



ATLANTA, GEORGIA
AUDITED COMBINED
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
MARCH 31, 2020 AND 2019

CORENET GLOBAL, INC. AND RELATED ENTITIES
INDEX TO COMBINED FINANCIAL STATEMENTS
MARCH 31, 2020 AND 2019

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Jones and Kolb
Certified Public Accountants
Atlanta, Georgia

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
CoreNet Global, Inc. and Related Entities
Atlanta, Georgia

We have audited the accompanying combined financial statements of CoreNet Global, Inc. and Related Entities (a nonprofit organization) (the "Organization"), which comprise the combined statements of financial position as of March 31, 2020 and 2019, and the related combined statements of activities and net assets, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of CoreNet Global, Inc. and Related Entities as of March 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Jones and Kolb

August 13, 2020

CORENET GLOBAL, INC. AND RELATED ENTITIES
COMBINED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,032,237	\$ 6,295,735
Restricted cash	446,395	517,777
	<hr/>	<hr/>
Total cash, cash equivalents, and restricted cash	6,478,632	6,813,512
Certificates of deposit	2,265,938	1,491,458
Investments	4,972,134	5,339,321
Accounts receivable	347,442	492,960
Prepaid expenses	769,157	694,643
Other current assets	47,183	27,051
	<hr/>	<hr/>
Total current assets	14,880,486	14,858,945
	<hr/>	<hr/>
PROPERTY		
Furniture and fixtures	214,040	211,840
Computers and equipment	418,829	368,721
Leasehold improvements	73,757	73,757
Software and website	2,274,393	2,108,858
	<hr/>	<hr/>
Total	2,981,019	2,763,176
Accumulated depreciation	(2,476,856)	(2,178,417)
	<hr/>	<hr/>
Total property	504,163	584,759
	<hr/>	<hr/>
OTHER ASSETS		
Certificates of deposit - long term	1,009,167	1,194,452
	<hr/>	<hr/>
Total assets	<u>\$ 16,393,816</u>	<u>\$ 16,638,156</u>

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

CORENET GLOBAL, INC. AND RELATED ENTITIES
COMBINED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2020 AND 2019

LIABILITIES AND NET ASSETS

	2020	2019
CURRENT LIABILITIES		
Accounts payable	\$ 907,680	\$ 946,132
Accrued liabilities	1,222,433	1,237,579
Deferred revenue	5,576,694	5,479,980
Total current liabilities	7,706,807	7,663,691
NON-CURRENT LIABILITIES	68,884	65,296
Total liabilities	7,775,691	7,728,987
NET ASSETS		
Net assets without donor restrictions	8,618,125	8,909,169
Total net assets	8,618,125	8,909,169
Total liabilities and net assets	\$ 16,393,816	\$ 16,638,156

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

CORENET GLOBAL, INC. AND RELATED ENTITIES
COMBINED STATEMENTS OF ACTIVITIES AND NET ASSETS
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
REVENUES		
Summits	\$ 5,972,668	\$ 6,764,022
Membership dues	4,408,328	4,626,620
Learning revenues	1,681,249	1,604,026
Partnership	1,226,557	1,411,406
Advertising and publications	97,043	190,956
Miscellaneous	132,917	20,176
	<u>13,518,762</u>	<u>14,617,206</u>
EXPENSES		
Program expenses	9,117,889	9,645,123
Management and general	4,408,752	4,063,199
	<u>13,526,641</u>	<u>13,708,322</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(7,879)	908,884
INVESTMENT INCOME (LOSS)	<u>(196,519)</u>	<u>140,666</u>
CHANGE IN NET ASSETS BEFORE FOREIGN CURRENCY LOSS	(204,398)	1,049,550
FOREIGN CURRENCY LOSS	<u>(86,646)</u>	<u>(179,327)</u>
CHANGE IN NET ASSETS	(291,044)	870,223
NET ASSETS		
Beginning of year	<u>8,909,169</u>	<u>8,038,946</u>
NET ASSETS		
End of year	<u><u>\$ 8,618,125</u></u>	<u><u>\$ 8,909,169</u></u>

