

**Massachusetts School Administrators'
Association, Incorporated**

Financial Statements

Years Ended June 30, 2022 and 2021

**Massachusetts School Administrators’
Association, Incorporated
June 30, 2022 and 2021**

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HALKIADAKIS & CO

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position of Massachusetts School Administrators' Association, Incorporated as of June 30, 2022 and 2021, and the changes in it's net assets and it's cash flows for the years then ended 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 Auditors Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Massachusetts School Administrators' Association, Incorporated 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Massachusetts School Administrators' Association, Incorporated'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 accounting 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 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 accounting standards, we:

- Exercise professional judgement 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 Massachusetts School Administrators' Association, Incorporated's internal control. Accordingly, no 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Massachusetts School Administrators' Association, Incorporated'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 2021 Financial Statements

The financial statements of Massachusetts School Administrators' Association, Incorporated as of June 30, 2021, were audited by other accountants who have ceased operations and whose report dated November 9, 2021, stated that, based on their 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 are not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with the accounting principles generally accepted in the United States of America

Halkiadakis & Co. PC

Wellesley, MA
November 22, 2022

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 192,556	\$ 152,411
Investments	1,203,799	1,419,857
Accounts receivables	139,348	84,037
Prepaid expenses	8,514	13,128
Total Current Assets	1,544,217	1,669,433
Postretirement obligation-overfunded	335,491	363,928
Property and equipment, net	5,101	7,142
Total Assets	\$ 1,884,809	\$ 2,040,503
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 20,567	\$ 26,362
Deferred dues revenue	14,574	11,755
Deferred program revenue	220,659	69,889
Due to related party	196	5,908
Postretirement obligations, current portion	3,408	4,797
EIDL SBA Loan	150,000	150,000
Total Current Liabilities	409,404	268,711
Noncurrent Liabilities:		
Accrued pension benefits	161,010	218,230
Accrued vacation and sick pay	51,823	64,762
Total Noncurrent Liabilities	212,833	282,992
Total Liabilities	622,237	551,703
Net Assets:		
Without donor restrictions	1,262,572	1,488,800
Total Net Assets	1,262,572	1,488,800
Total Liabilities and Net Assets	\$ 1,884,809	\$ 2,040,503

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>Changes in Net Assets Without Donor Restrictions</u>		
<u>Revenue and Support</u>		
Association conferences	\$ 735,970	\$ 493,980
Membership dues	538,375	536,774
Cheerleading/Dance	180,258	41,440
Student council	79,085	30,950
Employee retention credits	52,687	141,901
Corporate partnerships	83,955	20,414
National Honor Society	24,290	23,650
Miscellaneous	12,668	16,230
PPP forgiveness	-	83,530
Grant income	-	60,000
	1,707,288	1,448,869
<u>Expenses</u>		
Program services:		
Student activities	376,026	237,604
Professional development	886,390	795,303
Membership	155,211	180,531
Total program expense	1,417,627	1,213,438
General and administrative	330,012	356,827
Fundraising	12,640	13,630
	1,760,279	1,583,895
Increase (Decrease) in net assets from operations (balance forward)	\$ (52,991)	\$ (135,026)

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED
STATEMENTS OF ACTIVITIES (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Balance brought forward	\$ (52,991)	\$ (135,026)
<u>Other Revenue (Expenses) without Donor Restrictions</u>		
Investment return, net	<u>(114,794)</u>	<u>337,506</u>
<u>Increase (Decrease) In Net Assets without Donor Restrictions from Operating Activities</u>	(167,785)	202,480
<u>Postretirement Benefit Changes Other Than Net Periodic Pension Costs</u>	<u>(58,443)</u>	<u>(78,375)</u>
<u>Increase (Decrease) In Net Assets without Donor Restrictions</u>	(226,228)	124,105
Net Assets, Beginning of Year	<u>1,488,800</u>	<u>1,364,695</u>
Net Assets, End of Year	<u>\$ 1,262,572</u>	<u>\$ 1,488,800</u>

