MICHIGAN ASSOCIATION OF SCHOOL BOARDS, INC.

REPORT ON FINANCIAL STATEMENTS
(with supplementary information)

YEAR ENDED JUNE 30, 2024
(with comparative totals for the
year ended June 30, 2023)

Maner Costerisan

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Maner Costerisan

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INDEPENDENT AUDITOR'S REPORT

To the Executive Board of the
Michigan Association of School Boards, Inc.

Opinion

We have audited the accompanying financial statements of Michigan Association of School Boards, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year ended June 30, 2024, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Michigan Association of School Boards, Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year ended June 30, 2024 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Michigan Association of School Boards, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Michigan Association of School Boards, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Michigan Association of School Boards, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Michigan Association of School Boards, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Michigan Association of School Boards, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 23, 2023. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as identified in the table of contents, 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.

Maner Costerisan PC

September 10, 2024

MICHIGAN ASSOCIATION OF SCHOOL BOARDS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
(with comparative totals for June 30, 2023)

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents and restricted cash	$ 1,636,429	$ 1,471,305
Investments	6,753,502	5,485,102
Accounts receivable, net allowance for credit losses of $60,200 and $57,900 in 2024 and 2023, respectively	655,289	604,485
Prepaid expenses and deposits	125,536	196,961
Total current assets	9,170,756	7,757,853
Property and equipment, less accumulated depreciation	789,015	691,368
Long-term investments - LTF	735,217	654,541
Deferred compensation	179,901	136,098
Investment in MELG	1,302,483	1,335,600
TOTAL ASSETS	$ 12,177,372	$ 10,575,460
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities		
Accounts payable	$ 679,746	$ 550,026
Accrued payroll and related items	185,734	182,867
Deferred revenue	728,216	729,940
Total current liabilities	1,593,696	1,462,833
Deferred compensation	179,901	136,098
Postemployment benefits	52,936	40,118
TOTAL LIABILITIES	1,826,533	1,639,049
NET ASSETS		
Without donor restrictions	9,420,410	8,118,118
With donor restrictions	930,429	818,293
TOTAL NET ASSETS	10,350,839	8,936,411
TOTAL LIABILITIES AND NET ASSETS	$ 12,177,372	$ 10,575,460

See notes to financial statements.

MICHIGAN ASSOCIATION OF SCHOOL BOARDS, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2024
(with comparative totals for the year ended June 30, 2023)

	2024			
	Without Donor Restrictions	With Donor Restrictions	Total	2023
REVENUES				
Membership dues	$ 2,580,448	$ 75,199	$ 2,655,647	$ 2,549,054
Service fees	1,248,039	-	1,248,039	1,163,616
Royalty income	1,506,211	-	1,506,211	1,136,890
Publications, products and advertising	56,059	-	56,059	88,115
Conferences, seminars, and CBA fees	913,378	-	913,378	894,397
Sponsorships	162,268	-	162,268	97,954
Affiliates' reimbursements and rent	28,500	-	28,500	30,408
Investment return, net	898,814	81,937	980,751	471,548
Loss on investment in MELG	(37,846)	-	(37,846)	(51,450)
Miscellaneous income	107,335	-	107,335	100,350
Net assets released from restrictions	45,000	(45,000)	-	-
TOTAL REVENUES	7,508,206	112,136	7,620,342	6,480,882
EXPENSES				
Governance	598,692	-	598,692	494,429
Communications and public relations	825,697	-	825,697	741,076
Advocacy	739,099	-	739,099	618,889
Leadership services	1,675,307	-	1,675,307	1,573,758
Affiliate members and services	153,189	-	153,189	143,597
Legal, labor, and policy services	805,450	-	805,450	759,914
Management and general	1,081,891	-	1,081,891	971,029
Technology and business services	326,589	-	326,589	299,254
TOTAL EXPENSES	6,205,914	-	6,205,914	5,601,946
CHANGE IN NET ASSETS	1,302,292	112,136	1,414,428	878,936
NET ASSETS, beginning of year	8,118,118	818,293	8,936,411	8,057,475
NET ASSETS, end of year	$ 9,420,410	$ 930,429	$ 10,350,839	$ 8,936,411

See notes to financial statements.

