2018 ANNUAL REPORT

Appraisal Institute®
MISSION: Our mission is to advance professionalism and ethics, global standards, methodologies and practices through the professional development of property economics worldwide.

VISION: The Appraisal Institute is globally recognized for property economics, professional ethics, standards, methodologies, practices and for being a leading provider of professional educational programs.
Dear Appraisal Institute Professional:

Thank you for being part of a historic year. The Appraisal Institute in 2018 enhanced its role as the global valuation profession’s thought leader by:

- opposing attempts to remove appraisal requirements and to increase appraisal thresholds
- establishing important partnerships with external groups
- expanding its body of knowledge and
- increasing opportunities for current and future valuation professionals.

In September 2018, the Appraisal Institute urged Congress to turn back legislation that would virtually eliminate appraisal requirements for the Small Business Administration’s two largest loan programs. And in December 2018, AI led 17 other groups in strongly opposing the National Credit Union Administration’s plan to reduce the number of non-residential real estate loans requiring appraisals.

To assist appraisers practicing in the “green” valuation space, the Appraisal Institute joined with the Residential Energy Services Network in March 2018 to launch an appraiser portal that allows AI professionals to access data for properties with Home Energy Rating System Index scores.

As part of the Appraisal Institute’s ongoing efforts to expand its world-class body of knowledge, AI in 2018 premiered education offerings addressing:

- commercial leases
- investigations against appraisers
- residential analysis
- appraising medical office buildings
- valuing automobile dealerships
- rural valuation and
- leasehold valuation.

AI also published books on arbitration, real estate market changes and properties in condemnation.

To help bring more individuals into the valuation profession, in July 2018 the Appraisal Institute joined 29 real estate industry organizations in announcing a ground-breaking collaboration to highlight the diverse career paths within the real estate sector. And in September 2018, AI unveiled its Property Use Classification System, which can help appraisers and others sort or organize real estate property information.

Thank you for all your contributions during a big year.

Sincerely,

James L. Murrett, MAI, SRA
2018 President
Appraisal Institute
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:

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

2. 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.

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

4. Advance the Appraisal Institute as the leading international source of real property valuation knowledge.
AI Professionals by Category
At the end of 2018, the Appraisal Institute included nearly 18,000 professionals in almost 50 countries throughout the world.

Designated Members by Designation
At year-end 2018:
33 Designated Members held all four currently-offered AI designations.

Nearly 1,500 Designated Members have been designated for 40 or more years.

Conferred Designations
In 2018, the Appraisal Institute conferred 469 designations.

AI welcomed 618 new Candidates for Designation.
In 2018, AI welcomed individuals from all 50 states, the District of Columbia and Puerto Rico in addition to admitting professionals from 10 different countries and U.S. territories into the Appraisal Institute.

The Appraisal Institute’s youngest designees in 2018 — two of them — were 26 years old.

The Appraisal Institute’s oldest first-time designee in 2018 was age 77.

Candidates for Designation

AI concluded 2018 with more than 2,200 Candidates for Designation, 68 percent of whom are on the general path.

68% General Candidates
16% General Review Candidates
10% Residential Candidates
6% Residential Review Candidates
For over 85 years, the Appraisal Institute has led the valuation profession by offering high quality education that sets the standard for excellence and thoroughness. AI’s programs are rigorously researched and largely developed by practicing appraisers using their real-world valuation experience.

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

With nearly 200 programs in the Appraisal Institute education catalog, appraisers and students of valuation have many options. As the profile of the student has changed, the Appraisal Institute has adapted by expanding its delivery platforms to include classroom, on-demand online, and synchronous (live) online programs.

