

Marco Seidman, CPA PC

**MASSACHUSETTS SCHOOL
ADMINISTRATORS' ASSOCIATION, INC.**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED
JUNE 30, 2019 AND 2018**

Marco Seidman, CPA PC

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INC.

JUNE 30, 2019 AND 2018

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November 22, 2019

508-650-3900

Independent Auditors' Report

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

We have audited the accompanying financial statements of Massachusetts School Administrators' Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and June 30, 2018, 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, Inc. as of June 30, 2019 and 2018 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of other general and administrative expense on page 20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash	\$ 213,628	\$ 176,532
Investments available for sale (Notes 1 and 2) (Cost \$1,024,007 for 2019 and \$981,309 for 2018)	1,249,815	1,158,917
Accounts receivable (Note 1) Conference fees receivable, net of allowance for doubtful accounts of \$12,477 for 2019 and \$11,765 for 2018	202,245	203,655
Prepaid expenses	78,807	92,889
TOTAL CURRENT ASSETS	1,744,495	1,631,993
Postretirement Obligation-overfunded (Note 5)	358,110	91,380
Property and Equipment, net (Notes 1 and 3)	135,851	98,535
<u>Total Assets</u>	<u>\$ 2,238,456</u>	<u>\$ 1,821,908</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 20,600	\$ 15,157
Deferred dues revenue (Note 1)	4,390	4,288
Deferred program revenue (Note 1)	447,385	500,583
Due to related party (Note 4)	8,828	14,020
Postretirement obligations, current portion (Notes 1 and 5)	6,638	26,523
Agency Funds	21,812	27,932
TOTAL CURRENT LIABILITES	509,653	588,503
<u>Accrued Postretirement Benefits,</u> <u>Net of Current Portion (Note 5)</u>	47,560	31,774
TOTAL LIABILITIES	557,213	620,277
<u>Net Assets</u>		
Without donor restrictions	1,681,243	1,201,631
TOTAL NET ASSETS	1,681,243	1,201,631
<u>Total Liabilities and Net Assets</u>	<u>\$ 2,238,456</u>	<u>\$ 1,821,908</u>

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

<u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u>	<u>2019</u>	<u>2018</u>
<u>Revenue and Support</u>		
Association conferences	\$ 1,235,892	\$ 1,033,207
Student council	622,355	686,714
State dues	553,235	574,425
Cheerleading/Dance	152,142	150,177
Grant Income	44,000	6,000
National Honor Society	33,190	34,755
Corporate support	30,498	12,206
Miscellaneous	<u>28,731</u>	<u>28,417</u>
Total revenue and support without donor restrictions	2,700,043	2,525,901
<u>Expenses</u>		
Program services:		
Student activities	788,736	832,554
Professional development	761,303	589,595
Membership	<u>24,518</u>	<u>52,904</u>
Total program expense	1,574,557	1,475,053
General and administrative		
Personnel costs:		
Salaries	575,262	559,164
Insurance and employee benefits	202,335	178,410
Payroll taxes and administration	57,833	55,944
Other general and administrative expenses	<u>220,696</u>	<u>255,607</u>
Total general and administrative expense	<u>1,056,126</u>	<u>1,049,125</u>
Total expenses	<u>2,630,683</u>	<u>2,524,178</u>
Change in net assets from operations (balance forward)	\$ 69,360	\$ 1,723

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Balance brought forward	\$ 69,360	\$ 1,723
<u>Other Income without Donor Restriction</u>		
Investment Return, net	<u>90,897</u>	<u>89,583</u>
<u>Increase (Decrease) In Net Assets without Donor Restrictions from Operating Activities</u>	160,257	91,306
<u>Postretirement Benefit Changes Other Than Net Periodic Pension Costs (Note 5)</u>	<u>319,355</u>	<u>365,122</u>
<u>Increase (Decrease) In Net Assets without Donor Restrictions</u>	479,612	456,428
<u>Net Assets without Donor Restrictions At Beginning Of Year</u>	<u>1,201,631</u>	<u>745,203</u>
<u>Net Assets without Donor Restrictions At End Of Year</u>	<u>\$ 1,681,243</u>	<u>\$ 1,201,631</u>

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ 479,612	\$ 456,428
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	-	749
Unrealized (gain) loss on investments	(48,199)	5,887
(Increase) decrease in assets:		
Accounts receivable	1,410	(57,613)
Prepaid expenses	14,082	4,058
Increase (decrease) in liabilities:		
Accrued postretirement benefits	(270,829)	(325,192)
Accounts payable	5,443	(14,422)
Deferred dues revenue	102	(5,542)
Deferred program revenue	(53,198)	156,519
Due to related party	(5,192)	3,981
Agency Funds	(6,120)	(5,840)
Net cash provided (used) by operating activities	<u>117,111</u>	<u>219,013</u>
<u>Cash Flows From Investing Activities</u>		
Purchase of software	(37,316)	(27,042)
Proceeds from sale of investments	494,123	405,620
Purchase of investments	(536,822)	(501,090)
Net cash provided (used) by investing activities	<u>(80,015)</u>	<u>(122,512)</u>
<u>Increase (Decrease) In Cash</u>	37,096	96,501
<u>Cash At Beginning of Year</u>	<u>176,532</u>	<u>80,031</u>
<u>Cash At End of Year</u>	<u>\$ 213,628</u>	<u>\$ 176,532</u>

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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, Inc. (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, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018

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 2019 and 2018. 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, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018

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 9) presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis. Personnel costs, professional services, office expense, information technology, insurance, and other expenses are allocated on the basis of estimates of time and effort.

