

**ASSOCIATION OF SCHOOL BUSINESS
OFFICIALS INTERNATIONAL**

FINANCIAL STATEMENTS

MARCH 31, 2016

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, 2016 and 2015, 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 from 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, 2016 and 2015, 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
August 8, 2016

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,468,426	\$ 2,188,179
Investments	424,985	350,652
Account receivable (net of allowance for doubtful accounts of \$5,000 in both 2015 and 2014)	186,737	308,265
Prepaid expenses and other	<u>34,294</u>	<u>55,315</u>
Total current assets	<u>3,114,442</u>	<u>2,902,411</u>
NET PROPERTY AND EQUIPMENT		
Land	231,818	231,818
Building and improvements	965,703	1,002,895
Computer equipment	708,832	666,666
Office furniture and equipment	<u>157,138</u>	<u>156,644</u>
	2,063,491	2,058,023
Less: accumulated depreciation	<u>(1,685,924)</u>	<u>(1,609,988)</u>
Net property and equipment	<u>377,567</u>	<u>448,035</u>
Total assets	<u>\$ 3,492,009</u>	<u>\$ 3,350,446</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 176,386	\$ 11,393
Accrued expenses and other liabilities	103,436	131,900
Deferred membership and other revenue	1,441,696	1,490,850
Other	<u>31,142</u>	<u>-</u>
Total current liabilities	1,752,660	1,634,143
UNRESTRICTED NET ASSETS	<u>1,739,349</u>	<u>1,716,303</u>
Total liabilities and net assets	<u>\$ 3,492,009</u>	<u>\$ 3,350,446</u>

See accompanying notes to financial statements.

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

STATEMENTS OF ACTIVITIES

YEARS ENDED MARCH 31, 2016 AND 2015

	2016	2015
REVENUE AND SUPPORT		
Governance and administration	\$ 1,435,738	\$ 1,356,750
Board of Directors	100	580
Membership	907,092	920,875
Certification	133,466	139,515
Programs	202,610	161,333
Leadership conference	168,285	165,958
Meritorious budget awards	168,695	159,754
Certificate of excellence	656,450	637,939
Continuing education	20,000	20,095
Annual meeting	601,498	565,284
Exhibits	328,175	308,425
Periodicals	333,211	331,457
Books and publications	49,920	43,564
Total revenue and support	5,005,240	4,811,529
EXPENSES		
Program expenses		
Government and public affairs	121,289	50,875
Membership	463,790	515,028
Certification	160,644	110,223
Professional development	517,451	353,718
Leadership conference	275,752	202,720
Research committees	33,436	15,632
Affiliate visitation	31,032	36,397
Meritorious budget awards	74,527	83,064
Certificate of excellence	265,388	241,345
Grants and contracts	2,452	1,149
Continuing education	188,603	102,405
Annual meeting	762,649	672,304
Exhibits	206,596	163,028
Periodicals	623,886	752,179
Books and publications	47,752	42,077
Total program expenses	3,775,247	3,342,144
Supporting services and governance		
Governance and administration	957,393	1,073,666
Board of Directors	136,690	118,276
Building operations	112,864	115,792
Total supporting services and governance	1,206,947	1,307,734
Total expenses	4,982,194	4,649,878
CHANGE IN NET ASSETS	23,046	161,651
UNRESTRICTED NET ASSETS		
Beginning of year	1,716,303	1,554,652
End of year	\$ 1,739,349	\$ 1,716,303

See accompanying notes to financial statements.

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 23,046	\$ 161,651
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	577	(1,794)
Depreciation	75,936	79,470
Effect of changes in assets and liabilities		
Net accounts receivable	121,528	(91,357)
Prepaid expenses and other	21,021	30,500
Account payables, accrued expenses and other liabilities	167,671	(13,432)
Deferred membership and other revenue	<u>(49,154)</u>	<u>63,078</u>
Net cash provided by operating activities	<u>360,625</u>	<u>228,116</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(5,468)	(35,891)
Purchases of investments	(1,347,000)	(3,398,000)
Proceeds from the sale of investments	<u>1,272,090</u>	<u>3,694,001</u>
Net cash provided by (used for) investing activities	<u>(80,378)</u>	<u>260,110</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	280,247	488,226
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>2,188,179</u>	<u>1,699,953</u>
End of year	<u>\$ 2,468,426</u>	<u>\$ 2,188,179</u>

See accompanying notes to financial statements.

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016 AND 2015

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.

The Association has no temporary or permanently restricted net assets.

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 statements 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, 2016 or 2015. Interest income for the years ended March 31, 2016 and 2015 totaled \$4,784 and \$3,662, respectively. For the years ended March 31, 2016 and 2015, the Association had net appreciation (depreciation) of investments of \$(577) and \$1,794. There were no realized losses on investments recognized for the years ended March 31, 2016 and 2015.

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, 2016 and 2015 totaled \$75,936 and \$79,470, 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, 2016, the statute of limitations for tax years 2012 through 2014 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 \$424,985 and \$350,652 as of March 31, 2016 and 2015, 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 are certificates of deposit and are considered Level 2 investments. At March 31, 2016 and 2015, the value of the Association's investments are as follows:

	<u>2016</u>	<u>2015</u>
Certificates of deposit	<u>\$ 424,985</u>	<u>\$ 350,652</u>

The certificates of deposit are reported at original cost plus accrued interest which approximate fair value.