9 Number of education programs premiered by the Appraisal Institute in 2018

60+ Number of programs AI offered to clients (government agencies, banks, colleges, universities) in 2018

A total of 38 AI professionals participated in the Appraisal Institute’s Instructor Qualifying Conference in September 2018 in Chicago, and 97 percent of attendees rated the event either excellent or very good.
The Appraisal Institute is committed to exemplary service for AI professionals. Its Professional Services and Resources Department consists of four areas:

- Admissions and Continuing Education
- Professional Resources
- Publications
- Y.T. and Louise Lee Lum Library

### Admissions and Continuing Education

Admissions and CE supports the Candidate for Designation program, the Admissions and Designation Qualifications Committee, Designated Member and Practicing Affiliate continuing education, and admission/readmission support for all AI professionals.

In addition, Admissions and CE manages AI’s Master’s Degree Program and the Candidate Advisor program, as well as Demonstration of Knowledge, Experience Screening and Comprehensive Examination service and support.

- **Percentage of Designated Members who successfully completed their CE cycle (ending Dec. 31, 2017):** 99%
- **Candidate experience submissions that were awarded full credit in 2018:** 452
- **Candidates who signed up for comprehensive examinations in 2018:** 1,008
- **Candidate demonstration submissions that were awarded full credit in 2018:** 229

![2018 Demonstration of Knowledge Awards](Diagram)

- **70%** Capstone
- **13%** Traditional (general)
- **9%** 45-Hour Package (residential)
- **5%** Research
- **1%** Thesis/Dissertation
- **1%** E-Demo
- **1%** Defense
Professional Resources

Professional Resources provides front-line service to all AI professionals and AI’s 79 chapters. This area manages many of AI’s member benefits, including more than 20 benefit and affinity programs, along with AI’s endorsed errors and omissions program through LIA and the insurance programs available only to AI professionals through the Appraisal Institute Insurance Trust.

The Professional Resources team supports the missions of the Appraisal Institute Education and Relief Foundation and manages the AI Group Program, the Chapter Leadership Program, and the Leadership Development and Advisory Council.

- **Phone calls** that Professional Resources staff received and responded to in 2018: 18,790
- **Emails** that Professional Resources staff received and responded to in 2018: 3,600+
- **Number of companies** that participated in the AI Group Program in 2018: 113

In 2018:

- AIERF awarded $37,000 in emergency assistance and received $34,731 in donations.

- AIERF awarded 50 scholarships totaling $48,518 in 2018 and recognized AI professionals who made significant contributions to the valuation profession:
  - Y.T. and Louise Lee Lum Award: Paula K. Konikoff, JD, MAI, AI-GRS
  - George L. Schmutz Award: Don M. Emerson, Jr., MAI, AI-GRS
  - Dr. William N. Kinnard, Jr. Award: Nelson Bowes, MAI, AI-GRS
  - James H. Pritchett Award: John R. Underwood, Jr., MAI, SRA

- AIERF funded annual awards for The Appraisal Journal:
  - Armstrong/Kahn Award: Richard L. Parli, MAI, and Norman G. Miller, Ph.D.
  - Swango Award: Patricia Staebler, SRA
  - Richard U. Ratcliff Award: Chris Mothorpe, Ph.D., and David Wyman, Ph.D.
PROFESSIONAL SERVICES AND RESOURCES

Publications

The Appraisal Institute is the world’s largest publisher of real estate appraisal literature and released three new books in 2018:

- **Number of publications**
  - 10,300+ AI sold in 2018

- **Percentage of 2018 textbook sales that were in digital format**
  - 29%

Y.T. and Louise Lee Lum Library

All Appraisal Institute professionals have access to an extensive collection of books, journals, reference sources and online databases through the Lum Library, which provides support for the research needs of AI valuation professionals. One of the most utilized and valuable Appraisal Institute benefits, the Library contains a significant catalog of online materials and access to a staff librarian.

