Club Management Association of America and Affiliates

Consolidated Financial Report
October 31, 2020

Contents

Independent Auditor's Report

Board of Directors
Club Management Association of America

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Club Management Association of America (the Organization), which comprise the consolidated statement of financial position as of October 31, 2020, 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 (collectively, 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 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 financial statements are free from 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 Organization'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 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 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 Club Management Association of America and Affiliates as of October 31, 2020, and the changes 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.

Other Matter
The financial statements of the Organization, as of and for the year ended October 31, 2019, were audited by other auditors whose report, dated January 21, 2020, expressed an unmodified opinion on those statements.

RSM US LLP

Washington, D.C.
February 24, 2021

Club Management Association of America and Affiliates

Consolidated Statements of Financial Position
October 31, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	**$ 5,073,747**	$ 5,065,108
Accounts receivable	**323,668**	519,984
Promises to give, current, net	**22,650**	25,450
Prepaid expenses and other assets	**469,563**	419,890
Total current assets	**5,889,628**	6,030,432
Promises to give, net of current portion, net	**137,882**	166,742
Investments in marketable securities	**4,028,953**	3,735,982
Deferred compensation assets	**162,965**	127,114
Property and equipment, net	**1,439,189**	1,610,753
Total assets	**$ 11,658,617**	$ 11,671,023
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable	**$ 50,185**	$ 160,295
Accrued expenses	**573,282**	467,997
Deferred revenue	**4,276,242**	4,610,966
Mortgage payable, current portion	**78,062**	73,275
Total current liabilities	**4,977,771**	5,312,533
Deferred compensation liability	**162,965**	127,114
Mortgage payable, long-term portion, net	**2,250,956**	2,303,322
Total liabilities	**7,391,692**	7,742,969
Commitments and contingencies (Notes 12 and 13)		
Net assets:		
Without donor restrictions	**2,482,055**	2,155,726
With donor restrictions	**1,784,870**	1,772,328
Total net assets	**4,266,925**	3,928,054
Total liabilities and net assets	**$ 11,658,617**	$ 11,671,023

See notes to consolidated financial statements.

Club Management Association of America and Affiliates

Consolidated Statements of Activities
Years Ended October 31, 2020 and 2019

	2020	2019
Activities without donor restrictions:		
Revenue and support:		
Membership dues	**$ 3,563,380**	$ 3,581,402
Meetings and events	**2,318,859**	2,486,829
Business development	**1,805,954**	2,070,623
Professional development	**1,153,957**	2,197,858
Advertising income and other	**239,220**	280,301
Career services	**231,800**	269,300
Contributions	**201,543**	224,282
International wine society	**122,182**	156,384
Investment income, net	**79,007**	292,022
Fundraising events	**12,156**	17,910
Rental income	**8,250**	8,982
Campaign contributions	**1,240**	93,313
Net assets released from restrictions	**30,308**	33,054
Total revenue and support	**9,767,856**	11,712,260
Expenses:		
Program services:		
Meetings and events	**2,468,559**	2,795,206
Business development	**1,470,140**	1,415,664
Professional development	**1,255,604**	1,935,313
Membership	**1,208,979**	1,093,836
International wine society	**233,179**	204,992
Advocacy	**218,224**	224,441
Grants and scholarships	**177,578**	160,902
Total program services	**7,032,263**	7,830,354
Support services:		
General and administrative	**2,374,414**	2,768,394
Fundraising	**34,850**	32,811
Total supporting services	**2,409,264**	2,801,205
Total expenses	**9,441,527**	10,631,559
Change in net assets without donor restrictions	**326,329**	1,080,701
Activities with donor restrictions:		
Investment income, net	**31,850**	113,590
Campaign contributions	**11,000**	15,115
Net assets released from restrictions	**(30,308)**	(33,054)
Change in net assets with donor restrictions	**12,542**	95,651
Change in net assets	**338,871**	1,176,352
Net assets:		
Beginning	**3,928,054**	2,819,859
Consolidation of CSFA as of November 1, 2018 (Note 1)	**-**	(68,157)
Ending	**$ 4,266,925**	$ 3,928,054

See notes to consolidated financial statements.

