

**ASSOCIATION OF SCHOOL BUSINESS
OFFICIALS INTERNATIONAL**

FINANCIAL STATEMENTS

MARCH 31, 2009 AND 2008

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

FINANCIAL STATEMENTS

MARCH 31, 2009 AND 2008

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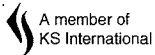
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REPORT OF INDEPENDENT AUDITORS

Board of Directors

Association of School Business Officials International

We have audited the accompanying statement of financial position of the Association of School of Business Official International (the "Association") as of March 31, 2009 and the related statements of activities and cash flows for the year 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 audit. The financial statements and additional information of the Association as of and for the year ended March 31, 2008 were audited by other auditors whose report thereon dated June 2, 2008 expressed an unqualified opinion on those statements before the restatement described in Note 9.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the Association's management, as well as evaluating the overall financial statement presentation. We believe that our audit 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, 2009 and the changes in its net assets and cash flows for the year 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 2008 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Calibre CPA Group, PLLC

Washington, DC
June 1, 2009

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2009 AND 2008

	2009	2008 (as restated)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 325,011	\$ 424,642
Investments	966,333	688,575
Net account receivable - short term (allowance for doubtful accounts of \$5000 in both 2009 and 2008)	32,107	34,463
Inventory	17,105	18,058
Prepaid expenses and other	111,181	31,795
Total current assets	1,451,737	1,197,533
NET PROPERTY AND EQUIPMENT		
Land	231,818	231,818
Building and improvements	951,641	934,798
Computer equipment	460,009	453,172
Office furniture and equipment	124,045	115,139
	1,767,513	1,734,927
Less: allowance for depreciation	(1,261,527)	(1,165,182)
Net property and equipment	505,986	569,745
INVESTMENTS, LONG-TERM	1,156,038	1,615,000
Total assets	\$ 3,113,761	\$ 3,382,278
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 92,070	\$ 248,607
Accrued expenses and other liabilities	68,182	78,362
Deferred membership and other revenue	1,226,587	997,035
Total current liabilities	1,386,839	1,324,004
NET ASSETS		
Unrestricted	1,726,922	2,013,274
Temporarily restricted	-	45,000
Total net assets	1,726,922	2,058,274
Total liabilities and net assets	\$ 3,113,761	\$ 3,382,278

See accompanying notes to financial statements.

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

STATEMENTS OF ACTIVITIES

YEARS ENDED MARCH 31, 2009 AND 2008

	2009			2008 (as restated)		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT						
Governance and administration	\$ 266,384	\$ -	\$ 266,384	\$ 171,786	\$ -	\$ 171,786
Board of Directors	2,000	-	2,000	34,400	-	34,400
Membership	1,149,716	-	1,149,716	963,659	-	963,659
Programs	126,087	-	126,087	117,598	45,000	162,598
Leadership conference	86,100	-	86,100	96,110	-	96,110
Affiliate visitations	-	-	-	5,000	-	5,000
Meritorious budget awards	134,700	-	134,700	128,675	-	128,675
Certificate of excellence	500,766	-	500,766	404,710	-	404,710
Grants and contracts	255,766	-	255,766	213,805	-	213,805
Continuing education	49,139	-	49,139	51,929	-	51,929
Annual meeting	805,180	-	805,180	703,740	-	703,740
Exhibits	522,325	-	522,325	374,745	-	374,745
Periodicals	318,886	-	318,886	305,160	-	305,160
Books and publications	58,684	-	58,684	100,389	-	100,389
Net assets released from restrictions	45,000	(45,000)	-	90,000	(90,000)	-
Total revenue and support	4,320,733	(45,000)	4,275,733	3,761,706	(45,000)	3,716,706
EXPENSES						
Governance and administration	1,192,174	-	1,192,174	866,411	-	866,411
Board of Directors	184,101	-	184,101	200,920	-	200,920
Building operations	156,871	-	156,871	158,121	-	158,121
Government and public affairs	7,327	-	7,327	96,372	-	96,372
Membership	498,755	-	498,755	333,326	-	333,326
Programs	428,012	-	428,012	439,867	-	439,867
Leadership conference	175,680	-	175,680	145,675	-	145,675
Research committees	77,016	-	77,016	100,108	-	100,108
Affiliate visitation	28,361	-	28,361	96,957	-	96,957
Meritorious budget awards	46,296	-	46,296	53,543	-	53,543
Certificate of excellence	147,138	-	147,138	165,533	-	165,533
Grants and contracts	255,766	-	255,766	166,197	-	166,197
Continuing education	169,311	-	169,311	172,311	-	172,311
Annual meeting	569,161	-	569,161	802,850	-	802,850
Exhibits	255,861	-	255,861	441,960	-	441,960
Periodicals	361,523	-	361,523	445,973	-	445,973
Books and publications	53,732	-	53,732	124,450	-	124,450
Total expenses	4,607,085	-	4,607,085	4,810,574	-	4,810,574
DECREASE IN NET ASSETS	(286,352)	(45,000)	(331,352)	(1,048,868)	(45,000)	(1,093,868)
NET ASSETS						
Beginning of year, as restated	2,013,274	45,000	2,058,274	3,062,142	90,000	3,152,142
End of year	\$ 1,726,922	\$ -	\$ 1,726,922	\$ 2,013,274	\$ 45,000	\$ 2,058,274

See accompanying notes to financial statements.

