



**CALIFORNIA SCHOOL BOARDS  
ASSOCIATION AND  
AFFILIATED ORGANIZATIONS**

**CONSOLIDATED FINANCIAL  
STATEMENTS WITH INDEPENDENT  
AUDITOR'S REPORT  
YEARS ENDED JUNE 30, 2008 and 2007**

**CALIFORNIA SCHOOL BOARDS ASSOCIATION  
AND AFFILIATED ORGANIZATIONS**

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June 30, 2008 and 2007**

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# Grant Bennett Associates

A PROFESSIONAL CORPORATION

To the Board of Directors  
California School Boards Association  
and Affiliated Organizations  
Sacramento, California

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying consolidated statement of financial position of the California School Boards Association and Affiliated Organizations (Association) as of June 30, 2008 and 2007 and the related statements of activities, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As more fully described in Note 5 to the financial statements, the Association recognizes the cost of its defined benefit pension plan in accordance with accounting principles promulgated by the Government Accounting Standards Board, which is not in accordance with financial accounting principles generally accepted in the United States of America (GAAP). GAAP requires the cost of employee's pensions to be recognized over the employee's respective service periods and a liability to be recognized when the accumulated benefit obligation exceeds the fair value of plan assets. The effects of that departure on the financial statements are not reasonably determinable.

In our opinion, except for the effects of the matter discussed in the preceding paragraph, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the California School Boards Association and Affiliated Organizations as of June 30, 2008 and 2007, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplementary information presented on pages 16 to 23, inclusive, is presented for additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.



GRANT BENNETT ASSOCIATES  
A PROFESSIONAL CORPORATION  
Certified Public Accountants

September 30, 2008



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**CALIFORNIA SCHOOL BOARDS ASSOCIATION  
AND AFFILIATED ORGANIZATIONS  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and Equivalents	\$ 6,880,932	\$ 6,751,031
Accounts Receivable	556,044	627,195
Grants Receivable	321,430	148,500
Inventories	37,571	51,238
Deposits and Prepaid Expenses	<u>314,708</u>	<u>309,568</u>
Total Current Assets	8,110,685	7,887,532
<b>INVESTMENTS</b>	1,812	1,812
<b>GRANTS RECEIVABLE - Non Current</b>	165,000	0
<b>ANNUITIES HELD IN TRUST</b>	2,652,191	2,361,986
<b>PROPERTY AND EQUIPMENT - Net</b>	<u>2,041,174</u>	<u>1,882,723</u>
<b>TOTAL ASSETS</b>	<u>\$ 12,970,862</u>	<u>\$ 12,134,053</u>
 <b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts Payable & Accrued Expenses	\$ 732,134	\$ 676,382
Deferred Revenues	2,419,736	2,247,726
Compensated Absences	<u>482,983</u>	<u>457,047</u>
Total Current Liabilities	3,634,853	3,381,155
<b>ANNUITIES HELD IN TRUST</b>	<u>2,652,191</u>	<u>2,361,986</u>
<b>TOTAL LIABILITIES</b>	<u>6,287,044</u>	<u>5,743,141</u>
<b>MEMBERS' EQUITY:</b>		
Unrestricted:		
Undesignated	4,384,959	4,602,640
Board Designated	<u>1,450,946</u>	<u>1,533,505</u>
Total Unrestricted	<u>5,835,905</u>	<u>6,136,145</u>
Temporarily Restricted	<u>847,913</u>	<u>254,767</u>
<b>TOTAL MEMBERS' EQUITY</b>	<u>6,683,818</u>	<u>6,390,912</u>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<u>\$ 12,970,862</u>	<u>\$ 12,134,053</u>

The accompanying notes are an integral part of these consolidated financial statements.

