



MATTHEWS, CARTER AND BOYCE, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

We have audited the accompanying statements of financial position of Association of School Business Officials International as of March 31, 2007 and 2006, and the related statements of activities and cash flows for the years 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 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits 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 Association of School Business Officials International at March 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Matthews, Carter and Boyce*

June 5, 2007

# ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

## STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2007 AND 2006

### ASSETS

	2007	2006
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 367,948	\$ 177,705
Investments	2,170,864	910,789
Accounts and other receivables, net of allowance for doubtful accounts of \$5,000 in both 2007 and 2006	16,680	38,696
Inventory	20,184	22,627
Prepaid expenses and other	204,369	54,764
Total Current Assets	<u>\$ 2,780,045</u>	<u>\$ 1,204,581</u>
<b>PROPERTY AND EQUIPMENT</b>		
Land	\$ 231,818	\$ 231,818
Building and improvements	934,798	934,798
Computer equipment	442,318	358,313
Office furniture and equipment	112,740	97,121
	<u>\$ 1,721,674</u>	<u>\$ 1,622,050</u>
Less, allowances for depreciation	(1,053,941)	(929,148)
Property and Equipment, Net	<u>\$ 667,733</u>	<u>\$ 692,902</u>
<b>INVESTMENTS, LONG-TERM</b>	<u>\$ 855,000</u>	<u>\$ 2,375,000</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 4,302,778</u></u>	<u><u>\$ 4,272,483</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 212,015	\$ 84,757
Accrued expenses and other liabilities	90,625	49,141
Deferred membership and other revenue	847,996	855,162
Total Current Liabilities	<u>\$ 1,150,636</u>	<u>\$ 989,060</u>
<b>NET ASSETS</b>		
Unrestricted net assets	\$ 3,062,142	\$ 3,263,423
Temporarily restricted net assets	90,000	20,000
Total Net Assets	<u>\$ 3,152,142</u>	<u>\$ 3,283,423</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 4,302,778</u></u>	<u><u>\$ 4,272,483</u></u>

The accompanying notes are an integral part of these financial statements.

# ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

## STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED MARCH 31, 2007 AND 2006

	2007		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUES</b>			
Governance and administration	\$ 164,386	\$ -	\$ 164,386
Board of directors	29,000	-	29,000
Membership	852,238	-	852,238
Programs	237,727	90,000	327,727
Leadership conference	104,790	-	104,790
Meritorious budget awards	121,250	-	121,250
Certificate of excellence	419,213	-	419,213
Grants and contracts	218,311	-	218,311
Continuing education	36,683	-	36,683
Annual meeting	643,400	-	643,400
Exhibits	426,200	-	426,200
Periodicals	253,040	-	253,040
Books and publications	68,105	-	68,105
Net assets released from restrictions:			
Satisfaction of program and time restrictions	20,000	(20,000)	-
Total Revenues	<u>\$ 3,594,343</u>	<u>\$ 70,000</u>	<u>\$ 3,664,343</u>
<b>EXPENSES</b>			
Governance and administration	\$ 852,258	\$ -	\$ 852,258
Board of directors	286,547	-	286,547
Building operations	155,070	-	155,070
Government and public affairs	30,047	-	30,047
Membership	219,134	-	219,134
Programs	275,357	-	275,357
Leadership conference	161,779	-	161,779
Research committees	53,598	-	53,598
Affiliate visitation	36,338	-	36,338
Meritorious budget awards	31,847	-	31,847
Certificate of excellence	143,445	-	143,445
Grants and contracts	157,359	-	157,359
Continuing education	124,873	-	124,873
Annual meeting	523,832	-	523,832
Exhibits	258,846	-	258,846
Periodicals	421,335	-	421,335
Books and publications	63,959	-	63,959
Journal of education	-	-	-
Total Expenses	<u>\$ 3,795,624</u>	<u>\$ -</u>	<u>\$ 3,795,624</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	\$ (201,281)	\$ 70,000	\$ (131,281)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>3,263,423</u>	<u>20,000</u>	<u>3,283,423</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 3,062,142</u></u>	<u><u>\$ 90,000</u></u>	<u><u>\$ 3,152,142</u></u>

The accompanying notes are an integral part of these financial statements.

