

**ASSOCIATION OF CALIFORNIA  
SCHOOL ADMINISTRATORS  
AND AFFILIATES**

**CONSOLIDATED FINANCIAL  
STATEMENTS WITH INDEPENDENT  
AUDITOR'S REPORT**

**YEARS ENDED  
JUNE 30, 2015 AND 2014**

# **ASSOCIATION OF CALIFORNIA SCHOOL ADMINISTRATORS AND AFFILIATES**

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## INDEPENDENT AUDITOR'S REPORT

**Board of Directors  
Association of California  
School Administrators  
Sacramento, California**

We have audited the accompanying consolidated financial statements of the Association of California School Administrators and Affiliates (Association), which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Association of California School Administrators and Affiliates as of June 30, 2015 and 2014, and the changes in their members' equity and their 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 consolidated financial statements as a whole. The accompanying supplemental schedules are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

*Gilbert Associates, Inc.*

GILBERT ASSOCIATES, INC.  
Sacramento, California

October 5, 2015

# ASSOCIATION OF CALIFORNIA SCHOOL ADMINISTRATORS AND AFFILIATES

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 3,210,649	\$ 3,038,964
Restricted cash - PACs	1,089,368	788,857
Member receivables	698,864	600,121
Other accounts receivable	709,993	508,793
Prepaid expenses and other current assets	<u>135,331</u>	<u>164,340</u>
Total current assets	5,844,205	5,101,075
 <b>INVESTMENTS</b>	 1,504,371	 1,500,794
 <b>PROPERTY AND EQUIPMENT – Net</b>	 <u>8,800,790</u>	 <u>9,022,126</u>
 <b>TOTAL ASSETS</b>	 <u><u>\$ 16,149,366</u></u>	 <u><u>\$ 15,623,995</u></u>
 <b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 851,756	\$ 555,803
Rebates payable to regions	115,302	61,170
Current portion of long-term obligations	343,942	224,392
Accrued expenses	517,348	453,503
Lease deposits	41,837	41,837
Deferred registration and other fees	686,692	823,453
Deferred membership fees	<u>289,876</u>	<u>358,690</u>
Total current liabilities	2,846,753	2,518,848
 <b>LONG-TERM OBLIGATIONS</b>	 <u>4,783,427</u>	 <u>5,099,441</u>
 <b>TOTAL LIABILITIES</b>	 7,630,180	 7,618,289
 <b>MEMBERS' EQUITY – Unrestricted</b>	 <u>8,519,186</u>	 <u>8,005,706</u>
 <b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	 <u><u>\$ 16,149,366</u></u>	 <u><u>\$ 15,623,995</u></u>

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

# ASSOCIATION OF CALIFORNIA SCHOOL ADMINISTRATORS AND AFFILIATES

## CONSOLIDATED STATEMENTS OF ACTIVITIES YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>REVENUES:</b>		
Membership fees	\$ 11,135,783	\$ 10,422,605
Registration fees	4,243,312	3,703,431
Sponsorships	1,144,478	788,166
Advertising income	915,577	779,250
PAC contributions	737,431	406,263
Rental income	577,327	626,182
Legal support	106,380	110,510
Subscription fees	105,505	111,037
Publications	15,728	30,574
Interest and investment income	4,819	179,050
Other	<u>72,659</u>	<u>106,517</u>
Total revenues	<u>19,058,999</u>	<u>17,263,585</u>
<b>EXPENSES:</b>		
Program services:		
Professional development	6,739,046	5,938,904
Governmental relations	3,044,402	2,416,161
Communications	2,314,518	2,160,885
Member services	1,829,190	1,837,356
Regions	1,652,279	1,180,445
Professional assistance	1,115,257	895,231
Committees	<u>492,106</u>	<u>447,864</u>
Total program services	<u>17,186,798</u>	<u>14,876,846</u>
Supporting services:		
Governance	688,194	820,620
Operating/financial services	468,832	438,080
Executive	<u>201,695</u>	<u>188,466</u>
Total supporting services	<u>1,358,721</u>	<u>1,447,166</u>
Total expenses	<u>18,545,519</u>	<u>16,324,012</u>
<b>INCREASE IN MEMBERS' EQUITY</b>	513,480	939,573
<b>MEMBERS' EQUITY, Beginning of Year</b>	<u>8,005,706</u>	<u>7,066,133</u>
<b>MEMBERS' EQUITY, End of Year</b>	<u>\$ 8,519,186</u>	<u>\$ 8,005,706</u>

