Audited Consolidated Financial Statements
and Other Financial Information

CLUB MANAGERS ASSOCIATION OF AMERICA
AND AFFILIATES

October 31, 2016

Club Managers Association of America and Affiliates

Contents

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Independent Auditor's Report on the Consolidated Financial Statements

To the Board of Directors
Club Managers Association of America and Affiliates

We have audited the accompanying consolidated financial statements of Club Managers Association of America and Affiliates (the Organization), which comprise the consolidated statement of financial position as of October 31, 2016 and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Club Managers Association of America and Affiliates as of October 31, 2016, and the changes in its consolidated net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Tate & Tryon

Washington, DC
January 9, 2017

Club Managers Association of America and Affiliates

Consolidated Statement of Financial Position

October 31, 2016

Assets		
Current assets		
Cash and cash equivalents	$	**4,783,193**
Accounts receivable		**89,408**
Pledges receivable, current portion, net		**580,262**
Prepaid expenses and other assets		**288,206**
Total current assets		**5,741,069**
Pledges receivable, noncurrent portion, net		**198,360**
Investments in marketable securities		**2,288,997**
Deferred loan costs, net		**119,275**
Deferred compensation assets		**36,826**
Property and equipment, net		**1,774,490**
Total assets	**$**	**10,159,017**
Liabilities and Net Assets		
Liabilities		
Current liabilities		
Accounts payable	$	**87,017**
Accrued expenses		**705,308**
Deferred revenue:		
Membership dues		**2,843,892**
Conference and exhibit related		**991,075**
Workshops		**976,367**
Other		**50,470**
Note payable, current portion		**146,731**
Mortgage payable, current portion		**74,067**
Total current liabilities		**5,874,927**
Deferred compensation liability		**36,826**
Note payable, long-term portion		**385,453**
Mortgage payable, long-term portion		**2,557,237**
Total liabilities		**8,854,443**
Net assets		
Unrestricted (deficit)		**(242,741)**
Temporarily restricted		**170,519**
Permanently restricted		**1,376,796**
Total net assets		**1,304,574**
Total liabilities and net assets	**$**	**10,159,017**

See notes to consolidated financial statements.

Club Managers Association of America and Affiliates

Consolidated Statement of Cash Flows

Year Ended October 31, 2016

Unrestricted activities	
Revenue and support	
Membership dues	$ 3,416,022
Meetings and events	2,114,063
Professional development	1,761,776
Business Development	1,443,880
Career services	287,020
International wine society	113,151
Campaign contributions	175,977
Contributions, gifts, and grants	158,979
Fundraising events	17,556
Rental income	7,500
Premier Club Services	4,670
Interest income and other	182,779
Net assets released from restrictions	9,980
Total revenue and support	9,693,353
Expenses	
Program services	
Meetings and events	2,288,559
Professional development	1,703,785
Business development	1,214,344
Membership	783,144
Grants and scholarships	269,522
International wine society	201,543
Advocacy	179,388
Support services	
General and administrative	1,655,600
Building expenses	528,112
Committee meeting and board administration	218,892
Fundraising	146,847
Premier Club Services	379
Total expenses	9,190,115
Changes in unrestricted net assets from operations	503,238
Net loss on investments in marketable securities	(12,754)
Reclassification to temporarily restricted net assets	(40,851)
Change in unrestricted net assets	449,633
Temporarily restricted activities	
Interest and dividends	13,842
Campaign contributions	17,717
Net loss on investments in marketable securities	(8,414)
Net assets released from restriction	(9,980)
Reclassification from unrestricted net assets	40,851
Change in temporarily restricted net assets	54,016
Change in net assets	503,649
Net assets (deficit), beginning of year	(2,665,228)
Consolidation of the Foundation effective November 1, 2015	3,466,153
Net assets, end of year	$ 1,304,574

See notes to consolidated financial statements.

