

New CAE Practice Exam Questions

1. The membership committee of an association is requesting financial reports to help them make plans regarding the future of the association membership experience. Which report will be most helpful?
 - A. The organization's 990
 - B. The independent auditor's report
 - C. The profit and loss summary by various programs
 - D. The detailed line item budget

USE THE FOLLOWING INFORMATION TO ANSWER QUESTIONS 97-99

Assets		
Current Assets		
Cash and cash equivalents	\$ 31,830,448	\$ 30,351,846
Accounts receivable – net of allowance for uncollectable accounts of \$23,829 in 2022 and \$41, 747 in 2021	\$ 1,448,668	\$ 7,694,031
Prepaid expenses – annual meeting	\$ 16,288,599	\$ 16,702,264
Prepaid expenses and other assets	\$ 823,352	\$ 680,338
Prepaid expenses – website	\$ 100,000	\$ 100,000
Prepaid expenses – institute education program	\$ 2,000	\$ 2,000
Total current assets	\$ 50,493,067	\$ 55,530,479
Noncurrent assets		
Long-term investments	\$ 44,849,774	\$ 56,534,947
Property and equipment, net	\$ 44,863,787	\$ 45,186,925
Prepaid expenses—annual meeting—net of		

current portion	\$ 106,900	\$ 363,945
Total noncurrent assets	\$ 89,820,461	\$102,085,817
Total assets	\$140,313,528	\$157,616,296
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 4,770,576	\$ 5,528,746
Accrued expenses	\$ 4,756,708	\$ 3,272,547
Deferred revenue	\$ 61,505,829	\$ 65,655,307
Total current liabilities	\$ 71,033,113	\$ 74,456,600
Commitments and contingencies		
Unrestricted net assets	\$ 69,178,415	\$ 83,057,696
Total liabilities and net assets	\$140,211,528	\$157,514,296

2. For the next financial planning meeting, the committee is interested in the organization's financial result for the prior fiscal year. Which of the following documents should they refer to?
- A. Statement of cash flows

- B. Statement of financial position
 - C. Statement of activities
 - D. Auditor's statement of review
3. A special interest section of the membership of the organization have collected \$80,000 for design of a website that they will manage. The \$80,000 should be reflected as
- A. revenue in the statement of activities
 - B. an increase in assets in the statement of cash flows
 - C. temporarily restricted assets in the statement of financial position
 - D. an accrued expense in the note to financial statements
4. A donor has agreed to fund the entire \$50,000 institute education project but has stipulated that all development work must be done by end of fiscal year 2030. What changes need to be made to the Statement of Financial Position?
- A. \$48,000 should be recorded as a current asset
 - B. \$50,000 should be recorded as a temporarily restricted asset
 - C. \$48,000 should be recorded as a current liability
 - D. \$50,000 should be recorded as deferred revenue
5. An association has grown, and the accounting responsibility has grown with it. Currently, the bookkeeper performs all accounting activities for the association. What step should the chief staff executive ensure happens to make the accounting function compliant?
- A. Hire an assistant bookkeeper to support the current bookkeeper.
 - B. Establish policies and procedures that promote strong internal controls within the accounting function of the association.
 - C. Establish an accounting department to prevent accounting and financial irregularities from occurring.
 - D. Outsource the accounting function of the association to a CPA firm.
6. A board is considering the creation of a partnership of like-minded organizations to conduct a joint educational conference. What is the first step the board should take to ensure its success?
- A. Inform the stakeholders of the partnership.
 - B. Agree on how to manage disagreements.
 - C. Ensure the principles of equality and consensus govern the partnership.
 - D. Conduct a broad organizational overview.
7. With respect to leadership skills, a committee chair should be capable of
- A. allowing other committee members to express themselves fully.
 - B. report out to the board of directors.
 - C. facilitating discussion and decision-making.
 - D. following Robert's Rules of Order.

