

Marco Seidman, CPA PC

**MASSACHUSETTS SCHOOL
ADMINISTRATORS' ASSOCIATION, INCORPORATED**

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2020 AND 2019**

Marco Seidman, CPA PC

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED

JUNE 30, 2020 AND 2019

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Marco Seidman, CPA PC

177 Worcester Street, Suite 203

Wellesley, MA 02481

November 3, 2020

508-650-3900

Independent Auditors' Report

To The Board of Directors
Massachusetts School
Administrators' Association, Incorporated
Franklin, Massachusetts

We have audited the accompanying financial statements of Massachusetts School Administrators' Association, Incorporated (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and June 30, 2019, 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

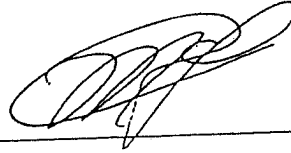
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Massachusetts School Administrators' Association, Incorporated as of June 30, 2020 and 2019 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.

Emphasis of Matter

The World Health Organization has declared COVID-19 a global pandemic leading to broader global economic uncertainties. On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief and Economic Security ("CARES") Act to provide certain relief as a result of the COVID-19 pandemic. The Association is currently evaluating the impacts COVID-19 and the CARES Act will have on its financial position, results of operations, and cash flows (see Notes 10 and 11). Our opinion is not modified with respect to this matter.



MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash	\$ 101,238	\$ 213,628
Investments available for sale (Notes 1 and 2) (Cost \$1,008,717 for 2020 and \$1,024,007 for 2019)	1,082,354	1,249,815
Accounts receivable (Note 1) Conference fees receivable, net of allowance for doubtful accounts of \$10,158 for 2020 and \$12,477 for 2019	81,949	202,245
Prepaid expenses	5,719	78,807
TOTAL CURRENT ASSETS	<u>1,271,260</u>	<u>1,744,495</u>
Postretirement Obligation-overfunded (Note 5)	259,202	358,110
Property and Equipment, net (Notes 1 and 3)	<u>77,107</u>	<u>135,851</u>
<u>Total Assets</u>	<u>\$ 1,607,569</u>	<u>\$ 2,238,456</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 33,728	\$ 20,600
Deferred dues revenue (Note 1)	5,780	4,390
Deferred program revenue (Note 1)	50,264	447,385
Due to related party (Note 4)	7,452	8,828
Postretirement obligations, current portion (Notes 1 and 5)	4,446	6,638
Agency Funds	20,400	21,812
TOTAL CURRENT LIABILITES	<u>122,070</u>	<u>509,653</u>
<u>Noncurrent Liabilities:</u>		
Accrued pension benefits (Notes 1 and 5)	65,970	-
Accrued vacation and sick pay (Note 5)	54,834	47,560
TOTAL NONCURRENT LIABILITES	<u>120,804</u>	<u>47,560</u>
<u>Total Liabilities</u>	242,874	557,213
<u>Net Assets</u>		
Without donor restrictions	1,364,695	1,681,243
TOTAL NET ASSETS	<u>1,364,695</u>	<u>1,681,243</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 1,607,569</u>	<u>\$ 2,238,456</u>

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u>		
<u>Revenue and Support</u>		
Association conferences	\$ 1,029,705	\$ 1,235,892
Student council	548,806	622,355
State dues	545,049	553,235
Cheerleading/Dance	141,359	152,142
PPP Loan Forgiveness	70,052	-
Grant Income	60,000	44,000
National Honor Society	27,265	33,190
Miscellaneous	16,462	28,731
Corporate support	14,113	30,498
	<hr/>	<hr/>
Total revenue and support without donor restrictions	2,452,811	2,700,043
 <u>Expenses</u>		
Program services:		
Student activities	783,611	856,257
Professional development	1,099,475	1,181,217
Membership	171,110	161,089
Total program expense	<hr/> 2,054,196	<hr/> 2,198,563
General and administrative	408,855	420,113
Fundraising	11,684	12,007
	<hr/>	<hr/>
Total expenses	2,474,735	2,630,683
	<hr/>	<hr/>
Change in net assets from operations (balance forward)	\$ (21,924)	\$ 69,360