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

# ASSOCIATION OF CALIFORNIA SCHOOL ADMINISTRATORS AND AFFILIATES

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2015

	Program Services					Supporting Services					
	Prof. Develop.	Gov't Relations	Communi- cations	Member Services	Regions	Prof. Assistance	Committees	Governance	Operating/ Financial Services	Executive	Total
Personnel	\$ 2,093,679	\$ 1,673,868	\$ 1,328,627	\$ 1,122,881	\$ 17,431	\$ 602,127	\$ 85,163	\$ 74,873	\$ 217,640	\$ 93,630	\$ 7,309,919
Business meetings and expenses	1,762,941	26,062	10,713	35,517	395	5,817	85,307	146,281	4,937	2,124	2,080,094
Rebates to regions					1,614,729			80,802			1,695,531
Professional and contract services	672,658	326,821	98,736	106,500	4,211	277,105	38,924	22,987	52,577	22,619	1,623,138
Travel	540,252	106,514	30,106	69,998	773	45,678	180,746	286,030	9,656	4,154	1,273,907
Honoraria	506,963	1,003	5,319	15,174	8	2,226	13,295	4,415	106	45	548,554
Depreciation and amortization	133,232	100,502	78,549	65,054	3,525	27,442	17,220	15,055	44,007	18,932	503,518
Printing and photocopying	101,567	7,885	274,538	57,339	226	3,911	8,806	1,857	2,816	1,212	460,157
Political contributions	765	418,880	156	129	7	55	34	30	87	38	420,181
General and administrative	311,547	24,471	15,142	13,733	675	6,319	4,462	3,192	8,422	3,623	391,586
Postage and delivery	53,344	8,575	204,757	37,211	184	2,839	3,690	1,518	2,301	990	315,409
Interest	70,900	53,484	41,801	34,620	1,876	14,604	9,164	8,012	23,419	10,075	267,955
Rental equipment and facilities	61,755	68,078	28,780	25,218	1,291	10,498	6,773	3,960	16,113	6,932	229,398
Telecommunications	72,983	38,747	19,438	20,471	819	15,928	5,519	5,461	10,224	4,398	193,988
Building maintenance	52,047	37,958	29,667	24,570	1,331	11,006	6,504	5,686	16,621	7,150	192,540
Business and general insurance	50,658	38,213	29,866	24,735	1,340	10,434	6,548	5,724	16,733	7,199	191,450
Office supplies	85,627	16,645	16,957	26,850	521	10,742	4,267	2,627	6,503	2,797	173,536
Utilities	41,784	31,519	24,634	20,402	1,105	8,606	5,401	4,722	13,802	5,938	157,913
Office rent	29,845	22,513	17,596	14,573	790	50,971	3,857	3,372	9,858	4,241	157,616
Taxes	31,359	23,498	18,365	16,020	824	7,063	4,026	3,520	10,289	4,427	119,391
Dues, subscriptions, and fees	53,653	16,816	18,010	6,484	179	1,470	2,207	7,121	2,229	959	109,128
Insurance services				87,317							87,317
Other	11,487	2,350	22,761	4,394	39	416	193	949	492	212	43,293
Total	<u>\$ 6,739,046</u>	<u>\$ 3,044,402</u>	<u>\$ 2,314,518</u>	<u>\$ 1,829,190</u>	<u>\$ 1,652,279</u>	<u>\$ 1,115,257</u>	<u>\$ 492,106</u>	<u>\$ 688,194</u>	<u>\$ 468,832</u>	<u>\$ 201,695</u>	<u>\$ 18,545,519</u>