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (331,352)	\$ (1,116,368)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Charges not affecting cash		
Depreciation	96,344	111,378
Unrealized gain on investments	-	(37,711)
Realized loss on investments	-	1,103
Effect of changes in assets and liabilities		
Net accounts receivable	2,356	(17,783)
Inventory	953	2,126
Prepaid expenses and other	(79,386)	172,574
Account payables, accrued expenses and other liabilities	(166,717)	24,329
Deferred membership and other revenue	<u>229,553</u>	<u>171,539</u>
Net cash used for operating activities	<u>(248,249)</u>	<u>(688,813)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(32,586)	(13,390)
Purchases of investments	(665,000)	(1,520,000)
Proceeds from the sale of investments	<u>846,204</u>	<u>2,278,897</u>
Net cash provided by investing activities	<u>148,618</u>	<u>745,507</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(99,631)	56,694
CASH AND CASH EQUIVALENTS BALANCE		
Beginning of year	<u>424,642</u>	<u>367,948</u>
End of year	<u>\$ 325,011</u>	<u>\$ 424,642</u>

See accompanying notes to financial statements.

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2009 AND 2008

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 recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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.

Concentration of Risk - Cash and cash equivalent balances held in financial institutions are insured by the FDIC up to \$250,000. At times, cash and cash equivalent balances may be in excess of the FDIC insurance limits.

Net Asset Classification - The net assets are reported in two self-balancing groups 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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, 2009 and 2008 totaled \$95,713 and \$135,178, respectively. For the years ended March 31, 2009 and 2008 the Association recognized \$8,796 unrealized gain and \$37,711 of unrealized gains and \$-0- and (\$1,103) of realized 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, 2009 and 2008 totaled \$96,344 and \$111,378, respectively.

Deferred Revenue – 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.

Inventory - Inventory consists of publications and is stated at the lower of average cost or market. As of November 2002, the Association entered into an agreement with Scarecrow Press to house inventory and process customer orders for publications. Inventory held by the Association at that time of transfer to the publishing house is held on consignment. For transferred inventory, the Association will receive 50% of the selling price as a commission. Once the initial transferred inventory of a publication has been depleted; Scarecrow will reprint and hold inventory as its own. The association will receive a commission of 20% of the selling price on reprints.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 3 INVESTMENTS

The Association held as investments certificates of deposits totaling \$2,122,371 and \$2,303,575 as of March 31, 2009 and 2008, respectively.

During the year ended March 31, 2009, the Association adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*. For assets and liabilities measured at fair value on a recurring basis, this Statement requires quantitative disclosures about fair value measurements separately for each major category of assets and liabilities. This standard clarifies the definition of fair value for financial reporting, establishes a hierarchal disclosure framework for measuring fair value and requires additional disclosures about the use of fair value measurements.

The three levels of fair value under FAS 157 are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. The Association has no level 1 investments.

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. The Association's certificates of deposit are categorized as level 2.

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 has no level 3 investments.

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 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, 2009 and 2008 were \$72,712 and \$62,059, respectively.

NOTE 5 LEASE OBLIGATIONS

The Association leases equipment and pays maintenance fees under various non-cancelable long-term agreements expiring in various fiscal years through 2009.

Rent expense for the years ended March 31, 2009 and 2008 was \$32,872 and \$30,675, respectively.

At March 31, 2009, future minimum lease commitments are as follows:

Year ended March 31,	
2010	\$ 15,510
2011	3,845
2012	<u>1,856</u>
Total	<u>\$ 21,211</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, 2011.

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 month plus one month for every year of service up to twelve months.

NOTE 7 RECLASSIFICATION

Certain accounts and descriptions in the March 31, 2008 financial statement have been modified for comparative purposes to conform to the presentation for the March 31, 2009 financial statements.

NOTE 8 UNINSURED CASH

The Association maintains its funds in an operating account and in money market accounts which are not federally insured. The total uninsured cash at March 31, 2009 was approximately \$62,000. The Association has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk.

NOTE 9 PRIOR PERIOD ADJUSTMENT

The net assets of the Association as of April 1, 2008 have been restated to appropriately classify revenue for a sponsorship agreement previously reported as temporarily restricted revenue and net assets in the March 31, 2008 financial statements. The financial statements for the year ended March 31, 2008 have been restated to include the effects of this change that increases deferred revenues \$45,000 while decreasing program revenue.

The table below summarizes the change in net assets at March 31, 2009.

