

**ASSOCIATION OF SCHOOL BUSINESS  
OFFICIALS INTERNATIONAL**

FINANCIAL STATEMENTS

MARCH 31, 2013 AND 2012



**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL**

**FINANCIAL STATEMENTS**

**MARCH 31, 2013 AND 2012**

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## REPORT OF INDEPENDENT AUDITORS

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### Board of Directors

#### Association of School Business Officials International

We have audited the accompanying financial statements of the Association of School Business Officials International (Association), which comprise the statements of financial position as of March 31, 2013 and 2012, 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 entity'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 entity'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, 2013 and 2012, 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 audit was 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 30, 2013

# ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

## STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,269,588	\$ 873,374
Investments	954,426	930,537
Net account receivable - short term net of (allowance for doubtful accounts of \$5,000 in both 2013 and 2012)	182,174	301,989
Inventory	16,271	16,271
Prepaid expenses and other	<u>84,343</u>	<u>94,406</u>
Total current assets	<u>2,506,802</u>	<u>2,216,577</u>
NET PROPERTY AND EQUIPMENT		
Land	231,818	231,818
Building and improvements	965,703	957,823
Computer equipment	533,975	503,188
Office furniture and equipment	<u>154,292</u>	<u>151,704</u>
	1,885,788	1,844,533
Less: accumulated depreciation	<u>(1,459,805)</u>	<u>(1,415,578)</u>
Net property and equipment	<u>425,983</u>	<u>428,955</u>
Total assets	<u>\$ 2,932,785</u>	<u>\$ 2,645,532</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 154,569	\$ 55,668
Accrued expenses and other liabilities	144,782	44,574
Deferred membership and other revenue	<u>1,315,489</u>	<u>1,330,521</u>
Total current liabilities	1,614,840	1,430,763
UNRESTRICTED NET ASSETS	<u>1,317,945</u>	<u>1,214,769</u>
Total liabilities and net assets	<u>\$ 2,932,785</u>	<u>\$ 2,645,532</u>

See accompanying notes to financial statements.

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL**

**STATEMENTS OF ACTIVITIES**

YEARS ENDED MARCH 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>REVENUE AND SUPPORT</b>		
Governance and administration	\$ 1,022,601	\$ 753,298
Board of Directors	1,060	2,275
Membership	925,166	946,588
Certification	39,005	30,096
Programs	210,510	184,740
Leadership conference	172,579	140,180
Affiliate visitations	-	120
Meritorious budget awards	172,075	159,825
Certificate of excellence	617,125	544,700
Grants and contracts	27,541	118,216
Continuing education	20,435	26,925
Annual meeting	529,854	557,285
Exhibits	425,785	331,917
Periodicals	386,790	398,563
Books and publications	<u>44,877</u>	<u>43,127</u>
Total revenue and support	<u>4,595,403</u>	<u>4,237,855</u>
<b>EXPENSES</b>		
Program Expenses		
Government and public affairs	78,495	53,354
Membership	488,998	209,097
Certification	136,271	144,933
Professional development	358,446	269,471
Leadership conference	149,969	149,372
Research committees	60,913	52,726
Affiliate visitation	61,337	105,670
Meritorious budget awards	95,115	86,804
Certificate of excellence	247,795	211,475
Grants and contracts	38,658	98,990
Continuing education	219,751	174,727
Annual meeting	697,719	600,949
Exhibits	220,740	183,234
Periodicals	470,172	400,711
Books and publications	<u>44,761</u>	<u>44,927</u>
Total program expenses	3,369,140	2,786,440
Supporting Services and Governance		
Governance and administration	837,222	957,094
Board of Directors	174,919	379,438
Building operations	<u>110,946</u>	<u>100,577</u>
Total supporting services and governance	<u>1,123,087</u>	<u>1,437,109</u>
Total expenses	<u>4,492,227</u>	<u>4,223,549</u>
CHANGE IN NET ASSETS	103,176	14,306
<b>UNRESTRICTED NET ASSETS</b>		
Beginning of year	<u>1,214,769</u>	<u>1,200,463</u>
End of year	<u>\$ 1,317,945</u>	<u>\$ 1,214,769</u>

See accompanying notes to financial statements.

