

Financial Statements
For the three months ending March 31, 2021 (Unaudited)

Management Discussion and Analysis

Statement of Financial Position (Page 3)

The enclosed financial results for the three months ended March 31, 2021 were prepared in accordance with generally accepted accounting principles (GAAP).

The total assets of the organization were about \$62.82 million, an increase of approximately \$12.5 million (24.81%) from \$50.33 million at March 31st of the previous year.

Total net assets without donor restrictions of \$34.9 million reflect: funds that the Board has designated [about \$1.34 million] as the operating reserve; designated funds to support restricted purposes, where the Board has discretion to modify the support in the future; the value of fixed assets owned; as well as the balance of the funds supporting operations. Total net assets increased by \$11.55 million year-over-year as we saw significant gains in investments.

Operating Statement of Activities (Page 4)

For operations, there was a net GAAP-basis surplus of \$2,177,526 for the three months ending March 31, 2021, largely due to \$1.4 million of investment income

Revenues (Highlights Page 4)

- **Donations and Contributions** are above budget due to gifts received to support operations.
- **Merchandising** revenue is above budget from increased sales of sabers for graduation which are no longer being sold by cadet supply.
- **Activities and Social Events** were below budget due to the cancellation of some events and reduced capacity for social events at Doolittle Hall resulting from Covid-19 and Academy restrictions on social gatherings

Expenses (Highlights Page 4)

- **Salaries and Wages** were lower than budgeted as a result of timing differences and delaying the hiring for two open positions.
- **Grants from Unrestricted** were higher than budgeted due to a payout to the Class of 2010 for fees taken from their Class Gift Donations.
- **Board Governance Costs** were lower than budgeted due to a virtual February Board meeting and the timing of the billing for election support.
- **Professional Services** were lower than budgeted resulting from the reduction of our Dawson contract for building maintenance as we brought an individual onto our payroll at the end of January.
- **Merchandise Cost of Sales** were higher than budgeted resulting from an increase in merchandise sales in the first quarter.

Expenses (Highlights Page 4) (cont.)

- **Social Events and Meetings** expenses were reduced from the cancellation of events and gatherings due to Covid-19 and Academy restrictions.
- **Advertising and Corporate Promotions** were lower as we have not yet renewed our contract with IMG for 2021.

Investment Income (Highlights Page 4)

Performance reporting for the long-term portion of the portfolio for the fiscal year showed gains, fueled by a continued growth in equity markets. Net allocated investment returns to operations for the fiscal year were **\$1,391,778**, consisting of: investment interest and dividends received and reinvested of **\$110,646** and unrealized (market) and realized gains of **\$1,281,132**. For March about 71% of the entire portfolio investment results were allocated to AOG operations, based on the guidelines of the FMIP.

Operating Statement of Cash Flows (Page 5)

The statement of cash flows on page 5 showed that there was a net decrease in cash and cash equivalent funds of **\$715,335** from the beginning of the fiscal year. There was approximately **\$408,522** provided by operating activities.

Funds Held in Short-term Operating Accounts (Page 6)

The supplemental information regarding cash and cash equivalent accounts showed operating funds of **\$544,093** including petty cash at March 31, 2021. Short-term investable cash held at Charles Schwab is reflected in investments report.

Schedule of Investments (Page 6)

Investment sector values at March 31, 2021 were reflected in the supplemental schedule on page 6 and compares the actual allocation of investments in different investment types to the target percentage as provided for in the FMIP. All the portfolio securities values through the fiscal year to date, except the foreign managed real estate investment trust, had been received by the preparation time for these financial statements.

Schedule of Capital Additions (Page 7)

The schedule on page 7 showed capital purchases for the year and reflects the expenditures by operations and restricted funds, in comparison to the approved fiscal year budget. Purchases have been kept to a minimum.