Beginning of year net assets, as previously reported	\$2,103,274
Restatement	<u>(45,000)</u>
Beginning of year net assets, as restated	<u>\$2,058,274</u>

SUPPLEMENTARY INFORMATION

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

COMBINED SCHEDULE OF ACTIVITIES

YEAR ENDED MARCH 31, 2009

	Governance & Administration	Board of Directors	Building Operations	Government and Public Affairs	Membership	Programs	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	\$ -	\$ -	\$ -	\$ -	\$ 861,850	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 861,850
Registration	-	-	-	-	-	34,893	38,100	-	-	94,700	500,766	-	42,810	672,208	-	-	-	1,383,477
Meeting revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	473,125	-	-	473,125
Miscellaneous Income	-	-	-	-	127	-	-	-	-	-	-	-	-	-	-	-	-	1,849
Reprint and list sales	-	-	-	-	12,315	-	-	-	-	-	-	-	-	1,472	-	250	-	13,230
Advertising income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	915	-	316,868
Book sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	316,868	-	316,868
Grants and contracts	-	-	-	-	-	-	-	-	-	-	-	255,766	-	-	-	-	58,684	58,684
Royalties and commissions	-	-	-	-	275,424	-	-	-	-	-	-	-	-	-	-	-	-	255,766
Corporate Marketing	111,875	-	-	-	-	-	-	-	-	-	-	-	6,329	-	-	853	-	282,606
Contributions	50,000	2,000	-	-	-	91,194	48,000	-	-	40,000	-	-	-	-	-	-	-	111,875
Interest/Investment income	104,509	-	-	-	-	-	-	-	-	-	-	-	-	131,500	49,200	-	-	411,894
Total revenue and support	<u>266,384</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>1,149,716</u>	<u>126,087</u>	<u>86,100</u>	<u>-</u>	<u>-</u>	<u>134,700</u>	<u>500,766</u>	<u>255,766</u>	<u>49,139</u>	<u>805,180</u>	<u>522,325</u>	<u>318,886</u>	<u>58,684</u>	<u>4,275,733</u>
EXPENSES																		
Salaries	593,108	-	-	-	294,940	149,793	-	52,634	-	-	-	1,150	61,011	113,953	-	-	-	1,266,589
Benefits and payroll taxes	258,722	-	-	-	105,889	55,796	-	18,895	-	-	-	496	21,906	40,823	-	-	-	502,527
Printing and production	2,929	2,658	-	-	29,775	5,816	7,174	-	-	1,548	2,680	-	507	37,760	3,176	125,861	-	219,884
Communications	44,716	2,063	-	-	35,608	2,733	1,015	-	211	5,208	2,419	-	87	8,182	924	41,437	-	144,603
Depreciation	37,268	-	59,076	-	-	-	-	-	-	-	-	-	-	-	-	-	-	96,344
Travel	65,462	116,196	-	-	724	9,971	39,370	1,377	19,928	-	(415)	45,909	1,489	39,867	-	9,493	-	349,371
Supplies	46,724	3,205	-	-	843	6,019	1,119	-	3,586	11,765	27,319	1,862	-	18,688	1,457	700	-	123,287
Repairs and Maintenance	3,226	-	4,585	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,811
Building services	-	-	60,934	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60,934
Professional services and contract services	173,915	26,457	2,888	4,400	16,511	126,083	3,622	-	-	27,370	114,775	117,159	61,500	37,816	79,939	178,680	-	971,115
Rental and lease expense	1,048	-	25,869	-	5,955	-	-	-	-	-	-	-	-	-	-	-	-	32,872
Bank charges and taxes	1,056	-	-	-	2,500	-	-	-	-	-	-	-	-	-	-	-	-	3,556
Fees, contributions and subscriptions	32,459	530	519	2,927	1,510	67,056	-	4,110	2,500	-	-	14,220	-	375	1,342	5,352	52,779	185,679
Meeting expenses	3,544	31,061	-	-	-	4,745	123,380	-	2,136	405	360	-	22,811	271,697	127,890	-	-	588,029
Cost of goods sold	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	953	953
Indirect Cost Recovery	(74,970)	-	-	-	-	-	-	-	-	-	-	74,970	-	-	-	-	-	-
Miscellaneous Expense	2,967	1,931	-	-	4,500	-	-	-	-	-	-	-	-	-	41,133	-	-	50,531
Total expenses	<u>1,192,174</u>	<u>184,101</u>	<u>153,871</u>	<u>7,327</u>	<u>498,755</u>	<u>428,012</u>	<u>175,680</u>	<u>77,016</u>	<u>28,361</u>	<u>46,296</u>	<u>147,138</u>	<u>255,766</u>	<u>169,311</u>	<u>569,161</u>	<u>255,861</u>	<u>361,523</u>	<u>53,732</u>	<u>4,604,085</u>
CHANGES IN NET ASSETS	<u>\$ (925,790)</u>	<u>\$ (182,101)</u>	<u>\$ (153,871)</u>	<u>\$ (7,327)</u>	<u>\$ 650,961</u>	<u>\$ (301,925)</u>	<u>\$ (89,580)</u>	<u>\$ (77,016)</u>	<u>\$ (28,361)</u>	<u>\$ 88,404</u>	<u>\$ 353,628</u>	<u>\$ -</u>	<u>\$ (120,172)</u>	<u>\$ 236,019</u>	<u>\$ 266,464</u>	<u>\$ (42,637)</u>	<u>\$ 4,952</u>	<u>\$ (328,352)</u>