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

# ASSOCIATION OF CALIFORNIA SCHOOL ADMINISTRATORS AND AFFILIATES

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2014

	Program Services					Supporting Services					
	Prof. Develop.	Gov't Relations	Communi- cations	Member Services	Regions	Prof. Assistance	Committees	Governance	Operating/ Financial Services	Executive	Total
Personnel	\$ 2,004,780	\$ 1,526,079	\$ 1,288,481	\$ 1,102,169	\$ 16,486	\$ 525,416	\$ 80,822	\$ 70,490	\$ 205,845	\$ 88,556	\$ 6,909,124
Business meetings and expenses	1,512,516	24,601	4,500	38,094	145	1,856	64,536	138,223	1,815	781	1,787,067
Rebates to regions					1,145,361			132,887			1,278,248
Professional and contract services	472,623	163,920	132,738	110,927	3,295	163,950	23,898	122,306	41,139	17,698	1,252,494
Travel	459,962	96,849	15,924	58,692	457	25,085	178,316	256,756	5,709	2,456	1,100,206
Honoraria	448,426										448,426
Depreciation and amortization	132,345	99,834	78,027	64,622	3,501	27,259	17,106	14,955	43,715	18,806	500,170
Printing and photocopying	75,420	6,823	124,124	67,195	223	4,171	5,870	1,799	2,785	1,198	289,608
Political contributions		111,733									111,733
General and administrative	228,717	24,282	14,813	13,226	593	5,072	2,924	3,398	7,403	3,185	303,613
Postage and delivery	39,104	11,520	224,835	37,436	261	3,343	4,095	3,576	3,262	1,403	328,835
Interest	78,355	59,107	46,196	38,259	2,073	16,139	10,127	8,854	25,881	11,134	296,125
Rental equipment and facilities	65,721	76,758	37,398	33,734	1,373	12,657	6,707	14,410	17,142	7,375	273,275
Telecommunications	61,036	39,745	22,584	24,815	806	19,287	5,830	8,121	10,067	4,331	196,622
Building maintenance	56,852	42,094	32,899	27,247	1,476	12,269	7,212	6,306	18,432	7,931	212,718
Business and general insurance	49,499	37,339	29,183	24,170	1,309	10,195	6,398	5,593	16,350	7,034	187,070
Office supplies	97,753	17,656	15,044	56,597	565	7,625	4,743	7,142	7,059	3,037	217,221
Utilities	37,644	28,397	22,194	18,381	996	7,754	4,866	4,254	12,434	5,349	142,269
Office rent	27,673	20,875	16,315	13,512	732	45,547	3,577	3,127	9,141	3,932	144,431
Taxes	26,835	19,953	15,595	13,726	700	5,448	3,419	2,989	8,737	3,759	101,161
Dues, subscriptions, and fees	48,279	6,777	12,936	4,491	78	682	1,786	8,384	972	418	84,803
Insurance services				80,474							80,474
Other	15,364	1,819	27,099	9,589	15	1,476	15,632	7,050	192	83	78,319
Total	<u>\$ 5,938,904</u>	<u>\$ 2,416,161</u>	<u>\$ 2,160,885</u>	<u>\$ 1,837,356</u>	<u>\$ 1,180,445</u>	<u>\$ 895,231</u>	<u>\$ 447,864</u>	<u>\$ 820,620</u>	<u>\$ 438,080</u>	<u>\$ 188,466</u>	<u>\$ 16,324,012</u>

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



# ASSOCIATION OF CALIFORNIA SCHOOL ADMINISTRATORS AND AFFILIATES

## CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in members' equity	\$ 513,480	\$ 939,573
Reconciliation to net cash provided by operating activities:		
Depreciation and amortization	503,518	500,170
Net (gain) loss on investments	24,087	(151,592)
Amortization of debt issuance costs	5,874	
Non-cash change in postretirement health benefits	28,438	24,788
Changes in:		
Restricted cash – ACSA PACs	(300,511)	(321,450)
Receivables	(299,943)	110,733
Prepaid expenses and other current assets	29,009	185,659
Accounts payable	295,953	39,163
Rebates payable to regions	54,132	9,316
Accrued expenses	63,845	(13,583)
Deferred revenues	(205,575)	173,609
Net cash provided by operating activities	<u>712,307</u>	<u>1,496,386</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(282,182)	(256,339)
Purchase of investments	(117,132)	(2,123,362)
Proceeds from sale of investments	89,468	2,097,849
Net cash used by investing activities	<u>(309,846)</u>	<u>(281,852)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments of long-term obligations	(287,307)	(208,446)
Payments of postretirement health benefits		(1,000)
Proceeds from issuance of long-term obligations	56,531	
Net cash used by financing activities	<u>(230,776)</u>	<u>(209,446)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	171,685	1,005,088
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<u>3,038,964</u>	<u>2,033,876</u>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<u>\$ 3,210,649</u>	<u>\$ 3,038,964</u>
<b>NONCASH FINANCING ACTIVITY:</b>		
Payoff of old loan through refinance	<u>\$ 5,273,357</u>	
<b>OTHER CASH FLOW INFORMATION:</b>		
Interest paid	<u>\$ 267,957</u>	<u>\$ 296,125</u>

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

# ASSOCIATION OF CALIFORNIA SCHOOL ADMINISTRATORS AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

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### 1. ORGANIZATION

Association of California School Administrators (ACSA) is a California nonprofit mutual benefit corporation. ACSA was formed to promote the advancement of education by helping members become more effective school administrators. Members consist primarily of management employees or administrators in California school districts. Members also include professors of education and employees of the California Department of Education or the Commission on Teacher Credentialing.