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL**

**STATEMENTS OF CASH FLOWS**

YEARS ENDED MARCH 31, 2013 AND 2012

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 103,176	\$ 14,306
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Charges not affecting cash		
Net depreciation fair value of investments	1,110	11,956
Depreciation	44,228	41,996
Effect of changes in assets and liabilities		
Net accounts receivable	119,815	24,419
Prepaid expenses and other	10,063	10,233
Account payables, accrued expenses and other liabilities	199,109	(18,131)
Deferred membership and other revenue	(15,032)	(34,036)
Net cash provided by operating activities	462,469	50,743
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(41,255)	(31,699)
Purchases of investments	(890,000)	(890,000)
Proceeds from the sale of investments	865,000	1,084,999
Net cash provided by investing activities	(66,255)	163,300
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	396,214	214,043
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	873,374	659,331
End of year	\$ 1,269,588	\$ 873,374

See accompanying notes to financial statements.

# ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2013 AND 2012

### 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.

## **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 an initial maturity of 90 days or less as cash equivalents.

**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 are no long-term investments at March 31, 2013 or 2012. Interest income for the years ended March 31, 2013 and 2012 totaled \$5,581 and \$20,658, respectively. For the years ended March 31, 2013 and 2012 the Association had net depreciation of investments of \$(1,110) and \$(11,956) of unrealized losses. There were no realized losses on investments recognized for the years ended March 31, 2013 and 2012.

**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, 2013 and 2012 totaled \$44,228 and \$41,996, 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.

**Reclassification** - Reclassifications have been made to the 2012 financial statements to conform with the 2013 presentation.

**Subsequent Events Review** - Subsequent events have been evaluated through July 30, 2013, 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 \$954,426 and \$930,537 as of March 31, 2013 and 2012, 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, 2013 and 2012 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. Except for the Executive Director and Assistant Executive Director, for whom employer contributions are stipulated in the employment contracts (Note 6), the employer contributions are equal to 3% and 6% of gross compensation for the years ended March 31, 2013 and 2012, respectively. Employer contributions for the years ended March 31, 2013 and 2012 were \$84,082 and \$44,410, 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, 2013 and 2012 was \$20,701 and \$21,863, respectively.

**NOTE 5. LEASE OBLIGATIONS (CONTINUED)**

As of March 31, 2013, future minimum lease commitments are as follows:

Year ending March 31,	
2014	\$ 32,187
2015	32,187
2016	26,001
2017	<u>9,523</u>
Total	<u>\$ 99,898</u>

**NOTE 6. COMMITMENTS**

The Association has employment contracts with its Executive Director and its Assistant Executive Director which are set to expire March 31, 2016 and March 31, 2013, respectively.

In accordance with their employment contract, the Executive Director and the Assistant Executive Director are entitled to employer contributions to the Association's retirement plan equal to 3% of gross compensation for the year ended March 31, 2013 and 10% for the subsequent year until the end of their contract.

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 the greater of the term left on the contract or six months, plus one month for every year of service up to twelve months.

