

**ASSOCIATION OF SCHOOL BUSINESS
OFFICIALS INTERNATIONAL**

FINANCIAL STATEMENTS

MARCH 31, 2012 AND 2011

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

FINANCIAL STATEMENTS

MARCH 31, 2012 AND 2011

CONTENTS

	PAGE
Report of Independent Auditors	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5
Additional Information	
Report of Independent Auditors on Other Financial Information	9
Combined Schedule of Activities	10



CALIBRE
CPA GROUP
PLLC

CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS ADVISORS

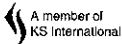
1850 K STREET NW
SUITE 1050
WASHINGTON, DC 20006

202.331.9880 PHONE
202.331.9890 FAX

CIVIC OPERA BUILDING
20 NORTH WACKER DRIVE
SUITE 556
CHICAGO, IL 60606

312.920.9400 PHONE
312.920.9494 FAX

www.calibrecpa.com



REPORT OF INDEPENDENT AUDITORS

Board of Directors

Association of School Business Officials International

We have audited the accompanying statements of financial position of the Association of School Business Officials International (Association) as of March 31, 2012 and 2011, and the related statements of activities and of 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 an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by the Association's management, as well as evaluating the overall financial statement presentation. We believe that our 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 the Association of School Business Officials International as of March 31, 2012 and 2011, and the changes in their net assets and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Calibre CPA Group, PLLC

Washington, DC
June 18, 2012

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2012 AND 2011

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 873,374	\$ 659,331
Investments	930,537	850,172
Net account receivable - short term net of (allowance for doubtful accounts of \$5,000 in both 2012 and 2011)	301,989	326,408
Inventory	16,271	16,271
Prepaid expenses and other	94,406	104,639
Total current assets	2,216,577	1,956,821
NET PROPERTY AND EQUIPMENT		
Land	231,818	231,818
Building and improvements	957,823	957,823
Computer equipment	503,188	488,148
Office furniture and equipment	151,704	135,045
	1,844,533	1,812,834
Less: accumulated depreciation	(1,415,578)	(1,373,582)
Net property and equipment	428,955	439,252
INVESTMENTS, LONG-TERM	-	287,320
Total assets	\$ 2,645,532	\$ 2,683,393
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 55,718	\$ 52,109
Accrued expenses and other liabilities	44,524	66,264
Deferred membership and other revenue	1,330,521	1,364,557
Total current liabilities	1,430,763	1,482,930
UNRESTRICTED NET ASSETS	1,214,769	1,200,463
Total liabilities and net assets	\$ 2,645,532	\$ 2,683,393

See accompanying notes to financial statements.

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

STATEMENTS OF ACTIVITIES

YEARS ENDED MARCH 31, 2012 AND 2011

	2012	2011
REVENUE AND SUPPORT		
Governance and administration	\$ 753,298	\$ 1,158,937
Board of Directors	2,275	6,156
Membership	946,588	932,081
Certification	30,096	-
Programs	184,740	235,440
Leadership conference	140,180	95,085
Affiliate visitations	120	-
Meritorious budget awards	159,825	149,040
Certificate of excellence	544,700	496,660
Grants and contracts	118,216	272,174
Continuing education	26,925	30,544
Annual meeting	557,285	701,233
Exhibits	331,917	304,875
Periodicals	398,563	224,854
Books and publications	43,127	57,290
Total revenue and support	4,237,855	4,664,369
EXPENSES		
Program Expenses		
Government and public affairs	53,354	8,575
Membership	209,097	189,473
Certification	144,933	-
Programs	269,471	407,835
Leadership conference	149,372	155,179
Research committees	52,726	74,278
Affiliate visitation	105,670	45,691
Meritorious budget awards	86,804	72,546
Certificate of excellence	211,475	182,690
Grants and contracts	98,990	211,127
Continuing education	174,727	206,709
Annual meeting	600,949	747,565
Exhibits	183,234	206,333
Periodicals	400,711	571,245
Books and publications	44,927	52,028
Total program expenses	2,786,440	3,131,274
Supporting Services and Governance		
Governance and administration	957,094	1,348,594
Board of Directors	379,438	145,457
Building operations	100,577	108,097
Total supporting services and governance	1,437,109	1,602,148
Total expenses	4,223,549	4,733,422
CHANGE IN NET ASSETS	14,306	(69,053)
UNRESTRICTED NET ASSETS		
Beginning of year	1,200,463	1,269,516
End of year	\$ 1,214,769	\$ 1,200,463

See accompanying notes to financial statements.