The accompanying notes to combined financial statements
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CORENET GLOBAL, INC. AND RELATED ENTITIES
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

	2020			2019		
	Program	Management and General	Total	Program	Management and General	Total
Personnel costs	\$ 2,786,127	\$ 2,388,814	\$ 5,174,941	\$ 2,975,264	\$ 2,120,627	\$ 5,095,891
Projects	4,996,561	-	4,996,561	5,368,211	-	5,368,211
Technology costs	25,917	634,807	660,724	24,006	612,002	636,008
Professional fees	456,448	178,781	635,229	363,415	140,235	503,650
Occupancy and office expenses	59,503	445,675	505,178	70,550	334,279	404,829
Miscellaneous	218,314	251,805	470,119	173,407	234,956	408,363
Marketing and communication	387,875	71,112	458,987	454,144	30,579	484,723
Depreciation	1,912	335,998	337,910	1,763	427,177	428,940
Non-event travel	185,232	101,760	286,992	214,363	163,344	377,707
Total expenses	\$ 9,117,889	\$ 4,408,752	\$ 13,526,641	\$ 9,645,123	\$ 4,063,199	\$ 13,708,322

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

CORENET GLOBAL, INC. AND RELATED ENTITIES
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from:		
Summits and learning events	\$ 8,023,385	\$ 8,676,780
Membership dues	4,309,392	4,605,396
Partnership receipts	1,226,557	1,411,406
Other sources	143,314	31,805
Interest and dividends reinvested	299,430	272,193
Cash payments for:		
Projects	(5,138,774)	(5,491,870)
Personnel costs	(5,132,989)	(5,093,803)
Other disbursements	(3,088,165)	(2,780,015)
Net cash, cash equivalents, and restricted cash provided by operating activities	642,150	1,631,892
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemptions of certificates of deposit	1,400,000	1,000,000
Reinvestment of certificates of deposit	(1,400,000)	(1,000,000)
Additional purchases of certificates of deposit	(620,000)	(545,000)
Purchases of property	(257,348)	(187,751)
Proceeds from sales of investments	503,185	318,854
Reinvestment of proceeds from sale of investments	(503,185)	(318,854)
Additional purchases of investments	(143,081)	(487,655)
Net cash, cash equivalents, and restricted cash used in investing activities	(1,020,429)	(1,220,406)

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

CORENET GLOBAL, INC. AND RELATED ENTITIES
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(378,279)	411,486
EFFECT OF EXCHANGE RATE CHANGES ON CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	43,399	11,226
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Beginning of year	<u>6,813,512</u>	<u>6,390,800</u>
End of year	<u>\$ 6,478,632</u>	<u>\$ 6,813,512</u>

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

CORENET GLOBAL, INC. AND RELATED ENTITIES
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. CoreNet Global, Inc. ("CoreNet") was incorporated on August 6, 2001 under the laws of the District of Columbia. CoreNet is a 501(c)(6) tax-exempt membership organization focused on education, research, certification (the masters of Corporate Real Estate), and networking for corporate real estate professionals. CoreNet represents approximately 11,000 executives in 50 countries with strategic responsibility for the real estate assets of large corporations. The organization's mission is to advance the practice of corporate real estate through professional development opportunities, publications, research, conferences, designations and networking in 47 local chapters and networking groups globally. CoreNet has divisions and offices in North America, Europe, Asia, and Australia.

B. The combined financial statements include the accounts of CoreNet and its subsidiaries of CoreNet Global Community Reinvestment Challenge, CoreNet Global EU, CoreNet Global (HK) Limited and CoreNet Commercial Consulting (Shanghai) Co. Ltd. (collectively, the "Organization"). All material intercompany transactions and balances have been eliminated in these combined financial statements. The combined financial statements do not include the accounts of the chapters of the Organization since the Organization does not control these chapters.

C. Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions.

Net assets with donor restrictions - Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature; for example, restrictions that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature; for example, stipulating that resources be maintained in perpetuity. The donors of these assets generally permit the Organization to use all of the income earned on related investments for general or specific purposes. More specifically, items included in net assets with donor restrictions are gifts for which restrictions have not been met. There were no net assets with donor restrictions for the years ended March 31, 2020 and 2019.