MICHIGAN ASSOCIATION OF SCHOOL BOARDS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024
(with comparative totals for the year ended June 30, 2023)

	2024									
	Program Services									
	Governance	Communications and Public Relations	Advocacy	Leadership Services	Affiliate Members and Services	Legal, Labor, and Policy Services	Management and General	Technology and Business Services	Total	2023
Staff salaries	$ 252,326	$ 471,193	$ 260,879	$ 588,928	$ 84,025	$ 401,004	$ 457,356	$ 247,788	$ 2,763,499	$ 2,551,320
Staff fringe benefits and payroll taxes	100,802	188,238	104,220	235,273	33,568	160,198	182,683	78,801	1,083,783	939,404
Contract services	13,268	-	9,383	390,364	-	150,780	6,797	-	570,592	488,459
Consultants	-	45,794	44,870	14,070	13,332	-	16,496	-	134,562	89,882
Fees, dues, and professional services	-	3,392	590	16,695	285	1,113	58,813	-	80,888	103,388
Program and office operating expense	39,884	113,027	53,734	109,913	12,614	65,922	71,283	-	466,377	518,155
Contributions	-	-	-	-	-	-	-	-	-	500
NSBA dues	-	-	149,175	-	-	-	-	-	149,175	117,450
Meetings and conventions	114,360	181	29,952	228,250	8,093	15,150	27,336	-	423,322	335,389
Travel	75,834	1,480	29,937	66,205	64	11,283	28,152	-	212,955	233,820
CASBA grants	-	-	55,873	-	-	-	-	-	55,873	43,516
Support to districts	-	-	-	-	-	-	-	-	-	18,886
Projects and promotions	2,218	2,392	486	25,609	1,208	-	4,927	-	36,840	32,887
Depreciation	-	-	-	-	-	-	228,048	-	228,048	128,890
TOTAL EXPENSES	$ 598,692	$ 825,697	$ 739,099	$ 1,675,307	$ 153,189	$ 805,450	$ 1,081,891	$ 326,589	$ 6,205,914	$ 5,601,946

See notes to financial statements.

MICHIGAN ASSOCIATION OF SCHOOL BOARDS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024
(with comparative totals for the year ended June 30, 2023)

	2024	2023
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
Cash flows from operating activities		
Change in net assets	$ 1,414,428	$ 878,936
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Unrealized and realized gain on investments	(829,110)	(398,199)
Loss on investment in MELG	37,846	51,450
Gain on disposal of fixed assets	(6,689)	-
Change in allowance for credit losses	2,300	46,900
Depreciation	228,048	128,890
Accounts receivable	(53,104)	(93,795)
Prepaid expenses and deposits	71,425	(105,578)
Accounts payable	129,720	210,019
Accrued payroll and related items	15,685	(29,458)
Deferred revenue	(1,724)	(22,441)
Total adjustments	(405,603)	(212,212)
Net cash provided by operating activities	1,008,825	666,724
Cash flows from investing activities		
Purchase of property and equipment	(349,006)	(413,571)
Proceeds from sale of property and equipment	30,000	-
Capital contribution to MELG	(4,729)	(14,809)
Sales of managed/mutual funds	3,801,730	1,341,305
Purchases of managed/mutual funds	(4,321,696)	(1,389,080)
Net cash used by investing activities	(843,701)	(476,155)
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	165,124	190,569
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	1,471,305	1,280,736
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, end of year	$ 1,636,429	$ 1,471,305

See notes to financial statements.

MICHIGAN ASSOCIATION OF SCHOOL BOARDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Association utilizes the accrual method of accounting which recognizes income when earned and expenses when incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash accounts and money market funds. For the purpose of the statement of cash flows, cash equivalents, and liquid assets maturing no more than three months from date of purchase are considered cash and cash equivalents.

Restricted Cash

The Association reports legal trust fund voluntary dues as restricted support as they are received with stipulations that limit the use of the assets, and long-term investments reported on the balance sheet are derived from these donations as discussed in Note 10.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the statement of financial position as of June 30:

	2024	2023
Cash and cash equivalents	$ 1,329,536	$ 1,338,381
Restricted cash for legal trust fund	306,893	132,924
Total cash and cash equivalents and restricted cash	$ 1,636,429	$ 1,471,305

Investments

The Association records investments at fair value based on quoted market prices. Investments include managed/mutual funds, common stocks, preferred securities, government securities, and corporate notes and bonds. Net investment return or loss is included in the statement of activities and changes in net assets and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses.