**CALIFORNIA SCHOOL BOARDS ASSOCIATION  
AND AFFILIATED ORGANIZATIONS  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>UNRESTRICTED MEMBERS' EQUITY:</b>		
<b>REVENUES AND SUPPORT:</b>		
Membership Dues	\$ 5,593,682	\$ 5,209,617
Policy Services	3,037,626	2,571,302
Continuing Education	1,934,838	1,925,052
Governmental Relations	14,011	0
Education Legal Alliance	1,302,718	1,197,197
CCBE Programs	104,979	88,443
Foundation Programs	1,320,857	945,057
District Services Programs	1,267,239	1,038,954
Financial Programs	272,518	271,759
Executive Search	480,251	381,786
Communications and Member Services	207,558	218,076
Interest Revenues	401,094	461,376
Miscellaneous	132,008	108,195
Net Assets Released from Restrictions	<u>500,369</u>	<u>373,363</u>
<b>Total Revenues and Support</b>	<u><b>16,569,748</b></u>	<u><b>14,790,177</b></u>
<b>EXPENSES:</b>		
<b>Program Services -</b>		
Foundation Programs	3,417,874	2,601,291
CCBE Programs	97,293	76,812
Communications and Member Services	1,864,908	1,622,745
Policy Services	2,399,647	2,295,941
Education Legal Alliance	1,449,129	911,912
Continuing Education	1,467,410	1,500,814
Governmental Relations	1,245,416	1,162,365
Executive Search	785,036	715,516
Policy Analysis	488,412	485,714
District Services Programs	889,243	757,073
Financial Programs	<u>183,168</u>	<u>179,042</u>
<b>Total Program Services</b>	<b>14,287,536</b>	<b>12,309,225</b>
<b>Supporting Services -</b>		
Governance and Administration	<u>2,582,452</u>	<u>2,325,103</u>
<b>Total Expenses</b>	<u><b>16,869,988</b></u>	<u><b>14,634,328</b></u>
<b>CHANGE IN UNRESTRICTED MEMBERS' EQUITY</b>	<u><b>(300,240)</b></u>	<u><b>155,849</b></u>

The accompanying notes are an integral part of these consolidated financial statements.

**CALIFORNIA SCHOOL BOARDS ASSOCIATION  
AND AFFILIATED ORGANIZATIONS  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2008 AND 2007**

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	<u>2008</u>	<u>2007</u>
TEMPORARILY RESTRICTED MEMBERS' EQUITY:		
Foundation Programs	1,093,515	442,376
Net Assets Released from Restrictions	<u>(500,369)</u>	<u>(373,363)</u>
<b>CHANGE IN TEMPORARILY RESTRICTED MEMBERS' EQUITY</b>	<u>593,146</u>	<u>69,013</u>
<b>NET CHANGE IN MEMBERS' EQUITY</b>	292,906	224,862
<b>MEMBERS' EQUITY, Beginning of Year As Restated</b>	<u>6,390,912</u>	<u>6,166,050</u>
<b>MEMBERS' EQUITY, End of Year</b>	<u>\$ 6,683,818</u>	<u>\$ 6,390,912</u>

The accompanying notes are an integral part of these consolidated financial statements.

**CALIFORNIA SCHOOL BOARDS ASSOCIATION  
AND AFFILIATED ORGANIZATIONS  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Members, Customers and Others	\$ 16,667,031	\$ 14,484,839
Interest Received	401,094	461,376
Cash Paid to Vendors, Employees and Beneficiaries	<u>(16,569,828)</u>	<u>(14,172,774)</u>
Net Cash Flows from Operating Activities	<u>498,297</u>	<u>773,441</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Property and Equipment	<u>(368,396)</u>	<u>(626,634)</u>
Net Cash Flows from Investing Activities	<u>(368,396)</u>	<u>(626,634)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	129,901	146,807
<b>CASH AND EQUIVALENTS, Beginning of Year</b>	<u>6,751,031</u>	<u>6,604,224</u>
<b>CASH AND EQUIVALENTS, End of Year</b>	<u>\$ 6,880,932</u>	<u>\$ 6,751,031</u>
 <b>RECONCILIATION OF NET CHANGE IN MEMBERS' EQUITY TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Change in Members' Equity	\$ 292,906	\$ 224,862
Depreciation	209,945	175,776
Change in Accounts Receivable	71,151	(83,635)
Change in Grants Receivable	(337,930)	(148,500)
Change in Inventories	13,667	7,548
Change in Deposits and Prepaid Expenses	(5,140)	78,020
Change in Accounts Payable & Accrued Expenses	55,752	171,497
Change in Deferred Revenues	172,010	319,160
Change in Compensated Absences	<u>25,936</u>	<u>28,713</u>
Net Cash Flows from Operating Activities	<u>\$ 498,297</u>	<u>\$ 773,441</u>

The accompanying notes are an integral part of these consolidated financial statements.