Statement of Financial Position

As of March 31,
(Unaudited)

<u>Assets</u>	2021	2020
Cash and Cash Equivalents	\$ 544,093	\$ 1,525,664
Merchandise Inventory	213,426	231,437
Pledges and Accounts Receivable	990,769	
Less: Discounts and Allowances for Uncollectible	(900)	908,512
Prepaid Expenses	199,515	146,743
Total Current Assets	2,937,672	2,812,356
Investments	56,874,950	43,418,472
Fixed Assets <i>(including Construction in Progress)</i>	13,191,570	
Less: Accumulated Depreciation and Amortization	(9,281,694)	4,119,807
Other Assets	91,641	(17,158)
	\$ 62,823,369	\$ 50,333,477
 Total Assets		
 <u>Liabilities:</u>		
Accounts and Other Payables	\$ 322,824	\$ 157,879
Agency Deposits	1,513,277	1,133,715
Deferred Income and Unearned Life Memberships	10,595,592	10,204,376
Other Liabilities	-	(4,088)
	12,431,693	11,491,882
 <u>Net Assets:</u>		
Unrestricted – AOG Operating Reserve	1,338,455	2,891,563
Unrestricted-designated – for Short-term Purposes	290,520	290,520
Unrestricted-designated – for Endowments	5,238,427	14,823,067
Invested in Property and Equipment	3,909,875	4,119,472
Unrestricted-undesignated	24,128,168	982,792
Total Without Donor Restrictions	34,905,445	23,107,414
With Donor Restrictions	15,486,231	15,734,181
Total Net Assets	50,391,676	38,841,595
	\$ 62,823,369	\$ 50,333,477
 Total Liabilities and Net Assets	 \$ 62,823,369	 \$ 50,333,477



ASSOCIATION OF GRADUATES

 UNITED STATES AIR FORCE ACADEMY

Operating Statement of Activities

For the Fiscal Period Ended March 31, 2021
(Unaudited)

	YTD Actual	YTD Budget	Variance	PY YTD
Revenues				
Donations and Contributions	\$ 503,868	\$ 209,430	\$ 294,438	\$ 222,782
Membership Dues	221,680	229,146	(7,466)	223,045
Merchandising	95,394	64,307	31,087	75,916
Member Services	1,500	3,750	(2,250)	5,150
Advertising and Sponsorships	285,932	287,260	(1,328)	165,200
Reunion Services	-	-	-	98
Administration Fees	-	-	-	-
Conferences	-	-	-	53,612
Royalties	103,097	103,120	(23)	96,170
Football Tickets and Tailgates	-	-	-	265
Activities and Social Events	3,265	34,165	(30,900)	9,007
Miscellaneous Income	36,017	30,900	5,117	4,040
Grant from Air Force Academy Fdtn	800,000	800,000	-	-
Air Force Academy Fdtn Svc Agreement	48,192	53,757	(5,565)	-
Transfers from/(to) Restricted Funds	35,158	(12,500)	47,658	43,646
Total Revenues	2,134,103	1,803,335	330,768	898,931
Operating Expenses				
Salaries and Wages	564,082	617,323	(53,241)	543,807
Payroll Taxes	46,177	48,769	(2,592)	43,376
Benefits	119,526	116,987	2,539	80,431
Grants from Unrestricted Funds	108,938	-	108,938	100
Board Governance Costs	-	18,548	(18,548)	7,873
Professional Services	45,869	66,828	(20,959)	71,114
Professional Printing	39,634	55,579	(15,945)	97,275
Postage and Shipping	26,291	37,676	(11,385)	36,643
Merchandise Cost of Sales	57,329	33,513	23,816	40,964
Insurance and Bonding	12,516	11,784	732	11,668
Employee Travel and Meals	1,014	15,281	(14,267)	13,224
Social Events and Meetings	360	32,695	(32,335)	51,175
Office Supplies	4,607	6,712	(2,105)	4,040
Advertising and Corporate Promotion	2,530	24,086	(21,556)	12,198
Office Expenses	89,357	99,109	(9,752)	76,770
Employee Training and Education	1,050	1,100	(50)	100
Facilities Expenses	82,708	102,160	(19,452)	84,610
Depreciation and Amortization	146,367	141,892	4,475	138,887
Total Operating Expenses	1,348,355	1,430,042	(81,687)	1,314,255
OPERATING SURPLUS/(DEFICIT)	785,748	373,293	(412,455)	(415,324)
Other Income and Deductions				
Investment Interest & Dividends	110,646	203,186	(92,540)	157,023
Realized/Unrealized Gains/(Losses)	1,281,132	226,960	1,054,172	(5,181,844)
Total Other Income and Deductions	1,391,778	430,146	961,632	(5,024,821)
NET SURPLUS/(DEFICIT)	\$ 2,177,526	\$ 803,439	\$ 1,374,087	\$ (5,440,145)

