2016 President’s Message

Dear Appraisal Institute Professional:

The Appraisal Institute continued to expand its role in 2016 as a leading voice in the global valuation profession. AI unveiled a three-year strategic plan, testified before Congress on appraisal regulation modernization and expanded its body of knowledge. The nation’s largest professional association of real estate appraisers also continued to serve as a leader internationally.

The Appraisal Institute implemented a strategic plan to address challenges and opportunities facing the organization and the real estate valuation profession. It outlines the organization’s core values and objectives from July 2016 through June 2019.

In November 2016, the Appraisal Institute testified on modernizing the appraisal regulatory structure before the House Committee on Financial Services Subcommittee on Housing and Insurance. AI highlighted regulatory concerns that are impeding entry into the profession and increasing regulatory compliance costs. The Appraisal Institute also offered concrete suggestions for modernization.

AI added to its body of knowledge through new books on topics such as golf courses, distressed properties, scope of work and architectural styles; education on review appraisals and green valuation; and Guide Notes on arbitration and on assumptions and hypothetical conditions.

On the international front, Appraisal Institute leaders were invited to speak at, or attend events in, countries such as China, Germany, Korea, Mexico, Poland, Canada, Japan, Belgium, Brazil and Ireland, expanding AI’s reach and influence while creating growth opportunities for education and AI’s body of knowledge. AI also signed a mutual recognition agreement with The European Group of Valuers’ Associations.

Crucial to the Appraisal Institute’s success in 2016 were my colleagues on the Executive Committee — President-Elect Jim Amorin, MAI, SRA, AI-GRS; Vice President James L. Murrett, MAI, SRA; Immediate Past President M. Lance Coyle, MAI, SRA; and Chief Executive Officer Frederick H. Grubbe, MBA, CAE — and the policy-setting AI Board of Directors, in addition to AI’s other volunteers and staff.

The Appraisal Institute in 2016 achieved many goals and laid a foundation to accomplish even more in the future. AI will continue to serve as the valuation profession’s leading professional association as it seeks opportunities and addresses challenges.

Sincerely,

Scott Robinson, MAI, SRA, AI-GRS
2016 President
Appraisal Institute
Strategic Plan

The Appraisal Institute implemented a three-year strategic plan to address challenges and opportunities facing the organization and the real estate valuation profession. It outlines the organization’s core values and objectives from July 2016 through June 2019.

The strategic plan includes five core values governing the Appraisal Institute’s continued growth and development:

- **DISTINCTIVENESS**: Elevate the Appraisal Institute and its members within the valuation profession by virtue of designations, education and the body of knowledge.

- **INNOVATION**: Continue to be thought leaders by promoting innovation and addressing current developments within the valuation profession via education, information resources, benefits and setting standards for the profession.

- **PROFESSIONAL RESPONSIBILITY**: Encourage and support the highest level of ethical and professional behavior of all Appraisal Institute professionals.

- **ADVOCACY**: Represent the interest of the appraisal industry and work toward advancement of Appraisal Institute professionals within it.

- **LEADERSHIP**: Advance the interest of AI professionals, the real estate valuation profession and the public with integrity and excellence.

The strategic plan also includes four objectives:

- Operate in ways that valuation professionals recognize as important and that encourage their ongoing affiliation with the Appraisal Institute.

- Continue as the recognized leader of the real property valuation profession, including credentialing, ethics and standards, advocacy, the development and delivery of education and the timely creation of quality programs and publications.

- Operate efficiently to ensure the Appraisal Institute’s financial stability.

- Advance the Appraisal Institute as the leading international source of real property valuation knowledge.

The Appraisal Institute’s Strategic Planning Committee developed the plan for the AI Board of Directors’ review and eventual approval, which occurred in May 2016.

The strategic plan outlines the Appraisal Institute’s core values and objectives from July 2016 through June 2019.
The Appraisal Institute conferred 542 new MAI and SRA designations in 2016. Total designations, including AI-GRS and AI-RRS, totaled 704.

As of Dec. 31, 2016, total AI professionals stood at 18,817, including active Designated Members, Candidates for Designation, Practicing Affiliates, Affiliates, retired Designated Members and life Designated Members.

The total number of AI professionals decreased by 3.8 percent compared to 2015 figures due largely to the overall decrease in the number of licensed U.S. appraisers during that same time.

