion	Board of Directors and Governance	Total Supporting Services	Total
Automobile expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 25,495	$ -	$ -	$ 25,495	25,495
Awards and recognition									4,153		4,153	4,153
Bad debt expense (recovery)								(4,913)			(4,913)	(4,913)
Bank charges								117,210			117,210	117,210
Building expenses (including depreciation)	4,933	4,933	9,865	29,596	4,933	4,933	59,193	49,327			49,327	108,520
Computer consulting fees				5,198			5,198					5,198
Depreciation and amortization-other	7,719	85	8,162	34,804	5,189	25	55,984	81,782	8,416	232	90,430	146,414
Dues								8,004	4,608		12,612	12,612
Education and meetings		421,213					421,213					421,213
Employees-temporary and training				19,863			19,863	3,197			3,197	23,060
Equipment leases								1,640			1,640	1,640
Insurance								12,535		12,535	25,070	25,070
International Conference	653,941						653,941					653,941
Leadership modules				17,723			17,723					17,723
Marketing									30,265		30,265	30,265
Membership development				29,870			29,870					29,870
Membership directory				4,100			4,100		21,201	24,212	45,413	49,513
Miscellaneous				32,162			32,162	8,072		877	8,949	41,111
Pipeline committee						26,888	26,888					26,888
Postage	1,248	14	1,319	5,626	839	4	9,050	13,219	1,360	37	14,616	23,666
Professional fees								99,622			99,622	99,622
Publication			105,131				105,131					105,131
Recruitment								2,000			2,000	2,000
Repairs and maintenance	2,917	32	3,084	13,152	1,961	9	21,155	30,906	3,180	88	34,174	55,329
Salaries, taxes and benefits	143,279	1,572	151,500	646,047	96,330	464	1,039,192	1,738,483			1,738,483	2,777,675
Supplies	782	782	1,564	4,692	782	782	9,384	7,819			7,819	17,203
SR/WA and certification					3,979		3,979					3,979
Taxes and licenses								13,409			13,409	13,409
Teleconferencing	964	11	1,019	4,345	648	3	6,990	10,211	1,051	29	11,291	18,281
Telephone	1,425	1,425	2,850	8,549	1,425	1,425	17,099	14,248			14,248	31,347
Travel										301,878	301,878	301,878
Website	2,273	25	2,403	10,248	1,528	7	16,484	24,080	2,478	68	26,626	43,110
Total Expenses	$ 819,481	$ 430,092	$ 286,897	$ 865,975	$ 117,614	$ 34,540	$ 2,554,599	$ 2,256,346	$ 76,712	$ 339,956	$ 2,673,014	$ 5,227,613

The accompanying notes are an integral part of this statement.

INTERNATIONAL RIGHT OF WAY ASSOCIATION
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	$ (106,514)	$ 205,976
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	183,435	174,691
Net gain on investments	(11,837)	(15,465)
Loss on disposal of property and equipment	1,176	3,506
Net (increase) decrease in assets		
Accounts receivable	90,613	(35,299)
Contributions receivable	1,500	(275,000)
Due from foundation		15,000
Interest receivable	1,063	(1,063)
Inventory	(7,864)	9,572
Prepaid expenses	(52,641)	172,465
Deposits	(17)	927
Net increase (decrease) in liabilities		
Accounts payable and accrued expenses	233,410	75,374
Deferred membership dues revenue	30,554	(14,277)
Deferred other revenue	(16,840)	(1,909)
Net Cash Provided by Operating Activities	346,038	314,498
Cash Flows from Investing Activities		
Purchase of property and equipment	(77,011)	(151,680)
Purchase of investments	(359,303)	(623,896)
Proceeds from sale of investments	313,409	77,353
Proceeds from maturity of certificates of deposit	501,649	
Net Cash provided by (Used for) Investing Activities	378,744	(698,223)
Cash Flows from Financing Activities		
Principal payments on note payable	(106,571)	(102,705)
Net Increase (Decrease) in Cash and Cash Equivalents	618,211	(486,430)
Cash and Cash Equivalents		
Beginning of year	512,899	999,329
End of year	$ 1,131,110	$ 512,899
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 3,854	$ 7,732
Cash paid during the year for income taxes	$ 8,218	$ 6,010

The accompanying notes are an integral part of this statement.