Club Management Association of America and Affiliates

Consolidated Statement of Functional Expenses
Year Ended October 31, 2020

	Program Services								Supporting Services			
	Meetings and Events	Business Development	Professional Development	Membership	International Wine Society	Advocacy	Grants and Scholarships	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Salaries and benefits	$ 557,632	$ 733,587	$ 565,601	$ 739,156	$ 72,755	$ 134,876	$ -	$ 2,803,607	$ 1,239,591	$ -	$ 1,239,591	$ 4,043,198
Professional services	69,497	216,231	43,264	228,683	30,208	33,627	13,460	634,970	597,950	22,434	620,384	1,255,354
Functions	550,913	36,000	169,322	-	46,012	380	-	802,627	27,676	-	27,676	830,303
Other operating expenses	98,379	153,601	84,257	37,307	70,083	24,943	7,449	476,019	127,838	12,416	140,254	616,273
Building operations (including depreciation)	100,572	125,768	76,652	80,585	9,887	18,286	-	411,750	119,815	-	119,815	531,565
Audio visual	461,687	-	-	-	-	-	-	461,687	-	-	-	461,687
Speaker expenses	329,110	-	111,281	-	-	-	-	440,391	-	-	-	440,391
Bank charges	-	-	-	-	-	-	-	-	189,430	-	189,430	189,430
Materials	64,664	12,221	93,486	7,878	-	-	-	178,249	1,971	-	1,971	180,220
Exhibitor services	-	149,011	-	-	-	-	-	149,011	-	-	-	149,011
Equipment depreciation	27,134	33,931	20,680	21,741	2,667	4,933	-	111,086	32,326	-	32,326	143,412
Travel	53,962	6,447	31,761	1,455	1,567	1,179	-	96,371	37,817	-	37,817	134,188
Signage	118,703	3,343	-	-	-	-	-	122,046	-	-	-	122,046
Magazine commission	-	-	-	92,174	-	-	-	92,174	-	-	-	92,174
RD - Research	-	-	59,300	-	-	-	-	59,300	-	-	-	59,300
Kendall / Manager scholarships	-	-	-	-	-	-	37,635	37,635	-	-	-	37,635
Equipment rent and lease expense	36,306	-	-	-	-	-	-	36,306	-	-	-	36,306
Industry grant	-	-	-	-	-	-	31,052	31,052	-	-	-	31,052
Students grants and scholarships	-	-	-	-	-	-	30,087	30,087	-	-	-	30,087
Sally Burns Rambo scholarships	-	-	-	-	-	-	17,245	17,245	-	-	-	17,245
Awards - Chapter of the year	-	-	-	-	-	-	17,000	17,000	-	-	-	17,000
Awards - new member recruitment	-	-	-	-	-	-	12,000	12,000	-	-	-	12,000
Awards program development	-	-	-	-	-	-	6,000	6,000	-	-	-	6,000
LaRocca scholarships	-	-	-	-	-	-	4,650	4,650	-	-	-	4,650
James B. Singerling scholarships	-	-	-	-	-	-	1,000	1,000	-	-	-	1,000
	$ 2,468,559	$ 1,470,140	$ 1,255,604	$ 1,208,979	$ 233,179	$ 218,224	$ 177,578	$ 7,032,263	$ 2,374,414	$ 34,850	$ 2,409,264	$ 9,441,527

See notes to consolidated financial statements.