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services			Supporting Services		Total
	<u>Membership</u>	<u>Student Activities</u>	<u>Professional Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
	-----June 30, 2022-----					
Student activities	\$ -	\$ 242,368	\$ -	\$ -	\$ -	\$ 242,368
Professional development	-	-	537,265	-	-	537,265
Membership	11,887	-	-	-	-	11,887
Salaries	98,103	76,333	210,087	225,890	8,648	619,061
Insurance & employee benefits	9,394	11,909	28,885	21,630	830	72,648
Payroll taxes & administration	8,817	11,177	27,108	20,301	777	68,180
Office operations	14,703	18,639	45,207	33,855	1,297	113,701
Professional fees	7,524	9,538	23,134	17,325	664	58,185
Administrative expenses	2,359	2,990	7,253	5,431	210	18,243
Committee meetings	1,602	2,031	4,926	3,689	142	12,390
Depreciation	264	334	811	607	24	2,040
Affiliated Association	558	707	1,714	1,286	48	4,311
Total	<u>\$ 155,211</u>	<u>\$ 376,026</u>	<u>\$ 886,390</u>	<u>\$ 330,012</u>	<u>\$ 12,640</u>	<u>\$ 1,760,279</u>

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services			Supporting Services		Total
	<u>Membership</u>	<u>Student Activities</u>	<u>Professional Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
	-----June 30, 2021-----					
Student activities	\$ -	\$ 106,012	\$ -	\$ -	\$ -	\$ 106,012
Professional development	-	-	379,891	-	-	379,891
Membership	25,575	-	-	-	-	25,575
Salaries	102,095	64,580	252,884	235,107	8,976	663,642
Insurance & employee benefits	15,493	19,641	47,636	35,674	1,365	119,809
Payroll taxes & administration	7,951	10,079	24,446	18,307	701	61,484
Office operations	12,909	16,365	39,692	29,728	1,136	99,830
Professional fees	5,245	6,649	16,125	12,077	461	40,557
Administrative expenses	1,985	2,517	6,104	4,572	174	15,352
Committee meetings	230	291	707	529	20	1,777
Depreciation	9,048	11,470	27,818	20,833	797	69,966
Total	<u>\$ 180,531</u>	<u>\$ 237,604</u>	<u>\$ 795,303</u>	<u>\$ 356,827</u>	<u>\$ 13,630</u>	<u>\$ 1,583,895</u>

MASSACHUSETTS SCHOOL ADMINISTRATORS' ASSOCIATION, INCORPORATED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ (226,228)	\$ 124,105
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	2,041	69,966
Unrealized (gain) loss on investments	241,094	(221,956)
PPP forgiveness	-	(83,530)
(Increase) decrease in assets:		
Accounts receivables	(55,311)	(2,088)
Prepaid expenses	4,614	(7,409)
Postretirement benefits overfunded	28,437	(104,726)
Increase (decrease) in liabilities:		
Accrued postretirement benefits	(71,548)	162,539
Accounts payable	(5,795)	(7,366)
Deferred dues revenue	2,819	5,975
Deferred program revenue	150,770	19,625
Due to related party	(5,712)	(1,544)
Agency funds	-	(20,400)
Net cash provided (used) by operating activities	65,181	(66,809)
<u>Cash Flows from Investing Activities</u>		
Proceeds from sale of investments	619,986	398,658
Purchase of investments	(645,022)	(514,206)
Net cash provided (used) by investing activities	(25,036)	(115,548)
<u>Cash Flows from Financing Activities</u>		
Loan proceeds	-	233,530
Net cash provided (used) by financing activities	-	233,530
<u>Increase (Decrease) In Cash</u>	40,145	51,173
<u>Cash and Cash Equivalents, Beginning of Year</u>	152,411	101,238
<u>Cash and Cash Equivalents, End of Year</u>	\$ 192,556	\$ 152,411

See accompanying notes to financial statements

**Massachusetts School Administrators’
Association, Incorporated
June 30, 2022 and 2021**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization and Purpose

The Massachusetts School Administrators’ Association, Incorporated (“the Association”) 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 membership dues, professional development initiatives, and non-athletic activities in Massachusetts.

Basis of Presentation

The Association prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), using the accrual method of accounting. Under this method expenses are recorded when incurred and revenues are recorded when earned. The Association reports information regarding its financial position and activities according to two classes of net assets based on the presence or absence of donor-imposed restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Cash and Cash Equivalents

For purposes of these financial statements, the Association considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

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.