Operating Statement of Cash Flows

For the Fiscal Period Ended March 31,
(Unaudited)

	2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net surplus for the period	\$ 2,177,526	\$(5,440,146)
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Non-cash (income) expenses:		
Depreciation	146,367	138,887
Unrealized (gains) losses on investments	(1,083,431)	5,209,720
Changes in operating assets and liabilities:		
Accounts receivable	35,449	23,333
Contributions receivable, net	(600,000)	200,000
Inventory and prepaid expenses	(42,880)	(13,148)
Accounts payable and accrued expenses	(223,619)	(2,550)
Construction-in-progress and other assets	(8)	150,164
Deferred revenue	(882)	172,000
Other liabilities	-	(150,516)
<i>Net cash provided by (used in) operating activities</i>	408,522	288,104
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of investments	(521,243)	(186,057)
Proceeds from the sale of investments	666,416	54,685
Purchases of property and equipment	(7,997)	(113,640)
Net cash provided by (used in) investing activities	137,176	(244,012)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Net cash (expended)/collected for long-term purposes	(1,261,033)	(55,278)
Net cash (expended) provided for financing activities	(1,261,033)	(55,278)
<i>Net increase in cash and cash equivalents</i>	(715,335)	(31,186)
Cash and cash equivalents, beginning of year	1,259,428	1,537,850
Cash and cash equivalents at March 31, 2021,	\$ 544,093	\$ 1,525,664

Funds Held in Short-term Operating Accounts

For the Fiscal Period Ended March 31, 2021

(Unaudited)

	Actual	Percentage
Petty Cash	\$ 600	0.11%
Operating Funds in Bank	543,493	99.89%
TOTAL	\$ 544,093	100.00%

Schedule of Investments

For the Fiscal Period Ended March 31, 2021

(Unaudited)

		%	Target	Max
Short-term Investment Pool	\$ 6,154,347	10.82%	15.0%	20.0%
U. S. Equities (value & growth)	20,824,276	41.06%	30.0%	50.0%
International Equities	12,281,005	24.21%	30.0%	50.0%
Emerging Markets	4,025,376	7.94%	5.0%	10.0%
Real Estate/REITs	2,772,910	5.47%	5.0%	15.0%
Fixed Income	6,479,063	12.77%	10.0%	20.0%
Alternatives	2,989,620	5.89%	15.0%	20.0%
Master Limited Partnerships	0	0.00%	5.0%	10.0%
AOG Reserve Fund	1,342,882	2.65%	-	-
Investable Cash and unsold stock	5,471	0.01%	-	10.0%
Total Long-term Investment Pool	50,726,050	100.00%	100.0%	
TOTAL	\$ 56,874,950	100.00%	100.0%	

Schedule of Capital Additions
 For the Fiscal Period Ended March 31, 2021
 (Unaudited)

	Actual	Annual Budget
<i>Paid with operating funds:</i>		
Parking Lot Resurfacing	\$ -	\$ 160,000
Computer Equipment	2,110	5,000
Audio Visual – Conference Rooms	5,887	40,000
Back Up Server Software Upgrade	-	6,000
Office Furniture	-	100,000
	7,997	311,000
 <i>Paid with restricted funds:</i>		
South Heritage Wall Redesign	-	30,000
Distinguished Graduate Pedestals and Plaques	-	35,000
Ring Display	-	20,000
	-	95,000
TOTAL	\$ 7,997	\$ 343,847