**Catalog documents downloaded by AI professionals in 2018**: 63,029

**Total searches of EBSCO database**: 32,630

**Total searches of the AI online catalog**: 40,789

**Percentage of searches of the online catalog that were successful**: 92%

**Percentage of searches of the online catalog that were successful (in 2018, by AI affiliation)**

- Designated: 77%
- Practicing Affiliates: 8%
- Others: 7%
- Candidates: 5%
- Affiliates: 3%
In 2018, the Appraisal Institute continued its work of advancing the valuation profession and ensuring public trust through numerous ongoing activities, including:

- responding to almost 2,800 inquiries from AI professionals concerning a broad range of professional practice and valuation standards and ethics issues;
- providing input to the Appraisal Standards Board of The Appraisal Foundation on Exposure Drafts containing proposed Changes for the 2020-21 edition of the Uniform Standards of Professional Appraisal Practice (USPAP); and
- developing new Guide Notes and updating current Guide Notes, which provide guidance on how standards requirements may apply to specific situations and address topical issues.

Peer review actions taken in 2018 included educational alternatives, notices of improper references to membership or status, and disciplinary actions.
The Appraisal Institute continued to fulfill its communications mission in 2018: to enhance the reputation, increase awareness, promote understanding and communicate value of the Appraisal Institute, its professionals and the real estate valuation profession.

AI focused on four primary areas of communications:
- Media relations
- Social media
- News publications
- Speaking opportunities.

In 2018, the Appraisal Institute’s elected officers and others represented the organization at over 25 events in nearly 10 countries.

And the Appraisal Institute produced:
- Valuation (quarterly magazine)
- The Appraisal Journal (quarterly journal)
- Appraiser News Online (weekly e-newsletter)
- Residential Update (monthly e-newsletter)

**Social Media**

The Appraisal Institute achieved record followings on its four primary social media channels:

- **Facebook**
  - 6,117 “likes” (+4.5%)
- **Twitter**
  - 4,831 followers (+5%)
- **LinkedIn**
  - 9,627 followers (+30%)
- **YouTube**
  - 37,733 video views (+47%)

**Media Relations**

AI and its professionals in 2018 appeared in more stories that were potentially seen, read or heard more times than in any year since AI began measuring coverage in 2009:

<table>
<thead>
<tr>
<th>Stories (including AI and its professionals)</th>
<th>2018 totals</th>
<th>% Change from 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,056</td>
<td>+57%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Unique Media Outlets</th>
<th>2018 totals</th>
<th>% Change from 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,051</td>
<td>+53%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Impressions (number of times a story was potentially, read, seen or heard)</th>
<th>2018 totals</th>
<th>% Change from 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,404,340,101</td>
<td>+47%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Publicity Value (according to third-party vendor’s proprietary formula)</th>
<th>2018 totals</th>
<th>% Change from 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$4,174,740</td>
<td>-7%</td>
</tr>
</tbody>
</table>
In 2018 the Appraisal Institute continued to build the AI brand and its presence within the real estate valuation profession. Marketing included the continuation of the successful RAISE campaign to client audiences, inviting them to engage Designated Members of the Appraisal Institute. AI also continued to promote its education through the AIM Higher campaign. In 2018, AI launched a national education newsletter, as well.

Appraisal Institute advertising appeared in more than 31 print and digital publications and AI exhibited at 15 trade shows/conferences serving valuation, banking and legal professions. AI increased its investment in paid search, which raises organizational presence in search engine rankings and has become an efficient revenue generator for AI education. Email activities are increasingly better targeted and continue to help AI attract students and other professionals to the organization.

**2018 Marketing Activity**

**1.5 MILLION** Appraisal Institute website users in 2018

**28,000** “Find an Appraiser” database’s monthly unique visits in 2018 (an increase of nearly 4 percent in 2017)
The Appraisal Institute offered three different courses in Beijing and Shanghai, China:

- Advanced Income Capitalization
- Advanced Market Analysis and Highest & Best Use
- Quantitative Analysis

AI also offered the General Appraiser Sales Comparison course in three Mexico cities:

Membership
In 2018, the Appraisal Institute conferred nine designations to AI professionals in five countries outside the United States.
The Appraisal Institute in 2018 continued to lead the real estate valuation profession’s legislative and regulatory advocacy through AI’s Government Relations Committee and its Washington office.

