

**ASSOCIATION OF SCHOOL BUSINESS
OFFICIALS INTERNATIONAL**

FINANCIAL STATEMENTS

MARCH 31, 2015

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Association of School Business Officials International

We have audited the accompanying financial statements of the Association of School Business Officials International (the Association), which comprise the statements of financial position as of March 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 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, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on page 10 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Calibre CPA Group, PLLC

Bethesda, MD
July 29, 2015

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2015 AND 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,188,179	\$ 1,699,953
Investments	350,652	644,859
Account receivable (net of allowance for doubtful accounts of \$5,000 in both 2015 and 2014)	308,265	216,908
Prepaid expenses and other	55,315	85,815
Total current assets	2,902,411	2,647,535
NET PROPERTY AND EQUIPMENT		
Land	231,818	231,818
Building and improvements	1,002,895	977,896
Computer equipment	666,666	655,775
Office furniture and equipment	156,644	156,644
	2,058,023	2,022,133
Less: accumulated depreciation	(1,609,988)	(1,530,519)
Net property and equipment	448,035	491,614
Total assets	\$ 3,350,446	\$ 3,139,149
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 11,393	\$ 24,774
Accrued expenses and other liabilities	131,900	131,951
Deferred membership and other revenue	1,490,850	1,427,772
Total current liabilities	1,634,143	1,584,497
UNRESTRICTED NET ASSETS	1,716,303	1,554,652
Total liabilities and net assets	\$ 3,350,446	\$ 3,139,149

See accompanying notes to financial statements.

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

STATEMENTS OF ACTIVITIES

YEARS ENDED MARCH 31, 2015 AND 2014

	2015	2014
REVENUE AND SUPPORT		
Governance and administration	\$ 1,356,750	\$ 1,121,397
Board of Directors	580	2,000
Membership	920,875	1,159,910
Certification	139,515	52,040
Programs	161,333	178,280
Leadership conference	165,958	167,165
Meritorious budget awards	159,754	151,361
Certificate of excellence	637,939	618,300
Continuing education	20,095	20,024
Annual meeting	565,284	653,760
Exhibits	308,425	354,150
Periodicals	331,457	182,165
Books and publications	43,564	57,473
Total revenue and support	4,811,529	4,718,025
EXPENSES		
Program expenses		
Government and public affairs	50,875	36,472
Membership	515,028	429,130
Certification	110,223	43,658
Professional development	353,718	377,346
Leadership conference	202,720	180,883
Research committees	15,632	27,383
Affiliate visitation	36,397	29,679
Meritorious budget awards	83,064	73,633
Certificate of excellence	241,345	246,818
Grants and contracts	1,149	2,025
Continuing education	102,405	140,386
Annual meeting	672,304	546,645
Exhibits	163,028	276,429
Periodicals	752,179	684,777
Books and publications	42,077	53,876
Total program expenses	3,342,144	3,149,140
Supporting services and governance		
Governance and administration	1,073,666	998,247
Board of Directors	118,276	224,481
Building operations	115,792	109,450
Total supporting services and governance	1,307,734	1,332,178
Total expenses	4,649,878	4,481,318
CHANGE IN NET ASSETS	161,651	236,707
UNRESTRICTED NET ASSETS		
Beginning of year	1,554,652	1,317,945
End of year	\$ 1,716,303	\$ 1,554,652

See accompanying notes to financial statements.

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 161,651	\$ 236,707
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Charges not affecting cash		
Net (appreciation) depreciation fair value of investments	(1,794)	568
Depreciation	79,470	70,713
Effect of changes in assets and liabilities		
Net accounts receivable	(91,357)	(34,734)
Inventory	-	16,271
Prepaid expenses and other	30,500	(1,472)
Account payables, accrued expenses and other liabilities	(13,432)	(142,626)
Deferred membership and other revenue	63,078	112,283
Net cash provided by operating activities	228,116	257,710
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(35,891)	(136,344)
Purchases of investments	(3,398,000)	(2,287,001)
Proceeds from the sale of investments	3,694,001	2,596,000
Net cash provided by investing activities	260,110	172,655
NET INCREASE IN CASH AND CASH EQUIVALENTS	488,226	430,365
CASH AND CASH EQUIVALENTS		
Beginning of year	1,699,953	1,269,588
End of year	\$ 2,188,179	\$ 1,699,953

See accompanying notes to financial statements.

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

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.

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.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Association considers all money market funds and certificates of deposit with an initial maturity of 90 days or less as cash equivalents.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments - The investment balance consists of several certificates of deposit with maturity dates greater than 90 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. There were no long-term investments at March 31, 2015 or 2014. Interest income for the years ended March 31, 2015 and 2014 totaled \$3,662 and \$3,411, respectively. For the years ended March 31, 2015 and 2014, the Association had net appreciation (depreciation) of investments of \$1,794 and \$(568). There were no realized losses on investments recognized for the years ended March 31, 2015 and 2014.

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, 2015 and 2014 totaled \$79,470 and \$70,713, 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.

