

# Association of Metropolitan School Districts, Inc.

## Financial Statements Together with Independent Auditors' Report

June 30, 2019

# ASSOCIATION OF METROPOLITAN SCHOOL DISTRICTS, INC.

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Association of Metropolitan School Districts, Inc.  
Arden Hills, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of Association of Metropolitan School Districts, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019 and 2018, and the related statement of activities, functional expenses, 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.

### Auditors' 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 of 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 auditor's 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 Association of Metropolitan School Districts, 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 schedule of activities - budget and actual for the year ended June 30, 2019 on page 14, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for that portion marked "not audited", was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That 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, that information is fairly stated, in all material respects, in relation to the financial statements as a whole. The information marked "not audited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Roseville, Minnesota  
October 22, 2019

*Olsen Thielens & Co., Ltd.*

**ASSOCIATION OF METROPOLITAN SCHOOL DISTRICTS, INC.**

**STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2019 AND 2018**

| ASSETS                                       |                          |                          |
|--|--------------------------|--------------------------|
|  | <u>2019</u>              | <u>2018</u>              |
| <b>CURRENT ASSETS:</b>                       |                          |                          |
| Cash   | \$ 416,881               | \$ 426,517               |
| Receivables                                  | <u>—</u>                 | <u>618</u>               |
| Total Current Assets                         | <u>416,881</u>           | <u>427,135</u>           |
| <b>PROPERTY AND EQUIPMENT:</b>               |                          |                          |
| Leasehold Improvements                       | 7,741                    | —                        |
| Furniture and Equipment                      | <u>12,034</u>            | <u>19,936</u>            |
| Less Accumulated Depreciation                | <u>8,903</u>             | <u>10,483</u>            |
| Net Property and Equipment                   | <u>10,872</u>            | <u>9,453</u>             |
| <b>TOTAL ASSETS</b>                          | <b><u>\$ 427,753</u></b> | <b><u>\$ 436,588</u></b> |
| <b>LIABILITIES AND NET ASSETS</b>            |                          |                          |
| <b>CURRENT LIABILITIES:</b>                  |                          |                          |
| Accounts Payable                             | \$ 3,923                 | \$ 3,700                 |
| Accrued Expenses                             | 85,417                   | 82,707                   |
| Compensated Absences Payable                 | <u>17,017</u>            | <u>17,017</u>            |
| Total Current Liabilities                    | <u>106,357</u>           | <u>103,424</u>           |
| <b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b> | <b><u>321,396</u></b>    | <b><u>333,164</u></b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>      | <b><u>\$ 427,753</u></b> | <b><u>\$ 436,588</u></b> |

*The accompanying notes are an integral part of the financial statements.*

**ASSOCIATION OF METROPOLITAN SCHOOL DISTRICTS, INC.**

**STATEMENT OF ACTIVITIES  
YEARS ENDED JUNE 30, 2019 AND 2018**

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|  | <u>2019</u>       | <u>2018</u>       |
|--|-------------------|-------------------|
| REVENUES:  |                   |                   |
| Membership Dues  | \$ 443,071        | \$ 444,279        |
| Conference Fees and Other                                  | 4,086             | 9,984             |
| Interest Income  | 1,153             | 1,090             |
| Total Revenues   | <u>448,310</u>    | <u>455,353</u>    |
| EXPENSES:  |                   |                   |
| Program Expenses   | 380,166           | 367,577           |
| Management and General                                     | 79,912            | 76,567            |
| Total Expenses   | <u>460,078</u>    | <u>444,144</u>    |
| CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS            | (11,768)          | 11,209            |
| NET ASSETS WITHOUT DONOR RESTRICTIONS at Beginning of Year | <u>333,164</u>    | <u>321,955</u>    |
| NET ASSETS WITHOUT DONOR RESTRICTIONS at End of Year       | <u>\$ 321,396</u> | <u>\$ 333,164</u> |