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018

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, 2019 and 2018:

<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>
<u>June 30, 2018</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Equity and debt securities	\$ 952,592	\$ 1,130,200	\$ 177,608
Money market funds	<u>28,717</u>	<u>28,717</u>	<u>-</u>
	<u>\$ 981,309</u>	<u>\$ 1,158,917</u>	<u>\$ 177,608</u>

Components of investment return are as follows:

	<u>2019</u>	<u>2018</u>
Unrealized gains (losses)	\$ 48,199	\$ (5,887)
Realized gains (losses)	20,909	78,127
Interest and dividends (reinvested)	<u>31,616</u>	<u>24,128</u>
Total unrestricted investment income	\$ 100,724	\$ 96,368
Investment Expense	<u>(9,827)</u>	<u>(6,785)</u>
Investment Return, net	<u>\$ 90,897</u>	<u>\$ 89,583</u>

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018

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 and significant to the fair value measurement.

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>2019</u>	<u>2018</u>
Office furniture and equipment	\$ 193,653	\$ 156,337
Less: Accumulated depreciation	<u>(57,802)</u>	<u>(57,802)</u>
	<u>\$ 135,851</u>	<u>\$ 98,535</u>

Depreciation charged to operations totaled \$0 and \$749 for the years ended June 30, 2019 and 2018, respectively.

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018

Note 4. Related Party Transactions

The Association shares employees and facilities with the Massachusetts Interscholastic Athletic Association, Inc., (MIAA). Rent payments to MIAA total \$55,000 and \$50,000 for the years ended June 30, 2019 and 2018, 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 \$745,291 and \$713,049 were allocated to the Association for the years ended June 30, 2019 and 2018, respectively.

The Association owed \$8,828 and \$14,020 to MIAA at June 30, 2019 and 2018, 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 or not 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 Teacher's 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 for 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, (ii) a calculation (as defined in the Plan) based on the Participant's "Mandatory Employee Contributions" of 4.8% of salary with interest, in accordance with Plan terms or (iii) a minimum benefit of \$120.00 times a Participant's Years of Service. The Normal Retirement Benefit is subject to a seven-year graded vesting schedule.

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018

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>2019</u>	<u>2018</u>
Accrued pension benefits (overfunded)	\$ (88,418)	\$ (372,421)
Accrued postretirement health benefits (overfunded)	(263,054)	307,564
Add: Current portion	<u>6,638</u>	<u>26,523</u>
Postretirement benefits (overfunded)	<u>\$ (358,110)</u>	<u>\$ (91,380)</u>
	<u>2019</u>	<u>2018</u>
Accrued pension benefits underfunded	\$ -	\$ -
Accrued postretirement health benefits underfunded	-	-
Accrued vacation and sick pay	47,560	31,774
Less: Current portion	<u>-</u>	<u>-</u>
Accrued postretirement benefits, net of current portion	<u>\$ 47,560</u>	<u>\$ 31,744</u>

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018

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, 2019 and 2018.

	<u>Pension Benefits</u>		<u>Postretirement Health Benefits</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Postretirement benefit obligation	\$ 749,620	\$ 421,439	\$ 209,584	\$ 750,252
Plan assets at fair value	<u>(838,038)</u>	<u>(793,860)</u>	<u>(472,638)</u>	<u>(442,688)</u>
Postretirement benefit obligation in excess of plan assets included in the Statements of Financial				
Position (Assets Exceed Obligation)	\$ (88,418)	\$(372,421)	\$(263,054)	\$ 307,564
Employer contributions	-	-	-	-
Participant contributions	29,190	21,665	5,911	5,676
Benefits paid	23,056	23,205	5,911	5,676

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 in the Statement of Activities under Insurance and Employee Benefits are the following pension and postretirement health plan expenses.

