

**INTERNATIONAL ASSOCIATION
OF EXHIBITIONS AND EVENTS, INC.**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
SEPTEMBER 30, 2014**

INTERNATIONAL ASSOCIATION OF EXHIBITIONS AND EVENTS, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
International Association of Exhibitions
and Events, Inc.

We have audited the accompanying statement of financial position of International Association of Exhibitions and Events, Inc. as of September 30, 2014, and the related statements of activities and changes in net assets and cash flows for the year then ended, 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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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 purposes 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 International Association of Exhibitions and Events, Inc. as of September 30, 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Fox, Byrd + Company, P.C.

Dallas, Texas
June 3, 2015

INTERNATIONAL ASSOCIATION OF EXHIBITIONS AND EVENTS, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2014

ASSETS

CASH AND CASH EQUIVALENTS	\$	944,780
INVESTMENTS		1,984,169
ACCOUNTS RECEIVABLE		
Accounts receivable - trade, net		42,994
Due from affiliates		7,049
Other receivables		46,940
INVENTORY		10,525
PREPAID EXPENSES AND OTHER ASSETS		212,987
PROPERTY AND EQUIPMENT, net		<u>99,721</u>
	\$	<u><u>3,349,165</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable - trade	\$	41,234
Accrued expenses and other liabilities		153,157
Deferred revenues		<u>2,381,167</u>
		<u><u>2,575,558</u></u>
NET ASSETS		
Unrestricted net assets		503,463
Temporarily restricted net assets		<u>270,144</u>
		<u><u>773,607</u></u>
	\$	<u><u>3,349,165</u></u>

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL ASSOCIATION OF EXHIBITIONS AND EVENTS, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Unrestricted revenues and program fees			
Membership dues	\$ 1,255,939	\$ -	\$ 1,255,939
Meetings	2,684,026	-	2,684,026
Education	585,615	-	585,615
Publications and products	347,255	-	347,255
Other programs	43,650	-	43,650
Investment income, net	153,974	-	153,974
Contributions	-	246,350	246,350
	<u>5,070,459</u>	<u>246,350</u>	<u>5,316,809</u>
 Total revenues and program fees			
	<u>5,070,459</u>	<u>246,350</u>	<u>5,316,809</u>
 Expenses			
Program services	104,632	-	104,632
Membership services	842,070	-	842,070
Meetings	2,277,513	-	2,277,513
Education	597,793	-	597,793
Publications and products	284,627	-	284,627
Public relations campaign	226,910	-	226,910
General and administrative	853,519	-	853,519
	<u>5,187,064</u>	<u>-</u>	<u>5,187,064</u>
 Total expenses			
	<u>5,187,064</u>	<u>-</u>	<u>5,187,064</u>
 REVENUES OVER (UNDER) EXPENSES	(116,605)	246,350	129,745
 Net assets released from restrictions	<u>226,910</u>	<u>(226,910)</u>	<u>-</u>
 CHANGE IN NET ASSETS	110,305	19,440	129,745
 NET ASSETS, beginning of year	<u>393,158</u>	<u>250,704</u>	<u>643,862</u>
 NET ASSETS, end of year	<u>\$ 503,463</u>	<u>\$ 270,144</u>	<u>\$ 773,607</u>

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL ASSOCIATION OF EXHIBITIONS AND EVENTS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	\$ 129,745
Adjustments to reconcile revenues under expenses to net cash used in operating activities:	
Net gain on investments	(153,974)
Depreciation and amortization	48,108
Changes in assets and liabilities:	
Accounts receivable - trade	103,507
Inventory	10,768
Prepaid expenses and other assets	(103,253)
Accounts payable - and accrued liabilities	(46,853)
Deferred revenues	186,924
Net cash provided by operating activities	<u>174,972</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(48,393)
Purchase of investments	(236,344)
Proceeds from sales of investments	334,628
Net cash provided by investing activities	<u>49,891</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	224,863
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>719,917</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 944,780</u></u>

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL ASSOCIATION OF EXHIBITIONS AND EVENTS, INC.
NOTES TO FINANCIAL STATEMENTS

1. HISTORY AND ORGANIZATION

International Association of Exhibitions and Events, Inc. (the Organization) is a not-for-profit membership organization exempt from income tax under Section 501(c)(6) of the U.S. Internal Revenue Code. The Organization was incorporated in the state of Texas. The Organization's international office is located in Dallas, Texas and serves numerous chapter offices located throughout the United States. The purpose of the Organization is to promote the exhibitions and events industry throughout the world and to provide for the education and professional growth of its members.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis of presentation

Accounting principles generally accepted in the United States of America require the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets include those economic resources of the Organization which are expendable for any purpose in performing the primary objectives of the Organization. They are not subject to donor-imposed restrictions.

Temporarily restricted net assets include those assets whose use is limited by donor-imposed stipulations that expire by either passage of time or actions of the Organization. At September 30, 2014, temporarily restricted net assets comprised funds restricted for public relations and advertising.