Club Management Association of America and Affiliates

Consolidated Statement of Functional Expenses
Year Ended October 31, 2019

	Program Services								Supporting Services			
	Meetings and Events	Business Development	Professional Development	Membership	International Wine Society	Advocacy	Grants and Scholarships	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Salaries and benefits	$ 758,572	$ 660,535	$ 564,106	$ 604,687	$ 70,313	$ 141,027	$ -	$ 2,799,240	$ 1,363,594	$ -	$ 1,363,594	$ 4,162,834
Functions	695,543	17,877	454,716	4,358	66,358	1,016	-	1,239,868	22,697	-	22,697	1,262,565
Professional services	68,945	258,413	25,968	203,067	24,706	26,849	4,784	612,732	661,816	7,973	669,789	1,282,521
Other operating expenses	96,445	186,887	145,430	44,874	30,713	22,794	5,360	532,503	197,663	24,838	222,501	755,004
Speaker expenses	327,839	-	351,547	-	-	-	-	679,386	-	-	-	679,386
Building operations (including depreciation)	76,463	93,819	75,442	100,375	9,403	18,861	-	374,363	162,975	-	162,975	537,338
Audio visual	360,005	-	-	-	-	-	-	360,005	-	-	-	360,005
Travel	132,928	20,146	79,812	4,708	1,131	8,898	-	247,623	90,153	-	90,153	337,776
Materials	59,048	-	127,368	13,286	-	-	-	199,702	77	-	77	199,779
Bank charges	-	-	-	-	-	-	-	-	179,780	-	179,780	179,780
Exhibitor services	-	155,740	-	-	-	-	-	155,740	-	-	-	155,740
Equipment depreciation	25,549	22,247	18,999	20,366	2,368	4,750	-	94,279	41,056	-	41,056	135,335
Signage	126,128	-	-	-	-	-	-	126,128	-	-	-	126,128
Equipment rent and lease expense	67,741	-	-	-	-	246	-	67,987	48,583	-	48,583	116,570
Magazine commission	-	-	-	98,115	-	-	-	98,115	-	-	-	98,115
RD - Research	-	-	91,925	-	-	-	-	91,925	-	-	-	91,925
Industry grant	-	-	-	-	-	-	50,855	50,855	-	-	-	50,855
Kendall / Manager scholarships	-	-	-	-	-	-	24,058	24,058	-	-	-	24,058
Sally Burns Rambo scholarships	-	-	-	-	-	-	19,595	19,595	-	-	-	19,595
Students grants and scholarships	-	-	-	-	-	-	17,500	17,500	-	-	-	17,500
Awards program development	-	-	-	-	-	-	15,000	15,000	-	-	-	15,000
Awards - new member recruitment	-	-	-	-	-	-	12,750	12,750	-	-	-	12,750
Faculty grants and scholarships	-	-	-	-	-	-	7,000	7,000	-	-	-	7,000
James B. Singerling scholarships	-	-	-	-	-	-	2,000	2,000	-	-	-	2,000
LaRocca scholarships	-	-	-	-	-	-	2,000	2,000	-	-	-	2,000
	$ 2,795,206	$ 1,415,664	$ 1,935,313	$ 1,093,836	$ 204,992	$ 224,441	$ 160,902	$ 7,830,354	$ 2,768,394	$ 32,811	$ 2,801,205	$ 10,631,559

See notes to consolidated financial statements.

Club Management Association of America and Affiliates

Consolidated Statements of Cash Flows
Years Ended October 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	**$ 338,871**	$ 1,176,352
Adjustments to reconcile change in net assets		
to net cash provided by operating activities:		
Depreciation and amortization	**261,539**	254,129
Net realized and unrealized gain on investments	**(12,911)**	(264,783)
Bad debt	**-**	5,396
Change in discount on pledges receivable	**(2,440)**	10,572
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	**196,316**	(226,002)
Promises to give	**34,100**	(32,632)
Prepaid expenses and other assets	**(49,673)**	(21,389)
Increase (decrease) in:		
Accounts payable	**(110,110)**	76,291
Accrued expenses	**105,285**	(118,013)
Deferred revenue	**(334,724)**	(412,144)
Net cash provided by operating activities	**426,253**	447,777
Cash flows from investing activities:		
Purchases of investments	**(722,897)**	(701,142)
Proceeds from sale of investments	**442,837**	219,551
Purchases of property and equipment	**(63,799)**	(29,600)
Net cash used in investing activities	**(343,859)**	(511,190)
Cash flows from financing activities:		
Principal payments on mortgage payable	**(73,755)**	(76,711)
Net cash used in financing activities	**(73,755)**	(76,711)
Net increase (decrease) in cash and cash equivalents	**8,639**	(140,125)
Cash and cash equivalents:		
Beginning	**5,065,108**	5,186,133
Cash balance of CSFA at November 1, 2018	**-**	19,100
Ending	**$ 5,073,747**	$ 5,065,108
Supplemental disclosures of cash flow information		
Cash paid for interest	**$ 109,297**	$ 110,240
Cash paid for income taxes	**$ 32,800**	$ 40,102

See notes to consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Club Management 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 charitable nonprofit organization focused solely on the club industry. The Foundation was formed for charitable and educational purposes to foster intellectual excellence in the field of club management. This purpose is achieved by awarding scholarships or research grants to individuals and by making gifts or contributions. 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. The Foundation's by-laws 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.

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 70% interest and the Foundation owns a 30% interest.

Club Spa and Fitness Association (CSFA) was founded in January 2007. The CSFA is a nonprofit resource organization, whose mission it is to establish an organization that sets best practices and maintains superior standards and ethics for Fitness, Spa and Wellness Professionals in the Private Club Sector. Effective November 1, 2018, CSFA became an affiliate of CMAA.

A summary of the Organization's significant account policies follows:

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

Basis of accounting: The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned, support is recognized when unconditionally received, and expenses are recognized when incurred.