Club Managers Association of America and Affiliates

Consolidated Statement of Cash Flows

Year Ended October 31, 2016

Cash flows from operating activities		
Change in net assets	$	503,649
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization		157,908
Net loss on investments in marketable securities		21,168
Accretion of discount on pledges receivable		(29,977)
Changes in assets and liabilities:		
Accounts receivable		795,796
Pledges receivable		579,490
Inventories		38,221
Prepaid expenses and other assets		(120,887)
Accounts payable		(479,862)
Accrued expenses		199,065
Deferred revenue		489,694
Total adjustments		1,650,616
Net cash provided by operating activities		2,154,265
Cash flows from investing activities		
Purchase of investments		(563,581)
Proceeds from sale of investments		540,893
Purchases of property and equipment		(19,105)
Net cash used in investing activities		(41,793)
Cash flows from financing activities		
Principal payments on mortgage payable		(70,536)
Principal payments on note payable		(139,410)
Net cash used in financing activities		(209,946)
Net increase in cash and cash equivalents		1,902,526
Cash and cash equivalents, beginning of year		2,782,429
Cash balance of the Foundation at November 1, 2015 (see Note A)		98,238
Cash and cash equivalents, beginning of year as adjusted		2,880,667
Cash and cash equivalents, end of year	$	4,783,193
Supplemental disclosure of cash flow information		
Cash paid for interest	$	148,513

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Club Managers Association of America (CMAA) was created in 1927 to promote and advance friendly relations between and among persons connected with the management of clubs and other associations of similar character; to encourage the education and advancement of its members; and to assist club officers and members, through their managers, to secure the utmost in efficient and successful operation.

The Club Foundation (the Foundation) was created in 1988 as the only charitable nonprofit organization focused solely on the club industry. The Foundation seeks to fund the life cycle of a club manager's career. The Foundation provides dollars for the following five key areas: 1) students, 2) faculty, 3) club managers, 4) CMAA chapters, and 5) industry at large. The Foundation has a donor base of constituents that seek to further the knowledge and skills of those individuals that operate country clubs, yacht clubs, city clubs, and more. During the year ended October 31, 2016, the Foundation amended its by-laws to have CMAA's Board of Directors approve the slate of candidates to be on the Foundation's Board of Governors. Therefore, the Foundation's balances and activities are consolidated into the Organization. As such, the net assets of the Foundation ($1,972,854 unrestricted, $116,503 temporarily restricted, and $1,376,796 permanently restricted) at October 31, 2015 are included in beginning assets in the statement of activities.

Premier Club Services, Inc. (PCS) was created in 2006 to enable CMAA to offer employer members access to employee benefit plans.

1733 CMAA, LLC (the LLC) was created in 2008 as a condition of CMAA's refinancing of the mortgage on its current headquarters and transferring the related building to the LLC. CMAA owns a 60% interest, the Foundation owns a 30% interest, and PCS owns a 10% interest in the LLC.

Principles of consolidation: The consolidated financial statements include the accounts of CMAA, the Foundation, PCS, and the LLC (collectively referred to as the Organization). Significant intra-entity accounts and transactions have been eliminated in consolidation.

Income tax status: CMAA and PCS are exempt from the payment of federal income taxes on their exempt activities under the provisions of Section 501(c)(6) of the Internal Revenue Code (IRC). The Foundation is exempt from the payment of federal income taxes on its exempt activities under the provisions of Section 501(c)(3) of the IRC. CMAA, PCS, and the Foundation are subject to federal and state taxes on any net unrelated business income. The LLC is a pass-through entity for income tax purposes. Its net income or loss is allocated to the partners.

CMAA incurs unrelated business income tax on its career services and advertising. Income tax expense for the year ended October 31, 2016 was approximately $32,000.

Basis of accounting: The Organization prepares their consolidated financial statements on the accrual basis of accounting. As such, revenue, other than contributions, is recognized when earned and expenses are recognized when the underlying obligations are incurred.

Use of estimates: The preparation of consolidated 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 estimates.

A. Organization and Summary of Significant Accounting Policies - Continued

Cash and cash equivalents: Cash and cash equivalents include demand deposits with financial institutions and all highly liquid investments with a maturity of three months or less except those classified as a component of the investment portfolio.

Accounts receivable: Accounts receivable are presented at the gross, or face, amount due to the Organization, less an allowance for uncollectable accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using the historical experience applied to an aging of accounts. There was no allowance for doubtful accounts deemed necessary at October 31, 2016, as management believes all receivables to be fully collectible.

