Turnaround Management Association

Consolidated Financial Report
December 31, 2014

Turnaround Management Association

Contents

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Independent Auditor's Report

To the Executive Board
Turnaround Management Association

We have audited the accompanying consolidated financial statements of Turnaround Management Association (the "Association"), which comprise the consolidated statement of financial position as of December 31, 2014 and the related consolidated statements of activities and changes in net assets 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 from 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

To the Executive Board
Turnaround Management Association

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Turnaround Management Association as of December 31, 2014 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

July 9, 2015

Turnaround Management Association

Consolidated Statement of Financial Position
December 31, 2014

Assets		
Current Assets		
Cash and cash equivalents	$	1,317,822
Investments (Note 2)		3,894,983
Receivables		338,563
Prepaid expenses (Note 6)		208,432
Total current assets		5,759,800
Other Assets - Deposits		40,025
Equipment - Net (Note 4)		525,375
Total assets	**$**	**6,325,200**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$	114,531
Chapter payables (Note 14)		391,719
Accrued expenses		152,695
Deferred revenue:		
Membership dues		1,030,302
Conferences		341,985
Other		81,615
Capital lease obligations (Note 8)		14,244
Total current liabilities		2,127,091
Capital Lease Obligations - Net of current portion (Note 8)		10,777
Deferred Rent Expense (Note 7)		407,474
Net Assets		
Unrestricted:		
Undesignated		2,526,383
Board designated (Note 12)		1,250,475
Temporarily restricted		3,000
Total net assets		3,779,858
Total liabilities and net assets	**$**	**6,325,200**

Turnaround Management Association

Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
Revenue, Gains, and Other Support			
Membership dues	$ 2,061,674	$ -	$ 2,061,674
Chapter allocations (Note 14)	(398,360)	-	(398,360)
Conference revenue	1,986,337	-	1,986,337
Education	123,057	-	123,057
Certification	48,290	-	48,290
Designation	130,365	-	130,365
Subscriptions and advertising fees	285,000	-	285,000
TMA Europe	196,189	-	196,189
Other income	13,600	500	14,100
Total revenue, gains, and other support	4,446,152	500	4,446,652
Expenses - Program			
Personnel	1,772,474	-	1,772,474
Travel	264,722	-	264,722
Administrative	314,246	-	314,246
Professional services	178,846	-	178,846
Marketing	118,849	-	118,849
Conferences and meetings	782,334	-	782,334
Facility	221,325	-	221,325
Technology	484,491	-	484,491
Grants	116,755	-	116,755
Miscellaneous	291,289	-	291,289
Total expenses	4,545,331	-	4,545,331
(Decrease) Increase in Net Assets from Operations	(99,179)	500	(98,679)
Investment Income (Note 3)	143,924	-	143,924
Increase in Net Assets	44,745	500	45,245
Net Assets - Beginning of year	3,732,113	2,500	3,734,613
Net Assets - End of year	**$ 3,776,858**	**$ 3,000**	**$ 3,779,858**

Turnaround Management Association

Consolidated Statement of Cash Flows
Year Ended December 31, 2014

Cash Flows from Operating Activities	
Increase in net assets	$ 45,245
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	147,953
Net realized and change in unrealized gains on investments	(144,117)
Changes in operating assets and liabilities which provided (used) cash:	
Deferred revenue	91,142
Accounts receivable	(46,803)
Pledges receivable	(500)
Prepaid expenses	(109,146)
Deposits	(16)
Accounts payable	(81,632)
Accrued expenses	79,091
Chapter payables	69,287
Net cash provided by operating activities	50,504
Cash Flows from Investing Activities	
Purchases of equipment	(152,808)
Proceeds from sales and maturities of investments	75,000
Net cash used in investing activities	(77,808)
Cash Flows from Financing Activities - Payments on capital lease obligations	(12,804)
Net Decrease in Cash and Cash Equivalents	(40,108)
Cash and Cash Equivalents - Beginning of year	1,357,930
Cash and Cash Equivalents - End of year	**$ 1,317,822**