8. An association has been adding programs and services for many years based on member and board suggestions. It currently has multiple programs doing similar things and wants to become more focused and streamlined. What is the first step in determining what programs to keep?
- A. Survey the membership to identify needs.
 - B. Ask departments to make suggestions.
 - C. Hire a consultant to evaluate all programs.
 - D. Analyze the data of the current programs.
9. When forming a committee to create or review an association's standards program, which of the following is most critical?
- A. Representation from the entire professional community
 - B. Committee composition that reflects the diversity of the membership
 - C. Inclusion of participants with education and experience in legal matters
 - D. Disclosure of any potential conflicts of interest among committee members
10. Which of the following are critical components when developing a diversity and inclusion framework?
- A. Image, change management, and talent optimization
 - B. Strategic partnerships, supplier diversity, and communication
 - C. Image, training and development, and supplier diversity
 - D. Supplier diversity, image, and resources
11. Which of the following is the best business case for association leaders to focus on diversity?
- A. Research shows that future staff, members, and members' customers will be more diverse.
 - B. Diversity can be a legal issue for an association.
 - C. The board does not reflect the demographics of the industry.
 - D. Associations that recognize contributions of unique populations have more impact.

USE THE FOLLOWING INFORMATION TO ANSWER QUESTIONS 109-110

An association's membership director has just received the following email from a board member:

"At a recent board meeting, we discussed the fact that your most recent communications with a member did not reflect the direction of the board. I have concerns that this could jeopardize my relationship with this member. Please send a letter to the member to correct the inaccuracy. From here on, please contact me before you communicate with this member."

The membership director brings the email to the association's chief staff executive (CSE).

12. Which of the following is the most likely root cause of the problem?
- A. Incomplete meeting minutes failed to document the discussion.
 - B. Orientation regarding roles and responsibilities of board and staff was ineffective.
 - C. The communication to the member should have received board approval prior to being sent.
 - D. The membership director should have worked more closely with this board member in contacting the member.

13. Which of the following is the first thing the CSE should do after receiving this email?
- A. Contact the board member who sent the email.
 - B. Notify the board chair of the situation.
 - C. Add the email to the executive committee agenda for discussion.
 - D. Direct the membership director to draft a letter for review by the CSE, board member, and policy chair.
14. An association has a very diverse global staff. The organization has a policy that no sexual harassment will be tolerated. A manager from an overseas office who now works at the U.S. headquarters has a reputation for aggressive behavior and has been charged with sexual harassment. He previously received a reprimand in writing from the human resources department. The risk to the association is
- A. minimal because action has been taken previously and he is fully responsible for his actions
 - B. minimal because the organization has a stated sexual harassment policy
 - C. moderate because there are cultural implications that need to be considered as well as the accusation
 - D. significant because the organization is responsible for actions taken by its staff
15. In response to several high-profile media reports of data theft, a board member asks how the association protects data in an AMS system. Upon investigation, the chief staff executive (CSE) learns there are no systems in place to limit remote access to the AMS database. What is the first step the CSE should take?
- A. Inform the association's insurance broker about the situation and inquire about the scope of cyber insurance coverage.
 - B. Notify all members of a potential breach of data and offer to pay credit monitoring service fees for one year.
 - C. Instruct staff to review remote access logs and trace origin of all attempts to access AMS database over the last twelve months.
 - D. Restrict remote access to the AMS database and hire consultant to create a system of firewalls to secure the database.
16. A trade association hired a new chief staff executive (CSE). The outgoing CSE regularly joined board members in recreational activities. The chair of the board invites the new CSE to a golf outing. How should she respond to the chair's invitation?
- A. Due to the importance of past traditions, the development of cohesion and teamwork that takes place during these outings, accept the invitation.
 - B. Decline the invitation to golf but suggest a board of directors strategic retreat be held in conjunction with the trip.
 - C. Indicate she will not maintain the past CSE's practice but instead will focus on association-related activities.
 - D. Thank the chair for the invitation but tell him that these trips expose the association to liability risks and should be discontinued.