Deferred loan costs: Deferred loan costs are amortized using the effective interest method over the term of the debt. Amortization expense for the year ended October 31, 2016 was $25,980.

Net assets: Net assets are classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor-imposed restrictions. A description of each net asset group is as follows:

> *Unrestricted:* Unrestricted net assets include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation. There are no board designated net assets at October 31, 2016.
>
> *Temporarily Restricted:* Temporarily restricted net assets include those net assets whose use by the Foundation has been donor restricted by specified time or purpose limitations.
>
> *Permanently Restricted:* Represents contributions received from donors who have specified that the corpus of their original and certain subsequent gifts be held in perpetuity. The net earnings from the investment of the corpus are temporarily restricted.

Membership dues: Revenue from membership dues is recognized over the year to which it relates. Dues received in advance are reported as deferred and recognized in the next fiscal period.

Meetings and events: Meetings and events revenue is recognized when the event is held. Amounts received in advance of these events are reported as deferred revenue.

Professional development: Continuing education revenue is recognized when the education course has been held or the educational materials delivered.

Business development: Business development includes Corporate Alliance Partner (CAP) sponsorships. CAP sponsorship agreements are generally over several years. Historically, CAP sponsorships are 50% with CMAA and 50% with the Foundation. Beginning during the year ended October 31, 2016, new agreements were with CMAA. For CMAA, revenue is recognized each year based upon the nature and terms of the agreements. Revenues from the portion of the CAP sponsorship agreements with the Foundation are considered contributions.

Functional allocation of expense: The costs of providing various programs and supporting services have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions: Contributions are recognized when unconditionally promised to or received by the Organization. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending upon the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets. Within temporarily restricted net assets, amounts are reclassified to unrestricted net assets when the restriction expires.

Measure of operations: The Organization considers net loss on investments in marketable securities to be an item not included within the change in net assets from operations.

Subsequent events: Subsequent events have been evaluated through January 9, 2017, which was the date the consolidated financial statements were available to be issued.

B. CONCENTRATIONS OF RISK

Credit risk: The Organization maintains demand deposits with commercial banks and cash funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portion of cash is backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to the Organization.

Market value risk: The Organization invests in various securities. These investments are exposed to various risks, such as fluctuations in market value and credit risk. It is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

C. PLEDGES RECEIVABLE

Pledges receivable are carried at present value less an estimate made for uncollectible pledges based on a review of all outstanding promises. Management determines the allowance for uncollectible pledges by using the historical expense applied on an aging of pledges. Pledges are written off when deemed uncollectible.

Pledges receivable consisted of the following at October 31, 2016:

Amounts due in less than one year	$ 599,762
Amounts due in one to five years	225,800
Total pledges receivable	825,562
Less unamortized discount to present value	(7,940)
Less allowance for uncollectible pledges	(39,000)
Net pledges receivable	**$ 778,622**

Pledges receivable with due dates extending beyond one year are discounted using Treasury bill rates for similar term investments. The applicable rate at October 31, 2016 was 1.6%.

D. INVESTMENTS IN MARKETABLE SECURITIES

The Organization has implemented the accounting standards topic regarding fair value measurements which establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America and expands disclosures about fair value measurements. This standard uses the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes;

Level 2 – Includes inputs other than level 1 that are directly or indirectly observable in the marketplace such as yield curves or other market data;

Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

Investments recorded at fair value which are classified within Level 1 include common stocks and mutual funds, the fair values for which were based on quoted prices for identical assets in active markets.

Investments classified within Level 2 include the Dynamic asset allocation overlay portfolios, which were valued by the portfolio managers. In determining fair value of the investments, the portfolio managers' utilize the value of the underlying securities, which are mutual funds, common stocks, bonds, government securities, and other securities.

Management believes the estimated fair value of investments to be a reasonable approximation of the exit price for the assets.

Investments recorded at cost include cash held within the investment portfolio.