Note 1 - Nature of Business and Significant Accounting Policies

Turnaround Management Association (TMA or the "Association") was incorporated as a not-for-profit corporation in the state of North Carolina in 1988 as an international educational and professional association comprised of individuals in corporate renewal and turnaround management. Subsequently, in 2006, the Association incorporated in Illinois via a merger under the Illinois General Not-for-Profit Act. The Association provides its members networking forums to exchange information, ideas, and knowledge about the turnaround business, educational programs to improve methodologies in turnaround management, and information to promote the image and credibility of turnaround executives as professionals committed to the highest standards of practice.

On January 31, 2011, TMA incorporated a new subsidiary entity entitled TMA (Europe) LTD. (TMA Europe). Its Certificate of Incorporation of a Private Limited Company is registered with the Registrar of Companies for England and Wales, U.K., under the Companies Act of 2006, and whose registered office is in Middlesex, England, U.K. TMA is the owner of all 1,000 shares of the new company, whose purpose is the management of the annual conference in Europe and providing management assistance as needed over TMA's European chapters.

The Association's Certified Turnaround Professional (CTP) and CT Analyst (CTA) program recognizes professional excellence and provides an objective measure of expertise related to workouts, restructurings, and corporate renewal. Applicants for certification must meet stringent standards of education, experience, and professional conduct, pass a comprehensive examination, and maintain the credential through continuing education credits.

The Association's board-designated endowment fund is dedicated to the development and promotion of educational programs and initiatives for the corporate renewal industry and turnaround professionals.

The Association is headquartered and conducts its activities from offices in Chicago, Illinois.

Principles of Consolidation - The Association's consolidated financial statements include the accounts of TMA and TMA Europe. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an original maturity of three months or less. The Association maintains cash in bank deposit accounts, which at times may exceed federally insured limits. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant risk on cash and cash equivalents.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Investments - Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statement of activities and changes in net assets. Interest income is recorded on the accrual basis. On July 29, 2011, the Association's executive board approved an investment policy statement and engaged an external professional money management firm. On August 4, 2011, $2,000,000 of TMA operation funds and $1,000,000 of board-designated funds were transferred to the money manager to begin a program, the objectives being capital appreciation, generation of income, and preservation of capital.

Equipment - Equipment is recorded at cost and depreciated over the estimated useful lives using straight-line methods. Costs of repairs and maintenance are charged to expense as incurred.

Accounts Receivable - Accounts receivable are stated at net invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of the collectibility or specific funding source accounts and the aging of the accounts receivable. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. Management considers all accounts receivable collectible as of December 31, 2014; therefore, an allowance for doubtful accounts has not been recorded.

Classification of Net Assets - Net assets of the Association are classified as unrestricted, temporarily restricted, or permanently restricted depending on the presence and characteristics of donor-imposed restrictions limiting the Association's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Donor-imposed restrictions that expire with the passage of time or that can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law. The Association currently does not have any permanently restricted net assets.

Board-designated Net Assets - Board-designated net assets are unrestricted net assets designated by the board for specific operating purposes. These designations are based on board actions, which can be altered or revoked at a future time by the board.

Revenue - Membership dues are assessed on an anniversary basis and recognized as revenue during the applicable membership period.

Conference fees are recognized as revenue in the period when the conference is held. Fees received for future conferences are included in deferred revenue.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Contributions - Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Contributions with donor-imposed time or purpose restrictions are reported as restricted support. All other contributions are reported as unrestricted support. Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as unrestricted support. Other restricted gifts are reported as restricted support and temporarily restricted net assets.