*The accompanying notes are an integral part of the financial statements.*

**ASSOCIATION OF METROPOLITAN SCHOOL DISTRICTS, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2019**

|   | <b>2019</b>                 |                                       |                        |
|---|-----------------------------|---------------------------------------|------------------------|
|   | <b>Program<br/>Services</b> | <b>Management<br/>and<br/>General</b> | <b>Grand<br/>Total</b> |
| Committee   | \$ 11,744                   | \$ -                                  | \$ 11,744              |
| Executive Salaries                                  | 122,106                     | 13,567                                | 135,673                |
| Executive Benefits & Payroll Taxes                  | 46,310                      | 5,145                                 | 51,455                 |
| Executive Car Allowance                             | 4,860                       | 540                                   | 5,400                  |
| Session Lobbyist                                    | 48,212                      | -                                     | 48,212                 |
| Secretarial/Accounting Salary                       | -                           | 26,124                                | 26,124                 |
| Secretarial/Accounting Benefits & Payroll Taxes     | -                           | 5,134                                 | 5,134                  |
| Director of Comm. & Advoc. Salary                   | 67,846                      | 7,538                                 | 75,384                 |
| Director of Comm. & Advoc. Benefits & Payroll Taxes | 11,534                      | 1,282                                 | 12,816                 |
| Director of Comm. & Advoc. Car Allowance            | 2,544                       | 283                                   | 2,827                  |
| Office Lease  | 17,802                      | 1,978                                 | 19,780                 |
| Furniture and Fixtures                              | 1,102                       | -                                     | 1,102                  |
| Insurance   | 4,574                       | 1,525                                 | 6,099                  |
| Telephone   | 3,753                       | 417                                   | 4,170                  |
| Postage   | 34                          | 102                                   | 136                    |
| Printing/Copying and Office Equipment               | 4,583                       | 509                                   | 5,092                  |
| Supplies  | 1,340                       | 1,339                                 | 2,679                  |
| Publications  | 1,007                       | -                                     | 1,007                  |
| Association Memberships                             | 1,653                       | -                                     | 1,653                  |
| Miscellaneous                                       | 2,784                       | 2,784                                 | 5,568                  |
| Professional Fees                                   | -                           | 9,545                                 | 9,545                  |
| Legal Fees  | -                           | 465                                   | 465                    |
| Conference/Professional Development                 | 6,033                       | -                                     | 6,033                  |
| Catering  | 9,937                       | -                                     | 9,937                  |
| Depreciation  | 4,004                       | -                                     | 4,004                  |
| Research Projects                                   | 1,500                       | -                                     | 1,500                  |
| Technology  | 4,904                       | 1,635                                 | 6,539                  |
| <b>Total Expenses</b>                               | <b>\$ 380,166</b>           | <b>\$ 79,912</b>                      | <b>\$ 460,078</b>      |

*The accompanying notes are an integral part of the financial statements.*

**ASSOCIATION OF METROPOLITAN SCHOOL DISTRICTS, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES (Continued)  
YEAR ENDED JUNE 30, 2018**

|   | 2018                     |                              |                          |
|---|--------------------------|------------------------------|--------------------------|
|   | Program<br>Services      | Management<br>and<br>General | Grand<br>Total           |
| Committee   | \$ 9,318                 | \$ –                         | \$ 9,318                 |
| Executive Salaries                                  | 124,377                  | 13,820                       | 138,197                  |
| Executive Benefits & Payroll Taxes                  | 40,417                   | 4,491                        | 44,908                   |
| Executive Car Allowance                             | 4,860                    | 540                          | 5,400                    |
| Session Lobbyist                                    | 44,546                   | –                            | 44,546                   |
| Communication Consultant                            | 3,878                    | –                            | 3,878                    |
| Secretarial/Accounting Salary                       | –                        | 26,392                       | 26,392                   |
| Secretarial/Accounting Benefits & Payroll Taxes     | –                        | 4,618                        | 4,618                    |
| Director of Comm. & Advoc. Salary                   | 63,496                   | 7,055                        | 70,551                   |
| Director of Comm. & Advoc. Benefits & Payroll Taxes | 18,203                   | 2,022                        | 20,225                   |
| Director of Comm. & Advoc. Car Allowance            | 2,700                    | 300                          | 3,000                    |
| Office Lease  | 11,640                   | 1,293                        | 12,933                   |
| Insurance   | 2,297                    | 766                          | 3,063                    |
| Telephone   | 1,208                    | 134                          | 1,342                    |
| Postage   | 5                        | 16                           | 21                       |
| Printing/Copying and Office Equipment               | 3,996                    | 444                          | 4,440                    |
| Supplies  | 843                      | 842                          | 1,685                    |
| Publications  | 816                      | –                            | 816                      |
| Association Memberships                             | 1,227                    | –                            | 1,227                    |
| Miscellaneous                                       | 1,689                    | 1,689                        | 3,378                    |
| Professional Fees                                   | –                        | 10,167                       | 10,167                   |
| Conference/Professional Development                 | 6,369                    | –                            | 6,369                    |
| Catering  | 13,794                   | –                            | 13,794                   |
| Depreciation  | 3,220                    | –                            | 3,220                    |
| Research Projects                                   | 1,500                    | –                            | 1,500                    |
| Technology  | 5,934                    | 1,978                        | 7,912                    |
| Internship  | 1,244                    | –                            | 1,244                    |
| <b>Total Expenses</b>                               | <b><u>\$ 367,577</u></b> | <b><u>\$ 76,567</u></b>      | <b><u>\$ 444,144</u></b> |