Permanently restricted net assets include donor-restricted funds that must be maintained permanently. The Organization did not have any permanently restricted net assets as of September 30, 2014.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

INTERNATIONAL ASSOCIATION OF EXHIBITIONS AND EVENTS, INC.
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Cash and cash equivalents

The Organization considers all highly liquid instruments purchased with a remaining maturity of three months or less to be cash equivalents. The Organization places its cash and cash equivalents with high credit quality financial institutions in amounts that exceed federally insured limits. The Organization has not experienced any losses on such accounts.

Accounts receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is based on historical experience and an evaluation of the outstanding receivables. A difference between the amount due and the amount management expects to collect are recognized in the statements of activities as bad debts expense in the period in which those differences are determined. Balances outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable. There was no allowance for uncollectible accounts at September 30, 2014, as management believed all accounts to be fully collectible.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the accompanying consolidated statements of financial position. The realized and unrealized gains and losses are netted in the accompanying consolidated statements of activities.

Inventory

Inventory is stated at the lower of cost (specific identification basis) or market, and consists of publications.

Property and equipment

Property and equipment is stated at cost if purchased, or at fair value at the date of donation, if contributed, and includes expenditures for major betterments and renewals. Maintenance and repairs are expensed as incurred unless they materially prolong the useful life of the asset. The Organization depreciates property and equipment using the straight-line method over the estimated useful lives of the assets which range from three to five years.

INTERNATIONAL ASSOCIATION OF EXHIBITIONS AND EVENTS, INC.
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Membership dues and deferred revenue

Membership dues are recognized as revenues over the service period of the membership. Deferred revenue also includes advance registrations and payments for future events and meetings.

Federal income taxes

The Organization exempt organizations under Section 501(c)(6) of the U.S. Internal Revenue Code. Income from activities substantially related to the pursuit of their exempt purposes is not subject to federal income tax. Unrelated business income (income, net of related expenses, from activities not substantially related to the pursuit of their exempt purposes) is subject to federal income tax. The Organization did not have any liability for unrelated business income tax at September 30, 2014.

Compensated absences

Employees of the Organization are entitled to paid vacation, paid sick days and personal days off depending on job classification, length of service and other factors. Compensated absences are earned on a calendar year basis and amounts not used at the calendar year end do not carry over to the following year. Compensated absences have been accrued in the consolidated financial statements and are included in accrued expenses.

Subsequent events

Subsequent events have been evaluated through June 3, 2015, which is the date the financial statements were available to be issued.

3. INVESTMENTS

Investments consisted primarily of mutual funds, exchange traded funds and marketable equity securities at September 30, 2014. Investment income is summarized as follows for the year ended September 30, 2014:

Interest and dividends	\$ 99,086
Realized and unrealized gain, net	54,888
	<u>\$ 153,974</u>

INTERNATIONAL ASSOCIATION OF EXHIBITIONS AND EVENTS, INC.
NOTES TO FINANCIAL STATEMENTS

3. INVESTMENTS - continued

Investments measured at fair value on a recurring basis at September 30, 2014, are as follows:

	<u>Fair Value Measurements at Reporting Date Using</u>			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Marketable equity securities	\$ 114,467	\$ -	\$ -	\$ 114,467
Mutual funds and exchange-traded funds:				
Fixed income	1,063,553	-	-	1,063,553
Equity	<u>806,149</u>	<u>-</u>	<u>-</u>	<u>806,149</u>
	<u>\$ 1,984,169</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,984,169</u>

Marketable equity securities and mutual funds reported as Level 1 are determined by reference to quoted market prices for investments listed on an active exchange or over-the-counter market.

The Organization does not hold any fair value assets that are Level 2 or 3.

These investments have been placed with high credit quality financial institutions which are not federally insured and are therefore subject to credit risk. The Organization has not experienced any losses on such accounts.

4. PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows at September 30, 2014:

Furniture, office equipment and software	\$ 579,033
Less accumulated depreciation	<u>(479,311)</u>
	<u>\$ 99,722</u>

Depreciation expense was \$48,108 for the year ended September 30, 2014.

INTERNATIONAL ASSOCIATION OF EXHIBITIONS AND EVENTS, INC.
NOTES TO FINANCIAL STATEMENTS

5. COMMITMENTS

The Organization leases its office space under a non-cancelable operating lease. Rent expense was \$105,400 for the year ended September 30, 2014. Future minimum operating lease payments for office space for future years are as follows:

<u>Year ending September 30</u>	<u>Amount</u>
2015	\$ 108,373
2016	87,070
2017	109,014
2018	107,200
2019	103,083

6. RETIREMENT PLAN

The Organization established a defined contribution plan that qualifies for the deferral arrangement under U.S. Internal Revenue Code 401(k). The plan is available to eligible employees (by tenure) who choose to participate. Each year, participants may contribute up to the maximum dollar amount allowed by law. The plan allows for discretionary profit sharing contributions by the Organization. For the year ended September 30, 2014, the Organization contributed \$97,853 to the plan.

7. RELATED PARTY TRANSACTIONS

The Organization is affiliated with The Center for Exhibition Industry Research Foundation (CEIRF) and shares certain management resources and facilities with CEIRF and funds certain costs of CEIRF. During 2014, the Organization paid \$35,680 to CEIRF in connection with these arrangements. At September 30, 2014, \$7,049 was receivable from CEIRF and that balance is reflected in the Statement of Financial Position.