

**ASSOCIATION OF SCHOOL BUSINESS
OFFICIALS INTERNATIONAL**

FINANCIAL STATEMENTS

MARCH 31, 2014

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Association of School Business Officials International

We have audited the accompanying financial statements of the Association of School Business Officials International (the Association), which comprise the statements of financial position as of March 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association of School Business Officials International as of March 31, 2014 and 2013, 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 20, 2014

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,699,953	\$ 1,269,588
Investments	644,859	954,426
Account receivable (net of allowance for doubtful accounts of \$5,000 in both 2014 and 2013)	216,908	182,174
Inventory	-	16,271
Prepaid expenses and other	<u>85,815</u>	<u>84,343</u>
Total current assets	<u>2,647,535</u>	<u>2,506,802</u>
NET PROPERTY AND EQUIPMENT		
Land	231,818	231,818
Building and improvements	977,896	965,703
Computer equipment	655,775	533,975
Office furniture and equipment	<u>156,644</u>	<u>154,292</u>
	2,022,133	1,885,788
Less: accumulated depreciation	<u>(1,530,519)</u>	<u>(1,459,805)</u>
Net property and equipment	<u>491,614</u>	<u>425,983</u>
Total assets	<u>\$ 3,139,149</u>	<u>\$ 2,932,785</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 24,774	\$ 154,319
Accrued expenses and other liabilities	131,951	145,032
Deferred membership and other revenue	<u>1,427,772</u>	<u>1,315,489</u>
Total current liabilities	1,584,497	1,614,840
UNRESTRICTED NET ASSETS	<u>1,554,652</u>	<u>1,317,945</u>
Total liabilities and net assets	<u>\$ 3,139,149</u>	<u>\$ 2,932,785</u>

See accompanying notes to financial statements.

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

STATEMENTS OF ACTIVITIES

YEARS ENDED MARCH 31, 2014 AND 2013

	2014	2013
REVENUE AND SUPPORT		
Governance and administration	\$ 1,121,397	\$ 1,022,601
Board of Directors	2,000	1,060
Membership	1,159,910	925,166
Certification	52,040	39,005
Programs	178,280	210,510
Leadership conference	167,165	172,579
Meritorious budget awards	151,361	172,075
Certificate of excellence	618,300	617,125
Grants and contracts	-	27,541
Continuing education	20,024	20,435
Annual meeting	653,760	529,854
Exhibits	354,150	425,785
Periodicals	182,165	386,790
Books and publications	57,473	44,877
Total revenue and support	4,718,025	4,595,403
EXPENSES		
Program expenses		
Government and public affairs	36,472	78,495
Membership	429,130	488,998
Certification	43,658	136,271
Professional development	377,346	358,446
Leadership conference	180,883	149,969
Research committees	27,383	60,913
Affiliate visitation	29,679	61,337
Meritorious budget awards	73,633	95,115
Certificate of excellence	246,818	247,795
Grants and contracts	2,025	38,658
Continuing education	140,386	219,751
Annual meeting	546,645	697,719
Exhibits	276,429	220,740
Periodicals	684,777	470,172
Books and publications	53,876	44,761
Total program expenses	3,149,140	3,369,140
Supporting services and governance		
Governance and administration	998,247	837,222
Board of Directors	224,481	174,919
Building operations	109,450	110,946
Total supporting services and governance	1,332,178	1,123,087
Total expenses	4,481,318	4,492,227
CHANGE IN NET ASSETS	236,707	103,176
UNRESTRICTED NET ASSETS		
Beginning of year	1,317,945	1,214,769
End of year	\$ 1,554,652	\$ 1,317,945

See accompanying notes to financial statements.

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 236,707	\$ 103,176
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Charges not affecting cash		
Net depreciation fair value of investments	568	1,110
Depreciation	70,713	44,228
Effect of changes in assets and liabilities		
Net accounts receivable	(34,734)	119,815
Inventory	16,271	-
Prepaid expenses and other	(1,472)	10,063
Account payables, accrued expenses and other liabilities	(142,626)	199,109
Deferred membership and other revenue	112,283	(15,032)
Net cash provided by operating activities	257,710	462,469
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(136,344)	(41,255)
Purchases of investments	2,596,000	(890,000)
Proceeds from the sale of investments	(2,287,001)	865,000
Net cash provided by (used for) investing activities	172,655	(66,255)
NET INCREASE IN CASH AND CASH EQUIVALENTS	430,365	396,214
CASH AND CASH EQUIVALENTS		
Beginning of year	1,269,588	873,374
End of year	\$ 1,699,953	\$ 1,269,588

See accompanying notes to financial statements.

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

NOTE 1. ORGANIZATION AND BASIS OF PRESENTATION

Organization - Association of School Business Officials International (the Association) is an association of individuals involved in the management of school business services who are dedicated to the professional stewardship of the investment in education.

Basis of Presentation - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). The financial statement presentation follows the standards for financial statements of not-for-profit organizations as recommended by the Financial Accounting Standards Board. Under such standards, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Net Asset Classification - The net assets are reported as follows:

- **Unrestricted net assets** - includes unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Association and include both internally-designated and undesignated resources.

Revenue Recognition - Revenue is recognized during the period in which it is earned. Revenue received in advance and not yet earned is deferred to the applicable period.

Membership Dues and Agency Fees - The payment of regular dues entitles an individual to membership privileges in the Association for a twelve-month period. Dues received are initially recorded as deferred revenue. Such dues are recognized as revenue on a straight-line method over a twelve-month period from the member's anniversary date.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments - The investment balance consists of several certificates of deposit with maturity dates greater than 90 days or those certificates of deposit which management intends to hold long-term and are reported at fair market value on the statements of financial position. Those with maturities greater than one year are classified as long-term. There were no long-term investments at March 31, 2014 or 2013. Interest income for the years ended March 31, 2014 and 2013 totaled \$3,411 and \$5,581, respectively. For the years ended March 31, 2014 and 2013, the Association had net depreciation of investments of \$(568) and \$(1,110) of unrealized losses. There were no realized losses on investments recognized for the years ended March 31, 2014 and 2013.