**SUPPLEMENTARY INFORMATION**

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

COMBINED SCHEDULE OF ACTIVITIES

YEAR ENDED MARCH 31, 2013

	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
<b>REVENUE AND SUPPORT</b>																			
Member dues	\$ -	\$ -	\$ -	\$ -	\$ 895,899	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 895,899
Registration	-	-	-	-	-	39,005	79,510	118,360	-	-	132,075	597,125	-	20,250	529,854	-	-	-	1,516,179
Meeting revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	368,955	-	-	368,955
Miscellaneous income	50,372	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,828	-	60,200
Reprint and list sales	-	-	-	-	2,863	-	-	-	-	-	-	-	-	-	-	-	120	-	2,983
Advertising income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	376,370	-	376,370
Book sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44,877	44,877
Grants and contracts	-	-	-	-	-	-	-	-	-	-	-	-	27,541	-	-	-	-	-	27,541
Royalties and commissions	328,133	-	-	-	26,404	-	-	-	-	-	-	-	-	185	-	-	472	-	355,194
Corporate marketing	639,625	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	639,625
Contributions	-	1,060	-	-	-	-	131,000	54,219	-	-	40,000	20,000	-	-	-	-	-	-	303,109
Interest/investment income	4,471	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,471
<b>Total revenue and support</b>	<b>1,022,601</b>	<b>1,060</b>	<b>-</b>	<b>-</b>	<b>925,166</b>	<b>39,005</b>	<b>210,510</b>	<b>172,579</b>	<b>-</b>	<b>-</b>	<b>172,075</b>	<b>617,125</b>	<b>27,541</b>	<b>20,435</b>	<b>529,854</b>	<b>425,785</b>	<b>386,790</b>	<b>44,877</b>	<b>4,595,403</b>
<b>EXPENSES</b>																			
Salaries	230,134	-	-	36,021	306,843	68,039	128,741	35,354	38,022	-	36,688	51,363	8,005	111,397	191,443	10,006	82,047	-	1,334,103
Benefits and payroll taxes	84,967	-	-	13,299	113,290	25,121	47,532	13,053	14,038	-	13,545	18,964	2,955	41,129	70,683	3,694	30,293	-	492,563
Printing and production	716	355	-	-	11,679	252	5,637	1,229	-	452	1,153	571	-	1,007	11,459	1,169	137,079	-	172,758
Communications	64,331	83	-	-	26,848	13	1,443	615	42	527	51	2,195	59	-	12,251	-	38,336	161	146,955
Depreciation	15,888	-	28,340	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44,228
Travel	55,731	133,986	-	38	4,505	3,892	39,890	15,169	8,811	47,331	-	1,898	1,116	1,805	45,566	-	4,498	-	364,236
Supplies	20,265	8,275	-	-	155	1,760	4,346	1,220	-	3,331	7,083	41,031	-	-	13,792	256	-	-	101,514
Repairs and maintenance	3,655	-	15,001	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,656
Building services	14,491	-	36,654	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	51,145
Professional services and contract services	272,745	1,245	3,526	11,100	17,033	34,694	46,485	900	-	4,000	36,595	131,773	26,523	61,901	25,349	62,536	177,458	-	913,863
Rental and lease expense	1,086	-	15,970	-	3,645	-	-	-	-	-	-	-	-	-	-	-	-	-	20,701
Bank charges and taxes	843	-	10,726	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,569
Fees, contributions and subscriptions	27,621	200	729	18,037	-	2,500	57,680	-	-	-	-	-	-	-	300	-	209	44,600	151,876
Meeting expenses	28,924	12,383	-	-	5,000	-	26,692	82,429	-	5,696	-	-	-	2,512	326,845	143,079	252	-	633,812
Miscellaneous expense	15,825	18,392	-	-	-	-	-	-	-	-	-	-	-	-	31	-	-	-	34,248
<b>Total expenses</b>	<b>837,222</b>	<b>174,919</b>	<b>110,946</b>	<b>78,495</b>	<b>488,998</b>	<b>136,271</b>	<b>358,446</b>	<b>149,969</b>	<b>60,913</b>	<b>61,337</b>	<b>95,115</b>	<b>247,795</b>	<b>38,658</b>	<b>219,751</b>	<b>697,719</b>	<b>220,740</b>	<b>470,172</b>	<b>44,761</b>	<b>4,492,227</b>
<b>CHANGES IN NET ASSETS</b>	<b>\$ 185,379</b>	<b>\$ (173,859)</b>	<b>\$ (110,946)</b>	<b>\$ (78,495)</b>	<b>\$ 436,168</b>	<b>\$ (97,266)</b>	<b>\$ (147,936)</b>	<b>\$ 22,610</b>	<b>\$ (60,913)</b>	<b>\$ (61,337)</b>	<b>\$ 76,960</b>	<b>\$ 369,330</b>	<b>\$ (11,117)</b>	<b>\$ (199,316)</b>	<b>\$ (167,865)</b>	<b>\$ 205,045</b>	<b>\$ (83,382)</b>	<b>\$ 116</b>	<b>\$ 103,176</b>