	<u>2019</u>	<u>2018</u>
Pension Plan	\$ (47,365)	\$ (43,418)
403(b) Plan	53,314	48,311
Postretirement health benefits	<u>80,105</u>	<u>89,627</u>
	<u>\$ 86,054</u>	<u>\$ 94,520</u>

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018

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

Net periodic postretirement benefit costs for June 30, 2019 and 2018 included the following components:

	<u>Pension Benefits</u>		<u>Postretirement Health Benefits</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Service cost – benefits attributed to service during the period	\$ -	\$ -	\$ 55,408	\$ 58,492
Interest cost on accumulated postretirement benefit obligation	15,750	14,440	30,813	27,712
Expected return on plan assets	(63,115)	(57,858)	(13,267)	(12,281)
Amortization of transition obligation	-	-	9,502	9,502
Prior Service Cost	-	-	(6,143)	(6,143)
Recognition of (gains)/losses	-	-	3,792	12,345
Net periodic postretirement benefit cost deducted under administrative operations in the Statements of Activities	<u>\$ (47,365)</u>	<u>\$ (43,418)</u>	<u>\$ 80,105</u>	<u>\$ 89,627</u>

The assumptions at June 30, used by the Association to calculate the benefit obligations as of that date and to determine the benefit cost in the subsequent year are as follows:

	<u>Pension Benefits</u>		<u>Postretirement Health Benefits</u>	
	Weighted-average assumptions			
Discount rate (beginning of period)	3.875%	3.625%	4.125%	3.875%
Discount rate (end of period)	3.25%	3.875%	3.250%	4.125%
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%
Health care cost trend rates:				
Pre-Medicare	-	-	5.50%	5.50%
Medicare	-	-	2.50%	2.50%

The fair values of the Association's plan assets at June 30, 2019 by assets class are as follows:

<u>Asset Class</u>	<u>Pension Benefits</u>	<u>Postretirement Health Benefits</u>
Cash	\$ 16,292	\$ 12,693
Equity securities	445,313	313,540
Mutual Funds	149,888	44,976
Equity Trusts	<u>226,545</u>	<u>101,429</u>
All level one measurements	<u>\$838,038</u>	<u>\$472,638</u>

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018

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

The following benefits are expected to be paid:

	Pension Benefits	Postretirement Health Benefits
2020	\$ 47,266	\$ 6,927
2021	46,307	7,495
2022	45,742	8,305
2023	44,875	8,797
2024	43,953	9,485
Years 2025-2029	216,703	58,534

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, 2019, only one of the two executives remain under contract

Note 7. Changes in Accounting Principles

1) On August 18, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topics 958)- Presentation of Financial Statements of Not-for-Profit Entities*. The Association has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Organization's financial statements:

- The temporarily restricted net asset class has been renamed *net assets with donor restrictions*.
- The unrestricted net asset class has been renamed *net assets without donor restrictions*.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 8).

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018

Note 7. Changes in Accounting Principles (continued)

The changes have the following effect on net assets as of June 30, 2018:

Net Asset Class	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-4</u>
Unrestricted net assets	\$ 1,201,631	\$ -
Temporarily restricted net assets	\$ -	\$ -
Net assets without donor restrictions	\$ -	\$ 1,201,631
Net assets with donor restrictions	<u>\$ -</u>	<u>\$ -</u>
 Total net assets	 <u>\$ 1,201,631</u>	 <u>\$ 1,201,631</u>

2) Prior to the year ended June 30, 2019, the association changed a long standing policy of recording self-charged service fees to individual programs as a means of allocating salaries and administrative costs to programs. In place of this policy the association has gone to a direct allocation of salary and administrative costs in programs totaling the \$161,700. The prior year was restated to reflect this change.

Note 8. 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, 2019</u>
Financial assets at year end	\$ 1,658,918
Less those unavailable for general Expenditures within one year	-
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 1,658,918</u>

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018

Note 9. 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, were allocated as follows

	<u>Program Services</u>			<u>Supporting Services</u>		
	<u>Total</u>	<u>Membership</u>	<u>Student Activities</u>	<u>Professional Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>
Student activities	\$788,736	\$ -	\$ 788,736	\$ -	\$ -	\$ -
Professional development	761,303			761,303		
Membership	24,518	24,518				
Salaries	575,262	74,389	36,778	228,723	228,832	6,540
Insurance & employee benefits	202,335	26,165	12,936	80,448	80,486	2,300
Payroll taxes & administration	57,833	7,479	3,697	22,994	23,005	658
Office operations	105,602	13,656	6,751	41,987	42,007	1,201
Professional fees	53,152	6,872	3,399	21,134	21,143	604
Administrative expenses	30,800	3,983	1,969	12,246	12,252	350
Committee meetings	31,142	4,027	1,991	12,382	12,388	354
Total	<u>\$2,630,683</u>	<u>\$ 161,089</u>	<u>\$ 856,257</u>	<u>\$ 1,181,217</u>	<u>\$ 420,113</u>	<u>\$ 12,007</u>

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019 AND 2018

Note 10. 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 11. Evaluation of Subsequent Events

The Association has evaluated subsequent events through November 22, 2019 the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INC.
SCHEDULES OF OTHER GENERAL AND ADMINISTRATIVE EXPENSES
JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Other general and administrative		
Office operations	\$ 105,602	\$ 100,615
Professional fees	53,152	70,654
Administrative expenses	30,800	32,606
Committee meetings	31,142	35,165
Publication – Leader	-	16,567
	<u> </u>	<u> </u>
Total other general administrative expenses	<u>\$ 220,696</u>	<u>\$ 255,607</u>