INTERNATIONAL RIGHT OF WAY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Organization

The International Right of Way Association (Association) is a tax-exempt, nonprofit, membership organization of approximately 8,350 right-of-way professionals. The Association's purpose is to improve people's quality of life through infrastructure development. The Association's mission is to empower professionals by elevating ethics, learning, and a standard of excellence within the global infrastructure real estate community. The major services provided by the Association to members and others are educational in nature. These services include conducting annual and other meetings, providing educational courses and publishing a magazine. Funding for these services is derived primarily from membership dues, fees charged for meeting and course registration and revenues from advertising in the magazine. The Association's national headquarters are located in Gardena, California. The Association's services are provided to members and others throughout the world; however, a majority of the services and products are provided within the United States.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Information regarding the financial position and activities of the Association are reported in two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

- Net assets without donor restrictions - Net assets available for general use in operations and not subject to donor-imposed stipulations, but may be subject to board designations. They include all activities of the Association, except for those amounts that are restricted by external donors.

- 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 (time restrictions) or other events specified by the donor (purpose restrictions). Other donor imposed restrictions are perpetual in nature, where donor stipulates that resources be maintained in perpetuity and only the investment income be expended. The Association has no net assets to be maintained in perpetuity.

Cash Equivalents

The Association considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents, excluding those amounts contained in the investment portfolios.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Concentration of Credit risk

The Association maintains cash and cash equivalents in certain financial institutions. At times during the years, balances at these institutions exceeded the FDIC insured limits.

Allowance for Doubtful Accounts

The Association uses the allowance method to account for uncollectible accounts receivable.

Investments

Investments are recorded at fair value. Interest and dividends, as well as realized and unrealized gains and losses on investments, are included in the statement of activities. Interest and dividends and gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation.

Inventory

Inventory consists primarily of educational materials and printing supplies. Inventory is valued at the lower of cost, on a first-in, first-out basis (FIFO), or market.

Property and Equipment

Property and equipment is recorded at historical cost. The Association capitalizes fixed asset additions over $500. Depreciation and amortization is computed by use of the straight-line method for all property and equipment. The estimated useful lives used in computing depreciation are as follows:

Description	Years
Building	39
Office computer system	5
Office furniture and equipment	5 - 7
Online curriculum	5
Vehicle	5
Website redesign	5

Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in the statement of activities.

Contributions

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Promises to give payable over more than one year are recorded at present value.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions - Continued

Contributions of cash and other assets are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class. Contributions of cash and other assets are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets.

Dues and Deferred Membership Dues Revenue

Dues are collected annually from members at rates which vary with the type of membership. The value of membership benefits made available to members in exchange for their dues is deemed to equal or exceed the dues paid. Revenue recognized during a period relates to dues earned for that period of membership. All dues collected for future years are deferred and recorded as deferred membership dues revenue.

Deferred Other Revenue

Deferred other revenue includes registration fees and advertising received in the current period which are applicable to a future period.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses which are easily identifiable and directly associated with a particular program or supporting service are allocated directly to that functional category. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Certain expenses were allocated using the following methodologies:

- Time and effort - payroll, payroll taxes, benefits, depreciation, repairs and maintenance, postage, website
- Full time equivalents – building operations, supplies, telephone

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Use of Estimates in the Preparation of Financial Statements

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 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.

Income Taxes

The Association is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code for all business income related to the Association's tax-exempt purpose. The Association is subject to federal and state income taxes on its net unrelated business income after related expenses, arising from the sale of advertising in its magazine, and internet job ads.

Evaluation of Tax Positions

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. As of June 30, 2019 and 2018, the Association had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Effect of Recently Issued Accounting Standards

In August 2016, the Financial Accounting Standards Board (FASB) issued new rules for nonprofit organizations under Accounting Standards Update (ASU) 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (NFP). This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Association has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Association's financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.

- Temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.

- The financial statements include a new disclosure about liquidity and availability of resources. See Note 2. The Association opted not to disclose liquidity and availability information as of June 30, 2018, as permitted under the ASU in the year of adoption.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Effect of Recently Issued Accounting Standards - Continued

- The Association is required to present an analysis of expenses by both function and natural classification which is presented on the statement of functional expenses in the accompanying financial statements for the year ended June 30, 2019. This analysis is not required to be presented for the year ended June 30, 2018 however, the functional expense classification for 2018 is presented in the statement of activities. Additional disclosures are required regarding specific methodologies used to allocate costs among program and support functions.