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED
STATEMENTS OF ACTIVITIES (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Balance brought forward	\$ (21,924)	\$ 69,360
<u>Other Income without Donor Restriction</u>		
Investment Return, net	<u>(67,460)</u>	<u>90,897</u>
<u>Increase (Decrease) In Net Assets without Donor Restrictions from Operating Activities</u>	(89,384)	160,257
<u>Postretirement Benefit Changes Other Than Net Periodic Pension Costs (Note 5)</u>	<u>(227,164)</u>	<u>319,355</u>
<u>Increase (Decrease) In Net Assets without Donor Restrictions</u>	(316,548)	479,612
<u>Net Assets without Donor Restrictions At Beginning Of Year</u>	<u>1,681,243</u>	<u>1,201,631</u>
<u>Net Assets without Donor Restrictions At End Of Year</u>	<u>\$ 1,364,695</u>	<u>\$ 1,681,243</u>

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ (316,548)	\$ 479,612
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	68,946	-
Unrealized (gain) loss on investments	152,170	(48,199)
PPP loan forgiveness	(70,052)	-
(Increase) decrease in assets:		
Accounts receivable	120,296	1,410
Prepaid expenses	73,088	14,082
Postretirement benefits overfunded	98,908	-
Increase (decrease) in liabilities:		
Accrued postretirement benefits	71,052	(270,829)
Accounts payable	13,128	5,443
Deferred dues revenue	1,390	102
Deferred program revenue	(397,121)	(53,198)
Due to related party	(1,376)	(5,192)
Agency Funds	(1,412)	(6,120)
Net cash provided (used) by operating activities	(187,531)	117,111
<u>Cash Flows From Investing Activities</u>		
Purchase of fixed assets	(10,202)	(37,316)
Proceeds from sale of investments	560,163	494,123
Purchase of investments	(544,872)	(536,822)
Net cash provided (used) by investing activities	5,089	(80,015)
<u>Cash Flows From Financing Activities</u>		
PPP loan proceeds	70,052	-
Net cash provided (used) by financing activities	70,052	-
<u>Increase (Decrease) in cash</u>	(112,390)	37,096
<u>Cash At Beginning of Year</u>	213,628	176,532
<u>Cash At End of Year</u>	\$ 101,238	\$ 213,628

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 1. Summary of Significant Accounting Policies

A summary of significant accounting policies employed by the Association is as follows:

Nature of Activities

The Massachusetts School Administrators' Association, Incorporated ("the Association"), formerly named the Massachusetts Secondary School Administrators' Association, Inc. is a non-profit organization whose purpose is to support the best possible educational opportunities for elementary, middle and high school students throughout Massachusetts by initiating leadership training and providing services designed to improve administration and instruction.

The Association advocates positions on significant statewide educational matters. The Association supports and administers non-athletic activities.

The Association's support comes primarily from member dues, professional development initiatives, and non-athletic activities in Massachusetts.

Basis of Presentation

The Association reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those the donor stipulates that resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Association, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred Revenue

Dues and program revenues received prior to the period to which they are related are recorded as deferred revenue.

Income Tax Status

The Association is exempt from federal income and state excise taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities in 2020 and 2019. Therefore, the Association has made no provision for federal income and state excise tax in the accompanying financial statements.

Investments

The Association follows ASC 958-320, *Not-for-Profit Entities – Investments – Debt and Equity Securities*. Under ASC 958-320 investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Accounts Receivable

Accounts receivable are reported at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the year in which those differences are determined. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Property and Equipment

Property and equipment are recorded at cost. The Association capitalizes property and equipment with costs greater than \$1,000 and with useful lives in excess of one year. Depreciation is recorded using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives are as follows:

Office furniture	Five Years
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MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

Note 1. Summary of Significant Accounting Policies (Continued)

Postretirement Benefits

The Association has adopted Financial Accounting Standard Board Codification FASB ASC 715 *Employers' Accounting for Postretirement Benefits*. FASB ASC 715 requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in the Statement of Financial Position and to recognize changes in funded status in the year in which the changes occur through changes in unrestricted net assets.

Fair Values of Financial Instruments

FASB ASC 825-10 requires the Association to disclose estimated fair values for its financial instruments. Fair value estimates, methods, and assumptions are set forth below for the Association's financial instruments.

The carrying amounts of cash, receivables, and accounts payable approximate fair value because of the relatively short maturity of those instruments. Marketable securities are valued at quoted prices in active markets.

Use of Estimates

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

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Expense Allocation

The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses (Note 8) presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Occupancy and depreciation are allocated based on square footage. Personnel costs, professional services, office expense, information technology, insurance, and other expenses are allocated based on time and effort.

