

*Marco Seidman, CPA PC*

**MASSACHUSETTS SCHOOL  
ADMINISTRATORS' ASSOCIATION, INCORPORATED**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
JUNE 30, 2021 AND 2020**

*Marco Seidman, CPA PC*

**MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED**

**JUNE 30, 2021 AND 2020**

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November 9, 2021

*508-650-3900*

Independent Auditors' Report

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

We have audited the accompanying financial statements of Massachusetts School Administrators' Association, Incorporated (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and June 30, 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

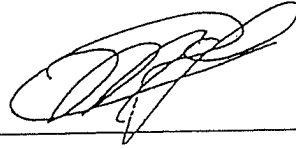
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Massachusetts School Administrators' Association, Incorporated as of June 30, 2021 and 2020 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.



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**MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash	\$ 152,411	\$ 101,238
Investments (Notes 1 and 2)	1,419,857	1,082,354
Other receivables (Notes 1 and 3)	84,037	81,949
Prepaid expenses	13,128	5,719
TOTAL CURRENT ASSETS	<u>1,669,433</u>	<u>1,271,260</u>
Postretirement Obligation-overfunded (Note 6)	363,928	259,202
Property and Equipment, net (Notes 1 and 4)	<u>7,142</u>	<u>77,107</u>
<b><u>Total Assets</u></b>	<b><u>\$ 2,040,503</u></b>	<b><u>\$ 1,607,569</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts Payable	\$ 26,362	\$ 33,728
Deferred dues revenue (Note 1)	11,755	5,780
Deferred program revenue (Note 1)	69,889	50,264
Due to related party (Note 5)	5,908	7,452
Postretirement obligations, current portion (Notes 1 and 6)	4,797	4,446
Agency Funds	-	20,400
Loan Payable (Note 7)	150,000	-
TOTAL CURRENT LIABILITES	<u>268,711</u>	<u>122,070</u>
<b><u>Noncurrent Liabilities:</u></b>		
Accrued pension benefits (Notes 1 and 6)	218,230	65,970
Accrued vacation and sick pay (Note 6)	64,762	54,834
TOTAL NONCURRENT LIABILITES	<u>282,992</u>	<u>120,804</u>
<b><u>Total Liabilities</u></b>	551,703	242,874
<b><u>Net Assets</u></b>		
Without donor restrictions	<u>1,488,800</u>	<u>1,364,695</u>
TOTAL NET ASSETS	1,488,800	1,364,695
<b><u>Total Liabilities and Net Assets</u></b>	<b><u>\$ 2,040,503</u></b>	<b><u>\$ 1,607,569</u></b>

**MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b><u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u></b>		
<b><u>Revenue and Support</u></b>		
State dues	\$ 536,774	\$ 545,049
Association conferences	493,980	1,029,705
Employee Retention Credits	141,901	-
PPP Loan Forgiveness	83,530	70,052
Grant Income	60,000	60,000
Cheerleading/Dance	41,440	141,359
Student council	30,950	548,806
National Honor Society	23,650	27,265
Corporate support	20,414	14,113
Miscellaneous	<u>16,230</u>	<u>16,462</u>
Total revenue and support without donor restrictions	1,448,869	2,452,811
<b><u>Expenses (Note 10)</u></b>		
Program services:		
Student activities	237,604	783,611
Professional development	795,303	1,099,475
Membership	<u>180,531</u>	<u>171,110</u>
Total program expense	1,213,438	2,054,196
General and administrative	370,457	420,539
Total expenses	<u>1,583,895</u>	<u>2,474,735</u>
Change in net assets from operations (balance forward)	\$ (135,026)	\$ (21,924)

**MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED**  
**STATEMENTS OF ACTIVITIES (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Balance brought forward	\$ (135,026)	\$ (21,924)
<b><u>Other Income without Donor Restriction</u></b>		
Investment Return, net (Note 2)	<u>337,506</u>	<u>(67,460)</u>
<b><u>Increase (Decrease) In Net Assets without Donor Restrictions from Operating Activities</u></b>	202,480	(89,384)
<b><u>Postretirement Benefit Changes Other Than Net Periodic Pension Costs (Note 6)</u></b>	<u>(78,375)</u>	<u>(227,164)</u>
<b><u>Increase (Decrease) In Net Assets without Donor Restrictions</u></b>	124,105	(316,548)
<b><u>Net Assets without Donor Restrictions At Beginning Of Year</u></b>	<u>1,364,695</u>	<u>1,681,243</u>
<b><u>Net Assets without Donor Restrictions At End Of Year</u></b>	<u>\$ 1,488,800</u>	<u>\$ 1,364,695</u>

**MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b><u>Cash Flows From Operating Activities</u></b>		
Change in net assets	\$ 124,105	\$ (316,548)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	69,966	68,946
Unrealized (gain) loss on investments	(221,956)	152,170
PPP loan forgiveness	(83,530)	(70,052)
(Increase) decrease in assets:		
Other receivables	(2,088)	120,296
Prepaid expenses	(7,409)	73,088
Postretirement benefits overfunded	(104,726)	98,908
Increase (decrease) in liabilities:		
Accrued postretirement benefits	162,539	71,052
Accounts payable	(7,366)	13,128
Deferred dues revenue	5,975	1,390
Deferred program revenue	19,625	(397,121)
Due to related party	(1,544)	(1,376)
Agency Funds	(20,400)	(1,412)
Net cash provided (used) by operating activities	(66,809)	(187,531)
<b><u>Cash Flows From Investing Activities</u></b>		
Purchase of fixed assets	-	(10,202)
Proceeds from sale of investments	398,658	560,163
Purchase of investments	(514,206)	(544,872)
Net cash provided (used) by investing activities	(115,548)	5,089
<b><u>Cash Flows From Financing Activities</u></b>		
Loan proceeds	233,530	70,052
Net cash provided (used) by financing activities	233,530	70,052
<b><u>Increase (Decrease) in cash</u></b>	51,173	(112,390)
<b><u>Cash At Beginning of Year</u></b>	101,238	213,628
<b><u>Cash At End of Year</u></b>	<u>\$ 152,411</u>	<u>\$ 101,238</u>



**MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

Note 1. Summary of Significant Accounting Policies

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

Nature of Activities

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

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

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

Basis of Presentation

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

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

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

**MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred Revenue

Income from membership dues and program fees received in advance is deferred, and recognized over the periods to which the dues and fees relate.

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 during the years covered by these statements. 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 reduction 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

**MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

Note 1. Summary of Significant Accounting Policies (Continued)

Postretirement Benefits

FASB ASC 715 requires the Association 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 net assets without donor restrictions

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 accrued liabilities 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.

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 10) presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services. 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 based on the estimates of time, effort and/or usage.

Reclassifications

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

**MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

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, 2021 and 2020:

	June 30, 2021		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity and debt securities	\$ 993,373	\$1,288,966	\$ 295,593
Money market funds	130,891	130,891	-
	<u>\$ 1,124,264</u>	<u>\$1,419,857</u>	<u>\$ 295,593</u>
	June 30, 2020		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity and debt securities	\$ 991,136	\$ 1,064,573	\$ 73,437
Money market funds	17,581	17,581	-
	<u>\$ 1,008,717</u>	<u>\$ 1,082,154</u>	<u>\$ 73,437</u>

Components of investment return are as follows:

	2021	2020
Unrealized gains (losses)	\$ 221,956	\$ (152,170)
Realized gains (losses)	89,436	46,506
Interest and dividends (reinvested)	36,604	42,531
Total unrestricted return on investment	\$ 347,996	\$ (63,133)
Investment Expense	(10,490)	(4,327)
Investment Return, net	<u>\$ 337,506</u>	<u>\$ (67,460)</u>

**MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

Note 2. Investments (Continued)

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

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

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

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

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

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

Note 3. Other Receivables

Other receivables are comprised of the following at June 30,2021 and 2020:

	2021	2020
Employee Retention Credits Receivable	\$62,648	\$ -
Miscellaneous Receivables	30,149	92,107
Allowance for doubtful accounts	<u>(8,760)</u>	<u>(10,158)</u>
	<u>\$84,037</u>	<u>\$81,949</u>

**MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

Note 4. Property and Equipment

Property and equipment consists of the following:

	<u>2021</u>	<u>2020</u>
Office furniture and equipment	\$ 68,005	\$ 135,930
Less: Accumulated depreciation	<u>(60,863)</u>	<u>(58,823)</u>
	<u>\$ 7,142</u>	<u>\$ 77,107</u>

Depreciation charged to operations totaled \$69,966 and \$68,946 for the years ended June 30, 2021 and 2020, respectively. During the years ended June 2021 and June 2020, depreciation of software development costs were \$67,925 per year.