Investment in Michigan Education Leadership Group (MELG) - The Association carries its investment in MELG utilizing the equity method of accounting. MELG is an entity organized by several nonprofit entities to share ownership and operating costs of real estate housing their operations. The expenses related to MELG are included as program and office operating expenses in the statement of activities and changes in net assets and are allocated functionally, as are other occupancy costs, in the functional note disclosure.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable and Credit Losses

The Association is exposed to credit losses primarily through membership dues, contributions/donations, conferences and other various member services. Accounts receivable are recorded when invoices are issued and are presented on the statement of financial position at the amount management expects to collect. Management provides for probable uncollectible amounts through credit losses expense and an adjustment to the allowance for credit losses. The Association's expected loss allowance methodology for accounts receivable is developed using historical collection experience, current and future economic and market conditions, and a review of the current status of trade accounts receivable Due to the short-term nature of such receivables, the estimated accounts receivable that may not be collected is based on aging of the accounts receivable balances.

The Association evaluates terms and conditions, economic and industry risk, credit worthiness. The Association monitors changes to the receivable balance on a timely basis, and balances are written off as they are determined to be uncollectable after all collection efforts have been exhausted See Note 2 regarding concentrations of credit risk.

Beginning and ending balances for accounts receivable, net of the allowance for credit losses, are reported as follows for the years ended June 30:

	2024	2023
Accounts receivable, beginning of year	$ 604,485	$ 557,590
Accounts receivable, end of year	$ 655,289	$ 604,485

Activity related to the allowance for credit losses was as follows:

	2024	2023
Balance at July 1,	$ 57,900	$ 11,000
Provision charges	2,382	46,900
Write-offs, net recoveries	(82)	-
Balance at June 30,	$ 60,200	$ 57,900

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed over the estimated useful life of the assets on the straight-line method. Costs of repairs and maintenance are charged to expense when incurred. Generally, the Association capitalizes items in excess of $1,000.

Deferred Revenue

The Association records deferred revenue when cash payments are received or due in advance of the Association's performance, including amounts which are refundable. The annual school board dues and assessments are billed in advance to finance operations for the upcoming fiscal year. Those dues and assessments collected prior to June 30 are recorded as deferred revenue and will be recognized as revenue in the subsequent fiscal year. Other deferred revenue includes advance payments for conferences, seminars, and service contracts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Revenue (continued)

Beginning and ending balances for deferred revenue is reported as follows for the years ended June 30:

	2024	2023
Deferred revenue, beginning of year	$ 729,940	$ 752,381
Deferred revenue, end of year	$ 728,216	$ 729,940

Membership Dues Revenue

Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration to which the Association expects to be entitled in exchange for providing membership benefits to its members. Revenue is recognized as performance obligations are satisfied, which is ratably over the membership term. As a result, deferred revenue and accounts receivable are recorded for any amount for which the Association has a right to invoice but for which services have not been provided. Membership dues are nonrefundable.

Conferences, Services Fees, and Royalty Revenue

Conferences, service fees, and royalty revenue received is not recognized as revenue until the revenue is earned, which is when the activities or services are provided, and the Association does not believe it is required to provide additional activities or services. As a result, deferred revenue and accounts receivable are recorded for any amount for which the Association has a right to invoice but for which services have not been provided.

Sponsorships Revenue

Contributions of cash received without donor stipulations are reported as revenue and net assets without donor restrictions. Sponsorships received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Publications, Product, and Advertising Revenue

Publications, product, and advertising revenue received is not recognized as revenue until the revenue is earned, which is when the activities or services are provided, and the Association does not believe it is required to provide additional activities or services. As a result, deferred revenue and accounts receivable are recorded for any amount for which the Association has a right to invoice but for which services have not been provided.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Publications, Product, and Advertising Revenue (continued)

The following schedule shows the Association's revenues disaggregated according to the timing of transfer of goods or services for the years ended June 30:

	2024	2023
Contract revenue recognized at a point in time		
Service fees	$ 1,248,039	$ 1,163,616
Royalty income	1,506,211	1,136,890
Publications, products and advertising	56,059	88,115
Conferences, seminars, and CBA fees	913,378	894,397
Total contract revenue recognized at a point in time	3,723,687	3,283,018
Contract revenue recognized over time		
Membership dues	2,655,647	2,549,054
Sponsorships	162,268	97,954
Loss on investment in MELG	(37,846)	(51,450)
Miscellaneous income	135,835	130,758
Investment return, net	980,751	471,548
Total revenue	$ 7,620,342	$ 6,480,882

Functional Allocation of Expenses

The costs of providing program and other activities have been reported in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification of expenses that are allocated to program or supporting functions of the Association. Allocated expenses primarily consist of payroll and related and general expenses based on salary and wage analysis and management's estimated use of resources.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions.