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

Note 2. Investments

Investments are reported at aggregate fair value based on quoted market prices for those investments (level 1 measurement). Unrealized gains and losses are included in earnings and reported in the statements of activities. The specific identification cost basis is used to determine realized gain or loss of securities. All securities are considered available for sale. Money market funds held within the brokerage accounts are treated as investments.

The Association held the following investments at June 30, 2020 and 2019:

<u>June 30, 2020</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Equity and debt securities	\$ 991,136	\$ 1,064,573	\$ 73,437
Money market funds	<u>17,581</u>	<u>17,581</u>	<u>-</u>
	<u>\$ 1,008,717</u>	<u>\$ 1,082,154</u>	<u>\$ 73,437</u>
<u>June 30, 2019</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Equity and debt securities	\$ 992,473	\$ 1,218,281	\$ 225,808
Money market funds	<u>31,534</u>	<u>31,534</u>	<u>-</u>
	<u>\$ 1,024,007</u>	<u>\$ 1,249,815</u>	<u>\$ 225,808</u>

Components of investment return are as follows:

	<u>2020</u>	<u>2019</u>
Unrealized gains (losses)	\$ (152,170)	\$ 48,199
Realized gains (losses)	46,506	20,909
Interest and dividends (reinvested)	42,531	31,616
Total unrestricted investment income	\$ (63,133)	\$ 100,724
Investment Expense	<u>(4,327)</u>	<u>(9,827)</u>
Investment Return, net	<u>\$ (67,460)</u>	<u>\$ 90,897</u>

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

Note 2. Investments (Continued)

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair market value hierarchy are described below:

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

(ii) Level 2-Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

(iii) Level 3-Inputs to the valuation methodology are unobservable with asset values based on models. Assumptions from market participants are used when pricing the asset or liability, given there is no readily available market information on them. Level 3 assets are not actively traded, and their values can only be estimated using a combination of complex market prices, mathematical models, and subjective assumptions.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Note 3. Property and Equipment

Property and equipment consists of the following:

	<u>2020</u>	<u>2019</u>
Office furniture and equipment	\$ 135,930	\$ 193,653
Less: Accumulated depreciation	<u>(58,823)</u>	<u>(57,802)</u>
	<u>\$ 77,107</u>	<u>\$ 135,851</u>

Depreciation charged to operations totaled \$68,946 and \$0 for the years ended June 30, 2020 and 2019, respectively. \$67,925 of June 2020 depreciation represents software development costs expensed during the year.

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

Note 4. Related Party Transactions

The Association shares employees and facilities with the Massachusetts Interscholastic Athletic Association, Inc. ("MIAA"). Rent payments to MIAA total \$58,000 and \$55,000 for the years ended June 30, 2020 and 2019, respectively. Several employees including executive staff perform services for the Association and MIAA. The salaries of individuals working for both organizations, occupancy costs (including rent), and other mutual expenses totaling \$774,184 and \$745,291 were allocated to the Association for the years ended June 30, 2020 and 2019, respectively.

The Association owed \$7,452 and \$8,828 to MIAA at June 30, 2020 and 2019, respectively.

Note 5. Pension and Other Post-Retirement Plans

The Association maintains a 403(b) Plan, the MIAA/MSAA Pension Plan (the "Pension Plan"), which was originally effective July 1, 1996. The Association contributes to the Plan on behalf of eligible employees (as defined in the Plan), a percentage of Plan Compensation from 7% to 11.5% based on years of Service regardless of whether a Participant makes pre-tax contributions to the Plan. The Association's contribution is subject to 100% vesting upon entry.

Effective July 1, 2008, the Association established the MIAA/MSAA Retirement Plan (the "Retirement Plan"), a contributory defined benefit pension plan for its eligible employees (as defined in the Plan). The Retirement Plan benefit formula is generally based on the Massachusetts Teachers' Retirement System Plan. The Plan's benefit formula considers age, years of service (up to a maximum of 32 years) and applies a percentage factor to Plan defined compensation. The resulting amount is offset by a calculation (as specified in the Plan) that annuitizes the "Theoretical Employer Account Balance" attributable to the Association's contribution to the MIAA/MSAA pension 403(b) plan. The benefit amount is then further offset by the Participant's annual Social Security Benefit (as defined in the Plan) payable at their Social Security retirement Age. This figure ("Benefit 1") is then grossed up using the applicable Massachusetts state income tax rate. The Participant's annual Normal Retirement Benefit is then determined to be the greater of (i) Benefit 1 or (ii) a minimum annual benefit of \$120.00 times a Participant's Years of Service. The Normal Retirement Benefit is subject to a seven-year graded vesting schedule. Participants are guaranteed of receiving at a minimum, a return of the participant's "Mandatory Employee Contributions" of 4.8% of salary with interest, in accordance with Plan terms.