Basis of presentation: The financial statement presentation follows the accounting requirements of the Not-for-Profit entities topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under the FASB ASC, the Organization is required to report information regarding its net assets and its activities according to two categories: 1) net assets without donor restrictions and 2) net assets with donor restrictions.

Without donor restrictions: Net assets without donor restrictions 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. See Note 8 for details on board designated net assets.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

With donor restrictions: Net assets with donor restrictions include those net assets whose use is subject to donor-imposed restrictions. Donor restrictions may be for a specified time or purpose limitation or the donor may specify that the corpus of their original and certain subsequent gifts be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both (see Note 9).

Cash and cash equivalents: For purposes of reporting cash flows, the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash or cash equivalents, excluding cash held by the investment custodian.

Financial risk: The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally-insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant financial risk on cash.

The Organization invests in a professionally managed portfolio that contains fixed income and equity mutual funds, common stocks and alternative investments. Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risk in the near-term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Investments: Investments with readily determinable fair values are reflected at fair value. The change in fair value of these investments is recorded as a component of investment income in the consolidated statements of activities.

Accounts receivable: Accounts receivable are presented at the gross, or face, amount due to the Organization, less an allowance for uncollectible accounts. The Organization’s management periodically reviews the status of all receivable balances for collectability. Each receivable balance is assessed based on management's knowledge of the customer or donor, the Organization’s relationship with the customer or donor, and the age of the receivable balance. As a result of these reviews, customer or donor balances deemed to be uncollectible are charged directly to bad debt expense. Management believes that the use of the direct write-off method approximates the results that would be presented if an allowance for doubtful receivables had been recorded. There was no allowance for doubtful accounts deemed necessary at October 31, 2020 and 2019, as management believes all receivables to be fully collectible.

Promises to give: Promises to give that are expected to be collected in future years are recorded at their initial fair value upon receipt, measured as the net present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Receivables are stated at net realizable value.

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 are 15 to 40 years. The estimated useful lives of the furniture, fixtures, and equipment are three to 12 years.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Valuation of long-lived assets: Long-lived assets and certain identifiable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Membership dues: Revenue from membership dues is recognized over the year to which it relates. Dues received in advance are reported as deferred revenue 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. Revenue is recognized each year based upon the nature and terms of the specific agreement.

Contributions: Unconditional contributions are recorded as support without or with donor restrictions, depending upon the existence and/or nature of donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a restriction expires, donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Deferred revenue: Deferred revenue primarily consists of membership dues, conference and exhibit booth registrations and workshop registration revenue received in advance of the period in which they are earned.

Adoption of recent accounting pronouncement: In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than non-for-profits to identify and account for contributions made. The Organization adopted the new standard on contributions received effective for the year ended October 31, 2020, using the modified prospective method, but has not yet adopted the standard for contributions made which will be effective for the year ended October 31, 2021. There are no changes in revenue or expense recordation and presentation as a result of the adoption of this new standard.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Income tax status: CMAA and CSFA 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, CSFA, 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 was approximately $25,000 and $34,000 for the years ended October 31, 2020 and 2019, respectively.

Functional allocation of expense: The costs of providing various programs and supporting services have been summarized on a functional basis in the consolidated statements of activities and consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The costs are allocated among program and supporting services based on employee effort.

Upcoming accounting pronouncements: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring 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 updated standard will replace most existing revenue recognition guidance in accounting principles generally accepted in the United States of America (U.S. GAAP) when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. Early adoption is permitted. The new standard is effective for the Organization’s year ending October 31, 2021. The Organization has not yet selected a transition method and is currently evaluating the effect that the ASU will have on the consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07 on Topic 958, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires gifts-in-kind to be presented as a separate line item in the statement of activities instead of remaining grouped among contributions of cash or other financial assets. Additionally, gifts-in-kind are to be disaggregated into categories based on the type of gift received, with additional disclosures required regarding each category. The new standard is effective for fiscal years beginning after June 15, 2021, including interim periods within those fiscal years.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating with classification affecting the pattern of expense recognition in the statements of activities. The new standard is effective for the Organization’s year ending October 31, 2023. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, with certain practical expedients available. The Organization is currently evaluating the impact of the adoption of the new standard on the consolidated financial statements.

Use of estimates: The preparation of financial statements in conformity generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications: Certain reclassifications were made to the 2019 consolidated financial statements to conform to the 2020 presentation. These reclassifications have no effect on previously reported change in net assets.