D. Money market funds and fixed income investments with initial terms to maturity of three months or less are considered to be cash equivalents.

E. Certificates of deposit that are not debt securities are reported at fair market value plus accrued interest in the accompanying Combined Statements of Financial Position. Certificates of deposit with original maturities greater than three months and remaining maturities less than one

CORENET GLOBAL, INC. AND RELATED ENTITIES
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

year are classified as current assets. Certificates of deposit with remaining maturities greater than one year are classified as non-current assets. Individual certificates of deposit never exceed the Federally insured limit of \$250,000.

F. Accounts receivable, net of allowance for doubtful accounts, are recorded at the amount of cash estimated as realizable. The Organization provides an allowance for doubtful accounts when specific accounts are deemed uncollectible, based on a review of receivables. Accounts receivable balances are considered delinquent after 30 days from the invoice date. There was no allowance for doubtful accounts at March 31, 2020 and 2019.

G. Investments are stated at fair market value.

H. Property is stated at cost, if purchased, or fair market value, if contributed. Repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method and is charged to operations over the estimated useful lives of the related fixed assets, which range from three to seven years.

I. Membership dues are amortized into revenue in the applicable membership period. Dues paid in advance on a calendar year are recorded as deferred revenue in the accompanying combined financial statements.

FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this Update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the good or services. This Update requires entities to make new judgments and estimates and provide expanded disclosures about revenue. The Organization adopted ASU 2014-09 for the year ending March 31, 2020. The Organization has evaluated the impact of the adoption of the new standard on the financial statements and believes there is no significant impact, nor any change required to the Organization's current revenue recognition policies.

J. Meeting and event fees and expenses are recognized upon occurrence of the event. The Qualified Professional of Corporate Real Estate designation revenue is amortized over the two year duration of the program from the date the member enrolls.

K. The preparation of combined financial statements in conformity with U.S. generally accepted accounting principles 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 combined financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

CORENET GLOBAL, INC. AND RELATED ENTITIES
NOTES TO COMBINED FINANCIAL STATEMENTS
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L. Assets and liabilities of foreign operations and related entities have been translated at year end exchange rates, and statement of activity accounts have been translated using monthly average exchange rates. Adjustments resulting from translation have been recorded as foreign currency gain (loss) on the Combined Statements of Activities and Net Assets.

M. Income from certain activities not directly related to CoreNet and CRC's tax-exempt purposes is subject to taxation as unrelated business income. During the years ended March 31, 2020 and 2019, CoreNet did not have any taxable unrelated business income.

N. The combined financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include general office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimated time and effort.

O. Subsequent events have been evaluated by management through August 13, 2020, the date these combined financial statements were available to be issued.

2. LIQUIDITY

The Organization presents a classified combined statement of financial position. Other than the restricted cash and prepaid expenses, the Organization's current assets represent the financial assets available for general expenditure within one year of the Combined Statement of Financial Position date.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Organization invests cash in excess of daily requirements in short-term investments and money market funds which are included in cash and cash equivalents on the Combined Statements of Financial Position. While the current assets include investments and certificates of deposit, the Organization's liquidity management does not intend to rely on these financial assets to satisfy cash needs for general expenditure. However, similar to the long-term certificates of deposit, these financial assets are available to be liquidated if unanticipated liquidity needs arise with just the loss of unpaid interest. Additionally, as more fully described in Note 8, the Organization has a committed line of credit which it could draw upon in the event of an unanticipated liquidity need.

3. CASH BALANCES

The Organization maintains cash deposits at several financial institutions within the United States of America, which may at times exceed the Federally insured limit. At March 31, 2020 and 2019, approximately \$1,678,000 and \$1,832,000, respectively, of the cash and cash equivalents are held in foreign financial institutions which may at times exceed the insured limits of those

CORENET GLOBAL, INC. AND RELATED ENTITIES
NOTES TO COMBINED FINANCIAL STATEMENTS
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respective countries. The Organization has not experienced any losses in such accounts; and given the strength of these financial institutions, management believes such excess deposits do not create any significant loss exposure for cash and cash equivalents.