2006

Unrestricted	Temporarily Restricted	Total
\$ 76,368	\$ -	\$ 76,368
2,000	-	2,000
799,161	-	799,161
107,780	-	107,780
53,630	-	53,630
119,850	-	119,850
440,180	-	440,180
240,217	-	240,217
58,260	-	58,260
704,230	20,000	724,230
417,979	-	417,979
249,378	-	249,378
95,525	-	95,525
28,000	(28,000)	-
<u>\$ 3,392,558</u>	<u>\$ (8,000)</u>	<u>\$ 3,384,558</u>

\$ 633,467	\$ -	\$ 633,467
217,799	-	217,799
144,982	-	144,982
105,883	-	105,883
203,348	-	203,348
249,952	-	249,952
110,721	-	110,721
14,594	-	14,594
39,811	-	39,811
38,600	-	38,600
123,722	-	123,722
168,186	-	168,186
43,847	-	43,847
510,672	-	510,672
216,496	-	216,496
414,375	-	414,375
99,966	-	99,966
149	-	149
<u>\$ 3,336,570</u>	<u>\$ -</u>	<u>\$ 3,336,570</u>
\$ 55,988	\$ (8,000)	\$ 47,988
<u>\$ 3,207,435</u>	<u>28,000</u>	<u>3,235,435</u>
<u><u>\$ 3,263,423</u></u>	<u><u>\$ 20,000</u></u>	<u><u>\$ 3,283,423</u></u>

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED MARCH 31, 2007 AND 2006**

**INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

	<u>2007</u>	<u>2006</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (131,281)	\$ 47,988
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Charges to expenses not affecting cash:		
Depreciation	133,441	119,895
Unrealized (gain) loss on investments	(25,075)	24,978
Effect of changes in revenue and expense accruals:		
Accounts and other receivables, net	22,016	3,564
Inventory	2,443	5,469
Prepaid expenses and other	(149,605)	(30,423)
Accounts payable, accrued expenses and other liabilities	168,742	(16,291)
Deferred membership and other revenue	(7,166)	59,765
	<u>13,515</u>	<u>214,945</u>
Net Cash Provided by Operating Activities	\$ 13,515	\$ 214,945
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property and equipment	\$ (108,272)	\$ (13,858)
Purchases of investments	(665,000)	(3,230,000)
Sales of investments	950,000	2,660,000
	<u>176,728</u>	<u>(583,858)</u>
Net Cash Provided (Used) by Investing Activities	\$ 176,728	\$ (583,858)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	\$ 190,243	\$ (368,913)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>177,705</u>	<u>546,618</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 367,948</u></u>	<u><u>\$ 177,705</u></u>

The accompanying notes are an integral part of these financial statements.

# ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2007 AND 2006

### Note 1. Summary of Significant Accounting Policies

#### Introduction

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.

#### 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 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 Risk

Cash and cash equivalent balances held in financial institutions are insured by the FDIC up to \$100,000.

#### Membership Dues

The payment of regular dues entitles an individual to membership privileges in the Association for a 12-month period. Dues received are initially recorded as deferred revenue. Such dues are recognized as revenue on a straight-line method over a 12-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, 2007 and 2006 totaled \$139,061 and \$101,346, respectively. For the years ended March 31, 2007 and 2006 the Association recognized \$25,075 of unrealized gain and \$24,978 of unrealized loss on investments, respectively.

#### 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, 2007 and 2006 totaled \$133,441 and \$119,895, respectively.

# ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2007 AND 2006

### Note 1. Summary of Significant Accounting Policies (Concluded)

#### 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.

Allowance for doubtful accounts on trade accounts receivable is made in amounts required to maintain an adequate allowance to cover anticipated bad debts. Trade receivables are charged against the allowance or revenues 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 receivable.

#### 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. Inventory held by the Association at that time was transferred to the publishing house and 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 as their own inventory. The Association will receive a commission of 20% of the selling price on reprints.

#### Income Taxes

The Association is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, but is required to file an annual information return and is subject to tax on unrelated business income.

#### Advertising Costs

The Association expenses advertising costs as incurred.

### Note 2. Retirement Plan

A 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 years ended March 31, 2007 and 2006 were \$59,098 and \$49,980, respectively.

# ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2007 AND 2006

### Note 3. 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, 2007 and 2006 was \$30,649 and \$35,057, respectively.

At March 31, 2007, future minimum lease commitments are as follows:

Year Ended March 31,	Equipment Leases
2008	\$ 14,711
2009	10,582
Thereafter	-
Total Future Minimum Lease Payments	<u>\$ 25,293</u>

### Note 4. Commitments:

The Association has entered into an employment contract with its Executive Director. The contract is for the period from July 1, 2006 through March 31, 2009.