ACSA has several affiliated organizations that provide services on behalf of ACSA and its members. The affiliated organizations are described below:

Foundation for Educational Administration (FEA) is a California nonprofit public benefit corporation. FEA was established by ACSA to develop and improve educational administration, to engage in research in the field of educational administration, to assist qualified individuals in the study of educational administration, and to assist federal, state, and local agencies in training and research programs.

School Administrators Special Services (SASS) is a California nonprofit mutual benefit corporation established by ACSA to assist its members in obtaining group insurance policies and special group services. SASS administers these programs and receives financial support from member service fees and administrative fees. Members of ACSA are also members of SASS, but SASS also has members from an unrelated entity.

SASS Benefit Services Corporation (SASS BSC) is a wholly-owned, for-profit subsidiary of ACSA established to manage benefit services. SASS BSC is largely inactive.

The Issues Political Action Committee (Issues PAC), which is maintained by ACSA, supports issues that improve student learning and that support school administration as a profession.

The Candidates Political Action Committee (Candidate PAC) is a voluntary, nonprofit, unincorporated committee that supports candidates consistent with the purpose of the Association.

### 2. SIGNIFICANT ACCOUNTING POLICIES

**Principles of consolidation** – ACSA and its affiliates listed above (collectively, the Association) have the same governing Boards of Directors and share common facilities and management. Accordingly, the accompanying financial statements are presented on a consolidated basis. Material transactions between entities have been eliminated in consolidation.

**Basis of accounting and financial statement presentation** – The consolidated financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities.

# ASSOCIATION OF CALIFORNIA SCHOOL ADMINISTRATORS AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

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**Revenue recognition** – Membership fees are recognized as revenues in the membership period. Dues collected in advance of the membership period are recorded as deferred revenues until earned. Membership fees are recorded net of amounts collected and remitted to a national association with similar goals.

Revenues from educational activities, conferences, and other events are recognized when the events occur. Sponsorship revenues are recognized when the corresponding event occurs or service is provided. Advertising revenue is recognized during the period of publication. Subscription fees are recognized as revenues when the subscriptions are delivered. Fees collected in advance are recorded as deferred revenues until earned.

PAC contributions are recognized in the period received.

**Cash and cash equivalents** – For financial statement purposes, the Association considers all investments with maturity at purchase of three months or less to be cash equivalents, unless held for long-term purposes.

**Investments** are stated at fair value.

**Property and equipment** are recorded at cost and are depreciated using the straight-line method over estimated useful lives of 45 years for buildings and 2 to 35 years for building improvements, office furniture, and equipment. The Association's policy is to capitalize such items with a cost of \$500 or more.

**Functional expenses** – Direct expenses are charged to related program and support service categories. Certain costs have been allocated among the programs and supporting services benefited.

**Income taxes** – ACSA, FEA, SASS, Issues PAC, and Candidate-PAC are exempt from income taxes under Internal Revenue Code Sections 501(c)(6), 501(c)(3), 501(c)(9), 501(c)(6), and 527, respectively. They are, however, subject to income taxes from activities unrelated to their tax-exempt purpose.

The Association has applied the amended accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the consolidated financial statements. With some exceptions, the Association is no longer subject to U.S. federal and state income tax examinations by tax authorities for years prior to 2011.

**Use of 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 certain reported amounts and disclosures. Significant estimates included in these consolidated financial statements are management's estimate of the collectability of other accounts receivable, the selection of useful lives of property and equipment and the functional allocation of expenses. Accordingly, actual results could differ from those estimates.

**Members' equity** represents the net assets of the Association. Since the Association consists of nonprofit organizations and a wholly-owned, for-profit subsidiary, its net assets are not privately owned.

# ASSOCIATION OF CALIFORNIA SCHOOL ADMINISTRATORS AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

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**Fair value measurements** – Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same—to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

- |                |   |
|----------------|---|
| Level 1 Inputs | Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities. |
| Level 2 Inputs | Inputs other than quoted prices in active markets that are observable either directly or indirectly.                        |
| Level 3 Inputs | Unobservable inputs for the asset or liability.   |

**Subsequent events** have been reviewed through October 5, 2015, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2015 that require recognition or disclosure in such financial statements.