Net Assets with Donor Restrictions - Net assets subject to donor (or grantor) imposed restrictions. Some donor 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 restrictions are perpetual in nature, where the donor stipulates that resources are maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purposes has been accomplished (See Note 11).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Association is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code; however, the Association pays unrelated business tax on activities unrelated to the Association's tax-exempt purpose. Taxes on unrelated business income are not material to the financial statements.

Prior Year Summarized Comparative Information

The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2023 from which the summarized information was derived.

NOTE 2 - NATURE OF THE ORGANIZATION, RISKS, AND UNCERTAINTIES

Michigan Association of School Boards, Inc. (the "Association") is a not-for-profit corporation whose purpose is to improve and advance the quality of public education in Michigan through the cooperative efforts of locally elected Boards of Education. The adopted mission of the Association is to provide high quality educational leadership services for all Michigan boards of education and to advocate for an equitable and exceptional public education for all students. The Association also maintains a legal trust fund that provides financial aid to local school boards facing legal issues that have a statewide impact on public school districts in Michigan. The Association receives substantially all of its revenue from members in the State of Michigan.

The Association is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the Association to concentrations of credit risk are primarily cash and cash equivalents, accounts receivable, and investments at fair value. The Association places its cash and cash equivalents high-quality financial institutions that are FDIC insured to limit the amount of credit risk from any one issuer. The Association regularly evaluates the credit standing of its counterparty financial institutions. Although such cash and cash equivalent balances may exceed the federally insured limits at certain times during the year, they are, in the opinion of management, subject to minimal risk. The Association's investments at fair value are broadly diversified in numerous companies and industries. Investments at fair value are exposed to various risks such as interest rate, market, and credit risks. It is at least reasonably possible that changes in the value of investment securities will occur in the near term that could affect the amounts reported in the statement of financial position.

In addition, the Association recognizes an allowance for credit losses at the time a receivable is recorded based on management's estimate of expected credit losses, historical write-off experience, and current account knowledge, and adjusts this estimate over the life of the receivable as needed. The Association evaluates the aggregation and risk characteristics of a receivable pool and develops loss rates that reflect historical collections, current forecasts of future economic conditions over the time horizon the Association is exposed to credit risk, and payment terms or conditions that may materially affect future forecasts.

The Association performs ongoing credit evaluations of its members' financial condition whenever deemed necessary. The Association evaluates and maintains, if necessary, an allowance for credit losses based on the expected collectability of all accounts receivable, which takes into consideration an analysis of historical credit losses, specific members' creditworthiness and current economic trends. Management believes that the Association's concentration of credit risk is limited because of its large number of members, credit quality of the member base, small account balances for most of these members, and member geographic diversification.

NOTE 2 - NATURE OF THE ORGANIZATION, RISKS, AND UNCERTAINTIES (continued)

In the preparation of tax returns, tax positions are taken based on interpretation of federal, state, and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, state, and local tax returns generally remain open for examination by the various taxing authorities for a period of three to four years.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates are primarily related to collectability of receivables, fair value of investments, depreciable lives or property and equipment, and other unsettled transactions and events as of the date of the financial statements. Actual results may differ from these estimated amounts. The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among programs and supporting services based on management estimates.

The Association evaluates events and transactions that occur after year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through September 10, 2024, which is the date the financial statements were available to be issued.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Association regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Association considers all expenditures related to its ongoing program service activities as well as conduct of service undertaken to support those activities to be general expenditures.

The following reflects the Association's financial assets as of June 30, 2024 and 2023, which are deemed available for general expenditures within one year of the date of the statement of financial position. Amounts not available include amounts set aside for the Legal Trust Fund (see Note 10):

	2024	2023
Cash and cash equivalents and restricted cash	$ 1,636,429	$ 1,471,305
Investments	7,488,719	6,139,643
Accounts receivable	655,289	604,485
Total financial assets	9,780,437	8,215,433
Donor-imposed restrictions		
Less purpose restricted funds	(930,429)	(818,293)
Financial assets available to meet cash needs for general expenditures within one year	$ 8,850,008	$ 7,397,140

In addition to financial assets available to meet general expenditures over the next 12 months, the Association operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

NOTE 4 - INVESTMENTS/FAIR VALUE MEASUREMENTS

The Association is required to disclose amounts within a framework established 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 value hierarchy are described as follows:

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.

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 other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset'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 need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used at June 30, 2024 and 2023:

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Association are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and transact at that price. The mutual funds held by the Association are deemed to be actively traded.