Subsequent events: Subsequent events have been evaluated through February 24, 2021, which was the date the consolidated financial statements were available to be issued.

Note 2. Promises to Give

Promises to give consist of the following at October 31, 2020 and 2019:

	2020	2019
Amounts due within one year	$ 42,150	$ 44,950
Amounts due between one to five years	149,000	157,800
Amounts due in greater than five years	34,000	56,500
Total promises to give	225,150	259,250
Less discount to present value	(25,618)	(28,058)
Less allowance for uncollectible promises to give	(39,000)	(39,000)
Net promises to give	$ 160,532	$ 192,192

Promises to give with due dates extending beyond one year are discounted using Treasury bill rates for similar term investments.

Note 3. Investments

In accordance with U.S. GAAP, the Organization 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 equity and fixed income mutual funds, the fair values for which were based on quoted prices for identical assets in active markets.

As a practical expedient, the Organization is permitted to estimate fair value of an investment using the reported net asset value (NAV) without further adjustment unless the Organization expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with U.S. GAAP. The Organization has performed due diligence regarding these investments to ensure NAV is an appropriate measure of fair value as of October 31. Management monitors the reports provided by the fund managers and believes the estimates of value to be fair approximations of the exit price for these investments.

Note 3. Investments (Continued)

Investments measured at NAV 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.

All of the investments carried at fair value are considered Level 1. The following is a summary of investments, which were measured on a recurring basis, at October 31, 2020 and 2019:

	2020	2019
Mutual funds – equity	$ 581,061	$ 635,546
Mutual funds – fixed income	1,472,888	1,267,557
Common stocks	761,835	729,465
Investments carried at fair value	2,815,784	2,632,568
Cash and cash equivalents, at cost*	16,622	3,919
Investments measured at NAV**	1,196,547	1,099,495
	$ 4,028,953	$ 3,735,982

* 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.

** In accordance with U.S. GAAP, certain investments that are measured at fair value using then NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

Investments measured at net asset value are presented in the above table to permit reconciliation of the tables to the amounts presented in the consolidated statements of financial position.

NAV is defined as the value of a fund that is reached by deducting the fund's liabilities from the market value of all of its assets and then dividing the number of issued shares (or units of ownership). Depending on the type of fund and the nature of its assets, a variety of valuation techniques can be used to arrive at the market value of its assets. Investments recorded at net asset value consist of collective investment funds, private equity funds, real estate investment trusts, hedge funds, private debt funds, and MLP fund for which fair value is determined using the NAV per share of the investments, as provided by the fund manager, and are not classified within the fair value hierarchy. Although no observable inputs are currently available for funds categorized at NAV, audited fund financial statements are available for management's review.

Note 3. Investments (Continued)

Investment income consists of the following for the years ended October 31, 2020 and 2019:

	2020	2019
Interest and dividends	$ 109,931	$ 151,743
Realized and unrealized gains	12,911	264,783
Investment management fees	(11,985)	(10,914)
	$ 110,857	$ 405,612

Investments consist of the following at October 31, 2020 and 2019:

	2020	2019
Mutual Funds:		
Mutual funds – equities	$ 581,061	$ 635,546
Mutual funds – fixed income	1,472,888	1,267,557
Common Stock:		
Consumer	293,253	267,290
Financial	216,086	163,805
Technology	148,211	191,482
Utilities	8,008	27,955
Energy	34,508	34,128
Capital equipment	33,824	28,543
Services	9,454	12,913
Industrial commodities	18,491	3,349
Investments measured at NAV	1,196,547	1,099,495
Cash and cash equivalents	16,622	3,919
	$ 4,028,953	$ 3,735,982

The following presents further information regarding the composition of the Foundation's investments measured under the NAV practical expedient at October 31, 2020 and 2019:

	Fair Value 2020	Fair Value 2019	Unfunded Commitments	Redemption Frequency (if Currently Eligible)
Dynamic asset allocation overlay portfolios	$ 1,196,547	$ 1,099,495	$ -	(a)

(a) Dynamic Overlay Portfolios A & B: The Dynamic Overlay Portfolios are organized as the Sanford C. Bernstein Fund, Inc. (the Fund) which is registered under the Investment Company Act of 1940 as an open-end registered investment company. The Fund, which is a Maryland corporation, operates as a series company currently comprised of fifteen portfolios which all have their own investment objectives. Each Portfolio is an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies. Redemptions are followed on a daily basis.

