

Association of School Business Officials International

Financial Statements

Years Ended March 31, 2019 and 2018

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Independent Auditors' Report

Board of Directors
Association of School Business Officials International
Ashburn, Virginia

We have audited the accompanying financial statements of Association of School Business Officials International (a not-for-profit organization), which comprise the statement of financial position as of March 31, 2019, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 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 auditors' 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 Association of School Business Officials International as of March 31, 2019 and the changes in its net assets, statement of functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Association adopted FASB ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities in 2018. Our opinion is not modified with respect to that matter.

Prior Period Financial Statements

The financial statements of ASBO International as of March 31, 2018, were audited by other auditors whose report dated September 28, 2018, expressed an unmodified opinion on those statements.

Dixon Hughes Goodman LLP

**Tysons, Virginia
July 14, 2019**

Association of School Business Officials International
Statements of Financial Position
March 31, 2019 and 2018

	2019	(As Adjusted) 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,081,958	\$ 2,404,956
Investments	7,395,578	1,598,191
Accounts receivable, net of allowance	21,510	377,179
Accrued interest receivable	50,713	-
Prepaid expenses	137,264	39,005
Total current assets	10,687,023	4,419,331
Property and equipment, net	1,985,976	70,976
	<u><u>\$ 12,672,999</u></u>	<u><u>\$ 4,490,307</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 165,980	\$ 123,932
Accrued payroll and related liabilities	87,590	112,560
Note payable, current portion	53,843	-
Deferred revenue	1,712,715	1,816,132
Total current liabilities	2,020,128	2,052,624
Note payable, less current portion	1,011,565	-
Total liabilities	3,031,693	2,052,624
Net assets:		
Net assets without donor restrictions	9,641,306	2,437,683
Total net assets	9,641,306	2,437,683
	<u><u>\$ 12,672,999</u></u>	<u><u>\$ 4,490,307</u></u>

See accompanying notes.

Association of School Business Officials International
Statements of Activities
Years Ended March 31, 2019 and 2018

	2019	(As Adjusted) 2018
Revenue:		
General and administrative	\$ 1,805,702	\$ 1,751,442
Governance	-	255
Membership dues	1,040,439	1,050,612
Certification	112,660	130,235
Professional development	284,120	136,770
Leadership conference	165,261	163,318
Meritorious budget awards	183,419	172,805
Certificate of excellence	660,848	656,540
Continuing education	60,000	20,000
Annual Meeting	530,880	669,569
Exhibits	382,763	299,660
Periodicals	131,995	126,154
Books and publications	34,188	53,917
Investment return	135,861	19,082
Total revenue	<u>5,528,136</u>	<u>5,250,359</u>
Expenses:		
Program expenses:		
Membership	463,351	346,072
Certification	43,796	63,697
Professional development	527,280	514,905
Leadership conference	292,214	362,941
Committees	38,465	16,784
Affiliate visitation	220,066	185,483
Meritorious budget awards	134,508	147,903
Certificate of excellence	286,744	299,985
Continuing education	114,336	62,685
Annual meeting	806,454	776,043
Exhibits	209,706	164,014
Periodicals	521,851	540,997
Books and publications	29,806	41,072
Government and public affairs	108,287	119,477
Total program expenses	<u>3,796,864</u>	<u>3,642,058</u>
Supporting services and governance:		
General and administrative	1,357,956	1,013,518
Governance	217,511	335,839
Building operations	169,182	136,998
Total supporting services and governance	<u>1,744,649</u>	<u>1,486,355</u>
Total expenses	<u>5,541,513</u>	<u>5,128,413</u>
Change in net assets before sale of building and contribution of net assets	(13,377)	121,946
Gain on sale of building	-	474,347
Change in net assets before contribution of net assets	<u>(13,377)</u>	<u>596,293</u>
Contribution of net assets (Note 9)	7,217,000	-
Change in net assets	<u>7,203,623</u>	<u>596,293</u>
Net assets without donor restrictions, beginning of year	<u>2,437,683</u>	<u>1,841,390</u>
Net assets without donor restrictions, end of year	<u>\$ 9,641,306</u>	<u>\$ 2,437,683</u>

See accompanying notes.