4. AGENCY TRANSACTIONS

The Organization periodically acts as a fiscal agent on behalf of the Organization's chapters and one real estate associations' joint project. As a fiscal agent, the Organization collects cash proceeds either from or on behalf of the chapters or the joint project and disburses cash to vendors on behalf of the chapters or the joint project. The Organization, in its capacity as a fiscal agent, had little or no discretion in determining either the use of assets transferred to them by the chapters or the joint project. Amounts received and paid in agency transactions are reported as increases or decreases in the Organization's assets and liabilities. For the years ended March 31, 2020 and 2019, amounts payable under agency transactions totaled \$446,395 and \$517,777, respectively, and have been included as restricted cash and accrued liabilities in the Organization's Combined Statements of Financial Position.

5. CERTIFICATES OF DEPOSIT

The Organization owns various certificates of deposit with maturity dates of six months to twenty-four months from the date of purchase. The interest rates for all certificates of deposit vary between 0.65% and 3.70%. Certificates of deposit totaling \$2,265,938 and \$1,491,458 and maturing within one year from March 31, 2020 and 2019, respectively, are classified as current assets on the Combined Statements of Financial Position. Certificates of deposit totaling \$1,009,167 and \$1,194,452 and maturing after one year from March 31, 2020 and 2019, respectively, are classified as other assets on the Combined Statements of Financial Position. At March 31, 2020 and 2019, approximately \$293,000 and \$339,000, respectively, of certificates of deposit are held in Australia and New Zealand bank accounts.

6. INVESTMENTS

U.S. generally accepted accounting principles establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Level 1 within the hierarchy states that valuations are based on unadjusted quoted market prices for identical assets or liabilities in active markets. Level 2 within the hierarchy states that valuations are based on observable inputs other than level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets and other inputs that may be corroborated by observable market data. Level 3 within the hierarchy states that inputs to the valuation methodology are unobservable and significant to the fair value measurement.

CORENET GLOBAL, INC. AND RELATED ENTITIES
NOTES TO COMBINED FINANCIAL STATEMENTS
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As of March 31, 2020 and 2019, investments are the only assets or liabilities that are measured at fair value on a recurring basis. Common stocks and U.S. Treasuries are valued at the closing price reported on the active market on which the individual securities are traded. Mutual funds are valued at the daily closing price as reported by the fund. These funds are required to publish their daily net asset value and to transact at that price. Mortgage-backed securities are valued based on quoted market prices for similar assets. Such investments are classified within level 1 or level 2 of the valuation hierarchy. Level 1 investments consisted of mutual funds and U.S. Treasuries which totaled \$4,953,555 and \$5,318,196 as of March 31, 2020 and 2019, respectively. Level 2 investments consisted of mortgage-backed securities which totaled \$18,579 and \$21,125 as of March 31, 2020 and 2019, respectively.

Investment income on the Combined Statements of Activities and Net Assets for the years ended March 31, 2020 and 2019 includes realized and unrealized loss of \$510,268 and \$162,068, interest and dividend income of \$347,844 and \$335,041, less investment fees of \$34,095 and \$32,307, respectively.

7. RELATED PARTY TRANSACTIONS

The Organization, acting as an agent, assists local chapters in the collection of membership dues and event registration fees and remits them to the chapters net of various banking fees. Amounts due to chapters at March 31, 2020 and 2019, were \$869,691 and \$924,558, respectively, and are included in accounts payable on the Combined Statements of Financial Position.

8. LINE OF CREDIT

CoreNet has a line of credit to provide cash funding without the need to sell investments against the market. The loan limit is determined based on percentages of equities and fixed income securities held by CoreNet and collateralized by such securities. The amounts available were \$3,540,286 and \$3,528,316 at March 31, 2020 and 2019, respectively. The interest rate varies and is dependent on the balance of the loan. The interest rate ranged from 4.625% to 6.25% during the year ended March 31, 2020. The line of credit is a demand instrument and, therefore, does not have a fixed term. The line of credit had a zero balance at March 31, 2020 and 2019.