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, 2014 and 2013 totaled \$70,713 and \$44,228, 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, 2014, the statute of limitations for tax years 2010 through 2012 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 \$644,859 and \$954,426 as of March 31, 2014 and 2013, 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, 2014 and 2013 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, 2014 and 2013, respectively. Employer contributions for the years ended March 31, 2014 and 2013 were \$82,498 and \$84,082, 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, 2014 and 2013 was \$24,961 and \$20,701, respectively.

NOTE 5. LEASE OBLIGATIONS (CONTINUED)

As of March 31, 2014, future minimum lease commitments are as follows:

Year ending March 31,	
2015	\$ 31,299
2016	23,337
2017	<u>11,428</u>
Total	<u>\$ 66,064</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, 2017, 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 10% of gross compensation for the year ended March 31, 2014 and for subsequent years until the end of their contracts.

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.

NOTE 7. SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 20, 2014, 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.

SUPPLEMENTARY INFORMATION

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

COMBINED SCHEDULE OF ACTIVITIES

YEAR ENDED MARCH 31, 2014

	Government and Administration	Board of Directors	Building Operations	Government and Public Affairs	Membership	Certification	Professional Development	Leadership Conference	Research Committees	Affiliate Visitation	Meritorious Budget Awards	Certificate of Excellence	Grants and Contracts	Continuing Education	Annual Meeting	Exhibits	Periodicals	Books Publication	Total
REVENUE AND SUPPORT																			
Member dues	\$ -	\$ -	\$ -	\$ -	\$ 927,118	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 927,118
Registration	-	-	-	-	-	52,040	47,280	123,165	-	-	131,361	598,300	-	20,000	653,760	-	-	-	1,625,906
Meeting revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	346,520	-	-	346,520
Miscellaneous income	5,003	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45	-	5,048
Reprint and list sales	-	-	-	-	167	-	-	-	-	-	-	-	-	-	-	-	15	-	182
Advertising income	-	-	-	-	188,031	-	-	-	-	-	-	-	-	-	-	-	172,105	-	360,136
Book sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	57,473	57,473
Royalties and commissions	452,484	-	-	-	44,594	-	-	-	-	-	-	-	-	24	-	-	-	-	497,102
Corporate marketing	661,067	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	661,067
Contributions	-	2,000	-	-	-	-	131,000	44,000	-	-	20,000	20,000	-	-	-	7,630	10,000	-	234,630
Interest/investment income	2,843	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,843
Total revenue and support	1,121,397	2,000	-	-	1,159,910	52,040	178,280	167,165	-	-	151,361	618,300	-	20,024	653,760	354,150	182,165	57,473	4,718,025
EXPENSES																			
Salaries	395,207	-	-	27,373	328,583	-	169,910	40,817	15,623	-	30,368	47,571	1,782	90,880	125,428	8,195	271,931	-	1,553,668
Benefits and payroll taxes	69,650	-	-	5,349	46,687	-	20,838	5,344	2,115	-	3,929	5,632	243	12,248	16,225	1,030	34,039	-	223,329
Printing and production	799	-	-	-	16,828	2,977	2,589	2,033	-	-	2,626	1,413	-	-	22,372	1,401	139,243	-	192,281
Communications	57,469	285	-	-	15,252	27	961	1,052	51	254	465	822	-	-	7,287	-	24,215	-	108,140
Depreciation	42,514	-	28,199	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	70,713
Travel	51,630	146,929	-	-	2,574	4,760	27,869	8,641	9,528	19,752	38	3,378	-	393	35,629	-	9,323	-	320,444
Supplies	20,745	281	-	-	60	1,590	4,296	3,347	66	150	3,688	30,741	-	25	16,478	81	454	-	82,002
Repairs and maintenance	3,503	-	9,497	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,000
Building services	14,642	-	36,461	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	51,103
Professional services and contract services	277,858	43,194	3,748	3,750	14,001	33,286	48,516	10,442	-	5,356	31,167	156,047	-	32,400	48,829	43,348	202,561	-	954,503
Rental and lease expense	1,128	-	20,188	-	3,645	-	-	-	-	-	-	-	-	-	-	-	-	-	24,961
Bank charges and taxes	3,977	-	10,582	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,559
Fees, contributions and subscriptions	27,136	1,016	775	-	200	-	66,131	-	-	-	-	-	-	-	-	-	2,541	53,887	151,686
Meeting expenses	25,563	30,418	-	-	1,300	1,018	36,236	109,207	-	4,167	1,352	1,214	-	4,440	274,293	222,374	-	711,582	
Miscellaneous expense	6,426	2,358	-	-	-	-	-	-	-	-	-	-	-	-	104	-	470	(11)	9,347
Total expenses	998,247	224,481	109,450	36,472	429,130	43,658	377,346	180,883	27,383	29,679	73,633	246,818	2,025	140,386	546,645	276,429	684,777	53,876	4,481,318
CHANGES IN NET ASSETS	\$ 123,150	\$ (222,481)	\$ (109,450)	\$ (36,472)	\$ 730,780	\$ 8,382	\$ (199,066)	\$ (13,718)	\$ (27,383)	\$ (29,679)	\$ 77,728	\$ 371,482	\$ (2,025)	\$ (120,362)	\$ 107,115	\$ 77,721	\$ (502,612)	\$ 3,597	\$ 236,707