Association of School Business Officials International
Statements of Functional Expenses
Years Ended March 31, 2019 and 2018

	Program Services								
	Membership	Certification	Professional Development	Leadership Conference	Committees	Affiliate Visitation	Meritorious Budget Awards	Certificate of Excellence	Continuing Education
Salaries	\$ 256,580	\$ -	\$ 240,051	\$ 74,396	\$ 18,747	\$ 149,681	\$ 61,120	\$ 50,098	\$ 54,815
Benefits and Payroll Taxes	67,769	-	78,871	17,598	5,600	42,020	16,066	19,166	17,828
Printing and Production	39,400	5,351	2,001	3,640	-	-	2,473	2,240	662
Communications	24,846	2,287	1,644	1,153	1	1,098	2,587	1,085	25
Depreciation	-	-	-	-	-	-	-	-	-
Travel	-	2,525	47,511	17,544	3,129	25,356	-	4,199	-
Supplies	-	8,820	5,711	38	-	(636)	5,999	42,361	-
Repairs and Maintenance	-	-	-	-	-	-	-	-	-
Building Services	-	-	-	-	-	-	-	-	-
Professional Services and Contract Services	69,545	23,419	63,342	6,351	-	-	43,813	164,850	41,006
Rental and Lease expense	4,500	-	-	-	-	-	-	-	-
Bank charges	-	-	-	-	-	-	-	-	-
Fees, contributions and subscriptions	300	-	47,085	-	-	289	-	-	-
Meeting expenses	411	1,394	41,064	171,494	10,988	2,154	650	1,160	-
Capital budget expenses	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	104	1,800	1,585	-
Total	<u>\$ 463,351</u>	<u>\$ 43,796</u>	<u>\$ 527,280</u>	<u>\$ 292,214</u>	<u>\$ 38,465</u>	<u>\$ 220,066</u>	<u>\$ 134,508</u>	<u>\$ 286,744</u>	<u>\$ 114,336</u>
Total, Year ended March 31, 2018	<u>\$ 346,072</u>	<u>\$ 63,697</u>	<u>\$ 514,905</u>	<u>\$ 362,941</u>	<u>\$ 16,784</u>	<u>\$ 185,483</u>	<u>\$ 147,903</u>	<u>\$ 299,985</u>	<u>\$ 62,685</u>

See accompanying notes.

Association of School Business Officials International
Statements of Functional Expenses
Years Ended March 31, 2019 and 2018

(Continued)

	Program Services					Supporting Services & Governance	2019 Total	2018 Total
	Annual Meeting	Exhibits	Periodicals	Books and Publications	Government & Public Affairs	Total		
Salaries	\$ 191,053	\$ 6,942	\$ 103,982	\$ -	\$ 46,183	\$ 1,253,648	\$ 567,897	\$ 1,792,122
Benefits and Payroll Taxes	47,492	1,878	31,570	-	15,161	361,019	130,663	459,604
Printing and Production	15,398	624	138,997	-	620	211,406	875	163,426
Communications	3,804	105	37,792	-	58	76,485	52,605	112,324
Depreciation	-	-	-	-	-	-	102,583	56,897
Travel	29,144	-	8,382	-	15,398	153,188	143,396	327,317
Supplies	8,780	105	235	-	122	71,535	20,548	105,896
Repairs and Maintenance	-	-	-	-	-	-	4,433	15,329
Building Services	-	-	-	-	-	-	55,011	54,353
Professional Services and Contract Services	101,154	49,309	200,454	4,900	10,497	778,640	517,449	1,120,231
Rental and Lease expense	-	-	-	-	-	4,500	18,907	41,982
Bank charges	-	-	-	-	-	-	12,324	12,981
Fees, contributions and subscriptions	-	1,564	439	24,906	20,248	94,831	13,185	125,612
Meeting expenses	409,629	149,179	-	-	-	788,123	48,906	734,616
Capital budget expenses	-	-	-	-	-	-	15,418	-
Interest expense	-	-	-	-	-	-	33,095	-
Miscellaneous	-	-	-	-	-	3,489	7,354	5,723
Total Expenses	\$ 806,454	\$ 209,706	\$ 521,851	\$ 29,806	\$ 108,287	\$ 3,796,864	\$ 1,744,649	\$ 5,128,413
Total expenses, year ended March 31, 2018	\$ 776,043	\$ 164,014	\$ 540,997	\$ 41,072	\$ 119,477	\$ 3,642,058	\$ 1,486,355	\$ 5,128,413

See accompanying notes.