**New Al Professionals:** 877

**Total AI Professionals:** 18,817

<table>
<thead>
<tr>
<th>New Admissions</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General Candidates</td>
<td>165</td>
</tr>
<tr>
<td>Residential Candidates</td>
<td>29</td>
</tr>
<tr>
<td>Practicing Affiliates</td>
<td>503</td>
</tr>
<tr>
<td>AI-GRS Candidates</td>
<td>33</td>
</tr>
<tr>
<td>AI-RRS Candidates</td>
<td>6</td>
</tr>
<tr>
<td>Affiliates</td>
<td>141</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>877</td>
</tr>
</tbody>
</table>

(Of the 877 new AI professionals in 2016, 13 were international professionals: 5 general Candidates, 1 AI-GRS Candidate, 4 Practicing Affiliates and 3 Affiliates.)

<table>
<thead>
<tr>
<th>Designations Conferred</th>
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</tr>
</thead>
<tbody>
<tr>
<td>MAI</td>
<td>428</td>
</tr>
<tr>
<td>SRA</td>
<td>114</td>
</tr>
<tr>
<td>AI-GRS</td>
<td>125</td>
</tr>
<tr>
<td>AI-RRS</td>
<td>37</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>704</td>
</tr>
</tbody>
</table>

(Of the 704 new designations in 2016, AI conferred 3 to international members: 2 MAI and 1 SRA.)
For 85 years, real property appraisers and their clients have taken Appraisal Institute courses and seminars because AI offers quality education. In 2016, the Appraisal Institute premiered the final of four new courses specifically developed for AI's review designations.

“Review Case Studies — Residential” premiered to a sold-out group in December. Both “Review Theory — Residential” and “Review Case Studies — Residential” will be offered via synchronous (live online) delivery.

In an effort to maintain the timeliness of its programs, the Appraisal Institute also began updates and revisions to some professional development programs, including “Valuation of Conservation Easements” and “Residential and Commercial Valuation of Solar.” These program revisions will be debuted in 2017.

Through its education and publishing endeavors, the Appraisal Institute maintains its leadership position within the global real estate industry and continues to be a major contributor in the worldwide valuation profession. In 2016, the Appraisal Institute coordinated education programs in several countries, including:

- Shanghai, China, where “Advanced Income Capitalization” and “Advanced Concepts & Case Studies” were offered.
- Mexico City, Hermosillo, and Villahermosa, Mexico, where “Basic Appraisal Procedures” and “International Valuation Standards Overview” courses were held; and
- Riyadh and Jeddah, Saudi Arabia, where “Basic Appraisal Procedures” and “Real Estate Finance, Statistics and Valuation Modeling” classes were conducted.

Thoroughly researched and developed by practicing appraisers who are subject matter experts, Appraisal Institute course or seminar materials are peer-reviewed, professionally designed and edited, taught by seasoned practicing appraisers and offered throughout the United States through multiple delivery platforms from classroom to online to webinars.

The Appraisal Institute meets the needs of those who are just entering the valuation field, completing their professional designation coursework, need continuing education, or are lifelong learners wanting to reinforce or hone new skills.

Appraisal Institute course or seminar materials are peer-reviewed, professionally designed and edited, taught by seasoned practicing appraisers and offered throughout the United States.
Professional Services and Resources

The Appraisal Institute provides services and support to AI professionals through the Service Center, assists AI’s chapters and manages benefits and services available to all AI professionals.

AI’s Service Center representatives assisted AI professionals, receiving 17,100 phone calls in 2016 — an average of 329 calls per week — and effectively responded to 3,600 emails.

One of the most-used Appraisal Institute benefits was the Y.T. and Louise Lee Lum Library. The library received 899 information requests. The library’s online catalog was searched by 3,168 individual Designated Members and AI professionals, which generated 48,648 document downloads. The Information Files section of the online catalog continues to expand to provide resources beyond the online catalog, including web links to non-AI sources, excerpts from AI publications and print bibliographies.

The online Find an Appraiser directory, a valuable benefit in the category of business generation, averaged 26,000 visitors per month.

The Appraisal Institute also continued to provide for its professionals more than 20 valuable benefit and affinity programs under such categories as business tools, insurance programs, marketing and public relations tools and travel discounts.