Functional Allocation of Expenses - The costs of providing the program and support services have been reported on a functional basis in the consolidated statement of activities and changes in net assets. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Tax Status - The Association is a not-for-profit corporation and has been granted tax-exempt status by the Internal Revenue Service under the provisions of Code Section 501(c)(6). TMA Europe is subject to the income tax laws of Great Britain. Net income from activities unrelated to the Association's tax-exempt purpose is subject to taxation. Taxes on unrelated business income are not material to the consolidated financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Association and has concluded that as of December 31, 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements. The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Association’s federal and state tax returns are generally open for examination for three years following the date filed. Management believes it is no longer subject to income tax examinations for years prior to December 31, 2011.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Subsequent Events - The consolidated financial statements and related disclosures include evaluation of events up through and including July 9, 2015, which is the date the consolidated financial statements were available to be issued.

Note 2 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following table presents information about the Association's assets measured at fair value on a recurring basis at December 31, 2014 and the valuation techniques used by the Association to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Association has the ability to access. Fair values for the Association's fixed-income mutual funds and equities were based on quoted market prices.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. Estimated fair values for the dynamic asset allocation funds were based on the reported net asset value (NAV) of the shares held.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset. The Association currently does not utilize any Level 3 inputs.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Association's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 2 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at December 31, 2014

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2014
Fixed-income mutual funds:				
Intermediate-duration portfolio	$ 506,280	$ -	$ -	$ 506,280
Inflation strategy	77,569	-	-	77,569
Short duration	25,090	-	-	25,090
Global fixed income	505,177	-	-	505,177
Total fixed-income mutual funds	1,114,116	-	-	1,114,116
Equities:				
Strategic value	1,109,645	-	-	1,109,645
International	421,385	-	-	421,385
Emerging markets	78,191	-	-	78,191
Total equities	1,609,221	-	-	1,609,221
Dynamic asset allocation funds:				
Overlay A Portfolio	-	694,728	-	694,728
Overlay B Portfolio	-	464,579	-	464,579
Total dynamic asset allocation funds	-	1,159,307	-	1,159,307
Total assets	$ 2,723,337	$ 1,159,307	$ -	$ 3,882,644

Not included in the above table is $12,339 in money market accounts as of December 31, 2014.

Investments in Entities that Calculate Net Asset Value per Share

The Association holds shares or interests in investment companies (dynamic asset allocation funds) at year end whereby the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company.

Certain investments measured at net asset value per share are classified within Level 2 of the fair value hierarchy, as the investment can be redeemed within one day of the measurement date.

Note 2 - Fair Value Measurements (Continued)

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investments Held at December 31, 2014

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Overlay A Portfolio	$ 694,728	$ -	Daily	1 day
Overlay B Portfolio	464,579	-	Daily	1 day
Total	$ 1,159,307	$ -		

The investment objective of the Overlay A Portfolio is to moderate the volatility of an equity-oriented asset allocation over the long term. It may invest in a diversified portfolio of securities and other financial instruments, including derivative instruments that provide investment exposure to a variety of asset classes. These asset classes may include equity securities and fixed-income instruments of issuers located within and outside the United States, real estate-related securities, below-investment grade securities, currencies, and commodities. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The investment objective of the Overlay B Portfolio is to moderate the volatility of fixed-income-oriented asset allocation over the long term. It may invest in a diversified portfolio of securities and other financial instruments, including derivative instruments that provide investment exposure to a variety of asset classes. These asset classes may include equity securities and fixed-income instruments of issuers located within and outside the United States, real estate-related securities, below-investment grade securities, currencies, and commodities. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Note 3 - Investments

Investment income is comprised of the following:

Interest	$ 94
Net realized and unrealized gains	143,830
Total	$ 143,924

Note 4 - Equipment

The cost of equipment is summarized as follows:

	Amount	Depreciable Life - Years
Leased equipment	$ 85,355	2-10
Furniture and fixtures	247,667	3-5
Computer equipment and software - Cost	573,953	3-5
Leasehold improvements - Cost	180,854	5-10
Total cost	1,087,829	
Less accumulated depreciation	(562,454)	
Net equipment	$ 525,375	

Depreciation and amortization expense for the years ended December 31, 2014 totaled $147,953. Amortization of equipment under capital leases is included with depreciation expense.