Association of School Business Officials International
Statements of Cash Flows
Years Ended March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 7,203,623	\$ 596,293
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net realized and unrealized loss (gain) on investments	(25,578)	980
Gain on sale of building	-	(474,347)
Depreciation and amortization	102,583	56,897
Change in assets and liabilities:		
Accounts receivable	355,669	42,505
Accrued interest receivable	(50,713)	-
Prepaid expenses	(98,259)	(33,082)
Accounts payable and accrued expenses	42,048	(56,184)
Accrued payroll and related liabilities	(24,970)	6,130
Deferred revenue	(103,417)	98,911
	<u>7,400,986</u>	<u>238,103</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of property and equipment	(917,583)	(70,381)
Purchase of investments	(7,871,809)	(2,509,994)
Proceeds from sale of building	-	777,763
Proceeds from sale of investments	2,100,000	2,759,992
	<u>(6,689,392)</u>	<u>957,380</u>
Net cash provided by (used in) investing activities		
Cash flows from financing activities:		
Payments on note payable	(34,592)	-
	<u>(34,592)</u>	<u>-</u>
Net cash provided by financing activities		
Net change in cash and cash equivalents	677,002	1,195,483
Cash and cash equivalents, beginning of year	2,404,956	1,209,473
Cash and cash equivalents, end of year	<u>\$ 3,081,958</u>	<u>\$ 2,404,956</u>
Supplemental disclosure of cash flow information:		
Interest expense	\$ 33,095	\$ -
Purchase of building financed by mortgage note	<u>\$ 1,100,000</u>	<u>\$ -</u>

See accompanying notes.

Notes to Financial Statements

1. Organization and Nature of Activities

Association of School Business Officials International (the Association) was founded in 1910 and has been granted tax-exempt status under Internal Revenue Code Section 501(c)(3). The Association's purpose is to support school business professionals to help provide quality education by providing programs, services, and a global network to promote the highest business standards of school business management, professional growth, and the effective use of educational resources. Major sources of Association revenue include member dues, fees to Association sponsored events, and investment income.

2. Summary of Significant Accounting Policies

Contributions and basis of presentation

Contributions are generally available for unrestricted use unless specifically restricted by the donor. The Association classifies its resources for accounting and reporting purposes into two net asset categories according to the existence or absence of donor-imposed restrictions. The financial statements report separately by class of net assets as follows:

- Net assets without donor restrictions – not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Association's management and the board of directors.
- Net assets with donor restrictions – subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. The Association had no net assets with donor restrictions at March 31, 2019.

Contributions are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed stipulations. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless the use is restricted by the donor of the assets or by laws.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Revenue recognition

Membership dues and strategic partnership revenue is recognized ratably over the applicable membership period to which they apply. Other revenue is recognized in the period earned.

Cash and cash equivalents

For purposes of reporting the statement of cash flows, the Association considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Association of School Business Officials International

Notes to Financial Statements

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the change in net assets. Investments consist of certificates of deposits.

Accounts receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Association uses the allowance method to determine uncollectible accounts receivable. The allowance is based on prior years' experience and other circumstances. At March 31, 2019, management has recorded \$5,000 as allowance for doubtful accounts.

Property and equipment

Purchased property and equipment are recorded at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the respective assets. Building and improvements are depreciated over a range of 5 - 40 years and furniture and equipment are depreciated over a range of 3 - 10 years.

When the assets are sold or disposed, the cost and related accumulated depreciation are removed from the accounts with any gain or loss reflected in the current year's operations. Expenditures for maintenance and repairs are expensed as incurred.

Deferred revenue

Exhibitor fees are recognized as revenue in the applicable period. Exhibitor fees paid in advance are recorded as deferred revenue.

Advertising costs

Advertising costs are expensed as incurred. Advertising expense was \$42,112 for fiscal year 2019.

Income taxes

The Association is exempt from federal and state income taxes as a not-for-profit organization under section 501(c)(3) of the Internal Revenue Code; accordingly, these financial statements do not reflect a provision or liability for federal and state income taxes. The Association has determined that they do not have any material unrecognized tax benefits or obligations as of March 31, 2019.