The Association adheres to provisions of U.S. generally accepted accounting principles regarding accounting for uncertainty in income taxes. The Association periodically reviews its tax position and recognizes asset or liabilities as necessary. This adoption had no effect on currently reported balances. As of March 31, 2015, the statute of limitations for tax years 2011 through 2013 remains open with the U.S. federal jurisdiction and the various states and local jurisdictions in which the Association files returns.

Advertising Costs - The Association expenses advertising costs as incurred.

NOTE 3. INVESTMENTS

The Association held as investments certificates of deposits totaling \$350,652 and \$644,859 as of March 31, 2015 and 2014, 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, 2015 and 2014 are categorized as Level 2.

NOTE 4. RETIREMENT PLAN

A tax deferred annuity is available to each full time employee who has completed one year of employment. Except for the Executive Director and Deputy Executive Director, for whom employer contributions are stipulated in the employment contracts (Note 6), the employer contributions are equal to 4% and 6% of gross compensation for the years ended March 31, 2014 and 2013, respectively. Employer contributions for the years ended March 31, 2015 and 2014 were \$93,790 and \$82,498, respectively.

NOTE 5. LEASE OBLIGATIONS

The Association leases equipment and pays maintenance fees under various non-cancelable long-term agreements expiring through 2017.

Rent expense for the years ended March 31, 2015 and 2014 was \$24,939 and \$24,961, respectively.

SUPPLEMENTARY INFORMATION

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL
COMBINED SCHEDULE OF ACTIVITIES**

YEAR ENDED MARCH 31, 2015

	Governance and Administration	Board of Directors	Building Operations	Government and Public Affairs	Membership	Certification	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	\$ -	\$ -	\$ -	\$ -	\$ 913,919	\$ 69,515	\$ 72,280	\$ 117,415	\$ -	\$ -	\$ 139,754	\$ 617,939	\$ -	\$ 20,000	\$ 516,450	\$ -	\$ -	\$ -	\$ 913,919	
Registration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,553,572	
Miscellaneous income	3,471	-	-	-	-	-	-	-	-	-	-	-	-	-	-	301,125	24	-	3,495	
Advertising income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	321,433	-	321,433	
Resales and commissions	643,409	-	-	-	6,737	-	-	-	-	-	-	-	-	95	-	-	-	43,564	689,331	
Corporate marketing	704,324	-	-	-	-	70,000	89,033	48,543	-	-	20,000	20,000	-	-	48,834	7,300	10,000	794,324		
Interest investment income	5,456	580	-	-	-	-	89,033	48,543	-	-	20,000	20,000	-	-	48,834	7,300	10,000	314,310		
Total revenue and support	1,356,750	580	-	-	920,655	139,515	161,313	165,958	-	-	159,754	637,939	-	20,095	565,284	308,425	311,457	43,564	4,811,529	
EXPENSES																				
Salaries	325,958	-	-	18,342	396,426	-	166,376	42,750	2,452	-	27,770	62,755	967	56,162	139,427	12,190	285,578	-	1,371,113	
Benefits and payroll taxes	62,035	-	-	3,927	67,232	-	36,012	7,910	291	-	6,366	10,993	182	10,549	24,614	1,993	60,404	-	292,508	
Printing and production	17,779	-	-	-	17,779	34,628	3,397	3,877	28	-	4,939	1,611	182	959	14,934	1,068	4,410	-	44,410	
Contractual	55,105	335	-	-	201,123	7,628	1,997	3,882	-	292	805	1,018	-	-	4,297	-	3,701	-	132,132	
Depreciation	-	-	26,851	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,851	
Travel	59,848	71,821	-	49	-	4,025	48,672	23,115	7,321	27,594	34	2,696	-	41,771	4,771	7,637	-	-	294,983	
Supplies	26,253	2,793	-	-	125	9,079	4,497	229	155	2,831	5,339	37,048	-	-	13,372	122	179	-	102,022	
Repairs and maintenance	4,980	-	17,837	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,777	
Printing services and contract services	36,922	-	36,922	-	-	-	-	-	-	-	36,661	125,052	-	30,500	103,977	34,364	208,083	-	1,043,925	
Rental and lease expense	1,404	9,016	4,942	17,000	3,645	-	452,12	4,733	-	-	692	-	-	-	-	-	-	-	24,939	
Bank charges and taxes	6,938	-	11,028	11,457	595	645	2,125	119,714	5,357	1,739	-	75	-	428	48	41,79	42,077	-	118,709	
Fees, contributions and subscriptions	26,023	29,453	824	-	-	890	261,26	-	-	3,541	707	1,057	-	4,255	332,084	113,300	-	-	693,189	
Meeting expenses	61,696	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61,696	
Miscellaneous	1,073,666	118,276	115,792	50,875	515,028	110,223	353,718	202,220	15,032	36,397	81,064	241,345	1,149	102,405	672,304	163,028	752,179	42,077	4,649,838	
Total expenses	283,064	(117,669)	(115,792)	(50,875)	405,847	29,292	(192,289)	(26,762)	(115,632)	(26,397)	76,690	396,591	(1,149)	(82,310)	(107,620)	143,397	(420,722)	1,487	161,651	