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 14,306	\$ (69,053)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Charges not affecting cash		
Net depreciation in fair value of investments	11,956	15,600
Depreciation	41,996	42,597
Effect of changes in assets and liabilities		
Net accounts receivable	24,419	(143,100)
Prepaid expenses and other	10,233	(5,113)
Account payables, accrued expenses and other liabilities	(18,131)	26,682
Deferred membership and other revenue	<u>(34,036)</u>	<u>217,198</u>
Net cash provided by operating activities	<u>50,743</u>	<u>84,811</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(31,699)	(12,216)
Purchases of investments	(890,000)	(495,000)
Proceeds from the sale of investments	<u>1,084,999</u>	<u>985,456</u>
Net cash provided by investing activities	<u>163,300</u>	<u>478,240</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	214,043	563,051
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>659,331</u>	<u>96,280</u>
End of year	<u>\$ 873,374</u>	<u>\$ 659,331</u>

See accompanying notes to financial statements.

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2012 AND 2011

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 a 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. Interest income for the years ended March 31, 2012 and 2011 totaled \$20,658 and \$40,989, respectively. For the years ended March 31, 2012 and 2011 the Association recognized \$11,956 and \$16,056 of unrealized losses and \$0 and \$456 of realized gains on investments, respectively.

Accounts Receivable - The Association grants credit terms in the normal course of business to members, subscribers, exhibitors and other customers throughout the United States.

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts.

Allowances for doubtful accounts on trade accounts receivables is made in amounts required to maintain an adequate allowance to cover anticipated bad debts. Trade receivables are charged against the allowance when it is determined by the Association that payment will not be received. At year-end, the allowance is evaluated by management based on review of the accounts receivables.

Property and Equipment - Significant additions to property and equipment are capitalized on the basis of cost. Depreciation is calculated on the straight-line method. The headquarters building is being depreciated over a 33-year useful life, with improvements depreciated over a 10-year life. Office furniture and equipment are being depreciated over 5 years. Computer equipment is being depreciated over 3 to 7 years. Depreciation expense for the years ended March 31, 2012 and 2011 totaled \$41,996 and \$42,597, 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 2011 financial statements to conform with the 2012 presentation.

Subsequent Events Review - Subsequent events have been evaluated through June 18, 2012, 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 \$930,537 and \$1,137,492 as of March 31, 2012 and 2011, 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, 2012 and 2011 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, 2012 and 2011, respectively. Employer contributions for the years ended March 31, 2012 and 2011 were \$44,410 and \$83,627, 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, 2012 and 2011 was \$21,863 and \$25,907 respectively.

NOTE 5. LEASE OBLIGATIONS (CONTINUED)

As of March 31, 2012, future minimum lease commitments are as follows:

Year ending March 31,	
2013	\$ 32,187
2014	32,187
2015	32,187
2016	26,001
2017	<u>9,523</u>
Total	<u>\$ 132,085</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, 2012 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.

The Association entered into a three year contract with a service provider to supply audio visual equipment and related services for the Association's International Annual Meeting and Expo of 2011 through 2013. Estimated annual payment under such contract is \$131,400.