**Federal**

At the federal level, the Appraisal Institute in 2018:

- Supported efforts to modernize the appraisal regulatory structure, facilitating continued discussion and development of legislative proposals that would reduce regulatory red tape for professional appraisers.
- Fought proposed increases in appraisal threshold levels for federally related transactions and loans guaranteed by the Small Business Administration, helping to reduce and mitigate overall impacts on appraisers.
- Provided input into a national review to reform GSE appraisal processes and develop updated appraisal report forms.
- Supported legislation protecting taxpayers’ interests from syndicated conservation easement schemes.

**State**

At the state level, the Appraisal Institute in 2018:

- Led state legislative and regulatory proposals to allow appraisers to provide Interagency Appraisal and Evaluation Guideline-compliant evaluations continued in earnest in 2018, with significant progress having been made in Illinois, Oregon, Virginia and Texas.
- Developed and fought for legislation to put in place limitations on the time following completion of an appraisal during which an appraiser can be civilly sued moved forward in 2018.
  - While no new laws were enacted, proposals were drafted, and the groundwork completed, for future consideration in Arizona, Arkansas, Florida, Illinois, Texas and Washington.
The Appraisal Institute in 2018 hosted a variety of meetings, allowing AI professionals and others in the real estate industry the opportunity to network and to learn.

**AI Annual Conference**

The Appraisal Institute hosted its 2018 Annual Conference, July 30-Aug. 1, in Nashville, Tennessee. The event, themed “Setting the Stage for Success,” attracted a record number of valuation and other real estate professionals from around the world who:

- networked with their peers;
- attended exceptional educational sessions;
- earned state and AI continuing education credit;
- saw exhibits of the latest cutting-edge valuation products and services; and
- attended an offsite reception, an awards luncheon and the final night networking party featuring a band of AI professionals.

In the opening general session, best-selling author and mountain climber Alison Levine described how the principles that apply to the world of extreme adventure also apply to demanding business environments. In the other general session, Don Gossman, SRA, talked about his work with the FBI in helping to break up a mortgage fraud ring, Kansas City, Missouri.
Leadership Development and Advisory Council Conference

LDAC conference attendees from 48 AI chapters 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 Hyatt Regency Capitol Hill hotel in May, this annual event helped to identify and encourage Appraisal Institute future leaders. Stephen S. Wagner, MAI, SRA, AI-GRS, served as LDAC Planning Committee Chair.

Discussion topics in 2018 were:

- Where are the Best Opportunities for Appraisers in the Future?
- Growing Outside the Box
- Building and Expanding the Professional Community
- Going from Good to Great; Embracing Change; Building Relevance and Value in the SRA Designation.

Molly Skipper received the 2018 William T. Anglyn Award, presented annually to a first-year participant who exhibits exemplary leadership, integrity and outstanding contributions to the event.
Chapter Leadership Program

Approximately 120 incoming chapter presidents, other chapter officers and chapter executive directors spent a day and a half in Chicago in October 2018 gaining information on chapter operations, including finance, governance and reporting. The annual event provides important training for incoming chapter presidents and other chapter leaders.

Six chapters received awards:

- Florida Gulf Coast (Chapter Newsletter Award)
- Greater Tennessee Chapter (Government Relations Award)
- Long Island Chapter (Hot Topic/Special Projects Award)
- Massachusetts & Rhode Island (Chapter Newsletter Award)
- Southern New Jersey (Chapter Newsletter Award)
- West Virginia (Chapter Newsletter Award)

Chapters represented at AI’s 2018 Chapter Leadership Program

Percentage of respondents who rated CLP positively in a post-event survey
# Consolidated Statement of Financial Position