The contract contains a clause that if the contract is terminated by the Association without cause, the Executive Director would be paid compensation for six months plus one month for every year of service up to twelve months. No liability has been recorded because the Association intends to maintain its current relationship

### Note 5. Presentation of Prior Year Financial Statements

Certain accounts and descriptions in the prior year financial statements have been modified for comparative purposes to conform with the presentation of the current year financial statements.



## **SUPPLEMENTAL INFORMATION**



MATTHEWS, CARTER AND BOYCE, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT ON OTHER FINANCIAL INFORMATION

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

Our report on our audits of the basic financial statements of Association of School Business Officials International appears on page 1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The information for the year ended March 31, 2007 presented hereinafter is presented for purpose of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements as of and for the year ended March 31, 2007 taken as a whole.

*Matthews, Carter and Boyce*

June 5, 2007

# ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

## COMBINED SCHEDULE OF ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2007

	Governance & Administration	Board of Directors	Building Operations	Government and Public Affairs	Membership	Programs
<b>REVENUES</b>						
Member dues	\$ -	\$ -	\$ -	\$ -	\$ 693,616	\$ -
Registration	-	-	-	-	-	33,977
Meeting revenue	-	-	-	-	-	-
Reprint and list sales	-	-	-	-	19,584	-
Advertising income	-	-	-	-	-	-
Book sales	-	-	-	-	-	-
Grants and contracts	-	-	-	-	-	-
Royalties and commissions	-	-	-	-	138,221	-
Miscellaneous revenue	250	-	-	-	817	750
Contributions	-	29,000	-	-	-	293,000
Interest/investment income	164,136	-	-	-	-	-
Total Revenues	\$ 164,386	\$ 29,000	\$ -	\$ -	\$ 852,238	\$ 327,727
<b>EXPENSES</b>						
Salaries	\$ 324,507	\$ 66,567	\$ -	\$ 13,542	\$ 95,609	\$ 81,102
Benefits and payroll taxes	146,704	32,210	-	6,003	47,099	38,043
Printing and production	-	-	-	-	26,605	7,109
Communications	36,729	736	-	-	32,690	6,490
Depreciation	77,208	-	56,233	-	-	-
Travel	44,160	112,988	-	1,096	(585)	22,914
Supplies	27,519	3,743	-	-	1,303	5,647
Maintenance and repairs	1,617	-	7,361	-	-	-
Building services	-	-	53,226	-	-	-
Professional services and contract services	-	-	-	-	-	-
	164,182	37,545	2,766	6,500	10,204	59,186
Rental and lease expense	-	-	30,649	-	-	-
Bank charges and taxes	902	20	3,976	-	-	24
Fees, contributions and subscriptions	26,969	3,918	859	2,906	6,005	49,828
Meeting expenses	-	22,283	-	-	187	5,171
Cost of goods sold	-	-	-	-	-	-
Miscellaneous expenses	1,761	6,537	-	-	17	(157)
Total Expenses	\$ 852,258	\$ 286,547	\$ 155,070	\$ 30,047	\$ 219,134	\$ 275,357
<b>EXCESS OF REVENUES OVER (UNDER) EXPENSES</b>						
	\$ (687,872)	\$ (257,547)	\$ (155,070)	\$ (30,047)	\$ 633,104	\$ 52,370

# ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

## COMBINED SCHEDULE OF ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2007

	Leadership Conference	Research Committees	Affiliate Visitation	Meritorious Budget Awards	Certificate of Excellence	Grants and Contracts
<b>REVENUES</b>						
Member dues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Registration	30,990	-	-	81,250	419,213	-
Meeting revenue	-	-	-	-	-	-
Reprint and list sales	-	-	-	-	-	-
Advertising income	-	-	-	-	-	-
Book sales	-	-	-	-	-	-
Grants and contracts	-	-	-	-	-	218,311
Royalties and commissions	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-
Contributions	73,800	-	-	40,000	-	-
Interest/investment income	-	-	-	-	-	-
<b>Total Revenues</b>	<b>\$ 104,790</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 121,250</b>	<b>\$ 419,213</b>	<b>\$ 218,311</b>
<b>EXPENSES</b>						
Salaries	\$ 21,106	\$ 23,931	\$ 5,482	\$ 12,713	\$ 21,398	\$ 2,331
Benefits and payroll taxes	14,263	13,815	2,416	6,779	9,726	1,117
Printing and production	3,428	-	-	238	-	-
Communications	195	-	1,525	3,955	959	32
Depreciation	-	-	-	-	-	-
Travel	46,775	15,611	14,632	30	-	40,222
Supplies	3,646	135	1,126	3,815	30,215	-
Maintenance and repairs	-	-	-	-	-	-
Building services	-	-	-	-	-	-
Professional services and contract services	1,335	106	2,837	3,315	80,678	103,422
Rental and lease expense	-	-	-	-	-	-
Bank charges and taxes	-	-	-	-	-	-
Fees, contributions and subscriptions	-	-	-	-	330	10,235
Meeting expenses	70,935	-	8,320	1,002	-	-
Cost of goods sold	-	-	-	-	-	-
Miscellaneous expenses	96	-	-	-	139	-
<b>Total Expenses</b>	<b>\$ 161,779</b>	<b>\$ 53,598</b>	<b>\$ 36,338</b>	<b>\$ 31,847</b>	<b>\$ 143,445</b>	<b>\$ 157,359</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENSES</b>	<b>\$ (56,989)</b>	<b>\$ (53,598)</b>	<b>\$ (36,338)</b>	<b>\$ 89,403</b>	<b>\$ 275,768</b>	<b>\$ 60,952</b>

# ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

## COMBINED SCHEDULE OF ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2007

	Continuing Education	Annual Meeting	Exhibits	Periodicals	Books and Publications	Journal of Education	Total
<b>REVENUES</b>							
Member dues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 693,616
Registration	34,390	473,700	-	-	-	-	1,073,520
Meeting revenue	-	-	416,300	-	-	-	416,300
Reprint and list sales	-	-	-	350	-	-	19,934
Advertising income	-	-	-	252,101	-	-	252,101
Book sales	-	-	-	-	68,105	-	68,105
Grants and contracts	-	-	-	-	-	-	218,311
Royalties and commissions	-	-	-	-	-	-	138,221
Miscellaneous revenue	2,293	500	-	589	-	-	5,199
Contributions	-	169,200	9,900	-	-	-	614,900
Interest/investment income	-	-	-	-	-	-	164,136
<b>Total Revenues</b>	<b>\$ 36,683</b>	<b>\$ 643,400</b>	<b>\$ 426,200</b>	<b>\$ 253,040</b>	<b>\$ 68,105</b>	<b>\$ -</b>	<b>\$ 3,664,343</b>

<b>EXPENSES</b>							
Salaries	\$ 39,372	\$ 106,104	\$ 55,524	\$ 69,004	\$ 3,710	\$ -	\$ 942,002
Benefits and payroll taxes	20,140	42,665	26,840	32,935	1,898	-	442,653
Printing and production	236	39,186	4,251	143,707	-	-	224,760
Communications	216	3,491	5,787	24,173	-	-	116,978
Depreciation	-	-	-	-	-	-	133,441
Travel	5,329	30,012	2,216	908	27	-	336,335
Supplies	986	18,208	2,391	872	-	-	99,606
Maintenance and repairs	-	-	-	-	-	-	8,978
Building services	-	-	-	-	-	-	53,226
Professional services and contract services	16,452	41,959	22,914	144,432	653	-	698,486
Rental and lease expense	-	-	-	-	-	-	30,649
Bank charges and taxes	-	1,583	-	-	-	-	6,505
Fees, contributions and subscriptions	-	649	1,000	5,304	55,198	-	163,201
Meeting expenses	42,142	239,975	137,889	-	-	-	527,904
Cost of goods sold	-	-	-	-	2,444	-	2,444
Miscellaneous expenses	-	-	34	-	29	-	8,456
<b>Total Expenses</b>	<b>\$ 124,873</b>	<b>\$ 523,832</b>	<b>\$ 258,846</b>	<b>\$ 421,335</b>	<b>\$ 63,959</b>	<b>\$ -</b>	<b>\$ 3,795,624</b>

<b>EXCESS OF REVENUES OVER (UNDER) EXPENSES</b>	<b>\$ (88,190)</b>	<b>\$ 119,568</b>	<b>\$ 167,354</b>	<b>\$ (168,295)</b>	<b>\$ 4,146</b>	<b>\$ -</b>	<b>\$ (131,281)</b>
---	--------------------	-------------------	-------------------	---------------------	-----------------	-------------	---------------------