**Massachusetts School Administrators'
Association, Incorporated
June 30, 2022 and 2021**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

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:

Furniture and equipment	5 - 10 years
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Revenue Recognition

The Association's primary sources of income are membership dues, professional development initiatives, and non-athletic activities in Massachusetts. Services are provided to schools throughout the state of Massachusetts.

Revenue from contracts is recognized when control of the goods and services provided is transferred to the Association's customers and in an amount that reflects the consideration the Association expects to be entitled to in exchange for those goods and services using the following steps:

- 1) identification of the contract, or contracts with a customer
- 2) identification of performance obligation in the contract
- 3) determination of the transaction price
- 4) allocation of the transaction price to the performance obligations in the contract
- 5) recognition of revenue when or as the Association satisfies the performance obligations

**Massachusetts School Administrators'
Association, Incorporated
June 30, 2022 and 2021**

Notes to Financial Statements

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.

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.

Reclassification

Certain reclassifications were made to the 2021 financial statements to conform to 2022 presentation.

**Massachusetts School Administrators'
Association, Incorporated**
June 30, 2022 and 2021

Notes to Financial Statements

Note 2. Adoption of Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued new authoritative guidance on revenue recognition. The Association adopted the standard as of July 1, 2021, including all updates made to the standard since original issuance, using the modified retrospective method. The guidance includes a five-step framework to determine the timing and amount of revenue to recognize related to contracts with customers. Additionally, the guidance requires new and expanded disclosures related to the amounts of revenue and judgments made when following the framework. The Association utilized various practical expedients offered by the guidance during implementation. The adoption did not result in any reclassifications or restatements to net assets or changes in net assets.

Note 3. Concentration of Credit Risk

The Association maintains its cash accounts at a commercial bank and an investment company, which at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts. Management believes the Association is not exposed to any significant credit risk related to cash.

Note 4. Cash and Cash Equivalents

The following table provides a reconciliation of cash and cash equivalents reported within the statements of financial position that sums to the amounts shown in the statements of cash flows:

	<u>2022</u>	<u>2021</u>
Cash	\$192,556	\$ 152,411

**Massachusetts School Administrators'
Association, Incorporated**
June 30, 2022 and 2021

Notes to Financial Statements

Note 5. 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 statement 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, 2022 and 2021:

	June 30, 2022		
	Cost	Unrealized Gain or (Loss)	Market Value
Equity and debt securities	\$ 987,629	\$ 54,499	\$ 1,042,128
Money market funds	161,671	-	161,671
	<u>\$1,149,300</u>	<u>\$ 54,499</u>	<u>\$ 1,203,799</u>

	June 30, 2021		
	Cost	Unrealized Gain or (Loss)	Market Value
Equity and debt securities	\$ 993,373	\$ 295,593	\$ 1,288,966
Money market funds	130,891	-	130,891
	<u>\$ 1,124,264</u>	<u>\$ 295,593</u>	<u>\$ 1,419,857</u>

**Massachusetts School Administrators'
Association, Incorporated**
June 30, 2022 and 2021

Notes to Financial Statements

Note 5. Investments (continued)

Components of investment return are as follows:

	2022	2021
Unrealized gains (losses)	\$ (241,094)	\$ 221,956
Realized gains (losses)	90,496	89,436
Dividends and interest	50,257	36,604
Total unrestricted return on investment	\$ (100,341)	\$ 347,996
Investment expense	(14,453)	(10,490)
Investment return, net	\$ (114,794)	\$ 337,506

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.

**Massachusetts School Administrators'
Association, Incorporated
June 30, 2022 and 2021**

Notes to Financial Statements

Note 6. Accounts Receivable

Accounts receivable are comprised of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Trade	\$ 146,215	\$ 30,149
Employee retention credits	-	62,648
Allowance for doubtful accounts	<u>(6,867)</u>	<u>(8,760)</u>
	<u>\$ 139,348</u>	<u>\$ 84,037</u>

Note 7. Property and Equipment

Property and equipment consist of the following:

	<u>2022</u>	<u>2021</u>
Furniture & equipment	\$ 68,005	\$ 68,005
Less: Accumulated depreciation	<u>(62,904)</u>	<u>(60,863)</u>
	<u>\$ 5,101</u>	<u>\$ 7,142</u>

Depreciation charged to operations totaled \$2,040 and \$69,966 for the years ended June 30, 2022 and 2021, respectively. During the year ended June 2021, depreciation of software development costs was \$67,925.