The department continued to host quarterly chapter executive director webinar meetings, providing chapters with timely and important updates and information. The Appraisal Institute also hosted its annual Chapter Leadership Program conference, which provided training for incoming chapter presidents and other chapter leaders.

The Appraisal Institute also provides staffing support for the Appraisal Institute Education Trust, the Appraisal Institute Relief Foundation and the Appraisal Institute Insurance Trust.

<table>
<thead>
<tr>
<th>Information Requests to the Lum Library (in 2016, by type of user)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designated Members</td>
</tr>
<tr>
<td>Candidates for Designation</td>
</tr>
<tr>
<td>Practicing Affiliates</td>
</tr>
<tr>
<td>Affiliates</td>
</tr>
<tr>
<td>Others</td>
</tr>
</tbody>
</table>
Publications

The Appraisal Institute released four new books in 2016:

- “Identifying Residential Architectural Styles” (January);
- “Scope of Work,” second edition (March);
- “Real Estate Damages,” third edition (June) and
- “Golf Property Analysis and Valuation” (October).

“Identifying Residential Architectural Styles” is a unique guide to the evolution of American residential architecture. This popular book includes dozens of illustrations of historic building styles and construction features, as well as a handy visual overview of house styles and a glossary of terms.

“Scope of Work,” second edition, explores the many changes to report formats and standards that have transpired since the first edition of the book was published in 2006. Appraisers have come to depend on this Appraisal Institute text for professional guidance, and this update will help them properly structure their valuation assignments and perform them competently.

“Real Estate Damages,” third edition, provides a foundation for valuing properties subject to 10 different types of detrimental conditions. It includes practical information on the use of statistics in appraising damaged properties, as well as new insights on current topics such as project-delay economics, airport noise, mineral and oil exploration, climate factors and foreign and domestic terrorism.

“Golf Property Analysis and Valuation” examines the operation and value-influencing factors that make golf courses and clubs complex investments and challenging valuation assignments.

Revenues from 2016 book sales totaled $697,234 on sales of 10,699 publications. Print sales totaled $505,685, and digital publications yielded $191,549, or 27.5 percent of total sales. In addition to the revenue they produce, Appraisal Institute books are valued for their contribution to the valuation body of knowledge and as a resource for practicing real estate professionals.

Development work on a new rural textbook was the focus of much activity in 2016. More than 20 AI professionals contributed to this new, original work, which was completed by year-end. "Rural Property Valuation" is a landmark text with chapters describing how valuation principles and procedures relate to rural properties, as well as chapters on the valuation of dairy farms, ranches, permanent plantings and timberland.

Other books in development in 2016 that are scheduled for release in 2017 include “Appraising Manufactured (Mobile) Home Communities and Recreational Vehicle Parks,” “The Appraisal of Commercial Green Real Estate Valuation” and “Subdivision Valuation,” second edition.

Appraisal Institute books are valued for their contribution to the valuation body of knowledge and as a resource for practicing real estate professionals.
Admissions

The Appraisal Institute continued in 2016 to maintain its high standards of customer service by addressing a wide range of needs among Designated Members, Candidates for Designation, Practicing Affiliates and Affiliates.

AI focused on advising Candidates on their designation requirements. A major component of AI’s Candidate outreach — via letters, e-mails and phone calls — was concentrated on the differences in “annual minimum progress” and “timeline to designation” requirements and how to assist Candidates in meeting both timelines.

The Appraisal Institute also guided Candidates on how they could best achieve designation by counseling them on available methods to complete designation requirements and recommending that each Candidate devise a plan of action. AI provided information related to available scholarships, a newly developed format for designation education and tips for preparing or selecting certain requirement options.

As a result, the Appraisal Institute awarded credit for 695 experience and 435 demonstration of knowledge submissions and approved applications for 838 Candidates to take the comprehensive exam. AI conferred 704 designations in 2016.

AI advised new Candidates, Practicing Affiliates and Affiliates on their admission requirements and Designated Members, Candidates and Practicing Affiliates on readmission requirements. The Appraisal Institute also provided guidance and processed requests made for status changes by Designated Members.

The Appraisal Institute also advised Designated Members and Practicing Affiliates on their AI continuing education requirements. The outreach — via letters, e-mails and phone calls — concentrated on the availability of AI education and noting which educational offerings provide the greatest point value for AI continuing education cycles.