**Reclassification** – Certain 2014 amounts have been reclassified to conform to the 2015 financial statement presentation

# ASSOCIATION OF CALIFORNIA SCHOOL ADMINISTRATORS AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

### 3. INVESTMENTS

Investments are classified within Level 1 of the fair value hierarchy because they are measured by pricing on publicly traded markets with reasonable levels of price transparency. Investments consist of the following:

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 80,702	\$ 59,482
Exchange traded funds - equity		
Large blend	245,394	232,946
Mid-cap blend	129,733	123,764
Foreign large blend	77,195	77,232
Small blend	60,371	47,199
Small value	30,382	
Multi-alternative	29,136	29,540
Foreign large value	17,676	17,833
Exchange traded funds – fixed income		
Intermediate-term bonds	85,547	86,384
Short Term Bond	57,496	57,604
Mutual funds - equity		
Large blend	149,891	144,596
Foreign large blend	144,925	141,397
Foreign large growth	39,090	42,034
Mid-cap blend	28,315	30,357
Small blend		77,282
Mutual funds – fixed income		
Intermediate-term bond	258,007	260,472
High-yield bond	<u>70,511</u>	<u>72,672</u>
Total	<u>\$ 1,504,371</u>	<u>\$ 1,500,794</u>

Interest and investment income consist of the following:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 28,906	\$ 27,458
Net gain (loss) on investments	<u>(24,087)</u>	<u>151,592</u>
Total	<u>\$ 4,819</u>	<u>\$ 179,050</u>

# ASSOCIATION OF CALIFORNIA SCHOOL ADMINISTRATORS AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

### 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2015</u>	<u>2014</u>
Buildings and improvements	\$ 10,607,382	\$ 10,561,708
Land	1,472,692	1,472,692
Office furniture and equipment	3,645,331	3,535,823
Website	398,629	398,629
Work in progress (AMS Project)	<u>127,000</u>	
Total	16,251,034	15,968,852
Less accumulated depreciation and amortization	<u>(7,450,244)</u>	<u>(6,946,726)</u>
Property and equipment – net	<u>\$ 8,800,790</u>	<u>\$ 9,022,126</u>

### 5. PROPERTY LEASED TO TENANTS

The Association leases office space to various tenants under multiple-year lease agreements. Some of the lease agreements call for periodic rent adjustments. Minimum future rental payments to be received under the non-cancelable leases are as follows:

#### Fiscal year ending June 30,

2016	\$ 545,621
2017	284,847
2018	43,450
2019	41,403
2020	42,488
Thereafter	<u>14,464</u>
Total	<u>\$ 972,273</u>

# ASSOCIATION OF CALIFORNIA SCHOOL ADMINISTRATORS AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

### 6. LONG-TERM OBLIGATIONS

Long-term obligations consist of the following:

	<u>2015</u>	<u>2014</u>
Mortgage note payable, secured by commercial property, payable in monthly installments of \$41,225, including fixed interest at 5.5%, refinanced July 2014		\$ 5,273,357
Mortgage note payable, secured by commercial property, payable in monthly installments of \$39,887, including fixed interest at 4.75%, maturing July 2029	\$ 4,797,314	
Term loan, secured by equipment and accounts receivable, payable in monthly installments including interest at 5.0%, maturing July 2018	251,141	
Postretirement health benefit obligations	<u>78,914</u>	<u>50,476</u>
Total	5,127,369	5,323,833
Less current portion	<u>(343,942)</u>	<u>(224,392)</u>
Long-term obligations	<u>\$ 4,783,427</u>	<u>\$ 5,099,441</u>

During July 2014, the Association refinanced its mortgage note payable above through a new note payable in the amount of \$5,104,000 and a new term loan in the amount of \$319,000. Scheduled annual maturities of these notes and postretirement health benefits are as follows:

#### Fiscal year ending June 30,

2016	\$ 343,942
2017	355,917
2018	374,972
2019	308,344
2020	294,716
Thereafter	<u>3,449,478</u>
Total	<u>\$ 5,127,369</u>

The Association has a Board approved policy that provides medical insurance benefits to qualifying retired employees. To qualify, employees must be age 55 or older and retire as an employee of the Association with ten years of continuous credited service.

Medical benefits cover the period from retirement until qualified retirees reach age 65, the age of eligibility for Medicare, or acquire health care coverage with another employer.