In June 2018, the FASB completed its project on revenue recognition of grants and contracts by not-for-profit entities by issuing ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction.

Specifically, the amendments:

- Clarify how an NFP determines whether a resource provider is participating in an exchange transaction or a contribution.

- Help an entity to evaluate whether contributions are considered conditional or unconditional by stating that a conditional contribution must have (a) a barrier that must be overcome and (b) a right of return or release of obligation.

- Modify the simultaneous release option currently in accounting principles generally accepted in the Unites States of America, which allows an NFP to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that revenue is recognized

ASU 2018-08 is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods beginning after December 15, 2019. Early adoption of the amendments in this update is permitted. Management is currently evaluating the impact these changes in accounting standards will have on the Association's financial statements and related disclosures

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in GAAP when it becomes effective. In July 2015, the FASB approved a one year deferral of this standard, with a revised effective date for fiscal years beginning after December 15, 2018. Early adoption is permitted, although not prior to fiscal years beginning after December 15, 2016. The standard permits the use of either the retrospective or modified retrospective (cumulative effect) transition method.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Effect of Recently Issued Accounting Standards - Continued

Management is currently evaluating the impact this change in accounting standards will have on the financial statements and related disclosures and has not yet selected a transition method.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. For non-public entities, the standard is effective for fiscal years beginning after December 15, 2019 and interim periods beginning the following year. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients during the period of adoption. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. Management is currently evaluating the impact this change in accounting standards will have on the financial statements and related disclosures.

Subsequent Events

The Association has evaluated subsequent events for potential recognition and/or disclosures through Month XX, 2019, the date the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY

The Association has a liquidity policy that establishes a Minimum Liquidity Target of 90 days, subject to future modification by the Finance Committee. The objective of this policy is to ensure that the Association operates with an adequate level of liquidity to minimize risk associated with temporary, unforeseen liquidity needs.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the financial position, are comprised of the following:

Cash	$ 1,131,110
Investments	1,210,341
Accounts receivable	55,271
Contribution receivable, current	120,000
	2,516,722
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(315,861)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 2,200,861

3. INVESTMENTS AND INVESTMENT INCOME

Investments at June 30, 2019 and 2018, are comprised of the following:

	2019	2018
Money market funds	$ 21,330	$ 19,912
Mutual funds		
Bond funds	503,984	661,804
Equity funds	685,027	400,362
Alternative investment funds		70,532
Certificates of deposit		501,649
Total Investments	$ 1,210,341	$ 1,654,259

Investment income consists of the following for the years ended June 30:

	2019	2018
Interest and dividend income	$ 62,002	$ 59,408
Investment Fees	(11,561)	(11,471)
Unrealized gain (loss)	(20,869)	2,031
Realized gain	32,706	13,434
Total Investment Income	$ 62,278	$ 63,402

4. FAIR VALUE MEASUREMENTS

Generally accepted accounting principles provide a uniform framework for the definition, measurement and disclosure of fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Generally accepted accounting principles also establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three level of inputs that maybe used to measure fair value:

Level 1 – Valuations based on quoted prices for identical assets or liabilities in active markets;

Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

4. FAIR VALUE MEASUREMENTS - Continued

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

The estimated fair values of investments measured on a recurring basis are as follows:

		June 30, 2019		
		Fair Value Measurements Using		
		Quoted Prices in Active Markets For Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Description	Total	Level 1	Level 2	Level 3
Money market funds	$ 21,330	$ 21,330	$ -	$ -
Bond funds	503,984	503,984		
Equity funds	685,027	685,027		
Total Investments	$ 1,210,341	$ 1,210,341	$ -	$ -

		June 30, 2018		
		Fair Value Measurements Using		
		Quoted Prices in Active Markets For Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Description	Total	Level 1	Level 2	Level 3
Money market funds	$ 19,912	$ 19,912	$ -	$ -
Bond funds	661,804	661,804		
Equity funds	400,362	400,362		
Alternative investment funds	70,532	70,532		
Investments at Fair Value	1,152,610	1,152,610		
Certificates of Deposit	501,649			
Total Investments	$ 1,654,259	$ 1,152,610	$ -	$ -