17. Which of the following documents must be made available upon request of the public?
- A. Minutes from board meetings
 - B. Form 990 annual tax returns
 - C. All publications and mailings
 - D. Annual reports
18. The first step in developing an association's public policy goals would be to ask
- A. government relations staff to conduct an analysis and provide recommendations.
 - B. an outside lobbyist to conduct an analysis and provide recommendations.
 - C. past board chairs to identify issues that are affecting the profession and their business.
 - D. members to identify issues that are affecting the profession and their business.
19. An association has multiple streams of revenue, each with its own marketing and communications staff. After years of continuous growth, the association's revenue flattened last year and total marketing expenses significantly increased. The chief staff executive (CSE) has been tasked with reducing marketing expenses. What should be the CSE's first step?
- A. Direct an across-the-board 10% reduction in all marketing expenses.
 - B. Complete an audit of the marketing and communication functions.
 - C. Consolidate all marketing and communications staff into one department.
 - D. Require all marketing pieces to cross promote another association program.
20. The media has just reported that the immediate past board chair of an organization has been indicted for fraud. The chief staff executive's first step should be to
- A. inform the current board chair.
 - B. place a statement on the association website.
 - C. issue a news release.
 - D. execute the crisis communication plan.
21. An association decides to expand its membership to groups that share similar interests to those of the members. The purpose of defining the new target markets among these groups will be to inform the organization about
- A. which group would have the most potential for growth
 - B. the estimated revenue for the first year
 - C. which group may be interested in the association's services
 - D. what resources will be used to expand membership
22. Polling indicates that the upcoming election cycle will see many of a trade association's strongest legislative advocates voted out of office. What is the first step the association should take in preparation for this development?
- A. Conduct an analysis of the association's performance in achieving successes during the current legislative session.
 - B. Review the association's strategic and advocacy plans and reprioritize policy issues accordingly.

- C. Develop a plan to educate and engage newly elected legislators on the association's key policy issues.
 - D. Identify other trade associations in the industry to form a coalition maximizing each member's legislative contacts.
23. As part of the evaluation of the association's technology infrastructure, the chief staff executive (CSE) intends to recommend that the board authorize the purchase of a new learning management system. The board chair has privately indicated to the CSE that the chair will not support the recommendation at the next board meeting. How should the CSE proceed?
- A. Proceed with the recommendation to the board, supported by pertinent data.
 - B. Work with the association's other officers to approve the recommendation.
 - C. Table the recommendation until the chair's term has expired.
 - D. Continue discussing the recommendation with the chair to secure the chair's support.
24. Which of the following is most important to establish when setting ethics standards?
- A. Guidelines similar to other industries
 - B. Compliance with the law
 - C. A clear list of expectations
 - D. A committee to oversee enforcement
25. Which of the following is the most important measurable element in goal setting for government relations?
- A. Voter turnout
 - B. Civic engagement
 - C. Number of bills read
 - D. Feedback from the board
26. A new name and logo have been created for a well-established association. Unfortunately, the previous name and logo were not well known outside of the association's small membership sphere. Which strategy would be most effective in building the association's brand identity within the broader industry?
- A. Create a message to be delivered using social media while encouraging supporters to share their personal experiences.
 - B. Develop a list of the features of each of the association's services and programs to use in promotional materials.
 - C. Perform a complete overhaul of the association's website to include the new logo with the tagline and promote the new site to the membership and press.
 - D. Instruct the marketing department to segment the association's prospect list in order to send targeted promotional materials.

27. One year ago a small, nonprofit organization joined an existing coalition to increase its presence in state lobbying. The newly hired chief staff executive (CSE) wants to revisit the agreement to determine if the association should continue the partnership. What should the CSE evaluate when considering the relationship?
- A. The association's level of involvement in the coalition
 - B. Membership feedback
 - C. Whether the goals for the association's involvement are being met
 - D. Resources of the association
28. Which recruitment tool will ensure a new employee will meet the association's needs?
- A. The employee handbook
 - B. A compensation study
 - C. A position description
 - D. A job analysis
29. Which of the following best ensures that direct mail effectively attracts attendees to an event?
- A. Use the association's data to identify and target individuals who have been to the same event multiple times.
 - B. Ensure the direct mail piece looks very similar to the website and has a QR code that directs interest to the website.
 - C. Compile the mailing list to include individuals who requested information online and emailed staff with questions.
 - D. Develop a list including members who have registered for webinar topics that are also education programs at the show.
30. An association has made the decision to expand globally. After a strategic review and market evaluation, the board has approved a plan to begin expansion. Which is the next step for staff in implementing the plan?
- A. Survey members to identify potential markets and goals.
 - B. Identify and define the current scope of the association's global impact.
 - C. Identify potential partners with which to collaborate.
 - D. Identify a key staff person and begin establishing an implementation timeline.
31. An association manages a certification program that is applicable throughout the world but is currently only available for U.S.-based certificants. The certification board believes the certification has significant potential for expansion outside of the U.S. How should the association proceed?
- A. Ask the exam committee to review the exam question bank to determine questions' applicability outside of the U.S.
 - B. Ask the certification board to create an expansion plan and marketing activities for expanding the certification internationally.
 - C. Ask the certification board to develop a list of countries or regions to consider for global expansion of the certification program.
 - D. Establish a globalization task force including members of the certification board, current certificants, and practitioners from outside the U.S.