Note 3. Investments (Continued)

Deferred compensation: The Organization's investments held for deferred compensation are classified as Level 1 instruments as they consist of equity mutual funds that are actively traded on public exchanges.

The deferred compensation liability is based on the fair market value of the deferred compensation plan assets that are observable inputs, but the liability is not publicly traded and is therefore classified as Level 2.

Note 4. Property and Equipment

Property and equipment is recorded at cost and consisted of the following at October 31, 2020 and 2019:

	2020	2019
Land	$ 1,010,000	$ 1,010,000
Building and building improvements	3,952,042	3,937,989
Furniture, fixtures, and equipment	1,665,904	1,616,157
	6,627,946	6,564,146
Less accumulated depreciation	(5,188,757)	(4,953,393)
	$ 1,439,189	$ 1,610,753

Note 5. Mortgage Payable

The balance of the mortgage is $2,329,018 and $2,402,773 October 31, 2020 and 2019, respectively, with an interest rate of 4.5%. 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 $2,080,000 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 Sandy Spring 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 net income excluding mortgage interest and depreciation expense, divided by the annual debt service amount.

In accordance with generally accepted accounting principles, debt issuance costs related to a recognized debt liability are presented in statements of financial position as a direct reduction from the carrying amount of that debt liability. Therefore, deferred loan costs are included in mortgage payable on the consolidated statements of financial position.

Note 5. Mortgage Payable (Continued)

Mortgage payable consisted of the following at October 31, 2020 and 2019:

	2020	2019
Current portion	$ 78,062	$ 73,275
Long-term portion	2,250,956	2,329,498
Less unamortized deferred loan costs	-	(26,176)
	$ 2,329,018	$ 2,376,597

Future maturities of principal on the mortgage payable were as follows at October 31, 2020:

Years ending October 31:	
2021	$ 78,062
2022	82,737
2023	87,691
2024	2,080,528
Total	$ 2,329,018

Deferred loan costs are amortized over the term of the debt. Amortization expense was $26,176 and $26,280 for the years ended October 31, 2020 and 2019, respectively.

Note 6. Deferred Revenue

Deferred revenue consisted of the following at October 31, 2020 and 2019:

	2020	2019
Membership dues	$ 2,814,147	$ 2,774,091
Conference and exhibit related	136,633	615,403
Workshops	1,250,314	1,152,109
Other	75,148	69,363
	$ 4,276,242	$ 4,610,966

Note 7. Liquidity and Availability

The Organization regularly monitors liquidity levels to ensure that there are sufficient assets to meet the cash needs for general operating expenditure and to determine how much excess cash is available for investing in short-and long-term financial instruments in accordance with its investment policy. The Organization structures its financial assets to be available as general expenditures, liabilities and other obligations come due.

The following represents the Organization's financial assets as of October 31, 2020 and 2019, reduced by amounts not available for general use within one year due to contractual or donor-imposed restrictions:

	2020	2019
Cash and cash equivalents	$ 5,073,747	$ 5,065,108
Accounts receivable, net	323,668	519,984
Promises to give, net, current portion	22,650	25,450
Promises to give, net of current portion, net	137,882	166,742
Investments	4,028,953	3,735,982
Subtotal financial assets	9,586,900	9,513,266
Amounts not available within one year:		
Net assets with donor restrictions including promises to give to be received in greater than one year	(1,762,220)	(1,746,878)
Board-designated net assets (Note 8)	(575,521)	(516,209)
Financial assets available to meet cash needs for general expenditures within one year	$ 7,249,159	$ 7,250,179

Note 8. Board Designated Net Assets

Board designated net assets represent funds pertaining to the International Wine Society (the Society) and the mortgage debt repayment fund. The designated fund balance represents the excess of revenues over expenses generated by the Society during the year. During the year ending October 31, 2018, CMAA's Board of Directors approved the creation of a dedicated reserve fund for mortgage debt repayment. This dedicated reserve shall be funded by approximately one half of year-end net income (excess of revenues over expenses). These funds are without donor restriction and are available for the use of CMAA at the direction of the Board.