The Appraisal Institute in 2016 saw its second-lowest termination rate of Designated Members who failed to complete AI continuing education requirements (cycle end date 2015).

The Appraisal Institute awarded credit for 695 experience and 435 demonstration of knowledge submissions and approved applications for 838 Candidates for Designation to take the comprehensive exam. AI conferred 704 designations in 2016.
In keeping with the Appraisal Institute’s long history of leading and advancing the valuation profession, AI issued two Guide Notes in 2016. Guide Notes provide guidance on how standards requirements may apply to specific situations.

“Guide Note 15: Assumptions and Hypothetical Conditions” notes that assumptions and hypothetical conditions are critically important to the appraisal and review processes. Valuers and reviewers must understand the nature of assumptions and hypothetical conditions — what they are, how and when they may be used and how to properly disclose them in appraisal and review reports. For the intended users, they frame the appraisal or review opinion in a specific context and alert the intended user to outstanding concerns. In some cases, when information is lacking or unavailable, their use provides a means by which the assignment may be completed when otherwise it could not.

“Guide Note 16: Arbitration” addresses how real estate valuation professionals may provide services in arbitration matters as arbitrators or expert witnesses. The Guide Note explores what services a real estate valuation professional may provide in an arbitration matter, and what standards and ethical rules apply to different services. The Guide Note also addresses the expectation of the potential client regarding the valuer’s role in the arbitration process.

AI also advanced the profession in 2016 by providing input to other organizations on professional standards matters, including filing comment letters with — and attending meetings of — the Appraisal Standards Board of The Appraisal Foundation and the International Valuation Standards Council.

Taking advantage of an exclusive benefit, AI Designated Members, Candidates for Designation, Practicing Affiliates and Affiliates made more than 2,600 inquiries to Appraisal Institute staff concerning a broad range of professional practice, valuation standards and ethics issues.

In the area of peer review, the Appraisal Institute opened 81 new files. Peer review actions taken in 2016 included educational guidance, educational alternatives, notices of improper references to membership or status and disciplinary actions.

In keeping with its long history of leading and advancing the valuation profession, the Appraisal Institute adopted “Guide Note 15: Assumptions and Hypothetical Conditions” and “Guide Note 16: Arbitration” in 2016.
Communications

The Appraisal Institute's communications efforts in 2016 focused on enhancing the reputation, increasing awareness, promoting understanding and communicating the value of the organization, its professionals and the real estate valuation profession.

In 2016, the Appraisal Institute and its professionals:

- Appeared in more than 1,300 different media stories;
- Ran in nearly 600 unique media outlets;
- Were potentially read, seen or heard more than 1.8 billion times; and
- Generated a publicity value of nearly $1.9 million (according to a vendor's proprietary formula) — a 21 percent increase over 2015 and a 57 percent increase over 2014.

AI media coverage appeared in major national outlets such as The Washington Post, The New York Times, The Wall Street Journal, Money magazine, MSN.com and Yahoo! Finance ... in addition to trade publications and local media outlets.

The Appraisal Institute also achieved all-time highs for Facebook “likes” and Twitter and LinkedIn followers in 2016:

- Increased to 5,550 “likes” on Facebook (up 12 percent from 2015);
- Elevated to 4,223 followers on Twitter (up 7 percent from 2015);
- Jumped to 6,683 followers on LinkedIn (up 14 percent from 2015).

In 2016, the Appraisal Institute's elected leaders and other representatives spoke at major events hosted by national organizations, such as the National Association of Realtors and the National Association of Home Builders, and international organizations, including:

- World Association of Valuation Organizations;
- Union of Pan American Associations of Valuation;
- International Association of Assessing Officers; and
- The European Group of Valuers’ Associations.

AI's other social media channels also showed growth. Its YouTube channel now includes more than 80 internally produced videos and its “Opinions of Value” blog has hundreds of subscribers.

AI’s five news publications — Appraiser News Online (weekly e-newsletter), Residential Update (monthly e-newsletter), Washington Report and State News (quarterly e-newsletter), Valuation (quarterly magazine) and The Appraisal Journal (quarterly journal) — continued to show online readership growth in 2016.