*The accompanying notes are an integral part of the financial statements.*



**ASSOCIATION OF METROPOLITAN SCHOOL DISTRICTS, INC.**

**STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2019 AND 2018**

|   | <b>2019</b>        | 2018       |
|---|--------------------|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:   |                    |            |
| Change in Net Assets Without Donor Restrictions   | <b>\$ (11,768)</b> | \$ 11,209  |
| Adjustments to Reconcile Change in Net Assets to<br>Net Cash Flows From Operating Activities: |                    |            |
| Depreciation  | <b>4,004</b>       | 3,220      |
| Loss on Disposal of Equipment   | <b>2,318</b>       | 1,208      |
| Change in Current Liabilities   |                    |            |
| Accounts Receivable   | <b>618</b>         | (618)      |
| Accounts Payable  | <b>223</b>         | 100        |
| Accrued Expenses  | <b>2,710</b>       | (278)      |
| Net Cash Flows From Operating Activities  | <b>(1,895)</b>     | 14,841     |
| CASH FLOWS FROM INVESTING ACTIVITIES:   |                    |            |
| Payments for Purchase of Property and Equipment   | <b>(7,741)</b>     | (3,200)    |
| Net Cash Flows From Investing Activities  | <b>(7,741)</b>     | (3,200)    |
| NET CHANGE IN CASH  | <b>(9,636)</b>     | 11,641     |
| CASH at Beginning of Year   | <b>426,517</b>     | 414,876    |
| CASH at End of Year   | <b>\$ 416,881</b>  | \$ 426,517 |

*The accompanying notes are an integral part of the financial statements.*

# ASSOCIATION OF METROPOLITAN SCHOOL DISTRICTS, INC.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

#### **Nature of Activities**

The Association of Metropolitan School Districts, Inc. (a Minnesota nonprofit organization) (AMSD or Association) was formed as a consortium of Minnesota school districts under the provisions of the Joint Executive Powers Act of Minnesota Statutes. Beginning July 1, 2002, AMSD has elected exempt status as a nonprofit organization under Internal Revenue Code (IRC) § 501(c)(6). AMSD was formed to study and research legislative matters affecting member districts; to inform member school districts of the impact and consequences of existing, proposed, and pending legislation; and to disseminate school district and community educational concerns to interested persons, groups, and associations concerned with school matters. AMSD's principal source of revenue is from dues received from member school districts for these services. Additional revenue is generated from contracts for services, interest, and special projects.

#### **Basis of Presentation**

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues, expenses, gains and losses, and net assets are classified based on the existence or absence of donor imposed restrictions into two classes of net assets, without donor restrictions and with donor restrictions. The Association has no net assets with donor restrictions.

#### **Accounting Estimates**

The presentation 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Subsequent Events**

In preparing these financial statements, the Association has evaluated for recognition or disclosure the events or transactions that occurred through October 22, 2019, the date the financial statements were available to be issued.

#### **Receivables**

Receivables are reported at net realizable value. The Association monitors outstanding balances and periodically writes off balances that are determined to be uncollectible. The Association has concluded that losses on balances outstanding at year end will be immaterial. As of June 30, 2019 and 2018, the Association has \$0 and \$618 of outstanding accounts receivable due to timing of their dues billing and collections.

# ASSOCIATION OF METROPOLITAN SCHOOL DISTRICTS, INC.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Property Equipment and Depreciation

Property and equipment are carried at cost or, if donated, at the approximated fair value at the date of donation. Additions, improvements or major renewals exceeding \$2,500 are capitalized. If items of property are sold, retired or otherwise disposed of, they are removed from the asset and accumulated depreciation accounts and any gain or loss thereon is reflected in the statement of activities. Individual assets that cost less than the established threshold but operate as part of network system (i.e. telephone system, computer systems) will be capitalized.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from three to five years.