Board designated net assets consisted of the following at October 31, 2020 and 2019:

	2020	2019
International Wine Society	$ 14,521	$ 40,209
Mortgage Debt Repayment Fund	561,000	476,000
	$ 575,521	$ 516,209

Note 9. Net Assets With Donor Restrictions

Net assets with donor restrictions include those net assets whose use has been restricted by the donors for a specific purpose and/or a specified time limitation. Net assets with donor restrictions that were restricted for purpose consisted of the following at October 31:

	2020	2019
Other fund:		
Scholarship funds	$ 181,704	$ 181,652
Endowment funds:		
Endowment – appreciation	226,370	213,880
Endowment – held in perpetuity	1,376,796	1,376,796
Endowment funds	1,603,166	1,590,676
Total	$ 1,784,870	$ 1,772,328

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

	2020	2019
Scholarship funds	$ 10,948	$ 10,798
Endowment	19,360	22,256
	$ 30,308	$ 33,054

Note 10. Endowment Funds

Net assets with donor restrictions whose restrictions are perpetual in nature include capital campaign endowment funds. At October 31, 2020 and 2019, the Foundation'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. The donor-restricted endowment funds are classified within net assets with donor restrictions and must be maintained in perpetuity.

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 net assets with donor restrictions (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.

Note 10. Endowment Funds (Continued)

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.

The changes in endowment funds for the years ended October 31, 2020 and 2019, are as follows:

	Restricted for Purpose (including earnings)	Held in Perpetuity	Total
Endowment net assets at October 31, 2018	$ 122,546	$ 1,376,796	$ 1,499,342
Interest and dividends	24,214	-	24,214
Net gain on investment in marketable securities	89,376	-	89,376
Appropriations	(22,256)	-	(22,256)
Endowment net assets at October 31, 2019	213,880	1,376,796	1,590,676
Interest and dividends	27,855	-	27,855
Net gain on investment in marketable securities	3,995	-	3,995
Appropriations	(19,360)	-	(19,360)
Endowment net assets at October 31, 2020	$ 226,370	$ 1,376,796	$ 1,603,166

Note 11. Retirement Plans

The Organization maintains a retirement plan qualified under Internal Revenue Code Section 401(k). All full-time employees over the age of 21 who have completed three 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 requires the Organization to make a 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. Additionally, the plan has a discretionary profit sharing contribution. The Organization did not make a discretionary contribution to the plan for the years ended October 31, 2020 or 2019. Retirement plan expense for the plan is $179,247 and $199,250 for the years ended October 31, 2020 and 2019, respectively.

Note 11. Retirement Plans (Continued)

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 deferred compensation plan is funded with assets invested in equity mutual funds that were valued using Level 1 inputs. The liability associated with this plan was $162,965 and $127,114 as of October 31, 2020 and 2019, respectively, and is shown as a deferred compensation liability in the accompanying consolidated statements of financial position. The Organization's contribution to the deferred compensation plan was $57,000 and $43,000 for the years ended October 31, 2020 and 2019, respectively.

Note 12. 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 entered into an employment agreement with its current CEO, effective October 1, 2020, with an initial three-year period. The agreement is automatically renewable each subsequent year 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.

Note 13. COVID-19 Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a "Public Health Emergency of International Concern" and, on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate the spread of it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. It is unknown how long the adverse conditions associated with COVID-19 will last and what the complete financial effect will be to the Organization. The continued spread of COVID-19 could adversely impact the Organization's operations and may have a material adverse effect on the financial condition of the Organization.

Independent Auditor's Report on the Supplementary Information

Board of Directors
Club Management Association of America

We have audited the consolidated financial statements of Club Management Association of America and Affiliates (collectively, the Organization) as of and for the year ended October 31, 2020, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. See pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for the purposes of additional analysis rather than to present the financial position, changes in net assets and cash flows of the individual entities, and it 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Washington D.C.
February 24, 2021