AI’s communications efforts resulted in recognition in national marketing and communications contests. Al’s “Valuing Stigmatized Properties” video won an Award of Distinction among approximately 1,400 entries in the Videographer Awards sponsored by the Association of Marketing and Communication Professionals.

Since 2011, the Appraisal Institute has won 29 awards in 19 contests for six different communications outlets: “Opinions of Value” blog, YouTube videos, Appraiser News Online, Valuation magazine, The Appraisal Journal and Residential Update.

Appraisal Institute media coverage in 2016 generated a publicity value of nearly $1.9 million (according to a vendor’s proprietary formula) – a 21 percent increase over 2015 and a 57 percent increase over 2014.
Marketing

In 2016, the Appraisal Institute demonstrated its strong commitment to enhancing AI’s brand and to raising the profile of its Designated Members among target audiences.

AI launched the RAISE campaign, which has appeared in 28 valuation, banking, law, accounting and real estate publications in both print and digital formats. The campaign promotes the importance of hiring Appraisal Institute Designated Members, and encourages appraisers to pursue AI designations to enhance their careers.

The Appraisal Institute also participated in 16 trade shows. AI’s modernized exhibits included newly-designed booth banners and more audience-relevant informational materials.

AI prepared and implemented the transition to a new email provider. The Appraisal Institute upgraded graphic elements, including 53 new mastheads for organizational emails and more than 30 new email templates.

AI in 2016 consistently communicated with more than 32,000 valuation professionals, providing industry news and information regarding AI events, publications and educational offerings. Highlights included:

- More than 5 million emails sent to targeted audience members.
  - About 43 percent of emails were subscription-based (Appraiser News Online, Residential Update and Valuation magazine).
  - Nearly 24 percent of these emails promoted AI national classroom and online education.
- A total of 58 chapters used AI’s broadcast email services, and more than 250 broadcast emails were created in 2016.
- AI advertised its national educational offerings in print and online publications and at trade shows. The Appraisal Institute also ran education ads in Valuation magazine.
  - AI created two-page spreads to promote national and chapter classroom offerings, providing a comprehensive list of education for all levels of an appraiser’s career.
  - The popular live online education (synchronous) format’s upcoming offerings also were highlighted in dedicated ads.

Sponsorships and exhibits supported the AI Annual Conference in 2016. Sales to 29 companies that sell AI-relevant products and services exceeded the organization’s goal by 13 percent and generated more than $100,000 in revenue.

The Appraisal Institute also distributed a “thank you” card to AI professionals, expressing appreciation for their membership and offering a 20 percent discount on AI books. The promo code was used 271 times.

The Appraisal Institute’s website enjoyed 474,619 visitors for a total of 1,019,215 sessions in 2016. The popular “Find an Appraiser” database received 29,000 unique visits per month during the year.

The Appraisal Institute demonstrated its strong commitment to enhancing AI’s brand, and to raising the profile of its Designated Members among target audiences.
Government Relations

The Appraisal Institute is the largest and most vocal advocate for real estate valuation professionals, raising awareness about public policy issues impacting users of appraisal services and practitioners and helping to improve the business and regulatory environment for the valuation profession.

Federal Issues

The Appraisal Institute testified in November 2016 before the House Committee on Financial Services Subcommittee on Housing and Insurance on modernizing the appraisal regulatory structure. In its testimony, the Appraisal Institute highlighted regulatory concerns that are impeding entry into the profession and increasing regulatory compliance costs for clients of appraisal services and practitioners. AI also offered concrete suggestions for modernization, modeling what other industries recently have done by establishing nationwide licensing platforms. Such platforms allow “one-stop shopping” for appraisal licensing applications and renewal, while helping to reduce compliance costs on the entire appraisal procurement chain.

The hearing is the first step in the legislative process. The House Financial Services Committee is expected to continue its oversight activity, and the Appraisal Institute will continue to be at the forefront of educating appraisal policymakers on the needs of the profession.

The Appraisal Institute also was successful in removing appraisal from a final rule issued by the Department of Labor that would have classified some appraisal activity as a “fiduciary,” protecting appraisers from increased liability and appraisal clients from increased costs.

State and Local Issues

At the state level, the Appraisal Institute continued to advance legislative and regulatory proposals that would provide regulatory relief related to standards when performing certain types of valuation work. Likewise, AI provided support to chapters and chapter-sponsored coalitions to change state laws to allow appraisers to perform evaluations — services they are currently precluded from competitively providing by many state laws.