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, for who employer contributions are stipulated in the employment contract (Note 6), the employer contributions are equal to 6% of gross compensation for the years ended March 31, 2016 and 2015. Employer contributions for the years ended March 31, 2016 and 2015 were \$83,016 and \$93,790, 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, 2016 and 2015 was \$25,430 and \$24,939, respectively.

As of March 31, 2016, future minimum lease commitments are as follows:

Year ending March 31,		
2017	\$	21,312
2018		9,885
2019		7,665
2020		<u>4,085</u>
Total	\$	<u>42,947</u>

NOTE 6. COMMITMENTS

The Association has an employment contract with its Executive Director which expires March 31, 2020. In accordance with the employment contract, the Executive Director is entitled to employer contributions to the Association's retirement plan equal to 10% of gross compensation effective for the fiscal year ended March 31, 2014 and for subsequent years until the end of the contract. The contract contains a clause that if the contract is terminated by the Association without cause the Executive Director would be paid compensation for the greater of the term left on the contract or six months, plus one month for every year of service up to twelve months.

NOTE 7. SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 8, 2016, which is the date the financial statements were available to be issued. Aside from the matter discussed in Note 6, 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.

SUPPLEMENTAL INFORMATION

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL
COMBINED SCHEDULE OF ACTIVITIES
YEAR ENDED MARCH 31, 2016

	Governance and Administration	Board of Directors	Building Operations	Government and Public Affairs	Membership	Certification	Professional Development	Leadership Conference	Research Committees	Affiliate Visitation	Mentions Budget Awards	Certificate of Excellence	Grants and Contracts	Continuing Education	Annual Meeting	Exhibits	Periodicals	Books Publication	Total	
REVENUE AND SUPPORT																				
Member dues	\$ -	\$ -	\$ -	\$ -	\$ 901,510	\$ 63,335	\$ 76,610	\$ 111,170	\$ -	\$ -	\$ 148,695	\$ 684,450	\$ -	\$ 20,000	\$ 549,714	\$ -	\$ -	\$ -	\$ 901,510	
Meeting revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,606,014	
Miscellaneous income	6,595	-	-	-	-	91	-	-	-	-	-	-	-	-	-	312,075	-	-	312,075	
Reprint and list sales	-	-	-	-	450	-	-	-	-	-	-	-	-	-	-	-	24	-	6,710	
Book vending income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	80	-	530	
Bank charges and taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	323,107	-	323,107	
Grants and contracts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	49,920	49,920	
Royalties and commissions	723,683	-	-	-	5,132	-	-	-	-	-	-	-	-	-	-	-	-	-	728,815	
Corporate marketing	701,253	-	-	-	-	70,000	126,000	57,115	-	-	20,000	20,000	-	-	51,794	16,100	10,000	701,253		
Interest investment income	4,207	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,997		
Total revenue and support	1,453,738	100	-	-	907,022	133,466	202,610	168,285	-	-	168,695	684,450	-	20,000	601,498	328,175	333,211	49,920	5,095,340	
EXPENSES																				
Benefits and payroll taxes	337,684	-	-	77,169	329,522	-	234,074	64,365	23,001	-	29,041	48,922	1,970	131,018	200,364	38,109	179,859	-	1,645,138	
Printing and production	50,756	-	-	19,045	74,462	-	55,795	14,575	5,621	-	6,572	11,146	482	29,559	48,204	11,034	43,069	-	370,220	
Communications	49,522	220	-	19	23,860	6,028	3,754	2,396	2,660	-	2,549	1,246	482	6,26	16,802	680	152,436	-	212,977	
Depreciation	30,308	-	25,568	-	-	10,365	856	1,345	-	307	837	727	-	-	8,929	33	29,739	9	126,988	
Repairs and maintenance	20,756	1,018	-	6,428	-	45,602	54,841	21,189	3,422	35,363	1,169	-	-	-	55,904	-	25,568	-	253,656	
Supplies	3,626	-	-	-	-	15,865	3,777	1,859	-	1,292	3,614	41,206	-	324	12,850	474	353	-	103,488	
Building services	386,184	26,596	48,501	-	4,591	82,047	93,044	13	-	161	31,160	158,730	-	2,653	104,918	34,621	213,724	-	48,501	
Professional services and contract services	10,000	-	2,284	-	4,209	-	10,000	-	-	-	-	-	-	-	-	-	-	-	1,060,238	
Travel	4,286	-	10,071	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,957	
Bank charges and taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fees, contributions and subscriptions	31,305	3,575	841	18,628	395	-	44,715	169,888	1,352	487	100	-	-	-	1,500	181	4,706	47,743	154,176	
Meeting expenses	35,517	25,251	-	-	-	1,247	26,595	169,888	1,352	3,323	854	2,142	-	10,23	313,178	121,464	-	-	701,834	
Miscellaneous expense	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,113	
Total expenses	957,292	1,266,620	113,364	121,289	463,239	160,044	517,451	375,332	33,206	31,022	70,527	365,388	2,452	188,602	768,649	206,596	623,865	47,752	4,926,124	
CHANGES IN NET ASSETS	\$ 478,346	\$ (13,650)	\$ (112,864)	\$ (121,289)	\$ 443,502	\$ (27,179)	\$ (514,841)	\$ (107,467)	\$ (33,249)	\$ (31,022)	\$ 98,168	\$ 391,062	\$ (2,452)	\$ (168,602)	\$ (161,151)	\$ 121,579	\$ (290,672)	\$ 2,168	\$ 23,046	