# ASSOCIATION OF CALIFORNIA SCHOOL ADMINISTRATORS AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

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The liability recognized for such benefits is based on future estimated health insurance premiums, discounted to the present value, and accrued as employees accumulate the ten years of service leading up to age 55 for current employees and similarly for employees taking the early retirement option up to age 65. Medical insurance benefits are funded as benefits are paid.

### 7. OPERATING LEASE COMMITMENTS

The Association leases automobiles, computer equipment, and other equipment under non-cancelable operating leases. Total future minimum lease payments under these operating leases are as follows:

**Fiscal year ending June 30:**

2016	\$ 121,264
2017	76,205
2018	<u>7,203</u>
Total	<u>\$ 204,672</u>

### 8. LINE OF CREDIT

The Association has a \$750,000 revolving line of credit with Bank of America expiring December 31, 2015, with an interest rate equal to the BBA LIBOR Daily Floating Rate plus 4.25%. There was no outstanding balance as of June 30, 2015 and 2014.

### 9. RETIREMENT PLAN

The Association has a defined contribution 401(k) plan covering substantially all employees. Total contributions by the Association for 2015 and 2014 were \$813,992 and \$783,057, respectively. Employer contributions vest after three years.

### 10. DESIGNATED CASH

The Association's Board of Directors has designated a portion of cash to support the following activities:

	<b><u>2015</u></b>	<b><u>2014</u></b>
AMS and website projects	\$ 678,980	\$ 874,608
Legal defense	<u>408,256</u>	<u>450,719</u>
Total	<u>\$ 1,087,236</u>	<u>\$ 1,325,327</u>



# **ASSOCIATION OF CALIFORNIA SCHOOL ADMINISTRATORS AND AFFILIATES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014**

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### **11. CONCENTRATIONS OF CREDIT RISK**

The Association maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts. Management believes the Association is not exposed to any significant credit risk related to cash.

Investments are purchased through an investment advisor and are diversified to limit the concentration of credit risk. Investments are unsecured.

### **12. RELATED PARTY TRANSACTION**

The Association entered into a new principal residence relocation loan agreement with its Executive Director (Director) in August 2014. The Association agreed to loan the Director \$124,771 to assist him in the relocation of his new principal residence to the greater Sacramento area. Simple interest accrues at a variable per annum rate tied to the interest rate earned by the Association from the Association's main checking account and starting at one-half percent (0.5%). This loan is secured by the deed of trust to the property. The term of the loan is indefinite; however it becomes due in full if the Director sells the property or within 12 months after the Director's cessation of employment with the Association. As of June 30, 2015, the unpaid balance of this loan totaled \$124,297 and is included in accounts receivable on the consolidated statements of financial position.

## **SUPPLEMENTAL SCHEDULES**

# ASSOCIATION OF CALIFORNIA SCHOOL ADMINISTRATORS AND AFFILIATES

## CONSOLIDATING STATEMENTS OF FINANCIAL POSITION JUNE 30, 2015

<b>ASSETS</b>	<b><u>ACSA</u></b>	<b><u>FEA</u></b>	<b><u>SASS</u></b>	<b><u>BSC</u></b>	<b><u>PACs</u></b>	<b><u>Consolidated</u></b>
<b>CURRENT ASSETS:</b>						
Cash and cash equivalents	\$ 1,954,827	\$ 1,252,891	\$ 2,931			\$ 3,210,649
Restricted cash					\$ 1,089,368	1,089,368
Member receivables	698,864					698,864
Other accounts receivable	388,938	321,055				709,993
Prepaid expenses and other current assets	<u>60,859</u>	<u>74,472</u>				<u>135,331</u>
Total current assets	3,103,488	1,648,418	2,931		1,089,368	5,844,205
<b>INVESTMENTS</b>			1,504,371			1,504,371
<b>PROPERTY AND EQUIPMENT – Net</b>	<u>8,800,790</u>					<u>8,800,790</u>
<b>TOTAL ASSETS</b>	<u>\$ 11,904,278</u>	<u>\$ 1,648,418</u>	<u>\$ 1,507,302</u>	<u>\$</u>	<u>\$ 1,089,368</u>	<u>\$ 16,149,366</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>						
<b>CURRENT LIABILITIES:</b>						
Accounts payable	\$ 324,031	\$ 524,839	\$ 2,886			\$ 851,756
Rebates payable to regions	115,302					115,302
Current portion of long-term obligations	343,942					343,942
Accrued expenses	517,348					517,348
Lease deposits	41,837					41,837
Deferred registration and other fees	116,533	570,159				686,692
Deferred membership fees	<u>289,876</u>					<u>289,876</u>
Total current liabilities	1,748,869	1,094,998	2,886			2,846,753
<b>LONG-TERM OBLIGATIONS</b>	<u>4,783,427</u>					<u>4,783,427</u>
<b>TOTAL LIABILITIES</b>	6,532,296	1,094,998	2,886			7,630,180
<b>DUE TO (FROM) AFFILIATES</b>	(10,180,189)	10,087,472	734,594	\$ 20,192	\$ (662,069)	
<b>MEMBERS' EQUITY – Unrestricted</b>	<u>15,552,171</u>	<u>(9,534,052)</u>	<u>769,822</u>	<u>(20,192)</u>	<u>1,751,437</u>	<u>8,519,186</u>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<u>\$ 11,904,278</u>	<u>\$ 1,648,418</u>	<u>\$ 1,507,302</u>	<u>\$</u>	<u>\$ 1,089,368</u>	<u>\$ 16,149,366</u>