Note 8. Liquidity

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 192,556	\$ 152,411
Investments	1,203,799	1,419,857
Accounts receivable	<u>139,348</u>	<u>84,037</u>
	1,535,703	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>\$1,535,703</u>	<u>\$1,656,305</u>

**Massachusetts School Administrators'
Association, Incorporated
June 30, 2022 and 2021**

Notes to Financial Statements

Note 8. Liquidity (continued)

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

Note 9. Pension and Other Postretirement 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.

Effective July 1, 2008, the Association established the MIAA/MSAA Retirement Plan (the "Retirement Plan"), a contributory defined benefit pension plan for its eligible employees (as defined in the Plan). The Retirement Plan benefit formula is generally based on the Massachusetts Teacher's Retirement System Plan. The Plan's benefit formula considers age, years of service (up to a maximum of 32 years) and applies a percentage factor to Plan defined compensation. The resulting amount is offset by a calculation (as specified in the Plan) that annuitizes the "Theoretical Employer Account Balance" attributable to the Association's contribution to the MIAA/MSAA pension 403(b) plan.

The benefit amount is then further offset by the Participant's annual Social Security Benefit (as defined in the Plan) payable at their "Social Security Retirement Age". This figure ("Benefit 1") is then grossed up for the applicable Massachusetts state Income Tax Rate. The Participant's annual Normal Retirement benefit is then determined to be the greater of (i) Benefit 1 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.

As of June 30, 2022 and 2021 eight and six participants, respectively, were active in the retirement plan.

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.

**Massachusetts School Administrators'
Association, Incorporated
June 30, 2022 and 2021**

Notes to Financial Statements

Note 9. Pension and Other Postretirement Plans (continued)

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

As of June 30, 2022 and 2021, three retirees (seven total participants with inclusion of spouses) were active in the Post-Retirement Medical Insurance Premium Plan.

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

	2022	2021
Accrued postretirement health benefits (overfunded)	\$ (332,083)	\$ (359,131)
Add: Current portion	3,408	4,797
Postretirement benefits (overfunded)	\$ (335,491)	\$ (363,928)
	2022	2021
Accrued pension benefits underfunded	\$ 161,010	\$ 218,230
Accrued vacation and sick pay	\$ 51,823	\$ 64,762
Postretirement obligations current portion	\$ (3,408)	\$ (4,797)

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, 2022 and 2021.

	Pension Benefits		Postretirement Health Benefits	
	2022	2021	2022	2021
Postretirement benefit obligation	\$1,038,445	\$1,220,363	\$ 166,664	\$ 202,541
Plan assets at fair value	(877,435)	(1,002,133)	(498,747)	(561,672)
Postretirement benefit obligation in excess of plan assets included in the Statements of Financial Position	\$ 161,010	\$ 218,230	\$ (332,083)	\$ (359,131)

**Massachusetts School Administrators'
Association, Incorporated
June 30, 2022 and 2021**

Notes to Financial Statements

Note 9. Pension and Other Postretirement 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.

	<u>2022</u>	<u>2021</u>
Pension Plan	\$ 28,936	\$ 26,312
403(b) Plan	50,652	52,057
Postretirement health benefits	<u>(117,551)</u>	<u>(56,802)</u>
	<u>\$ (37,963)</u>	<u>\$ 21,567</u>

Net periodic postretirement benefit costs for June 30, 2022 and 2021 included the following components:

	Pension Benefits		Postretirement Health Benefits	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Service cost – benefits attributed to service during the period	\$ 7,135	\$ 7,370	\$ 11,390	\$ 10,845
Interest cost on accumulated postretirement benefit obligation	28,007	19,366	5,254	4,584
Expected return on plan assets	(77,552)	(60,633)	(16,718)	(13,143)
Amortization of transition obligation	-	-	9,502	9,502
Prior Service Cost	-	-	(134,843)	(79,345)
Recognition of (gains)/losses	<u>71,346</u>	<u>60,209</u>	<u>7,864</u>	<u>10,755</u>
Net periodic postretirement benefit cost deducted in the Statements of Activities	<u>\$ 28,936</u>	<u>\$ 26,312</u>	<u>\$ (117,551)</u>	<u>\$ (56,802)</u>