Functional expenses

The costs of providing program and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

Association of School Business Officials International

Notes to Financial Statements

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries, benefits & payroll taxes	Time and effort
Printing and production	Direct charge
Communications	Direct charge
Depreciation	Direct charge
Travel	Direct charge
Supplies	Direct charge
Repairs and maintenance	Direct charge
Professional services and contract services	Direct charge
Fees, contributions, and subscriptions	Direct charge
Meeting expenses	Direct charge
Miscellaneous	Direct charge

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of credit risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash and cash equivalents and investments.

The Association maintains cash in bank deposit accounts, which may at times exceed the Federal Deposit Insurance Corporation (FDIC) limit. The Association has not experienced any losses as a result of such concentration, and management believes the Association is not exposed to any significant credit risk.

New accounting pronouncement

During 2018, the Organization adopted ASU 2016-14 – Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity of available resources, and the lack of consistency in the type of information provided about expenses and investment return. The 2018 financial statements have been adjusted to reflect retrospective application of the new accounting guidance, except for the disclosures around liquidity and availability of resources and analysis of expenses by functional and natural categories. These disclosures have been presented only for 2019 as permitted by ASU 2016-14.

Reclassifications

Certain comparative figures, including those as a result of the adoption of ASU 2016-14, have been reclassified to conform to the current year financial statement presentation. There was no effect on previously reported equity or net income.

Recently issued accounting standards

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers (Topic 606)". The core principle of this standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The FASB issued four additional standards that amended and/or clarified certain guidance and provisions in ASU 2014-09, all of which are effective for the Association for the year beginning January 1, 2019. The Association is currently evaluating the impact on its financial statements as a result of the adoption of these new standards.

Accounting Guidance for Contributions Received and Contributions Made

In June 2018, the FASB issued Accounting Standards Updated (ASU) 2018-08, "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions (Topic 958)". Under this guidance, it provides clarification for determining whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution is conditional. The FASB issued four additional standards that amended and/or clarified certain guidance and provisions in ASU 2018-08, all of which were effective for the Association January 1, 2019. The Association is currently evaluating the impact on its financial statements are a result of the adoption of these new standards.

Leases

In February 2016, the FASB issued ASU 2016-02, "Leases". Under the new standards, lessees will need to recognize a right-of-use asset and a lease liability for virtually all their leases (other than leases that meet the definition of a short-term lease). The liability will be equal to the present value of lease payments. For income statement purposes, the FASB continued the dual model, requiring leases to be classified as either operating or finance. Operating leases will result in straight-line expense (similar to current operating leases) while finance leases will result in a front-loaded expense pattern (similar to current capital leases). Classification will be based on criteria that are largely similar to those applied to current lease accounting. Extensive quantitative and qualitative disclosures will be required to provide greater insight into the extent of revenue and expense recognized and expected to be recognized from existing contracts. The new standard will be effective for the Association for the year beginning January 1, 2020, and the Association is currently evaluating the effect this accounting standard may have on its financial statements.

Subsequent events

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through July 14, 2019, the date the financial statements were available to be issued.

3. Availability and Liquidity

The following represents the Association's financial assets at March 31, 2019:

Financial assets:

Cash and cash equivalents	\$ 3,082,653
Accounts receivable, net	21,510
Accrued interest receivable	50,713
Investments, current portion	<u>7,395,578</u>

Total financial assets	<u>\$ 10,550,454</u>
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Financial assets available to meet general expenditures over the next twelve months	<u>\$ 10,550,454</u>
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The Association's working capital as of March 31, 2019 is \$8,667,590. ASBO International's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$1.5 million). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit. Investments in certificate of deposits is arranged in tiers of maturity dates.

4. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs, of which the first two are considered observable and last unobservable, that may be used to measure fair value. The three levels are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2: Inputs other than quoted prices in active markets that are either directly or indirectly observable.

Level 3: Unobservable inputs about which little or no market data exists, there requiring an entity to develop its own assumption.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Association's assessment of the significance of an input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The following is a description of the valuation methodologies used for asset measurements at fair value. There have been no changes in the methodologies used at March 31, 2019 and 2018.