Note 5 - Pledges Receivable

Pledges receivable, which are included in receivables - net in the consolidated statement of financial position, as of December 31, 2014 consist of the following:

Pledges receivable	$ 3,000
Allowance for uncollectible pledges	-
Net unconditional promise to give	$ 3,000

Unconditional promises to give are expected to be received in the following periods:

Years Ending December 31	Amount
2015	$ 1,000
2016	1,000
2017	500
2018	500
Total	$ 3,000

Note 6 - Prepaid Expenses

Prepaid expenses as of December 31, 2014 consist of the following:

Conference	$	70,629
Insurance		9,385
Meetings, travel, and other		128,418
Total	$	208,432

Note 7 - Operating Lease

In 2012, the Association elected to exercise its option to terminate the lease commitment on the building used for its headquarters and vacated the premises by July 31, 2013. As a result of the termination, the Association incurred and recognized a termination penalty of approximately $350,000.

The Association entered into a new lease on August 9, 2012, with a commencement date of August 1, 2013. The terms of the new lease require annual rent payments of $168,042, increasing periodically to $196,766 through May 2024. The new lease provides for a tenant allowance of $310,230, of which up to $166,605 can be applied against the prior lease termination penalty, with the remainder to be used for the cost of leasehold improvements. Accordingly, the Association accounted for the entire tenant allowance as deferred lease incentive, and will recognize the incentive as a reduction of rent expense over the life of the lease. In addition, the new lease provides for abated rental payments for 12 months between 2012 and 2015, totaling approximately $172,000. The Association recognizes rent expense on a straight-line basis over the life of the lease. Deferred rent expense, including deferred lease incentive, as of December 31, 2014 was $407,474.

The following is a schedule of future minimum rental payments under the operating lease:

Years Ending December 31		Amount
2015	$	143,146
2016		174,983
2017		177,856
2018		180,728
Thereafter		1,043,914
Total	$	1,720,627

Total rent expense under all operating leases was $131,187 for the year ended December 31, 2014.

Note 8 - Capital Leases

Capital leases consist of the following as of December 31:

Certain leased equipment has been capitalized at present value and was recorded as an obligation. The monthly lease obligation amounts to $1,282, with interest at 4.5 percent, maturing in November 2016	$ 26,114

Future minimum lease payments on capital leases as of December 31, 2014 are as follows:

Years Ending December 31		Amount
2015		$ 14,244
2016		11,870
	Total	26,114
	Amount representing interest and service fees	1,093
	Present value of net minimum lease payments	25,021
	Less current obligations	14,244
	Long-term obligations under capital leases	$ 10,777

Note 9 - Letters of Credit

In August 2012, the Association entered into a new letter of credit as a security deposit for the benefit of the lessor of its new building lease described above in the maximum amount of $150,000. This amount will be in effect for the full term of the lease, and cannot be extended beyond the final expiration date of June 30, 2024. The lendor required the Association to hold an equal portion of its cash on hand to be used as collateral for the letter of credit balance; however, nothing has been drawn on the letter of credit.

Note 10 - Retirement Plan

The Association maintains a qualified 401(k) plan that covers eligible employees. Eligible employees must be on staff for one year before becoming eligible to enroll in the plan. Employees make deferrals under the terms of the plan. The Association matches up to 6 percent of the deferrals. Retirement plan expense was $51,162 for the year ended December 31, 2014.

Note 11 - Association of Certified Turnaround Professionals, Inc.

The Association merged with Association of Certified Turnaround Professionals, Inc. (ACTP), effective January 1, 2008. The merger was accounted for similar to a pooling of interest method. The Association provides certification and training to professionals in the turnaround industry. The program includes developing and organizing a body of knowledge composed of a core curriculum of universal, tangible principles and practices required of the turnaround profession and related disciplines. Minimum standards for individuals seeking certification have been established, national educational programs have been developed and are taught on a regular basis, and an examination program is in place for certification. Prior to 2008, many of the functions of the certification program were carried out by ACTP, with staff support and underwriting by the Association.