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

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

**Massachusetts School Administrators'
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Notes to Financial Statements

Note 9. Pension and Other Postretirement Plans (continued)

The fair values of the Association's plan assets at June 30, 2022 by assets class are as follows:

Asset Class	Pension Benefits	Postretirement Health Benefits
Cash	\$ 105,031	\$ 9,508
Equity securities	294,386	284,387
Mutual Funds	184,549	68,603
Equity Trusts	<u>293,469</u>	<u>136,249</u>
All level one measurements	<u>\$ 877,435</u>	<u>\$ 498,747</u>

The following benefits are expected to be paid:

	Pension Benefits	Postretirement Health Benefits
2023	68,351	3,835
2024	68,176	4,146
2025	67,339	5,083
2026	70,066	6,173
2027	69,416	6,924

Note 10. EIDL SBA Loan Payable

Due to the coronavirus pandemic, in October 2020 the Association obtained a Small Business Association (SBA) Economic Injury Disaster Loan (EIDL) in the amount of \$150,000. This loan is for a term of 30 years and has an interest rate of 2.75%. Payments on the note have been deferred until April 2023.

**Massachusetts School Administrators'
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Notes to Financial Statements

Note 11. Revenue Recognition

The Association's revenue disaggregated according to the timing of when revenue is recognized is as follows:

	June 30	
	2022	2021
Revenue recognized at a point in time		
Association conferences	\$ 735,970	\$ 493,980
Cheerleading/Dance	180,258	41,440
Student council	79,085	30,950
Corporate partnerships	83,955	20,414
National Honor Society	24,290	23,650
Grant income	-	60,000
Total Revenue recognized at a point in time	\$1,103,558	\$ 670,434
Revenue recognized over time		
Membership dues	538,375	536,774
Total Revenue recognized over time	538,375	536,774
Other revenue not subject to ASC 606		
Employee retention credits	52,687	141,901
Miscellaneous income	12,668	16,230
Payroll protection program loan forgiveness	-	83,530
Total Other Revenue	65,335	241,661
Total Revenue	\$1,707,288	\$1,448,869

Note 12. 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.

**Massachusetts School Administrators'
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Notes to Financial Statements

Note 13. Net Assets

The Association's financial statement presentation is in accordance with GAAP. Under this guidance, the Association has reported information regarding its financial position and activities according to two classes of net assets based on the presence or absence of donor-imposed restrictions:

- Net assets without donor restrictions, which are not subject to usage restrictions based on donor-imposed requirement. This class also includes assets previously restricted where restrictions have expired or been met.
- Net assets with donor restrictions, which are subject to usage limitations based on donor-imposed or grantor restrictions. Restrictions may be met by the passage of time or by actions of the Association. Certain restrictions may need to 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.

Note 14. Related Party Transactions

The Association shares its building and employees with the Massachusetts Interscholastic Athletic Association. ("MIAA"). Rent payments to Massachusetts Interscholastic Athletic Association, Inc. total \$58,000 and \$58,000 each year for the years ended June 30, 2022 and 2021, 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 \$814,934 and \$762,676 were allocated to The Association for the years ended June 30, 2022 and 2021, respectively. The Association reimburses MIAA monthly. The Association owed \$196 and \$5,908 to MIAA at June 30, 2022 and 2021, respectively

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Notes to Financial Statements

Note 15. 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 remains under contract. The remaining executive retired effective September 1, 2021.

Note 16. Functional Allocation of Expenses

The cost of providing various programs along with management and general have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis. Personnel costs, professional services, office expense, information technology, insurance, and other expenses are allocated on the basis of estimates of time, effort and/or usage.

Note 17. COVID-19

The COVID-19 pandemic had a significant effect on the Association's operations during the fiscal year ending June 30, 2021, as revenue from association conferences and activities was limited. The Association focused and moved towards a return to normalcy for the year ending June 30, 2022.

For June 30, 2022, The Association obtained employee retention credits of \$52,687 to supplement income during the COVID-19 period.

For June 30, 2021, The Association has obtained additional revenue from other sources to supplement income during the COVID-19 period: 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 18. Evaluation of Subsequent Events

The Association has evaluated subsequent events through November 22, 2022, the date which the financial statements were available to be issued.