Work also began in several states in 2016 to enact appraiser-specific statutes of limitations to provide appraisers with certainty as to the time period following the performance of an appraisal during which an appraiser may face civil litigation.

The Appraisal Institute’s Washington office also provided support to AI chapters and chapter-sponsored coalitions on a wide range of state and local issues, including advocating for favorable appraisal management company oversight laws, ensuring reasonable and effective state appraiser licensing laws and resisting efforts by competing interests that want to be able to provide appraisal services.

The Appraisal Institute is the largest and most vocal advocate for real estate valuation professionals.
Meetings

The Appraisal Institute in 2016 planned and executed a variety of meetings, allowing AI professionals and others in the real estate industry the opportunity to network and to learn.

Leadership Development and Advisory Council Conference

More than 100 LDAC attendees spent two and a half days in Washington, D.C., developing leadership strategies and lobbying on Capitol Hill for various issues of concern to the appraisal profession. Held at the Liaison Capitol Hill hotel in May, this annual event helped to identify and encourage Appraisal Institute future leaders.

AI Annual Conference

The Appraisal Institute Annual Conference drew nearly 475 attendees and 23 exhibitors and sponsors to the Sheraton in Charlotte, North Carolina. The July event attracted valuation and other real estate professionals from around the world who:

- networked with their peers;
- attended dozens of educational sessions;
- earned state and AI continuing education credit;
- saw exhibits of the latest cutting-edge valuation products and services; and
- attended the annual Appraisal Institute awards dinner.

In the opening general session, keynote speaker Jack Uldrich — a best-selling author and global futurist focused on technology, change management and leadership — challenged attendees to become aware of how fast the world is changing and to regularly take time to think about the future. Attendees learned trends, tips and advice at the closing general session from three top executives from TIAA, one of the world’s largest financial institutions in real estate: Anthony J. Oddo, MAI; Douglas K. Hodge, MAI; and William A. Lane, MAI.

During the annual awards dinner, Terry R. Dunkin, MAI, SRA; M. Ralph Griffin, MAI, AI-GRS; and W. Calvin Reynolds, MAI, SRPA, SREA, SRA, were honored with the Lifetime Achievement Award and Sandra K. Adomatis, SRA, received the Outstanding Service Award. President’s Award recipients were M. Lance Coyle, MAI, SRA; John P. Robinson Jr., SRPA, SRA; and Stephen S. Wagner, MAI, SRA, AI-GRS.

Chapter Leadership Program

Approximately 120 incoming chapter presidents, other chapter officers and chapter executive directors spent a day and a half in Chicago in September gaining information on chapter operations, including finance, governance and reporting. The annual event provides important training for chapter officers and staff.

The Appraisal Institute Annual Conference drew nearly 475 attendees and 23 exhibitors and sponsors to the Sheraton in Charlotte, North Carolina.
Financials

2016 Revenue

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Dues and Fees</td>
<td>57%</td>
<td>$11,522,467</td>
</tr>
<tr>
<td>Education</td>
<td>27%</td>
<td>$5,569,744</td>
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<tr>
<td>Publications</td>
<td>4%</td>
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<tr>
<td>Professional Resources</td>
<td>5%</td>
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<tr>
<td>Meetings and Conferences</td>
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<tr>
<td>Communications</td>
<td>0%</td>
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<tr>
<td>Investments</td>
<td>2%</td>
<td>$351,681</td>
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<tr>
<td>Other</td>
<td>3%</td>
<td>$559,180</td>
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<tr>
<td><strong>Total revenue</strong></td>
<td><strong>100%</strong></td>
<td><strong>$20,364,329</strong></td>
</tr>
</tbody>
</table>

Professional Dues and Fees
Revenue earned from membership dues, as well as Candidate, Practicing Affiliate and Affiliate fees.

Education
Revenue earned from educational offerings held in classroom, online and synchronous venues.

Publications
Revenue earned from sale of textbooks and guidebooks.

Professional Resources
Revenue earned from admissions process fees, professional benefit royalties and Lum Library support.

Meetings and Conferences
Revenue earned from the Appraisal Institute Annual Conference and Leadership Development and Advisory Council conference.