# ASSOCIATION OF CALIFORNIA SCHOOL ADMINISTRATORS AND AFFILIATES

## CONSOLIDATING STATEMENTS OF FINANCIAL POSITION JUNE 30, 2014

<b>ASSETS</b>	<b><u>ACSA</u></b>	<b><u>FEA</u></b>	<b><u>SASS</u></b>	<b><u>BSC</u></b>	<b><u>PACs</u></b>	<b><u>Consolidated</u></b>
<b>CURRENT ASSETS:</b>						
Cash and cash equivalents	\$ 2,679,893	\$ 353,438	\$ 5,633			\$ 3,038,964
Restricted cash					\$ 788,857	788,857
Member receivables	600,121					600,121
Other accounts receivable	113,899	394,894				508,793
Prepaid expenses and other current assets	104,191	60,149				164,340
Total current assets	3,498,104	808,481	5,633		788,857	5,101,075
<b>INVESTMENTS</b>			1,500,794			1,500,794
<b>PROPERTY AND EQUIPMENT – Net</b>	9,022,126					9,022,126
<b>TOTAL ASSETS</b>	<u>\$ 12,520,230</u>	<u>\$ 808,481</u>	<u>\$ 1,506,427</u>	<u>\$</u>	<u>\$ 788,857</u>	<u>\$ 15,623,995</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>						
<b>CURRENT LIABILITIES:</b>						
Accounts payable	\$ 180,282	\$ 371,757	\$ 3,764			\$ 555,803
Rebates payable to regions	61,170					61,170
Current portion of long-term obligations	224,392					224,392
Accrued expenses	453,503					453,503
Lease deposits	41,837					41,837
Deferred registration and other fees	208,821	614,632				823,453
Deferred membership fees	358,690					358,690
Total current liabilities	1,528,695	986,389	3,764			2,518,848
<b>LONG-TERM OBLIGATIONS</b>	5,099,441					5,099,441
<b>TOTAL LIABILITIES</b>	6,628,136	986,389	3,764			7,618,289
<b>DUE TO (FROM) AFFILIATES</b>	(9,367,558)	9,359,045	653,853	\$ 19,392	\$ (664,732)	
<b>MEMBERS' EQUITY – Unrestricted</b>	15,259,652	(9,536,953)	848,810	(19,392)	1,453,589	8,005,706
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<u>\$ 12,520,230</u>	<u>\$ 808,481</u>	<u>\$ 1,506,427</u>	<u>\$</u>	<u>\$ 788,857</u>	<u>\$ 15,623,995</u>