SUPPLEMENTARY INFORMATION

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

COMBINED SCHEDULE OF ACTIVITIES

YEAR ENDED MARCH 31, 2012

	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
REVENUE AND SUPPORT																			
Member dues	\$ -	\$ -	\$ -	\$ -	\$ 893,851	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 893,851
Registration	-	-	-	-	-	29,955	53,740	95,180	-	-	119,825	524,700	-	26,925	526,835	-	-	-	1,377,160
Meeting revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	291,840	-	-	291,840
Miscellaneous income	39,147	-	-	-	-	-	-	-	-	120	-	-	-	-	450	-	22,070	-	61,787
Reprint and list sales	-	-	-	-	5,486	-	-	-	-	-	-	-	-	-	-	-	50	-	5,536
Advertising income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	376,045	-	376,045
Book sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	43,127	43,127
Grants and contracts	-	-	-	-	-	-	-	-	-	-	-	-	118,216	-	-	-	-	-	118,216
Royalties and commissions	235,606	-	-	-	47,251	141	-	-	-	-	-	-	-	-	-	-	-	398	283,396
Corporate marketing	469,843	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	469,843
Contributions	-	2,275	-	-	-	-	131,000	45,000	-	-	40,000	20,000	-	-	30,000	40,077	-	-	308,352
Interest/investment income	8,702	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,702
Total revenue and support	753,298	2,275	-	-	946,588	30,096	184,740	140,180	-	120	159,825	544,700	118,216	26,925	557,285	331,917	398,563	43,127	4,237,855
EXPENSES																			
Salaries	170,196	196,714	-	40,511	138,035	74,309	94,561	32,750	34,329	64,511	23,180	31,898	11,506	94,616	168,728	11,186	73,626	-	1,260,656
Benefits and payroll taxes	167,388	17,482	-	4,212	16,784	10,440	13,558	3,892	5,123	5,726	4,219	5,894	1,711	13,551	23,857	1,438	9,864	-	305,139
Printing and production	633	395	-	-	5,351	252	2,792	1,145	-	382	537	-	-	240	10,988	1,456	120,922	-	145,093
Communications	64,717	1,185	-	-	25,355	106	549	1,943	271	464	730	3,092	95	-	4,075	-	34,296	469	137,347
Depreciation	14,083	-	27,911	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41,994
Travel	45,537	133,887	-	1,063	545	21,560	34,528	8,416	7,551	22,389	54	2,904	14,610	-	40,137	-	172	-	333,353
Supplies	20,435	3,839	-	-	35	2,600	2,226	1,195	-	693	3,653	32,111	-	-	13,453	-	19	-	80,259
Repairs and maintenance	2,534	-	6,800	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,334
Building services	14,166	-	34,471	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48,637
Professional services and contract services	374,735	3,243	3,342	-	19,414	34,345	36,368	20,291	-	6,662	52,465	130,760	70,443	62,383	18,690	38,276	161,102	-	1,032,519
Rental and lease expense	1,122	-	17,163	-	3,578	-	-	-	-	-	-	-	-	-	-	-	-	-	21,863
Bank charges and taxes	1,798	-	10,185	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,983
Fees, contributions and subscriptions	29,926	-	705	7,568	-	-	62,000	-	-	-	-	50	625	-	-	500	710	44,458	146,542
Meeting expenses	13,657	18,405	-	-	-	1,321	22,889	79,740	5,452	4,843	1,966	4,766	-	3,937	321,021	130,378	-	-	608,375
Miscellaneous expense	36,167	4,288	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	40,455
Total expenses	957,094	379,438	100,577	53,354	209,097	144,933	269,471	149,372	52,726	105,670	86,804	211,475	98,990	174,727	600,949	183,234	400,711	44,927	4,223,549
CHANGES IN NET ASSETS	\$ (203,796)	\$ (377,163)	\$ (100,577)	\$ (53,354)	\$ 737,491	\$ (114,837)	\$ (84,731)	\$ (9,192)	\$ (52,726)	\$ (105,550)	\$ 73,021	\$ 333,225	\$ 19,226	\$ (147,802)	\$ (43,664)	\$ 148,683	\$ (2,148)	\$ (1,800)	\$ 14,306