The following is a summary of the input levels used to determine the fair values of investments, which were measured on a recurring basis, at October 31, 2016:

	Total	Level 1	Level 2	Level 3
Mutual funds - equities	$ 342,639	$ 342,639	$ -	$ -
Mutual funds - fixed income	471,544	471,544	-	-
Common stocks	769,920	769,920	-	-
Dynamic asset allocation overlay	683,998	-	683,998	-
Investments carried at fair value	2,268,101	**$ 1,584,103**	**$ 683,998**	**$ -**
Cash and cash equivalents*	20,896			
Total investments	**$ 2,288,997**			

*Cash and cash equivalents included in the investment portfolio are not subject to the provisions of fair value measurements as they are recorded at cost.

D. INVESTMENTS IN MARKETABLE SECURITIES - CONTINUED

Investment income consisted of the following for the year ended October 31, 2016:

Interest and dividends	$ 34,824
Realized gains	73,628
	108,452
Unrealized loss	(94,796)
Gross investment earnings	13,656
Investment management fees	(12,136)
Investment income, net	**$ 1,520**

Investments in marketable securities are stated at market value and consisted of the following at October 31, 2016:

Mutual Funds	
Mutual funds - equities	$ 342,639
Mutual funds - fixed income	471,544
Common Stock	
Consumer	266,678
Technology	162,525
Financial	153,448
Energy	50,229
Capital equipment	69,004
Utilities	51,056
Industrial commodities	5,474
Services	8,813
Non-financial	2,693
Dynamic asset allocation overlay	683,998
Cash and cash equivalents	20,896
	$ 2,288,997

E. Property and Equipment

Acquisitions of property and equipment greater than $3,000 are recorded at cost and depreciated using the straight-line method over the useful lives of the assets. The estimated useful lives of the building and building improvements is fifteen to forty years. The estimated useful lives of the furniture, fixtures, and equipment is three to twelve years. Depreciation expense for the year ended October 31, 2016 was $131,928.

Property and equipment is recorded at cost and consisted of the following at October 31, 2016:

Land	$	1,010,000
Building and building improvements		3,922,434
Furniture, fixtures, and equipment		1,265,152
		6,197,586
Less accumulated depreciation		(4,423,096)
Property and equipment, net	**$**	**1,774,490**

F. Mortgage Payable

During the year ended October 31, 2013, the Organization refinanced its mortgage with WashingtonFirst Bank. The balance of the mortgage at October 31, 2016, is $2,631,304 with an interest rate of 4.375%, which is subject to change in June 2019. The mortgage, which is secured by the building, is payable in equal monthly installments of principal and interest of $15,778 through May 2019 and $17,687 from June 2019 through October 2023. The unpaid balance of approximately $2,088,500 will be due as a balloon payment in December 2023. Additionally, CMAA signed an agreement with the bank to guarantee the loan.

Under the mortgage agreement, the Organization is required to maintain a minimum average balance of $350,000 with WashingtonFirst Bank. Additionally, the LLC is required to have a debt service ratio of at least 1.15 to 1.00. The ratio is net operating income, which is gross rents less cash basis expenses, divided by the annual debt service amount.

Future maturities of principal on the mortgage payable were as follows at October 31, 2016:

Year Ending October 31,		
2017	$	74,067
2018		77,420
2019		70,532
2020		73,275
2021		78,062
Thereafter		2,257,948
Total	**$**	**2,631,304**

G. Note Payable

The Organization entered into a deed of trust loan in March 2015 on its office building with WashingtonFirst Bank in the amount of $750,000. The loan, which matures in March 2020, calls for 60 payments of $14,068 including interest at 4.75%. The loan balance was $532,184 at October 31, 2016.

Future maturities of principal on the note payable were as follows at October 31, 2016:

Year Ending October 31,		
2017	$	146,731
2018		153,853
2019		161,324
2020		70,276
Total	**$**	**532,184**

H. Line of Credit

The Organization has a line of credit with WashingtonFirst Bank that carries a maximum borrowing limit of $500,000 and expires on July 11, 2017. The line of credit carries a variable interest rate, which is the higher of 4.25% or 0.75% per annum above the prime rate, which was 3.5% as of October 31, 2016. The Organization had no outstanding borrowings as of October 31, 2016.

I. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of $170,519 for scholarship funds at October 31, 2016.

Net assets released from restriction due to program satisfaction and other events are as follows for the year ended October 31, 2016:

Scholarship funds	$	4,552
Endowment interest and dividends released		5,428
	$	**9,980**

J. Endowment Funds

At October 31, 2016, the Organization's endowment consists of multiple donor-restricted funds established for Foundation programs. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

J. Endowment Funds – Continued

The Board of Governors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets (consisting of earnings on the permanently restricted amounts) is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with its spending policy and the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Investment and spending policies – the Foundation has adopted investment and spending policies, approved by the Board of Governors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, the endowment assets are invested so as to achieve a reasonable rate of return relative to the broad equity and fixed income markets across the full business cycle. To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The goal of the Foundation's spending policy is to provide a reasonable, predictable, and sustainable structure that supports the intentions of the original endowment. Total investment earnings, to the extent available, are approved for expenditure as part of the Foundation's annual budgetary process.

The changes in endowment funds for the year ended October 31, 2016 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at November 1, 2015	$ -	$ 1,376,796	$ 1,376,796
Interest and dividends	13,842	-	13,842
Net loss on investment in marketable securities	(8,414)	-	(8,414)
Net assets released from restrictions	(5,428)	-	(5,428)
Endowment net assets at October 31, 2016	$ -	$ 1,376,796	$ 1,376,796

K. Retirement Plans

The Organization maintains a profit-sharing plan for its employees. All full-time employees over the age of 21 who have completed six months of service are eligible to participate. Under the plan, employer contributions are discretionary up to the maximum allowed under the Internal Revenue Code. The Organization did not make a discretionary contribution for the year ended October 31, 2016. Plan participants become fully vested after five full years of service.

The Organization also maintains a retirement plan qualified under Internal Revenue Code Section 401(k). All full-time employees over the age of 21 who have completed six months of service are eligible to participate. Participant contributions to the plan are elective. Effective January 1, 2000, the Organization added a safe-harbor provision to the plan. The safe harbor provision allows the Organization to make an additional fully vested non-elective contribution of 3% of each employee's compensation. Effective October 1, 2007, the Organization has elected to match 100% of employee contributions up to 4% of their salary. Retirement plan expense for the plan for the year ended October 31, 2016 totaled $175,260.

The Organization maintains a non-qualified deferred compensation plan for the benefit of its chief executive officer (CEO) in accordance with Section 457(b) of the Internal Revenue Code. The Organization contributes to the plan 10% of the CEO's base salary less amounts contributed to the Organization's 401(k) plan on behalf of the CEO up to the maximum allowed. Deferred compensation and assets designated for such deferrals are only available and taxable to the CEO, or his beneficiaries, upon severance of employment, retirement, or death. Until paid or made available to the CEO or his beneficiaries, all deferred amounts, investment earnings related to deferred amounts and all property and rights purchased with these amounts, are solely the property and rights of the Organization. The liability associated with this plan was $36,826 as of October 31, 2016 and is shown as a deferred compensation liability in the accompanying consolidated statement of financial position. The Organization's contribution to the deferred compensation plan was $18,000 for the year ended October 31, 2016.

L. Commitments and Contingencies

Meetings commitments: The Organization has entered into several agreements with hotels and meeting sites to provide conference facilities and room accommodations for future meetings. The agreements contain various attrition clauses whereby the Organization may be liable for liquated damages in the event of cancellation or lower than anticipated attendance. However, the Organization's management does not believe that any material losses will be incurred under these hotel and meeting site contracts.

Employment contracts: The Organization has an employment agreement, which became effective May 1, 2005, with its former CEO, the terms and conditions of which are more fully described in the agreement. The former CEO announced his retirement during the year ended October 31, 2013. Under the terms of the employment agreement, and the Organization's transition plan, the CEO continued to work for the Organization full-time through April 30, 2015. After that, the CEO has continued to serve the Organization under a five-year consulting agreement through which he will receive a percentage of his pre-retirement compensation.