#### Revenue Recognition

Revenues are recognized when earned. The Association's principal revenue sources are membership dues. Membership dues are recorded over the membership period, which is July 1 through June 30. Contributions may be received occasionally. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

#### Functional Allocation of Expenses

Expenses are specifically identified with, or allocated to, program-related, administrative and fundraising functions. Expense allocations are generally computed based on the amount of time spent by employees performing those functions. Occupancy-related expenses are computed based on occupied space. Other expenses, not directly identifiable by program or supporting service, are allocated based on the best estimates of management.

#### Income Taxes

The Association is exempt from Federal and State income taxes under Section 501(c)(6) of the Internal Revenue Code, but is subject to income tax on net unrelated business income. The Association had no unrelated business income tax in 2019 and 2018.

The Association reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. This includes positions that the entity is exempt from income taxes or not subject to income taxes on unrelated business income. The Association recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on the technical merits of the positions. The Association has identified no significant income tax uncertainties. The Association files information returns as a tax-exempt organization, should that status be challenged in the future, all years since inception, could be subject to review by the IRS.

# ASSOCIATION OF METROPOLITAN SCHOOL DISTRICTS, INC.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Advertising

Advertising costs are expensed as incurred. There were no advertising expenses in either 2019 and 2018.

#### Credit Risk

Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of cash. The Association places its cash with high credit quality financial institutions and, by policy, limits the amount of credit exposure to any one financial institution. As of June 30, 2019, the Association had a credit risk concentration as a result of depositing \$176,400 of funds in excess of insurance limits in a single bank.

#### Change in Accounting Principle

In 2018, the Association implemented Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*, applying the changes retrospectively. The new standard changes the following aspects of the financial statements:

- 1) The unrestricted net asset class has been renamed net assets without donor restrictions.
- 2) The financial statements include a statement of functional expenses, which presents expenses by both their natural classification and their functional classification.
- 3) The financial statements include a disclosure about liquidity and availability of resources.

The new standard did not have a significant effect on previously reported net assets.

#### Reclassifications

Certain amounts in the 2018 financial statements and notes have been reclassified to conform with the 2019 presentation. These reclassifications had no effect on net assets for either period.

#### Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which provides guidance for accounting for revenue from contracts with customers. The new guidance outlines a single comprehensive model for organizations to use in accounting for revenue from contracts with customers. This ASU is effective for annual and interim periods beginning after December 15, 2018 with early adoption permitted. It can be adopted using either a retrospective approach or a modified retrospective approach. The Association is currently evaluating this guidance to determine the impact it may have on its financial statements.

# ASSOCIATION OF METROPOLITAN SCHOOL DISTRICTS, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Recently Issued Accounting Pronouncements (Continued)

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. This ASU is effective for annual and interim periods beginning after December 15, 2019 with early adoption permitted. It is to be adopted using the modified retrospective approach. The Association is currently evaluating this guidance to determine the impact it may have on its financial statements.

### NOTE 2 - RETIREMENT PLAN

The Association has a Simple Retirement Plan. The Association contributes 6% of the qualified employee salaries. Association expense for the Plan was \$14,230 in 2019 and \$13,679 in 2018.

### NOTE 3 - MEMBERSHIP DUES

AMSD's member districts support the Association through annual dues, which are comprised of an annual fixed fee, plus a variable fee based on the member district's enrollment.

Member dues for the year ended June 30, 2019 and 2018 were as follows:

|                                    | <u>2019</u> | <u>2018</u> |
|------------------------------------|-------------|-------------|
| Independent School Districts:      |             |             |
| Anoka-Hennepin                     | \$ 11,600   | \$ 11,492   |
| Bloomington                        | 11,591      | 11,401      |
| Brooklyn Center                    | 7,617       | 7,465       |
| Burnsville                         | 11,473      | 11,337      |
| Columbia Heights                   | 8,484       | 8,315       |
| Eastern Carver County              | 11,479      | 11,240      |
| Eden Prairie                       | 10,958      | 10,794      |
| Edina                              | 10,037      | 9,866       |
| Elk River                          | 11,600      | 11,492      |
| Farmington                         | 10,094      | 9,962       |
| Fridley                            | 7,844       | 7,663       |
| Hopkins                            | 9,845       | 9,719       |
| Inver Grove Heights                | 8,594       | 8,470       |
| Lakeville                          | 11,527      | 11,383      |
| Mahtomedi                          | 7,874       | 7,710       |
| Minnetonka                         | 10,080      | 9,900       |
| Monticello                         | -           | 1,000       |
| Mounds View                        | 11,521      | 11,285      |
| No. St. Paul - Maplewood - Oakdale | 11,600      | 11,492      |