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

Note 5. Pension and Other Post-Retirement Plans (Continued)

The Association also maintains the MIAA/MSAA Post-Retirement Medical Insurance Premium Plan (the "Plan"), effective July 1, 2008, to subsidize the cost of post-retirement medical insurance premiums for the Association's post-retirement medical insurance policy then in effect for eligible retired employees and their "Immediate Family Members" ("Participants") (as defined in the Plan), based on Years of Service. In order to fund the Association's share of the cost, it established a Voluntary Employee Benefit Association or "VEBA" pursuant to Sections 501 (c) (9) and 512 of the Internal Revenue Code of 1986 as amended.

During 2019 the Association amended the post-retirement medical insurance plan to cap benefits to \$250 per month for retiree and his/her spouse.

The accrued underfunded (overfunded) postretirement benefits reflected in the statement of financial position is made up of the following:

	<u>2020</u>	<u>2019</u>
Accrued pension benefits (overfunded)	\$ -	\$ (88,418)
Accrued postretirement health benefits (overfunded)	(254,756)	(263,054)
Add: Current portion	4,446	6,638
Postretirement benefits (overfunded)	<u>\$ (259,202)</u>	<u>\$ (358,110)</u>
	<u>2020</u>	<u>2019</u>
Accrued pension benefits underfunded	<u>\$ 65,970</u>	<u>\$ -</u>
Accrued vacation and sick pay	<u>\$ 54,834</u>	<u>\$ 47,560</u>
Postretirement obligations current portion	<u>\$ (4,446)</u>	<u>\$ (6,638)</u>

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

Note 5. Pension and Other Post-Retirement Plans (Continued)

The following table sets forth the funded status of both postretirement plans reconciled with the amount shown in the Association's statement of financial position at June 30, 2020 and 2019.

	<u>Pension Benefits</u>		<u>Postretirement Health Benefits</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Postretirement benefit obligation	\$ 839,662	\$ 749,620	\$ 185,578	\$ 209,584
Plan assets at fair value	<u>(773,692)</u>	<u>(838,038)</u>	<u>(440,334)</u>	<u>(472,638)</u>
Postretirement benefit obligation in excess of plan assets included in the Statements of Financial Position (Assets Exceed Obligation)	\$ 65,970	\$ (88,418)	\$(254,756)	\$(263,054)
Employer contributions	-	-	-	-
Participant contributions	26,144	29,190	6,254	5,911
Benefits paid	22,234	23,056	6,254	5,911

The accumulated postretirement benefit is the portion of the total obligation earned to date and is used as the postretirement health benefit obligation in these financial statements.

Included under Insurance and Employee Benefits are the following pension and postretirement health plan expenses.

	<u>2020</u>	<u>2019</u>
Pension Plan	\$ (7,061)	\$ (47,365)
403(b) Plan	48,936	53,314
Postretirement health benefits	<u>(57,417)</u>	<u>80,105</u>
	<u>\$ (15,542)</u>	<u>\$ 86,054</u>

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

Note 5. Pension and Other Post-Retirement Plans (Continued)

Net periodic postretirement benefit costs for June 30, 2020 and 2019 included the following components:

	Pension Benefits		Postretirement Health Benefits	
	2020	2019	2020	2019
Service cost – benefits attributed to service during the period	\$ -	\$ -	\$ 10,631	\$ 55,408
Interest cost on accumulated postretirement benefit obligation	23,531	15,750	6,704	30,813
Expected return on plan assets	(65,800)	(63,115)	(14,126)	(13,267)
Amortization of transition obligation	-	-	9,502	9,502
Prior Service Cost	-	-	(79,345)	(6,143)
Recognition of (gains)/losses	35,208	-	9,217	3,792
Net periodic postretirement benefit cost deducted in the Statements of Activities	<u>\$ (7,061)</u>	<u>\$ (47,365)</u>	<u>\$ (57,417)</u>	<u>\$ 80,105</u>

The assumptions at June 30, used by the Association to calculate the benefit cost in the subsequent year are as follows:

Weighted-average assumptions	Pension Benefits		Postretirement Health Benefits	
Discount rate (beginning of period)	3.25%	3.875%	3.25%	4.125%
Discount rate (end of period)	3.25%	3.250%	3.25%	3.250%
Rate of increase in compensation levels (beginning of period)	5.00%	5.00%	-	-
Rate of increase in compensation levels (end of period)	5.00%	5.00%	-	-
Expected return on plan assets	8.00%	8.00%	3.00%	3.00%

The fair values of the Association's plan assets at June 30, 2020 by assets class are as follows:

Asset Class	Pension Benefits		Postretirement Health Benefits	
Cash	\$	14,167	\$	7,520
Equity securities		362,852		245,419
Mutual Funds		155,345		77,600
Equity Trusts		241,328		109,795
All level one measurements	<u>\$</u>	<u>773,692</u>	<u>\$</u>	<u>440,334</u>

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

Note 5. Pension and Other Post-Retirement Plans (Continued)

The following benefits are expected to be paid:

	Pension Benefits	Postretirement Health Benefits
2021	\$ 44,762	\$ 4,707
2022	44,724	5,359
2023	44,247	5,713
2024	43,636	6,414
2025	42,763	6,897
Years 2026-2030	218,736	56,347

Note 6. Commitments

On December 2, 2009 the Board of Directors voted and the Association agreed to continue the disability benefits for two executives beyond the point at which the Association disability policy stops coverage, for the duration of and to the extent of its obligation under their existing contracts. As of June 30, 2020, only one of the two executives remain under contract.

Note 7. Liquidity

The following reflects the Association's financial assets (cash, investments and receivables) as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Financial assets at year end	\$ 1,265,541	\$ 1,665,688
Less those unavailable for general expenditures within one year	-	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,265,541</u>	<u>\$ 1,665,688</u>

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

Note 8. Functional Classification of Expenses

As required by ASU 2016-14, all nonprofit organizations must present an analysis of expenses by their functional expense classification. The primary functional expense classifications are program services and supporting services. Expenses for the year ended June 30, 2019 and 2020, respectively, were allocated as follows

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total</u>	<u>To June 20</u>
	<u>Membership</u>	<u>Student Activities</u>	<u>Professional Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>		
	-----June 30, 2020-----						
Student activities	\$	\$ 717,900	\$	\$	\$	\$ 717,900	\$ 78
Professional development			690,815			690,815	76
Membership	38,199					38,199	2
Salaries	73,736	36,455	226,716	226,824	6,483	570,214	57
Insurance & employee benefits	11,744	5,806	36,108	36,125	1,033	90,816	202
Payroll taxes & administration	9,049	4,474	27,824	27,837	795	69,979	57
Office operations	13,637	6,742	41,930	41,950	1,199	105,458	105
Professional fees	8,821	4,361	27,122	27,135	775	68,214	53
Administrative expenses	3,824	1,891	11,757	11,763	336	29,571	30
Committee meetings	3,184	1,574	9,790	9,795	280	24,623	31
Depreciation	8,916	4,408	27,413	27,426	783	68,946	
Total	<u>\$ 171,110</u>	<u>\$ 783,611</u>	<u>\$ 1,099,475</u>	<u>\$ 408,855</u>	<u>\$ 11,684</u>	<u>\$2,474,735</u>	<u>\$2,630.6</u>

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

Note 9. Concentration of Credit Risk

The checking accounts are subject to potential concentration of credit risk. At times, the balances in these accounts may be in excess of federally insured limits.

Note 10. Pandemic

The pandemic has had a significant effect on operations, and has resulted in reduced revenue and reduced expenses. Revenue is lower by \$247,232 as compared to prior year and expenses are lower by \$155,948 as compared to prior year.

The association has benefited from a paycheck protection loan of \$70,052; this is expected to be fully forgiven – and has been included in income. The association has applied for an EIDL loan in the amount of \$150,000, which was received in the next fiscal year.

As discussed in the note concerning subsequent events, management is proactively addressing the pandemic and adjusting operations accordingly.

Note 11. Evaluation of Subsequent Events

The Association has evaluated subsequent events through November 3, 2020 the date which the financial statements were available to be issued.

The COVID-19 pandemic has had a significant effect on the Association's operations. In response, the Association has taken steps and implemented strategies to maintain cash flow and mitigate losses.

Loans of over \$200,000 have been obtained; the Association has a \$150,000 line of credit available. Although a loss for fiscal year ending June 30, 2021 is expected, as of November, 2020, the Association has over \$1,700,000 of liquid assets.