Common Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate Bonds and Notes: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

U.S. Government and Preferred Securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 4 - INVESTMENTS/FAIR VALUE MEASUREMENTS (continued)

The following is a market value summary by the level of the inputs used, as of June 30, 2024 and 2023, in evaluating the Association's assets carried at fair value. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities.

	Assets at Fair Value as of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Equity funds				
Value index funds	$ 122,129	$ -	$ -	$ 122,129
Growth index funds	145,804	-	-	145,804
Stock market funds	329,273	-	-	329,273
Fixed income funds				
Bond funds	1,693,705	-	-	1,693,705
Income funds	961,420	-	-	961,420
Total mutual funds	3,252,331	-	-	3,252,331
Common stock	2,628,840	-	-	2,628,840
Preferred securities	-	334,357	-	334,357
Government securities	-	646,406	-	646,406
Corporate bonds and notes	-	370,914	-	370,914
Total investments at fair value	$ 5,881,171	$ 1,351,677	$ -	7,232,848
Money market funds at cost				255,871
Total investments				$ 7,488,719

The investments are presented in the financial statements as follows:

Investments	$ 6,753,502
Long-term investments - LTF	735,217
	$ 7,488,719

NOTE 4 - INVESTMENTS/FAIR VALUE MEASUREMENTS (continued)

	Assets at Fair Value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Equity funds				
Value index funds	$ 430,351	$ -	$ -	$ 430,351
Growth index funds	110,072	-	-	110,072
Stock market funds	103,532	-	-	103,532
Fixed income funds				
Income funds	835,767	-	-	835,767
Total mutual funds	1,479,722	-	-	1,479,722
Common stock	3,447,291	-	-	3,447,291
Preferred securities	-	119,397	-	119,397
Government securities	-	462,614	-	462,614
Corporate bonds and notes	-	368,677	-	368,677
Total investments at fair value	$ 4,927,013	$ 950,688	$ -	5,877,701
Money market funds at cost				261,942
Total investments				$ 6,139,643

The investments are presented in the financial statements as follows:

Investments	$ 5,485,102
Long-term investments - LTF	654,541
	$ 6,139,643

Investment return, net for the years ended June 30, 2024 and 2023 consists of the following:

	2024	2023
Interest and dividends	$ 232,690	$ 142,489
Net realized and unrealized gains	829,110	398,199
Less investment fees	(81,049)	(69,140)
	$ 980,751	$ 471,548

NOTE 5 - PROPERTY AND EQUIPMENT

Major classes of property and equipment at June 30 consists of the following:

	2024	2023
Building improvements	$ 377,127	$ 217,939
Automobiles	66,837	58,278
Office equipment	821,090	774,165
Software	958,071	882,015
	2,223,125	1,932,397
Less accumulated depreciation	(1,434,110)	(1,241,029)
Net property and equipment	$ 789,015	$ 691,368

Depreciation expense for the years ended June 30, 2024 and 2023 was $228,048 and $128,890, respectively.

NOTE 6 - INVESTMENT IN MELG

The Association has invested in the Michigan Education Leadership Group (MELG). MELG is a 501(c)(2) organization, organized exclusively to own and operate property used to house the operations of the Michigan Association of School Boards and three other education related non-profit organizations who are also investors. The governing body of MELG is comprised of a Board of Directors with representatives from each of the four organizations, with each having one vote. The Association's interest in MELG is approximately 47%.

The investors of MELG reimburse MELG for all operating expenses in relation to the building based on the investor's ownership percentage and usage. The Association reimburses MELG for building expenses during the year. This amounted to $79,499 and $77,387 for the years ended June 30, 2024 and 2023, respectively.

For the years ended June 30, 2024 and 2023, the Association provided funds in the amount of $4,730 and $14,809, respectively, to MELG for possible capital expenditures that could occur in the future. The Association has miscellaneous accounts payable to MELG of $9,016 and $8,283 at June 30, 2024 and 2023, respectively.

The following is a summary of financial position and results of operations of MELG for the years ended June 30:

	2024	2023
Total assets	$ 3,994,671	$ 4,135,199
Net assets	3,985,763	4,119,517
Revenue and capital contribution	187,960	270,123
Change in net assets	(133,754)	(91,918)

NOTE 7 - DEFERRED REVENUE

A summary of deferred revenue at June 30, 2024 and 2023 is as follows:

	2024	2023
Membership dues	$ 460,569	$ 453,114
Employment relations information network (ERIN)	77,089	82,841
VIP dues	-	5,556
Conferences and other	190,558	188,429
Total deferred revenue	$ 728,216	$ 729,940

NOTE 8 - DEFERRED COMPENSATION

The Association sponsors a nonqualified 457(b) deferred compensation plan. The plan covers a select "top-hat" group of employees which currently includes only the executive director's position. Amounts contributed by the Association under the plan are equal to 10% of base annual salary for both 2024 and 2023. The amounts contributed to the plan for the years ended June 30, 2024 and 2023 totaled $43,803 and $26,223, respectively.