# ASSOCIATION OF METROPOLITAN SCHOOL DISTRICTS, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3 - MEMBERSHIP DUES (Continued)

|   | 2019              | 2018              |
|---|-------------------|-------------------|
| Independent School Districts (Continued):         |                   |                   |
| Orono   | \$ 7,700          | \$ 7,524          |
| Osseo   | 11,600            | 11,492            |
| Prior Lake-Savage                                 | 10,319            | 10,056            |
| Richfield   | 8,917             | 8,742             |
| Robbinsdale                                       | 11,600            | 11,492            |
| Rochester   | 11,600            | 11,492            |
| Rockford Area                                     | 7,509             | 7,349             |
| Rosemount - Apple Valley - Eagan                  | 11,600            | 11,492            |
| Roseville   | 9,879             | 9,731             |
| St. Anthony                                       | 7,420             | 7,220             |
| St. Cloud   | 11,600            | 11,492            |
| St. Louis Park                                    | 8,794             | 8,652             |
| St. Paul  | 11,600            | 11,492            |
| Shakopee  | 10,776            | 10,570            |
| South Washington County                           | 11,600            | 11,492            |
| Spring Lake Park                                  | 9,280             | 9,131             |
| Stillwater  | 11,045            | 10,894            |
| Wayzata   | 11,600            | 11,492            |
| West St. Paul                                     | 9,022             | 8,854             |
| White Bear Lake                                   | 10,701            | 10,570            |
| Special School Districts:                         |                   |                   |
| Minneapolis                                       | 11,600            | 11,492            |
| South St. Paul                                    | 8,181             | 8,022             |
| Intermediate School District No. 287              | 6,780             | 6,600             |
| West Metro Education Program                      | 3,500             | 6,600             |
| NE Metro Intermediate School District 916         | 6,780             | 6,600             |
| East Metro Integration District                   | 3,500             | 3,500             |
| Intermediate School District No. 917              | 3,500             | 3,500             |
| Metropolitan Educational Cooperative Service Unit | 3,500             | 3,500             |
| Northwest Suburban Integration District           | 3,500             | 3,500             |
| Southwest Metro Educational Cooperative           | 3,500             | 3,500             |
| Technology and Information Educational Services   | -                 | 3,500             |
| Minnesota Board of School Administrators          | 750               | 750               |
| Total Membership Dues                             | <b>\$ 443,071</b> | <b>\$ 444,279</b> |

### NOTE 4 - COMMITMENTS AND CONTINGENCIES

The Association leases its principal office. The lease terms call for 60 monthly payments to be paid through November 30, 2023. The lease requires monthly payments totaling \$1,608, plus annual increases.

# ASSOCIATION OF METROPOLITAN SCHOOL DISTRICTS, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4 - COMMITMENTS AND CONTINGENCIES (Continued)

The Association leases its office equipment. The lease requires monthly payments of \$261 plus additional operating expenses through December 2022. Lease expense and future minimum rental commitments for these leases are as follows:

|             | Office<br>Space  | Office<br>Equipment | Total             |
|-------------|------------------|---------------------|-------------------|
| Expense:    |                  |                     |                   |
| <b>2019</b> | <b>\$ 19,780</b> | <b>\$ 4,262</b>     | <b>\$ 24,042</b>  |
| 2018        | 12,933           | 4,414               | 17,347            |
| Commitment: |                  |                     |                   |
| 2020        | \$ 19,520        | \$ 3,132            | \$ 22,652         |
| 2021        | 19,906           | 3,132               | 23,038            |
| 2022        | 20,291           | 3,132               | 23,423            |
| 2023        | 20,677           | 1,566               | 22,243            |
| 2024        | 8,682            | —                   | 8,682             |
| Total       | <b>\$ 89,076</b> | <b>\$ 10,962</b>    | <b>\$ 100,038</b> |

The Association has entered into three separate employment agreements with its executive director, office manager, and director of communications and advocacy. All employment agreements may be modified at any time by mutual consent of the parties. Each of the agreements may be terminated upon 30 days' written notice by the employee. The executive director's agreement was renewed in August 2017 and has three years remaining. Both the office manager and director of comm. and advoc. agreements were renewed for one-year terms during June 2019.