Mutual fund: Valued at the closing price reported in the active market in which individual securities are traded.

Certificates of Deposit: Valued at discounted cash flow based upon maturity dates and applicable market interest rates.

Association of School Business Officials International
Notes to Financial Statements

The tables below summarize cash equivalents, investments and deferred compensation holding, by level, for items measured at fair value on a recurring basis at March 31, 2019 and 2018:

Assets at Fair Value as of March 31, 2019				
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Fixed income	\$ 1,009,369	\$ -	\$ -	\$ 1,009,369
Certificates of Deposit	-	7,395,578	-	7,395,578
	<u>\$ 1,009,369</u>	<u>\$ 7,395,578</u>	<u>\$ -</u>	<u>\$ 8,404,947</u>
Assets at Fair Value as of March 31, 2018				
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ -	\$ 1,598,191	\$ -	\$ 1,598,191

On the accompanying statement of financial position the assets at fair value are classified as follows:

	2019	2018
Cash and cash equivalents	\$ 1,009,369	\$ -
Investments	<u>7,395,578</u>	<u>1,598,191</u>
	<u>\$ 8,404,947</u>	<u>\$ 1,598,191</u>

5. Investment Return

The following schedule summarizes investment return for 2019 and 2018:

	2019	2018
Interest income	\$ 108,480	\$ 20,062
Unrealized gain (loss) on investments	<u>27,381</u>	<u>(980)</u>
	<u>\$ 135,861</u>	<u>\$ 19,082</u>

Investment return is included in the general and administrative revenue classification on the accompanying statement of activities.

3. Property and Equipment

Property and equipment consisted of the following at March 31, 2019:

Land	\$ 128,900
Building	1,722,284
Building improvements	36,629
Furniture and equipment	<u>284,865</u>
	2,172,678
Less – accumulated depreciation and amortization	<u>(186,702)</u>
Net property and equipment	<u>\$ 1,985,976</u>

Association of School Business Officials International
Notes to Financial Statements

Depreciation expense was \$102,583 for the year ended March 31, 2019.

6. Retirement Plan

The Association maintains a tax deferred annuity plan that is available to all eligible employees. During 2019, the Association contributed 6% of eligible compensation to the plan resulting in retirement plan expense of \$98,940. Retirement expense for 2018 totaled \$85,474.

7. Mortgage Loan

On July 25, 2018, the Association acquired its new headquarters office for a total price of approximately \$1,759,000 of which \$1,100,000 was funded by a mortgage loan with a community bank. The mortgage will be repaid over a 15-year period with monthly payments of \$8,461 including interest fixed at 4.58% per annum. The Association could be subject to prepayment penalties under certain circumstances if the loan were refinanced during the first five years of the loan term. The loan is secured by a lien on the property. At March 31, 2019, the balance on the mortgage loan was \$1,065,408 and the Association had paid interest of \$33,095 during fiscal 2019.

Future principal maturities are as follows for the year ended March 31:

2020	\$	53,843
2021		56,362
2022		58,998
2023		61,757
2024		64,646
Thereafter		<u>769,802</u>
Total	\$	<u>1,605,408</u>

8. Leases

The Association leases equipment and pays maintenance fees under various non-cancelable long-term agreements expiring through 2022.

Rent expense for the years ended March 31, 2019 and 2018 was \$42,907 and \$32,268, respectively.

Future minimum lease commitments are as follows for the year ended March 31:

2020	\$	33,269
2021		29,184
2022		<u>18,109</u>
Total	\$	<u>80,562</u>

Association of School Business Officials International
Notes to Financial Statements

9. Transfer of Net Assets

During fiscal year 2019, a non-profit organization's Board of Directors authorized the transfer of net assets to ASBO International. The following was transferred from the non-profit to ASBO International and reflected as a contribution of net assets in the statements of activities:

Cash and cash equivalents	<u>\$ 7,217,000</u>
Net assets without donor restrictions	<u>\$ 7,217,000</u>

10. Sale of Building

On February 28, 2018, the Association completed the sale of the building it was using as its headquarters. Because of this transaction, the Association recognized a gain of \$474,347 during the fiscal year ended March 31, 2018. The Association leased this building for six months after this sale prior to acquiring its new headquarters property (see also note 7).