Communications
Subscription and advertising revenue from AI’s periodicals.

Investments
Return earned from reserve fund investments.

Other
Revenue earned from advertising and other miscellaneous programs.
Financials

2016 Expense

<table>
<thead>
<tr>
<th>Category</th>
<th>Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>$4,970,507</td>
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<tr>
<td>Publications</td>
<td>$683,188</td>
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<tr>
<td>Professional Resources and Services</td>
<td>$3,102,334</td>
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<tr>
<td>Marketing and Communication</td>
<td>$1,911,156</td>
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<tr>
<td>Meetings and Conferences</td>
<td>$405,179</td>
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<td>External Relations</td>
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<td>Governance</td>
<td>$1,281,931</td>
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<tr>
<td>Management and General</td>
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<tr>
<td><strong>Total Expense</strong></td>
<td><strong>$19,140,373</strong></td>
</tr>
</tbody>
</table>

Education
Costs incurred for development, delivery and promotion of educational offerings.

Publications
Costs incurred for development and sale of publications.

Professional Resources and Services
Costs incurred to support Designated Members, Candidates for Designation, Practicing Affiliates and Affiliates, as well as to administer the Ethics and Standards program.

Marketing and Communications
Costs incurred to recruit, retain and promote members and Candidates for Designation as well as publish AI’s periodicals and communicate to various audiences.

Meetings and Conferences
Costs related to hosting the Appraisal Institute Annual Conference and Leadership Development Advisory Council conference.

External Relations
Costs related to maintaining and expanding AI’s presence, including legislative, regulatory and industry advocacy.

Management and General
Administrative support of the Appraisal Institute including executive office, legal, finance, human resources, research, information technology, occupancy, telecommunications and insurance.
## Financials

### Consolidated Statements of Financial Position
Dec. 31, 2016, and 2015

<table>
<thead>
<tr>
<th>Assets</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$5,136,565</td>
<td>$5,725,925</td>
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<tr>
<td>Restricted cash</td>
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<tr>
<td>Reserve fund investments</td>
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<tr>
<td>Accounts receivable, net</td>
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<td>Inventory, net</td>
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<td>$127,913</td>
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<td>Prepaid expenses</td>
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<td>$377,757</td>
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<td>Fixed assets, net</td>
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<tr>
<td>Other assets</td>
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<td><strong>Total assets</strong></td>
<td><strong>$20,940,340</strong></td>
<td><strong>$20,464,170</strong></td>
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<table>
<thead>
<tr>
<th>Liabilities and net assets</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$1,499,407</td>
<td>$1,482,335</td>
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<tr>
<td>Deferred membership dues and fees</td>
<td>$4,064,212</td>
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<tr>
<td>Unearned registrations and subscriptions</td>
<td>$615,457</td>
<td>$1,088,208</td>
</tr>
<tr>
<td>Due to chapters</td>
<td>$1,097,562</td>
<td>$1,087,202</td>
</tr>
<tr>
<td>Deferred rent credit</td>
<td>$1,090,940</td>
<td>$1,100,604</td>
</tr>
<tr>
<td>Tenant improvement allowance</td>
<td>$1,007,064</td>
<td>$1,109,478</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>$784,383</td>
<td>$689,922</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>$10,159,025</strong></td>
<td><strong>$10,906,811</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net assets</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>$10,772,953</td>
<td>$9,548,997</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>$8,362</td>
<td>$8,362</td>
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<tr>
<td><strong>Total net assets</strong></td>
<td><strong>$10,781,315</strong></td>
<td><strong>$9,557,359</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Total liabilities and net assets</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$20,940,340</strong></td>
<td><strong>$20,464,170</strong></td>
<td></td>
</tr>
</tbody>
</table>
2016 National Staff

Chief Executive Officer
Frederick H. Grubbe, MBA, CAE

Communications
Ken Chitester, APR

Education Resources
Suzanne Siradas

Finance & Administration
Beata E. Swacha, CAE, CPA

General Counsel & Professional Practice
Jeffrey E. Liskar

Government Relations & External Affairs
William Garber

Human Resources
Sheila Barnes

Marketing, International Development & Research
Roberta Borst, MBA

Meeting Services
Jasmina Nuhbegovic

Professional Services & Resources
Evan Williams, CAE, IOM