### NOTE 5 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Association maintains and manages adequate operating reserves per policies set by the board of directors. The Executive Committee periodically reviews and recommends reserve policies to the board of directors for approval.

The Association maintains a targeted operating reserve fund at a minimum of 50% of annual operating expenses or about six months of expenses on average. The reserve consists of cash.

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of June 30, 2019 are as follows:

|   |                   |
|---|-------------------|
| Financial Assets:   |                   |
| Cash  | <u>\$ 416,881</u> |
| Total Financial Assets                                    | <u>416,881</u>    |
| Amounts Available for General Expenditure within One Year | <u>\$ 416,881</u> |

**ASSOCIATION OF METROPOLITAN SCHOOL DISTRICTS, INC.**

**SCHEDULE OF ACTIVITIES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019**

|   | Budget<br>(Not<br>Audited) | Actual             | Over<br>(Under)<br>Budget |
|---|----------------------------|--------------------|---------------------------|
| <b>REVENUES:</b>                                    |                            |                    |                           |
| Membership Dues                                     | \$ 451,169                 | \$ 443,071         | \$ (8,098)                |
| Conference Fees and Other                           | 8,000                      | 4,086              | (3,914)                   |
| Interest Income                                     | 900                        | 1,153              | 253                       |
| Total Revenues                                      | <u>460,069</u>             | <u>448,310</u>     | <u>(11,759)</u>           |
| <b>EXPENSES:</b>                                    |                            |                    |                           |
| Committee   | 600                        | 11,744             | 11,144                    |
| Executive Salaries                                  | 135,673                    | 135,673            | -                         |
| Executive Benefits & Payroll Taxes                  | 47,171                     | 51,455             | 4,284                     |
| Executive Car Allowance                             | 5,400                      | 5,400              | -                         |
| Session Lobbyist                                    | 50,800                     | 48,212             | (2,588)                   |
| Communication Consultant                            | 5,000                      | -                  | (5,000)                   |
| Secretarial/Accounting Salary                       | 26,565                     | 26,124             | (441)                     |
| Secretarial/Accounting Benefits & Payroll Taxes     | 5,804                      | 5,134              | (670)                     |
| Director of Comm. & Advoc. Salary                   | 71,922                     | 75,384             | 3,462                     |
| Director of Comm. & Advoc. Benefits & Payroll Taxes | 21,660                     | 12,816             | (8,844)                   |
| Director of Comm. & Advoc. Car Allowance            | 3,000                      | 2,827              | (173)                     |
| Office Lease  | 12,933                     | 19,780             | 6,847                     |
| Furniture and Fixtures                              | 1,000                      | 1,102              | 102                       |
| Insurance   | 3,400                      | 6,099              | 2,699                     |
| Telephone   | 2,100                      | 4,170              | 2,070                     |
| Postage   | 200                        | 136                | (64)                      |
| Printing/Copying and Office Equipment               | 6,050                      | 5,092              | (958)                     |
| Supplies  | 2,000                      | 2,679              | 679                       |
| Publications  | 1,000                      | 1,007              | 7                         |
| Association Memberships                             | 1,500                      | 1,653              | 153                       |
| Miscellaneous                                       | 12,200                     | 5,568              | (6,632)                   |
| Professional Fees                                   | 8,000                      | 9,545              | 1,545                     |
| Legal Fees  | 2,500                      | 465                | (2,035)                   |
| Conference/Professional Development                 | 5,000                      | 6,033              | 1,033                     |
| Catering  | 15,000                     | 9,937              | (5,063)                   |
| Depreciation  | -                          | 4,004              | 4,004                     |
| Research Projects                                   | 2,000                      | 1,500              | (500)                     |
| Technology  | 5,750                      | 6,539              | 789                       |
| Total Expenses                                      | <u>454,228</u>             | <u>460,078</u>     | <u>5,850</u>              |
| <b>CHANGE IN NET ASSETS</b>                         | <u>\$ 5,841</u>            | <u>\$ (11,768)</u> | <u>\$ (17,609)</u>        |