The Organization entered into an employment agreement with its current CEO, effective October 1, 2014, which is automatically renewable each year after the initial three-year period, unless either party gives proper notice not to renew. Depending on the conditions of non-renewal, the agreement provides for severance compensation, the terms and conditions of which are more fully described in the agreement.

L. Commitments and Contingencies - Continued

Litigation: On occasion, the Organization may be a defendant in a lawsuit resulting from activities related to the ordinary course of business. In the opinion of management, resolution of these matters will not have a material adverse effect on the consolidated financial statements of the Organization.

M. Accumulated Unrestricted Net Asset Deficit

As indicated in the accompanying consolidated statements of financial position, the Organization had reported losses in prior years which have generated a consolidated deficit balance in unrestricted net assets of $242,741 at October 31, 2016. Specifically, CMAA's unrestricted net asset deficit balance was $2,013,415, which was mostly offset by the Foundation's positive unrestricted net assets of $1,914,058. Deficits threaten to undermine the Organization's ability to continue its current level of operations in the future. The consolidated financial statements do not include any adjustments that might be necessary in the event that the Organization is unable to continue its current level of operations.

CMAA has taken the following steps to remedy its net deficit position.

CMAA leadership is focused on ensuring we have positive net returns going forward. CMAA's annual budgeting process has been in line with this focus. We will continue to budget very conservatively with hopes of exceeding our budget as has been done during the past two years. This focus will help to absorb any potential negative outcome in one of our programs during any individual year.

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Independent Auditor's Report on Other Financial Information

To the Board of Directors
Club Managers Association of America and Affiliates

We have audited the consolidated financial statements of Club Managers Association of America and Affiliates as of and for the year ended October 31, 2016, and our report thereon dated January 9, 2017, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on the following two pages is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position or changes in net assets of the individual entities 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 consolidating 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 consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Tate & Tryon

Washington, DC
January 9, 2017

Club Managers Association of America and Affiliates

Consolidating Statement of Financial Position

October 31, 2016

	CMAA	Foundation	LLC	PCS	Eliminations	Consolidated Total
Assets						
Current assets						
Cash and cash equivalents	$ 3,877,721	$ 463,141	$ 431,521	$ 10,810	$ -	$ 4,783,193
Accounts receivable	89,408	-	536,363	-	(536,363)	89,408
Pledges receivable, current portion, net		580,262	-	-	-	580,262
Prepaid expenses and other assets	254,567	4,351	29,288	-	-	288,206
Total current assets	4,221,696	1,047,754	997,172	10,810	(536,363)	5,741,069
Pledges receivable, noncurrent portion, net	-	198,360	-	-	-	198,360
Investments in marketable securities	-	2,288,997	-	-	-	2,288,997
Investment in LLC	124,169	62,085	-	20,695	(206,949)	-
Deferred loan costs, net	14,259	-	105,016	-	-	119,275
Deferred compensation assets	36,826	-	-	-	-	36,826
Property and equipment, net	38,425	-	1,736,065	-	-	1,774,490
Total assets	$ 4,435,375	$ 3,597,196	$ 2,838,253	$ 31,505	$ (743,312)	$ 10,159,017
Liabilities and net assets						
Liabilities						
Current liabilities						
Accounts payable	$ 312,668	$ 135,823	$ -	$ 174,889	$ (536,363)	$ 87,017
Accrued expenses	705,308	-	-	-	-	705,308
Deferred revenue:						
Membership dues	2,843,892	-	-	-	-	2,843,892
Conference and exhibit related	991,075	-	-	-	-	991,075
Workshops	976,367	-	-	-	-	976,367
Other	50,470	-	-	-	-	50,470
Note payable, current portion	146,731	-	-	-	-	146,731
Mortgage payable, current portion	-	-	74,067	-	-	74,067
Total current liabilities	6,026,511	135,823	74,067	174,889	(536,363)	5,874,927
Deferred compensation liability	36,826	-	-	-	-	36,826
Note payable, long-term portion	385,453	-	-	-	-	385,453
Mortgage payable, long-term portion	-	-	2,557,237	-	-	2,557,237
Total liabilities	6,448,790	135,823	2,631,304	174,889	(536,363)	8,854,443
Net assets						
Unrestricted (deficit)	(2,013,415)	1,914,058	206,949	(143,384)	(206,949)	(242,741)
Temporarily restricted	-	170,519	-	-	-	170,519
Permanently restricted	-	1,376,796	-	-	-	1,376,796
Total net assets	(2,013,415)	3,461,373	206,949	(143,384)	(206,949)	1,304,574
Total liabilities and net assets	$ 4,435,375	$ 3,597,196	$ 2,838,253	$ 31,505	$ (743,312)	$ 10,159,017