9. LEASES

During the year ended March 31, 2011, CoreNet entered into a 112-month non-cancelable leasing agreement for office space at 133 Peachtree Street. The cash payments related to the future minimum payments under non-cancelable operating leases total \$135,827 for the year ending in March 31, 2021.

CORENET GLOBAL, INC. AND RELATED ENTITIES
NOTES TO COMBINED FINANCIAL STATEMENTS
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Deferred lease liability at March 31, 2020 and 2019 was \$28,485 and \$74,137, respectively, and was included in accrued liabilities on the Combined Statements of Financial Position. Rent expense was \$203,204 and \$197,790 for the years ended March 31, 2020 and 2019, respectively.

Subsequent to March 31, 2020, CoreNet entered into a 71-month extension for the same office space. The extension will begin in June 2020 and provides for 9 months of rent abatement.

10. EMPLOYMENT AGREEMENT AND POSTRETIREMENT OBLIGATION

CoreNet assumed a lifetime employment agreement with two former officers and members of the Board of Directors of National Association of Corporate Real Estate Executives ("NACORE"), under which the individuals were to provide consultation services to NACORE. In exchange for these future services and agreements not to compete, a fee of \$36,000 per annum, reduced by Social Security benefits when either, or both, of these individuals are entitled to such benefits, was agreed to be paid beginning in September 1988. Upon the death of either individual, the amount paid will be reduced by 40%. Upon the death of the surviving individual, the Organization will have no further obligation.

Amounts estimated to be paid to these individuals after they reach normal retirement are considered to be post-employment retirement benefits. CoreNet provides for this obligation with annual charges to operations through each individual's normal retirement date. CoreNet recorded an expense, included in management and general on the accompanying Combined Statements of Activities and Net Assets, of \$45,841 and \$3,364 for future retirement benefits for the years ended March 31, 2020 and 2019, respectively. The liability for future retirement benefits totaled \$79,784 and \$45,479 at March 31, 2020 and 2019, respectively, and was included in accrued liabilities on the Combined Statements of Financial Position.

11. RETIREMENT PLAN

CoreNet has a 401(k) plan for the benefit of its U.S. employees. CoreNet uses the safe harbor method in which it matches 100% of the first 3% and 50% of the next 2% of the employees' contributions. Employees are fully vested for all employer matching contributions. Contributions to the plan for the years ended March 31, 2020 and 2019 were \$120,409 and \$115,383, respectively.

Subsequent to year end, management and the Board of Directors decided to suspend the employer match effective June 1, 2020 as a cost cutting measure.

CORENET GLOBAL, INC. AND RELATED ENTITIES
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12. HOTEL CONTRACTS

CoreNet has contracted with various hotels used to host its conferences through fiscal year 2024. These contracts stipulate the number of rooms to be reserved and the time period for which they are to be reserved, as well as stipulate a minimum amount spent for food and beverage. While the rooms will ultimately be paid for by the attendees of a conference, CoreNet has guaranteed the rooms in advance to ensure availability of rooms and related convention space.

There are two main risks associated with these contracts. The first risk concerns unforeseen catastrophic events. If the conference is cancelled in total because of an outside force such as hurricane, disease outbreak, or other act of God, most but not all of these types of events will be covered by cancellation insurance carried by CoreNet. The insurance would pay related cancellation expenses and the net profit expected from the event.

The second risk relates to guarantees made in the contracts from non-cancelled events. A poor economy limiting travel, poor site selection or poor marketing can cause the event to be less well attended than anticipated. Based on the contracts, CoreNet would be obligated to pay attrition fees to the venue. CoreNet did not incur any attrition fees for the years ended March 31, 2020 and 2019 and does not currently anticipate incurring any attrition fees for future events.