Note 5. Related Party Transactions

The Association shares employees and facilities with the Massachusetts Interscholastic Athletic Association, Inc. ("MIAA"). Rent payments to MIAA total \$58,000 and \$58,000 for the years ended June 30, 2021 and 2020, 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 \$762,676 and \$774,184 were allocated to the Association for the years ended June 30, 2021 and 2020, respectively. MSAA reimburses MIAA monthly.

The Association owed \$5,908 and \$7,452 to MIAA at June 30, 2021 and 2020, respectively.

Note 6. 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) based on years of service.

**MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

Note 6. Pension and Other Post-Retirement Plans (Continued)

Effective July 1, 2008, the Association established the MIAA/MSAA Retirement Plan (the "Retirement Plan"), a contributory defined benefit pension plan for its eligible employees (as defined in the Plan). The Retirement Plan benefit formula is generally based on the Massachusetts Teachers' Retirement System Plan. The Plan's benefit formula considers age, years of service (up to a maximum of 32 years) and applies a percentage factor to the 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 or (ii) a minimum annual benefit of \$120.00 times a participant's years of service. The normal retirement benefit is subject to a seven-year graded vesting schedule. Participants are guaranteed of receiving at a minimum, a return of the participant's "Mandatory Employee Contributions" of 4.8% of salary with interest, in accordance with Plan terms.

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.

**MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

Note 6. Pension and Other Post-Retirement Plans (Continued)

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

	2021	2020
Accrued postretirement health benefits (overfunded)	\$ (359,131)	\$ (254,756)
Add: Current portion	4,797	4,446
Postretirement benefits (overfunded)	<u>\$ (363,928)</u>	<u>\$ (259,202)</u>
	2021	2020
Accrued pension benefits underfunded	<u>\$ 218,230</u>	<u>\$ 65,970</u>
Accrued vacation and sick pay	<u>\$ 64,762</u>	<u>\$ 54,834</u>
Postretirement obligations current portion	<u>\$ (4,797)</u>	<u>\$ (4,446)</u>

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, 2021 and 2020.

	Pension Benefits		Postretirement Health Benefits	
	2021	2020	2021	2020
Postretirement benefit obligation	\$1,220,363	\$839,662	\$ 202,541	\$ 185,578
Plan assets at fair value	<u>(1,002,133)</u>	<u>(773,692)</u>	<u>(561,672)</u>	<u>(440,334)</u>
Postretirement benefit obligation in excess of plan assets included in the Statements of Financial Position	<u>\$ 218,230</u>	<u>\$ 65,970</u>	<u>\$ (359,131 )</u>	<u>\$(254,756)</u>



**MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

Note 6. Pension and Other Post-Retirement Plans (Continued)

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

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

	2021	2020
Pension Plan	\$ 26,312	\$ (7,061)
403(b) Plan	52,057	48,936
Postretirement health benefits	(56,802)	(57,417)
	\$ 21,567	\$ (15,542)

Net periodic postretirement benefit costs for June 30, 2021 and 2020 included the following components:

	Pension Benefits		Postretirement Health Benefits	
	2021	2020	2021	2020
Service cost – benefits attributed to service during the period	\$ 7,370	\$ -	\$ 10,845	\$ 10,631
Interest cost on accumulated postretirement benefit obligation	19,366	23,531	4,584	6,704
Expected return on plan assets	(60,633)	(65,800)	(13,143)	(14,126)
Amortization of transition obligation	-	-	9,502	9,502
Prior Service Cost	-	-	(79,345)	(79,345)
Recognition of (gains)/losses	60,209	35,208	10,755	9,217
Net periodic postretirement benefit cost deducted in the Statements of Activities	\$ 26,312	\$ (7,061)	\$(56,802)	\$(57,417)