Club Management Association of America and Affiliates

Consolidating Statement of Financial Position
October 31, 2020

	CMAA	Foundation	LLC	CSFA	Eliminations	Total
Assets						
Current assets:						
Cash and cash equivalents	$ 4,867,080	$ 39,790	$ 129,985	$ 36,892	$ -	$ 5,073,747
Accounts receivable	323,630	231,268	976,558	7,485	(1,215,273)	323,668
Promises to give, current portion, net	-	22,650	-	-	-	22,650
Prepaid expenses and other assets	431,106	6,459	30,634	1,364	-	469,563
Total current assets	5,621,816	300,167	1,137,177	45,741	(1,215,273)	5,889,628
Promises to give, net of current portion, net	-	137,882	-	-	-	137,882
Investments in marketable securities	-	4,028,953	-	-	-	4,028,953
Investment in LLC	111,933	46,993	-	-	(158,926)	-
Deferred compensation assets	162,965	-	-	-	-	162,965
Property and equipment, net	56,928	-	1,382,261	-	-	1,439,189
Total assets	$ 5,953,642	$ 4,513,995	$ 2,519,438	$ 45,741	$ (1,374,199)	$ 11,658,617
Liabilities and net assets						
Liabilities:						
Current liabilities:						
Accounts payable	$ 748,018	$ -	$ 31,494	$ 7,518	$ (736,845)	$ 50,185
Accrued expenses	1,046,545	5,165	-	-	(478,428)	573,282
Deferred revenue	4,254,187	-	-	22,055	-	4,276,242
Mortgage payable, current portion	-	-	78,062	-	-	78,062
Total current liabilities	6,048,750	5,165	109,556	29,573	(1,215,273)	4,977,771
Deferred compensation liability	162,965	-	-	-	-	162,965
Mortgage payable, long-term portion, net	-	-	2,250,956	-	-	2,250,956
Total liabilities	6,211,715	5,165	2,360,512	29,573	(1,215,273)	7,391,692
Net assets:						
Without donor restrictions	(258,073)	2,723,960	158,926	16,168	(158,926)	2,482,055
With donor restrictions	-	1,784,870	-	-	-	1,784,870
Total net assets	(258,073)	4,508,830	158,926	16,168	(158,926)	4,266,925
Total liabilities and net assets	$ 5,953,642	$ 4,513,995	$ 2,519,438	$ 45,741	$ (1,374,199)	$ 11,658,617

Club Management Association of America and Affiliates

Consolidating Statement of Activities
Year Ended October 31, 2020

	CMAA	Foundation	LLC	CSFA	Eliminations	Total
Activities without donor restrictions:						
Revenue and support:						
Membership dues	$ 3,522,609	$ -	$ -	$ 40,771	$ -	$ 3,563,380
Meetings and events	2,241,713	-	-	77,146	-	2,318,859
Business development	1,805,954	-	-	-	-	1,805,954
Professional development	1,153,957	-	-	-	-	1,153,957
Advertising income and other	293,220	-	-	-	(54,000)	239,220
Career services	231,800	-	-	-	-	231,800
Contributions	-	399,459	-	-	(197,916)	201,543
International wine society	122,182	-	-	-	-	122,182
Investment income, net	19,915	59,092	-	-	-	79,007
CMAA in-kind contributions	-	54,141	-	-	(54,141)	-
Fundraising events	-	12,156	-	-	-	12,156
Rental income	-	-	536,189	-	(527,939)	8,250
Campaign contributions	-	1,240	-	-	-	1,240
Net assets released from restrictions	-	30,308	-	-	-	30,308
Total revenue and support	9,391,350	556,396	536,189	117,917	(833,996)	9,767,856
Expenses:						
Program services:						
Meetings and events	2,458,421	-	100,572	-	(90,434)	2,468,559
Business development	1,639,876	-	125,768	69,503	(365,007)	1,470,140
Professional development	1,247,877	-	76,652	-	(68,925)	1,255,604
Membership	1,200,856	-	80,585	-	(72,462)	1,208,979
Advocacy	216,381	-	18,286	-	(16,443)	218,224
Grants and scholarships	-	244,807	-	-	(67,229)	177,578
International wine society	232,182	-	9,887	-	(8,890)	233,179
Total program services	6,995,593	244,807	411,750	69,503	(689,390)	7,032,263
Support services:						
General and administrative	2,228,395	58,761	119,815	-	(32,557)	2,374,414
Fundraising	-	146,899	-	-	(112,049)	34,850
Total supporting services	2,228,395	205,660	119,815	-	(144,606)	2,409,264
Total expenses	9,223,988	450,467	531,565	69,503	(833,996)	9,441,527
Change in net assets without donor restrictions before other item	167,362	105,929	4,624	48,414	-	326,329
Other item:						
Income from investment in LLC	3,237	1,387	-	-	(4,624)	-
Change in net assets without donor restrictions	170,599	107,316	4,624	48,414	(4,624)	326,329
Activities with donor restrictions:						
Investment income, net	-	31,850	-	-	-	31,850
Campaign contributions	-	11,000	-	-	-	11,000
Net assets released from restrictions	-	(30,308)	-	-	-	(30,308)
Change in net assets with donor restrictions	-	12,542	-	-	-	12,542
Change in net assets	170,599	119,858	4,624	48,414	(4,624)	338,871
Net assets (deficit):						
Beginning	(428,672)	4,388,972	154,302	(32,246)	(154,302)	3,928,054
Ending	$ (258,073)	$ 4,508,830	$ 158,926	$ 16,168	$ (158,926)	$ 4,266,925