13. FOREIGN OPERATIONS

A summary of foreign assets, liabilities, net assets and change in net assets relating to operations in Australia, Europe and China, which are included in the combined financial statements, are as follows:

	2020	2019
Assets	\$ 3,455,261	\$ 3,434,550
Liabilities	\$ 1,641,855	\$ 1,453,780
Net assets	\$ 1,813,406	\$ 1,982,069
Change in net assets from operations	\$ (168,663)	\$ 337,969

14. FOREIGN CURRENCY EXPOSURE

CoreNet, as a non-profit entity with global operations, collects and holds multiple foreign currencies. In accordance with accounting principles generally accepted in the United States of America, it must record the effect of translating foreign currency transactions to United States Dollars in the Combined Statement of Activities and Net Assets. This principle can cause volatility in the change in net assets of CoreNet. The Organization may have a large gain or loss in a particular year from foreign currency transactions but it does not affect the operations or mission of the Organization as it receives revenues and pays expenses in local currency in these locations. The

CORENET GLOBAL, INC. AND RELATED ENTITIES
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Organization does not hedge for currency fluctuation due to its operational approach and size. The foreign currency gain (loss) reported on the Combined Statements of Activities and Net Assets for the fiscal years ended March 31, 2020 and 2019 were (\$86,646) and \$(179,327), respectively.

The following cumulative foreign currency translations are included in net assets on the Combined Statements of Financial Position:

March 31, 2018	\$ (40,188)
FYE 2019 loss	<u>(179,327)</u>
March 31, 2019	(219,515)
FYE 2020 loss	<u>(86,646)</u>
March 31, 2020	<u><u>\$ (306,161)</u></u>

15. SUBSEQUENT EVENT - CORONAVIRUS PANDEMIC

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, with the outbreak widespread across the world. As a result, most national governments, local governments, public entities, and private entities have mandated various restrictions, including travel restrictions, restrictions on public gatherings, and stay-at-home orders and advisories. The Organization responded quickly to mitigate anticipated adverse financial consequences and increase member value. Those actions included the following:

- Summits
 - Postponed the Singapore Summit scheduled for March 2020 to March 2021, resulting in a \$70,000 penalty. All material expenses associated with the event were either cancelled or reassigned to the March 2021 event.
 - Produced a two-day virtual event – called APCA Live- that drew more than 1,000 registrants. The event was provided free to members, and all sponsors slated to support the Singapore event were recognized throughout the virtual conference.
 - Postponed the Berlin Summit, scheduled for September 2020 to January 2021, without incurring a penalty.
 - Cancelled the Washington, DC Summit scheduled for October 2020, without incurring a penalty.
 - Scheduled two additional virtual Summits to provide member value for the Summits in Berlin and Washington, DC that were postponed and cancelled.

CORENET GLOBAL, INC. AND RELATED ENTITIES
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- Learning
 - Converted educational content to allow all learning classes to be held virtually. The conversion will be fully complete by August 2020 so that all learning designations (QPCR and MCR) can be completed fully virtually.
 - While some educational classes were cancelled in March 2020 due to the pandemic, CoreNet Global expects no interruption to scheduled classes for the year ending March 31, 2021.

- Chapters
 - Developed resources for Chapters to allow the chapters to better operate virtually during the pandemic.

- Other Member Offerings
 - Facilitated a Hackathon to crowdsource solutions enabling members to deal with the many problems associated with the impact of the pandemic on corporate real estate.
 - Created COVID-19 resources for members on the CoreNet Global website.
 - Facilitated Pop Up, Open-Mic Webinars allowing members to get vital information from the CoreNet Global community on how best to handle problems associated with the pandemic.

- Finance
 - Reduced or eliminated over \$1,500,000 of operating expenses on an annualized basis.

The Organization's Board and Management are actively monitoring the pandemic, its global economic impact as well as the impact to the Organization. Based on its review, the Organization will determine future actions and responses to determine when in-person events can be held based on the national, state and local authorities' guidelines to ensure the safety of its staff and event participants.

Until conditions normalize, the Organization has sufficient financial resources to operate during the current year ending in March 31, 2021. Prior to the pandemic, the Organization's Board of Directors and Management have had an active program to maintain and improve its reserves and manage its cash to ensure financial stability. At the date that these statements were available to be issued, the Organization has the following liquid resources available for operations:

- Cash of approximately \$6,540,000
- Investments of approximately \$6,250,000
- Line of Credit of approximately \$3,870,000