Club Managers Association of America and Affiliates

Consolidating Statement of Activities

Year Ended October 31, 2016

	CMAA	Foundation	LLC	PCS	Eliminations	Consolidated Total
Unrestricted activities						
Revenue and support						
Membership dues	$ 3,416,022	$ -	$ -	$ -	$ -	$ 3,416,022
Meetings and events	2,114,063	-	-	-	-	2,114,063
Professional development	1,761,776	-	-	-	-	1,761,776
Business development	1,443,880	-	-	-	-	1,443,880
Career services	287,020	-	-	-	-	287,020
International wine society	113,151	-	-	-	-	113,151
Campaign contributions	-	175,977	-	-	-	175,977
Contributions, gifts, and grants	-	158,979	-	-	-	158,979
CMAA in-kind contributions	-	67,249	-	-	(67,249)	-
Fundraising events	-	17,556	-	-	-	17,556
Rental income	-	-	490,932	-	(483,432)	7,500
Premier Club Services	-	-	-	4,670	-	4,670
Interest income and other	161,797	20,982	-	-	-	182,779
Net assets released from restrictions	-	9,980	-	-	-	9,980
Total revenue and support	9,297,709	450,723	490,932	4,670	(550,681)	9,693,353
Expenses						
Program services						
Meetings and events	2,288,559	-	-	-	-	2,288,559
Professional development	1,703,785	-	-	-	-	1,703,785
Business development	1,214,344	-	-	-	-	1,214,344
Membership	783,144	-	-	-	-	783,144
Grants and scholarships	-	269,522	-	-	-	269,522
International wine society	201,543	-	-	-	-	201,543
Advocacy	179,388	-	-	-	-	179,388
Support services						
General and administrative	2,177,890	28,391	-	-	(550,681)	1,655,600
Building expenses	-	-	528,112	-	-	528,112
Committee meeting and board administration	218,892	-	-	-	-	218,892
Fundraising	-	146,847	-	-	-	146,847
Premier Club Services	-	-	-	379	-	379
Total expenses	8,767,545	444,760	528,112	379	(550,681)	9,190,115
Changes in unrestricted net assets from operations	530,164	5,963	(37,180)	4,291	-	503,238
Net loss on investments in marketable securities	-	(12,754)	-	-	-	(12,754)
Loss on investment in LLC	(22,308)	(11,154)	-	(3,718)	37,180	-
Reclassification to temporarily restricted net assets	-	(40,851)	-	-	-	(40,851)
Change in unrestricted net assets	507,856	(58,796)	(37,180)	573	37,180	449,633
Temporarily restricted activities						
Interest and dividends	-	13,842	-	-	-	13,842
Campaign contributions	-	17,717	-	-	-	17,717
Net loss on investments in marketable securities	-	(8,414)	-	-	-	(8,414)
Net assets released from restriction	-	(9,980)	-	-	-	(9,980)
Reclassification from unrestricted net assets	-	40,851	-	-	-	40,851
Change in temporarily restricted net assets	-	54,016	-	-	-	54,016
Change in net assets	507,856	(4,780)	(37,180)	573	37,180	503,649
Net assets (deficit), beginning of year (as restated*)	(2,521,271)	-	244,129	(143,957)	(244,129)	(2,665,228)
Consolidation of the Foundation effective November 1, 2015	-	3,466,153	-	-	-	3,466,153
Net assets (deficit), end of year	**$ (2,013,415)**	**$ 3,461,373**	**$ 206,949**	**$ (143,384)**	**$ (206,949)**	**$ 1,304,574**

* Restated balances to agree to investment in the LLC at October 31, 2015.
There is no effect on total consolidated net assets at October 31, 2015.