Under the terms of the agreement, the Certification Oversight Committee (COC) has been established by the Association and is responsible for evaluating whether the Association is conducting the Certified Turnaround Professional (CTP) program in accordance with its mission. If, after consultation with the board of the Association, the COC determines that the Association has failed to meet the mission of the certification program, the COC can elect to disassociate the certification program from the Association. Through March 11, 2012, had there been a disassociation, the Association would have been liable to the successor certification program for providing net assets in the amount of $395,538. For a disassociation after 2012, the Association would have been liable to provide $197,769 in net assets to the successor organization under the merger agreement.

However, on March 12, 2012, the Association's executive board unanimously approved amending the TMA bylaws, primarily to make changes to the COC and its relationship with TMA. The key changes include: (1) the full integration of the CTP program into TMA while providing the COC the responsibility for setting the annual CTP program fees, standards for CTP designees, and the marketing/promotion of the CTP program; (2) annual fees will be budgeted for through the TMA budget process but will be segregated strictly for CTP program purposes; (3) effective January 1, 2013, the establishment of a board-designated fund of $250,000 (which can grow to a maximum of $300,000 from the accumulation of annual CTP program operating surpluses) to exist through the year 2020 to offset any CTP program operating deficits; (4) all education and testing responsibilities will fall under the TMA Education program; and (5) the disassociation provision under the original merger agreement was removed effective March 12, 2012. The Association established the $250,000 board-designated fund during 2012 and increased the balance to the $300,000 maximum during 2013. The board-designated fund is included in unrestricted net assets in the consolidated statement of financial position.

Note 12 - Board-designated Endowment

In 2005, the Association's executive board established the endowment fund (formerly known as Cornerstone) for the purpose of providing funding for various education-related initiatives and a reserve for the Association's operations.

The Association created and approved its investment policy statement in 2011 for both its operating and endowment net assets, which balances the objectives of capital appreciation and generation of income, along with security of principal. The endowment fund portfolio is comprised of money market funds, fixed-income mutual funds, equities, dynamic asset allocation funds, and annuities, and is professionally managed by a registered investment manager in accordance with the parameters as outlined in the investment policy statement.

Changes in unrestricted endowment net assets for the year ended December 31, 2014 are as follows:

Endowment Net Asset Composition by Type of Fund as of December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated endowment funds	$ 1,250,475	$ -	$ -	$ 1,250,475

Changes in Endowment Net Assets for the Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	$ 1,307,791	$ -	$ -	$ 1,307,791
Investment return - Investment income	50,353	-	-	50,353
Appropriation of endowment assets for expenditure - Cornerstone program	(107,669)	-	-	(107,669)
Endowment net assets - End of year	$ 1,250,475	$ -	$ -	$ 1,250,475

The Association's executive board determines whether income, if any, will be distributed from the endowment fund, and maintains broad discretion to direct such funds to current operations, capital expenditures, or new programs. Under extraordinary circumstances, the endowment fund's corpus also may be designated by the board to fund any part of the Association's operations.

For the year ended December 31, 2014, the endowment fund provided operations with $107,669.

Note 13 - Commitment

On July 1, 2014, the Association entered into an employee agreement with its chief executive officer for a term of three years. If the Association terminates the agreement without cause, as defined in the agreement, the Association shall pay an amount equal to the executive director's current salary for six months plus unused accrued vacation pay.

Note 14 - Related Party Transactions

The Association is the national governing body of the TMA chapters. The agreement with the chapters states that the Association will receive 80 percent of all membership dues and the chapters will receive 20 percent. The Association also collects event revenue for the chapters and then remits the full amount to them, net of processing costs. For the year ended December 31, 2014, the chapter allocation of dues totaled $398,360. As of December 31, 2014 the Association owed the chapters $391,719.

Note 15 - Contingencies

The Association has entered into contracts for services and accommodations for future meetings. Some of these contracts include attrition penalty clauses, which would require the Association to pay certain amounts if a meeting were canceled or if the Association were not to meet its room block or food and beverage guarantees.