Dec. 31, 2018 and 2017

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 4,418,308</td>
<td>$ 4,415,347</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>104,690</td>
<td>200,000</td>
</tr>
<tr>
<td>Investments</td>
<td>13,432,583</td>
<td>13,900,257</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>206,060</td>
<td>85,469</td>
</tr>
<tr>
<td>Inventory, net</td>
<td>101,886</td>
<td>101,761</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>349,863</td>
<td>367,639</td>
</tr>
<tr>
<td>Fixed assets, net</td>
<td>2,275,322</td>
<td>1,470,579</td>
</tr>
<tr>
<td>Other assets</td>
<td>601,390</td>
<td>620,782</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$21,490,102</td>
<td>$21,161,834</td>
</tr>
</tbody>
</table>

|               |            |            |
| **Liabilities and net assets** |            |            |
| Accounts payable and accrued expenses | $ 1,647,523 | $ 1,671,738 |
| Deferred dues and designation fees | 4,461,490 | 4,320,034 |
| Deferred education registrations | 694,427 | 757,470 |
| Due to chapters | 1,310,253 | 644,912 |
| Deferred rent credit | 989,108 | 1,047,203 |
| Tenant improvement allowance | 802,237 | 904,651 |
| Other liabilities | 847,914 | 817,048 |
| **Total liabilities** | $10,752,952 | $10,163,056 |

|               |            |            |
| **Net assets** |            |            |
| Without donor restriction | 10,728,788 | 10,990,416 |
| With donor restriction | 8,362 | 8,362 |
| **Total net assets** | 10,737,150 | 10,998,778 |

|               |            |            |
| **Total liabilities and net assets** | $21,490,102 | $21,161,834 |
## Consolidated Statement of Activities

Dec. 31, 2018 and 2017

### Changes in net assets without donor restriction

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dues and designation fees</td>
<td>$12,133,815</td>
<td>$12,243,361</td>
</tr>
<tr>
<td>Education</td>
<td>6,077,271</td>
<td>5,408,509</td>
</tr>
<tr>
<td>Publications</td>
<td>751,063</td>
<td>792,528</td>
</tr>
<tr>
<td>Investment (loss) income, net</td>
<td>(66,916)</td>
<td>590,559</td>
</tr>
<tr>
<td>Other</td>
<td>485,629</td>
<td>617,694</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>$19,380,862</td>
<td>$19,652,651</td>
</tr>
<tr>
<td><strong>Net assets released from restrictions</strong></td>
<td>77,773</td>
<td>77,285</td>
</tr>
</tbody>
</table>

### Expenses

**Programs**

- AI Professional Support: $3,891,089, $4,067,537
- Education: 5,735,395, 5,038,650
- Communications and external relations: 2,272,205, 2,458,643
- Publications: 1,061,074, 1,044,101

**Supporting Services**

- Management and Administrative: 4,516,191, 4,957,801
- Governance: 1,475,403, 1,145,634
- Marketing: 768,906, 800,107

**Total expenses**

- $19,720,263, $19,512,473

**Increase in net assets without donor restriction**

- (-261,628), 217,463

### Changes in net assets with donor restriction

<table>
<thead>
<tr>
<th>Contributions</th>
<th>$77,773</th>
<th>$77,285</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets released from restrictions</td>
<td>(77,773)</td>
<td>(77,285)</td>
</tr>
</tbody>
</table>

**Changes in net assets with donor restriction**

- $0, $0

**Increase in net assets**

- (-261,628), 217,463

**Net assets at the beginning of the year**

- 10,998,778, 10,718,315

**Net assets at the end of the year**

- $10,737,150, $10,998,778
2018 NATIONAL STAFF
SENIOR LEADERSHIP

Chief Executive Officer
Jim Amorin, MAI, SRA, AI-GRS

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

Marketing & International Development
Roberta Borst, MBA

Meeting Services
Jasmina Nuhbegovic

Professional Services & Resources
Evan Williams, CAE, IOM

Research
Jonathan Thatcher

Connect with the Appraisal Institute: