

**ASSOCIATION OF SCHOOL BUSINESS
OFFICIALS INTERNATIONAL**

FINANCIAL STATEMENTS

MARCH 31, 2011 AND 2010

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

FINANCIAL STATEMENTS

MARCH 31, 2011 AND 2010

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CPA GROUP

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CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS ADVISORS

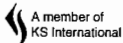
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REPORT OF INDEPENDENT AUDITORS

Board of Directors Association of School Business Officials International

We have audited the accompanying statements of financial position of the Association of School Business Officials International (Association) as of March 31, 2011 and 2010, and the related statements of activities and of cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these 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 an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by Association's management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association of School Business Officials International as of March 31, 2011 and 2010, and the changes in their net assets and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

We also audited the adjustments described in Note 9 that were applied to restate the 2010 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Calibre CPA Group, PLLC

Washington, DC
June 6, 2011

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2011 AND 2010

	2011	(Restated) 2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 659,331	\$ 96,280
Investments	850,172	581,210
Net account receivable - short term (allowance for doubtful accounts of \$5,000 in both 2011 and 2010)	326,408	183,308
Inventory	16,271	16,271
Prepaid expenses and other	104,639	99,526
Total current assets	1,956,821	976,595
NET PROPERTY AND EQUIPMENT		
Land	231,818	231,818
Building and improvements	957,823	957,823
Computer equipment	488,148	475,932
Office furniture and equipment	135,045	135,045
	1,812,834	1,800,618
Less: accumulated depreciation	(1,373,582)	(1,330,985)
Net property and equipment	439,252	469,633
INVESTMENTS, LONG-TERM	287,320	1,062,338
Total assets	\$ 2,683,393	\$ 2,508,566
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 52,109	\$ 11,367
Accrued expenses and other liabilities	66,264	80,324
Deferred membership and other revenue	1,364,557	1,147,359
Total current liabilities	1,482,930	1,239,050
UNRESTRICTED NET ASSETS	1,200,463	1,269,516
Total liabilities and net assets	\$ 2,683,393	\$ 2,508,566

See accompanying notes to financial statements.

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

STATEMENTS OF ACTIVITIES

YEARS ENDED MARCH 31, 2011 AND 2010

	2011	(Restated) 2010
REVENUE AND SUPPORT		
Governance and administration	\$ 777,509	\$ 630,396
Board of Directors	6,156	90
Membership	1,313,509	1,238,499
Programs	235,440	89,295
Leadership conference	95,085	120,970
Meritorious budget awards	149,040	103,825
Certificate of excellence	496,660	739,637
Grants and contracts	272,174	135,098
Continuing education	30,544	38,315
Annual meeting	701,233	645,313
Exhibits	304,875	347,600
Periodicals	224,854	197,039
Books and publications	57,290	76,691
Total revenue and support	<u>4,664,369</u>	<u>4,362,768</u>
EXPENSES		
Program Expenses		
Government and public affairs	8,575	666
Membership	189,473	284,134
Programs	407,835	471,223
Leadership conference	155,179	130,859
Research committees	74,278	84,923
Affiliate visitation	45,691	24,453
Meritorious budget awards	72,546	82,235
Certificate of excellence	182,690	238,192
Grants and contracts	211,127	149,629
Continuing education	206,709	160,001
Annual meeting	747,565	615,520
Exhibits	206,333	362,982
Periodicals	571,245	530,539
Books and publications	52,028	79,715
Total program expenses	<u>3,131,274</u>	<u>3,215,071</u>
Supporting Services and Governance		
Governance and administration	1,348,594	1,362,688
Board of Directors	145,457	105,139
Building operations	108,097	137,276
Total supporting services and governance	<u>1,602,148</u>	<u>1,605,103</u>
Total expenses	<u>4,733,422</u>	<u>4,820,174</u>
DECREASE IN NET ASSETS	(69,053)	(457,406)
NET ASSETS		
Beginning of year	<u>1,269,516</u>	<u>1,726,922</u>
End of year	<u>\$ 1,200,463</u>	<u>\$ 1,269,516</u>

See accompanying notes to financial statements.

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2011 AND 2010

	2011	(Restated) 2010
	<u>2011</u>	<u>(Restated) 2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (69,053)	\$ (457,406)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Charges not affecting cash		
Net depreciation in fair value of investments	15,600	3,936
Depreciation	42,597	69,458
Effect of changes in assets and liabilities		
Net accounts receivable	(143,100)	(151,201)
Inventory	-	834
Prepaid expenses and other	(5,113)	11,655
Account payables, accrued expenses and other liabilities	26,682	(68,561)
Deferred membership and other revenue	217,198	(79,228)
Net cash provided by (used for) operating activities	<u>84,811</u>	<u>(670,513)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(12,216)	(33,105)
Purchases of investments	(495,000)	(380,000)
Proceeds from the sale of investments	985,456	854,887
Net cash provided by investing activities	<u>478,240</u>	<u>441,782</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	563,051	(228,731)
CASH AND CASH EQUIVALENTS BALANCE		
Beginning of year	96,280	325,011
End of year	<u>\$ 659,331</u>	<u>\$ 96,280</u>

See accompanying notes to financial statements.

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2011 AND 2010

NOTE 1. ORGANIZATION AND BASIS OF PRESENTATION

Organization - Association of School Business Officials International (the Association) is an association of individuals involved in the management of school business services who are dedicated to the professional stewardship of the investment in education.

Basis of Presentation - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). The financial statement presentation follows the standards for financial statements of not-for-profit organizations as recommended by the Financial Accounting Standards Board. Under such standards, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Net Asset Classification - The net assets are reported as follows:

- **Unrestricted net assets** - includes unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Association and include both internally-designated and undesignated resources.
- **Temporarily restricted net assets** - includes revenue and contributions subject to donor-imposed stipulations that will be met by actions of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reported in the statement of activities as net assets released from restrictions.

Revenue Recognition - Revenue is recognized during the period in which it is earned. Revenue received in advance and not yet earned is deferred to the applicable period.

Membership Dues and Agency Fees - The payment of regular dues entitles an individual to membership privileges in the Association for a twelve-month period. Dues received are initially recorded as deferred revenue. Such dues are recognized as revenue on a straight-line method over a twelve-month period from the member's anniversary date.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Association considers all money market funds and certificates of deposit with a maturity of 60 days or less as cash equivalents.

Investments - The investment balance consists of several certificates of deposit with maturity dates greater than 60 days or those certificates of deposit which management intends to hold long-term and are reported at fair market value on the statements of financial position. Those with maturities greater than one year are classified as long-term. Interest income for the years ended March 31, 2011 and 2010 totaled \$ 40,989 and \$112,806, respectively. For the years ended March 31, 2011 and 2010 the Association recognized \$16,056 and \$3,823 of unrealized losses and 456 and \$(113) of realized gains (losses) on investments, respectively.

Accounts Receivable - The Association grants credit terms in the normal course of business to members, subscribers, exhibitors and other customers throughout the United States.

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts.

Allowances for doubtful accounts on trade accounts receivables is made in amounts required to maintain an adequate allowance to cover anticipated bad debts. Trade receivables are charged against the allowance when it is determined by the Association that payment will not be received. At year-end, the allowance is evaluated by management based on review of the accounts receivables.

Property and Equipment - Significant additions to property and equipment are capitalized on the basis of cost. Depreciation is calculated on the straight-line method. The headquarters building is being depreciated over a 33-year useful life, with improvements depreciated over a 10-year life. Office furniture and equipment are being depreciated over 5 years. Computer equipment is being depreciated over 3 to 7 years. Depreciation expense for the years ended March 31, 2011 and 2010 totaled \$42,597 and \$69,458, respectively.

Deferred Exhibitor Fees - Annual meeting exhibit fees received in advance are recorded as deferred revenue and recognized as revenue in the fiscal year the meeting is held.

Income Taxes - The Association is exempt from income tax under Section 501(c)(3) for the Internal Revenue Code. However, income from certain activities, not related to the Association's exempt purpose is subject to taxation as unrelated business income.

Advertising Costs - The Association expenses advertising costs as incurred.

Subsequent Events Review - Subsequent events have been evaluated through June 6, 2011, which is the date the financial statements were available to be issued. This review and evaluation revealed no new material events or transactions which would require an additional adjustment to or disclosure in the accompanying financial statements.

NOTE 3. INVESTMENTS

The Association held as investments certificates of deposits totaling \$1,137,492 and \$1,643,548 as of March 31, 2011 and 2010, respectively, which are reported at fair value.

Fair value measurements 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 input be used when available. Observable inputs are inputs that the market participants would use in pricing the asset or liability developed based on market data obtained from independent sources. Unobservable inputs are inputs that reflect the Association's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is measured in three levels based on the reliability of inputs:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices for similar assets or liabilities, or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data. Level 2 includes investments valued at quoted prices adjusted for legal or contractual restrictions specific to the security.

Level 3 – Pricing inputs are unobservable for the asset or liability, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. Level 3 includes private portfolio investments that are supported by little or no market activity.

The Association's investments as of March 31, 2011 and 2010 are categorized as level 2.

NOTE 4. RETIREMENT PLAN

Tax deferred annuity is available to each full time employee who has completed one year of employment. The employer contributions are equal to 10% of gross compensation for all employees hired prior to August 1, 1993. Employer contributions for the Executive Director and Assistant Executive Director are equal to 10% of gross compensation, as stipulated in the employment contract. Employer contributions for all other employees hired on or after August 1, 1993 are equal to 6% of gross compensation. Employer contributions for the year ended March 31, 2011 and 2010 were \$83,627 and \$66,725, respectively.

NOTE 5. LEASE OBLIGATIONS

The Association leases equipment and pays maintenance fees under various non-cancelable long-term agreements expiring through 2016.

Rent expense for the years ended March 31, 2011 and 2010 was \$25,907 and \$26,495 respectively.

NOTE 5. LEASE OBLIGATIONS (CONTINUED)

As of March 31, 2011, future minimum lease commitments are as follows:

Year ended March 31,	
2012	\$ 8,212
2013	5,779
2014	5,779
2015	5,779
2016	<u>482</u>
Total	<u>\$ 26,031</u>

NOTE 6. COMMITMENTS

The Association has entered into employment contracts with its Executive Director and its Assistant Executive Director. The Executive Director's and Assistant Executive Director's contracts are set to expire March 31, 2012 and March 31, 2013, respectively.

Both contracts contain a clause that if the contract is terminated by the Association without cause the Executive Director or Assistant would be paid compensation for six months plus one month for every year of service up to twelve months.

NOTE 7. RECLASSIFICATION

Certain accounts and descriptions in the March 31, 2010 financial statement have been modified for comparative purposes to conform to the presentation for the March 31, 2011 financial statements.

NOTE 8. UNINSURED CASH

The Association maintains its cash in bank deposit accounts which at times may exceed the federally insured limits per bank. Additionally, the Association maintains a money market account which is uninsured. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 9. PRIOR PERIOD ADJUSTMENTS

During the year ended March 31, 2011, the Association determined that the deferred revenue related to various strategic partnership agreements and receivable related to a grant were understated in the prior period. This understatement accounts resulted from a miscalculation of deferred revenue during the year ended March 31, 2010. Unrestricted and total net assets previously reported as of March 31, 2010 have been reduced by \$251,491 to correct this understatement.

NOTE 9. PRIOR PERIOD ADJUSTMENT (CONTINUED)

	<u>March 31, 2010</u>
Net assets, as previously reported	\$1,521,007
Restate deferred revenue	(276,675)
Restate net accounts receivable	<u>25,184</u>
Net assets, as restated	<u>\$1,269,516</u>

SUPPLEMENTARY INFORMATION

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

COMBINED SCHEDULE OF ACTIVITIES

YEARS ENDED MARCH 31, 2011

	Governance and Administration	Board of Directors	Building Operations	Government and Public Affairs	Membership	Professional Development	Leadership Conference	Research Committees	Affiliate Visitation	Meritorious Budget Awards	Certificate of Excellence	Grants and Contracts	Continuing Education	Annual Meeting	Exhibits	Periodicals	Books Publication	Total
REVENUE AND SUPPORT																		
Member dues	\$ -	\$ -	\$ -	\$ -	\$ 925,466	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 925,466
Registration	-	-	-	-	-	104,440	82,245	-	-	109,040	476,660	-	30,526	552,632	-	-	-	1,355,543
Meeting revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	299,875	-	-	299,875
Miscellaneous income	62,949	-	-	-	-	-	-	-	-	-	-	-	-	54,640	100	3,611	-	121,300
Reprint and list sales	-	-	-	-	6,615	-	-	-	-	-	-	-	-	-	-	100	-	6,715
Advertising income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	219,691	-	219,691
Book sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	57,290	57,290
Grants and contracts	-	-	-	-	-	-	-	-	-	-	-	272,174	-	-	-	-	-	272,174
Royalties and commissions	-	-	-	-	381,428	-	-	-	-	-	-	-	18	-	-	1,452	-	382,898
Corporate marketing	689,172	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	689,172
Contributions	-	6,156	-	-	-	131,000	12,840	-	-	40,000	20,000	-	-	93,961	4,900	-	-	308,857
Interest/investment income	25,388	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,388
Total revenue and support	777,509	6,156	-	-	1,313,509	235,440	95,085	-	-	149,040	496,660	272,174	30,544	701,233	304,875	224,854	57,290	4,664,369
EXPENSES																		
Salaries	558,637	-	-	-	129,110	118,335	27,989	58,387	-	36,320	35,469	16,922	88,668	129,463	-	197,932	-	1,397,232
Benefits and payroll taxes	199,913	-	-	-	1,739	1,594	377	786	-	489	478	228	1,310	1,744	-	2,666	-	211,324
Printing and production	1,112	32	-	-	9,588	4,732	1,529	-	-	1,135	406	-	-	11,897	1,501	139,709	-	171,641
Communications	58,429	73	-	-	22,236	244	1,512	-	-	352	2,506	40	-	7,279	-	39,790	-	132,461
Depreciation	14,379	-	28,218	-	-	-	-	-	-	-	-	-	-	-	-	-	-	42,597
Travel	63,235	111,193	-	-	81	42,826	11,249	5,861	39,039	-	869	42,940	4,287	17,714	62	8,971	-	348,327
Supplies	23,211	3,715	-	-	44	10,261	1,523	118	1,440	4,992	31,943	67	65	20,693	-	115	-	98,187
Repairs and maintenance	2,325	-	16,115	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,440
Building services	13,727	-	35,796	-	-	-	-	-	-	-	-	-	-	-	-	-	-	49,523
Professional services and contract services	345,539	17,750	3,168	8,500	18,580	150,621	10,350	-	4,474	28,580	110,465	141,180	107,300	42,735	52,995	177,023	-	1,219,260
Rental and lease expense	693	-	19,239	-	5,975	-	-	-	-	-	-	-	-	-	-	-	-	25,907
Bank charges and taxes	1,062	-	5,245	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,307
Fees, contributions and subscriptions	41,491	1,399	316	75	305	64,605	-	-	-	175	50	9,750	-	63	150	5,039	52,028	175,446
Meeting expenses	22,734	10,817	-	-	1,815	14,617	100,650	9,126	738	503	504	-	5,079	515,977	151,625	-	-	834,185
Miscellaneous expense	2,107	478	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,585
Total expenses	1,348,594	145,457	108,097	8,575	189,473	407,835	155,179	74,278	45,691	72,546	182,690	211,127	206,709	747,565	206,333	571,245	52,028	4,733,422
CHANGES IN NET ASSETS	\$ (571,085)	\$ (139,301)	\$ (108,097)	\$ (8,575)	\$ 1,124,036	\$ (172,395)	\$ (60,094)	\$ (74,278)	\$ (45,691)	\$ 76,494	\$ 313,970	\$ 61,047	\$ (176,165)	\$ (46,332)	\$ 98,542	\$ (346,391)	\$ 5,262	\$ (69,053)