# ASSOCIATION OF CALIFORNIA SCHOOL ADMINISTRATORS AND AFFILIATES

## CONSOLIDATING STATEMENTS OF ACTIVITIES YEAR ENDED JUNE 30, 2015

	<u>ACSA</u>	<u>FEA</u>	<u>SASS</u>	<u>BSC</u>	<u>PACs</u>	<u>Consolidated</u>
REVENUES:						
Membership fees	\$ 11,031,086	\$ 104,697				\$ 11,135,783
Registration fees	1,725	4,241,587				4,243,312
Sponsorships	288,678	855,800				1,144,478
Advertising income	915,577					915,577
PAC contributions					\$ 737,431	737,431
Rental income	577,327					577,327
Legal support	106,380					106,380
Subscription fees	6,495	99,010				105,505
Publications		15,728				15,728
Interest and investment income	1,242		\$ 3,577			4,819
Other	53,816	5,312	13,531			72,659
Total revenues	<u>12,982,326</u>	<u>5,322,134</u>	<u>17,108</u>		<u>737,431</u>	<u>19,058,999</u>
EXPENSES:						
Program services:						
Professional development	1,421,594	5,317,452				6,739,046
Governmental relations	2,604,819				439,583	3,044,402
Communications	2,313,178	1,340				2,314,518
Member services	1,731,853	441	96,096	\$ 800		1,829,190
Regions	1,652,279					1,652,279
Professional assistance	1,115,257					1,115,257
Committees	492,106					492,106
Total program services	<u>11,331,086</u>	<u>5,319,233</u>	<u>96,096</u>	<u>800</u>	<u>439,583</u>	<u>17,186,798</u>
Supporting services:						
Governance	688,194					688,194
Operating/financial services	468,832					468,832
Executive	201,695					201,695
Total supporting services	<u>1,358,721</u>					<u>1,358,721</u>
Total expenses	<u>12,689,807</u>	<u>5,319,233</u>	<u>96,096</u>	<u>800</u>	<u>439,583</u>	<u>18,545,519</u>
INCREASE (DECREASE) IN MEMBERS' EQUITY	292,519	2,901	(78,988)	(800)	297,848	513,480
MEMBERS' EQUITY, Beginning of Year	<u>15,259,652</u>	<u>(9,536,953)</u>	<u>848,810</u>	<u>(19,392)</u>	<u>1,453,589</u>	<u>8,005,706</u>
MEMBERS' EQUITY, End of Year	<u>\$ 15,552,171</u>	<u>\$ (9,534,052)</u>	<u>\$ 769,822</u>	<u>\$ (20,192)</u>	<u>\$ 1,751,437</u>	<u>\$ 8,519,186</u>

# ASSOCIATION OF CALIFORNIA SCHOOL ADMINISTRATORS AND AFFILIATES

## CONSOLIDATING STATEMENTS OF ACTIVITIES YEAR ENDED JUNE 30, 2014

	<u>ACSA</u>	<u>FEA</u>	<u>SASS</u>	<u>BSC</u>	<u>PACs</u>	<u>Consolidated</u>
REVENUES:						
Membership fees	\$ 10,305,863	\$ 116,742				\$ 10,422,605
Registration fees	892	3,702,539				3,703,431
Sponsorships	130,317	657,829			\$ 20	788,166
Advertising income	779,250					779,250
PAC contributions					406,263	406,263
Rental income	626,182					626,182
Legal support	110,510					110,510
Subscription fees	9,737	101,300				111,037
Publications		30,574				30,574
Interest and investment income	861		\$ 178,189			179,050
Other	92,118	1,587	12,812			106,517
Total revenues	<u>12,055,730</u>	<u>4,610,571</u>	<u>191,001</u>		<u>406,283</u>	<u>17,263,585</u>
EXPENSES:						
Program services:						
Professional development	1,326,927	4,611,977				5,938,904
Governmental relations	2,280,902				135,259	2,416,161
Communications	2,159,812	1,073				2,160,885
Member services	1,746,672	530	89,354	\$ 800		1,837,356
Regions	1,180,445					1,180,445
Professional assistance	895,231					895,231
Committees	447,864					447,864
Total program services	<u>10,037,853</u>	<u>4,613,580</u>	<u>89,354</u>	<u>800</u>	<u>135,259</u>	<u>14,876,846</u>
Supporting services:						
Governance	820,620					820,620
Operating/financial services	438,080					438,080
Executive	188,466					188,466
Total supporting services	<u>1,447,166</u>					<u>1,447,166</u>
Total expenses	<u>11,485,019</u>	<u>4,613,580</u>	<u>89,354</u>	<u>800</u>	<u>135,259</u>	<u>16,324,012</u>
INCREASE (DECREASE) IN MEMBERS' EQUITY	570,711	(3,009)	101,647	(800)	271,024	939,573
MEMBERS' EQUITY, Beginning of Year	<u>14,688,941</u>	<u>(9,533,944)</u>	<u>747,163</u>	<u>(18,592)</u>	<u>1,182,565</u>	<u>7,066,133</u>
MEMBERS' EQUITY, End of Year	<u>\$ 15,259,652</u>	<u>\$ (9,536,953)</u>	<u>\$ 848,810</u>	<u>\$ (19,392)</u>	<u>\$ 1,453,589</u>	<u>\$ 8,005,706</u>