5. CONTRIBUTIONS RECEIVABLE

During the years ended June 30, 2019 and 2018, the Association received three contributions from the Right of Way International Education Foundation, a charitable organization with the primary purpose to fund educational initiative and to enhance the professionalism and educational standing of its constituencies. The purpose of these contributions is to fund scholarships to Association programs and to fund development of new courses. Contributions receivable at June 30, 2019, are due as follows:

	Amount
Due in less than one year	$ 120,000
Due in one to five years	153,500
Total	$ 273,500

6. PROPERTY AND EQUIPMENT

Major classes of fixed assets at June 30 are as follows:

	2019	2018
Land	$ 509,004	$ 509,004
Building	1,443,873	1,443,873
Office computer system	406,227	540,736
Office furniture and equipment	311,656	314,962
Online curriculum	1,015,269	959,619
Website redesign	110,840	110,840
	3,796,869	3,879,034
Less: Accumulated depreciation and amortization	1,785,704	1,760,269
Net Property and Equipment	$ 2,011,165	$ 2,118,765

Depreciation and amortization expense was $183,435 and $174,691 for the years ended June 30, 2019 and 2018, respectively.

7. EMPLOYEE BENEFIT PLAN

The Association has a 401(k) plan for all employees who meet the age and service requirements specified in the plan document. The plan receives employee and employer contributions as defined in the plan document. The employer contribution was $70,883 and $61,679 for the years ended June 30, 2019 and 2018, respectively.

8. NOTE PAYABLE

On December 8, 2009, the Association purchased a building in Gardena, California as their headquarters in the amount of $1,927,629. The Association paid for this purchase utilizing cash and borrowing $905,000 from Bank of America using the building as collateral.

Under the terms of the five-year note, the Association was to make sixty monthly installments of $5,600, commencing December 2009, including interest at 5.5% with a final balloon payment due November 2014.

The note was renewed in November, 2014 for another five years, requiring sixty monthly installments of approximately $2,900 including interest at 3.65%, commencing January 2015, with a final balloon payment due December 2019. This note was amended in March 2015, requiring 57 monthly installments of approximately $9,225 including interest at 3.65% commencing on April 1, 2015, with the final payment due December 2019. The remaining note payable balance is $54,757 and $161,328 at June 30, 2019 and 2018, respectively.

Maturities of the note payable are as follows:

Year Ending June 30,	Amount
2020	$ 54,757

Interest expense was $3,854 and $7,732 for the years ended June 30, 2019 and 2018, respectively.

At June 30, 2019 and 2018, the Association was not in compliance with its loan covenant. The Association received a waiver from the bank relating to its debt service coverage ratio.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2019 and 2018, are available for the following purposes:

	2019	2018
Scholarship fund	$ 184,861	$ 133,144
Course development	131,000	175,000
Total	$ 315,861	$ 308,144

10. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the years ended June 30, 2019 and 2018, as follows:

	2019	2018
Scholarship fund	$ 40,783	$ 51,856
Course development	25,940	
Total	$ 66,723	$ 51,856

11. LEASE COMMITMENT

On June 22, 2016, the Association entered into a vehicle operating lease agreement which was to expire on November 22, 2020. However, the lease was terminated in May 2019. Rent expense charged to operations for the lease amounted to approximately $6,000 and $6,600 for the years ended June 30, 2019 and 2018, respectively. In addition, a lease termination fee was accrued in the amount of $5,400 at June 30, 2019.

12. INCOME TAXES

The Association receives revenues, primarily from advertising in the magazine and internet job ads which are considered unrelated business income and are taxed on a net basis after related expenses. The federal and state income tax expense was $8,218 and $6,010 for the years ended June 30, 2019 and 2018, respectively.

13. RELATED PARTY TRANSACTIONS

The International Right of Way Association Regions are not-for-profit regional organizations that were formed to assist the Association chapters in 10 geographic regions of the United States and Canada. The regional organizations financial statements are not consolidated with those of the Association due to immateriality.

14. FUTURE MEETINGS

The Association has entered into contracts for services and accommodations for future meetings. These contracts include penalty clauses which would require the Association to pay certain amounts if a meeting was to be canceled or guarantees for room blocks are not fulfilled.

15. VOLUNTEER SERVICES

A significant amount of volunteer services is contributed to the Association by various members to support the Association's programs and supporting services. These volunteer activities include participating on the Board of Directors and numerous other committees. The value of these services has not been included in the financial statements, because the criteria for recognition have not been satisfied.