32. Two organizations, each with a staff of 10, have just merged. A strategic plan is developed and the new chief staff executive (CSE) is charged with reducing the personnel budget by 20%. The CSE's first step should be to
- A. determine overlaps in current staff duties and responsibilities.
 - B. convene a full staff meeting to begin building a new team.
 - C. identify necessary skill sets and expertise required to implement the new strategic plan.
 - D. review each organization's employment contracts and policies regarding termination, layoffs, and downsizing.
33. In the execution of the organization's strategic plan, the chief staff executive's responsibility is
- A. ensuring the goals and objectives are met.
 - B. adopting timelines for completion.
 - C. allocating staff to support the plan.
 - D. approving tactics to achieve the objectives.
34. The first step in the formation of a chapter is the
- A. identification of an emerging need
 - B. identification of new chapter leaders
 - C. creation of governance documents
 - D. signing of an affiliation agreement by component and parent association leaders
35. Which of the following will provide the most valid measure of the effectiveness of a membership retention program?
- A. Analyzing the cost of members lost and the value of members retained in terms of total revenue to the association for each year
 - B. Evaluating the number of years each lost member had been a member of the association
 - C. Comparing renewal rates for each category of members to renewal rates for other periods in similar economic conditions
 - D. Comparing renewal rates of the association to renewal rates of similar associations
36. Attendance at an association's annual conference has been declining over the last three years. The chief staff executive wants to know if program content is meeting the needs of its members and has asked the meeting manager to conduct research with the membership. Which is the best method for conducting this research?
- A. Survey all members who attend the annual conference.
 - B. Include evaluation cards at each conference session.
 - C. Survey a representative sample of the membership.
 - D. Meet with small cross-sections of the membership face-to-face.
37. Which of the following approaches is LEAST effective in maintaining a viable and growing affinity program?
- A. Pilot testing marketing materials when response rates decline
 - B. Performing frequent evaluations of member demographics and conducting member surveys to reassess member needs

- C. Changing vendors every three years to provide competition and a more favorable fee structure
 - D. Using fixed, multi-year contracts with provisions for an RFP process at the end of the period
38. The board of directors receives a report on member needs. On the basis of this information, a member of the board of directors has his firm develop and sell a needed continuing education program. Such an action is a violation of a director's duty to
- A. avoid conflict of interest.
 - B. maintain loyalty to the association.
 - C. exhibit honesty and good faith.
 - D. maintain confidentiality.
39. The chair of a nonprofit foundation notifies the chief staff executive (CSE) that a regulation is being proposed that will directly impact the foundation's constituents. The president who appointed the head of the regulatory body is up for re-election. How can the CSE address this matter without jeopardizing the foundation's exempt status?
- A. Prepare a communication to the foundation's supporters telling them about the regulation and asking them to vote for the opposing presidential candidate.
 - B. Identify congressional candidates who support the regulation and tell the foundation's supporters to campaign aggressively for them in the upcoming election.
 - C. Send a request to the foundation's supporters requesting they contact the regulatory body to communicate the impact of the regulation on the foundation's mission.
 - D. Present the foundation board with a proposal to gather, organize, and present the data that will demonstrate the impact of the regulation with intent to use the information to encourage supporters to vote against the incumbent.
40. A survey indicates that the main service the members want from the association is the promotion of their profession to outside audiences. The board agrees that this is a worthwhile effort. What is the first step in achieving this goal?
- A. Determine the appropriate medium for the promotion
 - B. Prepare a public information plan
 - C. Identify the target audiences
 - D. Increase dues to fund the effort
41. When negotiating an agreement, which clause is most likely to cause an issue if not settled prior to signing?
- A. Payment terms
 - B. Limited liability provision
 - C. Termination stipulations
 - D. Warranty clause