All amounts of compensation deferred by the employee or contributed by the Association under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are, until made available to the employees or other beneficiaries, solely the property and rights of the Association without being restricted to the provisions of benefits under the plan and are thus subject to the claims of the Association's general creditors. Participants' rights created under the plan are equivalent to those of general creditors of the Association.

The Association's liability to the participants is equal to the participants' deferred compensation, Association contribution, adjusted by an amount equal to the investment performance in a related asset account. The related asset accounts are recorded at market value, which is equal to the liability to the plan participant. In the past, the related asset accounts have been used for no purpose other than to pay benefits. In addition, the Association believes it is unlikely it will use such assets to satisfy the claims of general creditors in the future.

NOTE 9 - RETIREMENT PLAN AND POSTRETIREMENT BENEFITS

The Association sponsors a defined contribution retirement plan for all employees who meet specified requirements. The Association contributes an amount equal to 12% of annual wages to all employees participating in the plan. Retirement costs for the years ended June 30, 2024 and 2023 amounted to $325,609 and $289,286, respectively.

The Association also provides certain postretirement benefits for retired employees. Eligible retirees who are age 55 to 65 receive $1,200 to $3,000 per year toward healthcare insurance premiums. The estimated liability for benefits earned as of June 30, 2024 and 2023 was $52,936 and $40,118, respectively, using a blended discount rate of 1% to 3.5%.

NOTE 10 - LEGAL TRUST FUND

The Association maintains a legal trust fund established by the members of the Association. The purpose of the fund is to provide financial assistance concerning legal matters to members of the fund. Revenues and net assets are recorded as net assets with restrictions. Charges to the fund for legal assistance from the Association for the years ending June 30, 2024 and 2023 amounted to $45,000 and $42,000, respectively.

As of both June 30, 2024 and 2023, the legal trust fund has a conditional commitment to provide financial assistance to members in amounts up to approximately $40,000. The Association reports legal trust fund voluntary dues as restricted support as they are received with stipulations that limit the use of the assets. The long-term investments reported on the balance sheet are derived from these donations.

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at June 30:

	2024	2023
Subject or expenditure for specified purpose		
Legal Trust Fund	$ 930,429	$ 818,293

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	2024	2023
Satisfaction of purpose restrictions		
Legal Trust Fund	$ 45,000	$ 60,886

NOTE 12 - ADOPTION OF A NEW ACCOUNTING STANDARD

For the year ended June 30, 2024, the Association implemented the following new pronouncement: Financial Accounting Standards Board (the “FASB”) Accounting Standards Update (“ASU”) No. 2016-13, Financial Instruments – Credit Losses (Topic 326) (ASU”2016-13).

In June 2016, the FASB issued ASU 2016-13 and thereafter issued additional ASUs to clarify and update the guidance in ASU 2016-13 (collectively “CECL”). The objective of ASU 2016-13 is to provide financial statement users with more decision-useful information about current expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. The Association adopted the new standard on July 1, 2023, using the modified-retrospective approach.

The Association determined that the adoption of ASU 2016-13 did not have a material impact on net assets, assets, or liabilities as of the date of adoption and primarily resulted in enhanced disclosures.

SUPPLEMENTARY INFORMATION

MICHIGAN ASSOCIATION OF SCHOOL BOARDS, INC.
SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2024

	Governance	Communications and Public Relations	Advocacy	Leadership Services	Affiliate Members and Services	Legal, Labor, and Policy Services	Management and General	Technology and Business Services	Total
Revenues	$ -	$ 22,849	$ 17,120	$ 1,485,517	$ 1,869,799	$ 465,279	$ 3,427,678	$ 332,100	$ 7,620,342
Expenses	(598,692)	(825,697)	(739,099)	(1,675,307)	(153,189)	(805,450)	(1,081,891)	(326,589)	(6,205,914)
Excess of revenues over (under) expenses	$ (598,692)	$ (802,848)	$ (721,979)	$ (189,790)	$ 1,716,610	$ (340,171)	$ 2,345,787	$ 5,511	$ 1,414,428