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:

	Pension Benefits		Postretirement Health Benefits	
	<b>Weighted-average assumptions</b>			
Discount rate (beginning of period)	3.25%	3.25%	2.5%	3.25%
Discount rate (end of period)	2.375%	3.25%	2.65%	2.5%
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%	3.0%	3.00%

**MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

Note 6. Pension and Other Post-Retirement Plans (Continued)

The fair values of the Association's plan assets at June 30, 2021 by assets class are as follows:

Asset Class	Pension Benefits	Postretirement Health Benefits
Cash	\$ 42,984	\$ 9,531
Equity securities	470,279	324,647
Mutual Funds	154,668	72,697
Equity Trusts	334,202	154,797
	<hr/>	<hr/>
All level one measurements	\$1,002,133	\$ 561,672

The following benefits are expected to be paid:

	Pension Benefits	Postretirement Health Benefits
2021	\$ 22,234	\$ 4,797
2022	75,903	5,519
2023	83,402	5,916
2024	81,078	6,712
2025	78,347	7,267

Note 7. Loans Payable

In response to the Covid-19 pandemic in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In February of 2021, the Association obtained a PPP loan for \$83,530. The Association met all criteria for forgiveness and has recognized a gain of \$83,530 for the year ended June 30, 2021. The Association has elected to account for PPP loan forgiveness under FASB 958-305.

For the year ended June 30, 2020, the Association received a PPP loan in the amount of \$70,052 of which \$70,052 gain was recognized in the year ended June 30, 2020.

During the year ended June 30, 2021 the Association obtained a Small Business Association (SBA) loan in the amount of \$150,000 which is included in the Association's note payable balance at June 30, 2021. This loan is for a term of 30 years and has an interest rate of 2.75%. Payment on the note has been deferred until April 2022.

**MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
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Note 8. Commitments

On December 2, 2009 the Board of Directors voted 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, 2021, only one of the two executives remain under contract. The remaining executive retired effective September 1, 2021.

Note 9. 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, 2021</u>
Financial assets at year end	\$ 1,656,305
Less those unavailable for general expenditures within one year	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,656,305</u>

As part of the Association's liquidity management, it invests cash in excess of daily requirements in investments.

**MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
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Note 10. 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, 2021 and 2020, respectively, were allocated as follows

	Program Services			Supporting Services		Total June 30, 2020
	Membership	Student Activities	Professional Programs	General and Administrative	Total	
	-----June 30, 2021-----					
Student activities	\$	\$106,012	\$	\$	\$106,012	\$717,900
Professional development			379,891		379,891	690,815
Membership	25,575				25,575	38,199
Salaries	102,095	64,580	252,884	244,083	663,642	570,214
Insurance & employee benefits	15,493	19,641	47,636	37,039	119,809	90,816
Payroll taxes & administration	7,951	10,079	24,446	19,008	61,484	69,979
Office operations	12,909	16,365	39,692	30,864	99,830	105,458
Professional fees	5,245	6,649	16,125	12,538	40,557	68,214
Administrative expenses	1,985	2,517	6,104	4,746	15,352	29,571
Committee meetings	230	291	707	549	1,777	24,623
Depreciation	9,048	11,470	27,818	21,630	69,966	68,946
<b>Total</b>	<b><u>\$ 180,531</u></b>	<b><u>\$237,604</u></b>	<b><u>\$ 795,303</u></b>	<b><u>\$ 370,457</u></b>	<b><u>\$1,583,895</u></b>	<b><u>\$2,474,735</u></b>

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

Note 11. 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 12. COVID-19

The COVID-19 pandemic has had a significant effect on the Association's operations during the fiscal years ending June 30, 2021 and June 30, 2020, as revenue was limited. The Association is focused on moving toward a return to normalcy for the year ending June 30, 2022.

The Association has obtained additional revenue from other sources to supplement income during the COVID-19 period: grant income of \$60,000; employee retention credits of \$141,901; and paycheck protection loan forgiveness of \$83,530. As a result, the Association has been able to cover its operating expenses during the COVID-19 affected periods.

Note 13. Evaluation of Subsequent Events

The Association has evaluated subsequent events November 9, 2021 the date which the financial statements were available to be issued.