42. A chief staff executive (CSE) would like to emphasize the importance of employee wellness activities to increase job satisfaction and productivity. How could the CSE best model behavior to reinforce a wellness culture in their organization?
- A. Host self-care education sessions for employees.
 - B. Add wellness as a core value for the organization.
 - C. Refrain from emailing employees outside of work hours.
 - D. Encourage the Board of Directors to expand health plan rebates for non-smokers.
43. Communication goals should be defined
- A. Within the strategic plan
 - B. During the budget process
 - C. By the board of directors
 - D. Using current trends and opportunities
44. Without the chief staff executive's (CSE) knowledge, a program manager has authorized a payment to a firm that actively undermines their members' profession and is contrary to the organization's mission. What should the CSE do first to avoid this happening again in the future?
- A. Review and update the organization's policies regarding financial decision-making lines of authority.
 - B. Update policies to require all contractual and financial decisions are made by the CSE.
 - C. Consult with legal counsel to learn if there is legal recourse.
 - D. Call a management meeting to discuss how to address the vendor's actions.
45. Which of the following is the best way for an ethics enforcement process to reduce preconceived feelings or opinions?
- A. Require volunteers on the review board to provide signed conflict of interest agreements.
 - B. Limit volunteer engagement and increase staff involvement in the enforcement process.
 - C. Ensure accused individuals have appropriate due process prior to enforcing discipline.
 - D. Document all complaints or concerns registered by members about the code of ethics.
46. A formerly thriving association is beginning to experience financial strain and sees its influence and stature waning due to a technological advance which is rapidly transforming the industry. Which initial step should the chief staff executive (CSE) take with regard to the association's governance?
- A. Invite a change management specialist to the next board meeting to explain how organizations can shape a new culture in times of turbulence.
 - B. Create a board task force to study how the industry has changed and make recommendations on how the association should modernize.
 - C. Ensure the association's diversity, equity, and inclusion approach to governance includes representation from more technologically advanced members.
 - D. Work with the board to revise the association's policies in a way that gives the CSE flexibility in resource management and strategic focus.

47. A chief staff executive (CSE) believes that their organization should launch a new certification program. The association is also considering a significant website upgrade in the coming year. Both would provide significant member value, but the association does not have the resources to invest in both. What should the CSE consider when determining which initiative to budget for in the coming year?
- A. Investment need and length of time needed to realize return on investment
 - B. Total project budget and potential for cost overruns
 - C. Board support for each initiative and available staff resources
 - D. Opportunity costs and the potential for increased business process efficiency
48. What is the best reason to have an integrated technology system?
- A. To easily retrieve data from throughout the organization
 - B. To easily retrieve data from multiple software programs
 - C. To easily retrieve data whenever data are requested for the board
 - D. To easily retrieve data used in planning programs and events

Answer Key

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| 1. C | 25. A |
| 2. C | 26. A |
| 3. C | 27. C |
| 4. B | 28. D |
| 5. B | 29. A |
| 6. D | 30. D |
| 7. C | 31. D |
| 8. D | 32. C |
| 9. A | 33. A |
| 10. C | 34. A |
| 11. A | 35. A |
| 12. B | 36. C |
| 13. B | 37. C |
| 14. D | 38. A |
| 15. D | 39. C |
| 16. C | 40. C |
| 17. B | 41. C |
| 18. D | 42. C |
| 19. B | 43. A |
| 20. D | 44. A |
| 21. A | 45. B |
| 22. C | 46. D |
| 23. A | 47. A |
| 24. C | 48. B |