**CALIFORNIA SCHOOL BOARDS ASSOCIATION  
AND AFFILIATED ORGANIZATIONS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

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**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:**

**Organization**

The California School Boards Association (CSBA) is a California nonprofit public benefit corporation. The objective of CSBA is to provide leadership in setting and implementing the public education agenda in California and to support school board governance at the district and county levels. Members consist primarily of the governing boards of California school districts.

**Principles of Consolidation**

The accompanying financial statements reflect the consolidation of CSBA and several affiliated organizations that provide services on behalf of CSBA to its members. CSBA and its affiliates (collectively, the Association) are governed by Boards of Directors with common members and share common facilities and management. Material transactions among the entities have been eliminated in consolidation. The affiliated organizations are described below:

The California School Boards Foundation (CSBF) is a California nonprofit public benefit corporation established to provide support and training to school board members, to conduct policy research and analysis in education, and to recognize educational leadership and achievements in California.

The California School Boards Association Finance Corporation (CSBAFC) is a California nonprofit public benefit corporation established to render financial assistance to educational bodies in the State of California. The current programs include a Tax Revenue Anticipation Note (TRAN) program, a Certificate of Participation program, a lease purchase program, and a Qualified Zone Academy (QZAB) program.

The California School Boards Association District Services Corporation (CSBADSC) is a California nonprofit public benefit corporation established to provide support, training, and assistance to California school districts, community colleges, and other public agencies whose primary purpose is public education. The most active programs include a Medi-Cal reimbursement service that assists school districts in receiving federal monies for specific medical services provided to eligible students; sponsorship of the US Communities Governmental Purchasing Alliance (a national pooled purchasing alliance with Cities, Counties, and Schools) that offer school districts deep discounts in purchasing supplies and services; and deferred compensation programs to help school districts establish, evaluate, and comply with complex Internal Revenue Service regulations.

The California County Boards of Education (CCBE) is a subset of the CSBA and has historically represented county member boards.

**CALIFORNIA SCHOOL BOARDS ASSOCIATION  
AND AFFILIATED ORGANIZATIONS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2008 AND 2007**

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**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued:**

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets based on the absence or existence and type of donor-imposed restrictions. The Association did not have any permanently restricted net assets during either year.

**Revenue Recognition**

Membership dues are recognized as revenue in the applicable membership period. Revenues from educational activities, conferences, and other events and from fee-based services are recognized when the events occur. Dues and fees collected in advance are recorded as deferred revenues until earned.

Fees for arranging TRANs and COP financing agreements among California school districts, financial institutions, and the general public are recognized upon the close of escrow.

**Cash Equivalents**

For financial statement purposes, the Association considers all investments with a maturity at purchase of three months or less to be cash equivalents. Cash and equivalents as of June 30, 2008 and 2007, include funds of \$6,252,907 and \$56,005, respectively, which are pooled in the Local Agency Investment Fund (LAIF). The amount held in the LAIF is considered liquid, and therefore is treated as a cash equivalent.

**Accounts Receivable and Credit Policies**

Accounts receivable consist of uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date.

Accounts receivable are stated at the amount billed to the customer. Customer account balances with invoices dated over 60 days old are considered delinquent.

Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances that exceed 90 days from invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. At June 30, 2008 and 2007 the allowance for doubtful accounts was \$2,000.

**CALIFORNIA SCHOOL BOARDS ASSOCIATION  
AND AFFILIATED ORGANIZATIONS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

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**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued:**

**Inventory**

Inventories consist of supplies and publications and are carried at the lower of cost or market value.

**Property and Equipment**

The Association capitalizes all expenditures for property and equipment in excess of \$1,000. Property and equipment are recorded at cost. Buildings are depreciated using the straight-line method over estimated useful lives of 30 years. Building improvements, office furniture, and equipment are depreciated using the straight-line method over estimated useful lives of 2 to 15 years.

**Income Taxes**

CSBA, CSBAFC, and CSBADSC are exempt from income taxes under Internal Revenue Code (IRC) Sections 501 (c)(4) and related California code sections. CSBF is exempt under IRC Section 501(c)(3) and related California code sections. CSBA and its affiliates are considered publicly supported organizations and are subject to income taxes from activities unrelated to their tax-exempt purposes.

**Functional Allocation of Expenses**

The costs of providing program services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services based on estimates of employees' time incurred, and on usage of resources.

**Restricted and Unrestricted Revenue**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. Restricted net assets consist of assets over which the organization does not have complete control because the donor has placed restrictions on the use of the assets. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

**CALIFORNIA SCHOOL BOARDS ASSOCIATION  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

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**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued:**

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Members' Equity**

Members' Equity represents the net assets of the Association. Since the Association consists of nonprofit organizations, its net assets are not privately owned. The Board designated members' equity balance represents unspent contributions to the Education Legal Alliance Fund (ELA).

**Reclassifications**

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

**NOTE 2 - DEFERRED COMPENSATION AND RETIREMENT PLANS:**

CSBA offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. No contributions are currently being made by the Association. The deferred compensation is not available to employees until disability, termination, retirement, death, or unforeseeable emergency.

Effective January 1, 2006, employees of CSBA over age 21 with at least 12 months of service may also participate in a defined contribution 401(k) retirement plan (the "Plan"). Employees may make voluntary contributions up to federally designated limits. The Organization may make discretionary contributions to the Plan. No employer contributions to the Plan were made during the year ended June 30, 2008.

**CALIFORNIA SCHOOL BOARDS ASSOCIATION  
AND AFFILIATED ORGANIZATIONS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**NOTE 3 - PROPERTY AND EQUIPMENT:**

Property and equipment at June 30, 2008 and 2007 consisted of the following:

	<u>2008</u>	<u>2007</u>
Land	\$ 589,304	\$ 589,304
Buildings and Improvements	2,451,439	2,201,916
Furniture and Equipment	952,289	893,493
Leasehold Improvements	40,413	40,413
Capital Assets in Progress	<u>15,495</u>	<u>141,744</u>
	4,048,940	3,866,870
Less Accumulated Depreciation	<u>2,007,766</u>	<u>1,984,147</u>
Total Property and Equipment - Net	<u>\$ 2,041,174</u>	<u>\$ 1,882,723</u>

Depreciation expense for the years ended June 30, 2008 and June 30, 2007 was \$209,945 and \$175,776, respectively.

**NOTE 4 - OPERATING LEASE COMMITMENTS:**

CSBA leases office space under renewable operating leases that expire in 2010 and 2012. Rent expense at June 30, 2008 and June 30, 2007 was \$328,547 and \$248,898, respectively.

The leases are for additional office space including space for the Governmental Relations Department, to allow legislative staff easier access to the Capitol and the legislative process. These leases contain provision for periodic fixed increases in rent. Rent expense is recognized on the straight-line basis over the life of the lease. Differences between the amount paid in cash and the expense recognized, are reflected as deferred rent and are included in accounts payable and accrued expenses on the statement of financial position.

Future minimum lease payments under the operating leases in effect at June 30, 2008 are as follows:

<u>Year Ending June 30:</u>	
2009	\$ 319,377
2010	\$ 336,956
2011	\$ 277,302
2012	\$ 232,130

**CALIFORNIA SCHOOL BOARDS ASSOCIATION  
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**NOTE 5 - DEFINED BENEFIT PENSION PLAN:**

Qualified employees are covered under a cost sharing multiple-employer defined benefit pension plan (the Plan) maintained by the California Public Employees' Retirement System (CalPERS).

**Plan description**

The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to Plan members and beneficiaries. State statutes within the Public Employees' Retirement Law establish a menu of benefit provisions and other requirements. With Board approval, the Plan selects optional benefit provisions from the benefit menu by contract with CalPERS. CalPERS issues a separate comprehensive annual financial report. Copies of that report may be obtained from the CalPERS executive office at 400 "P" Street, Sacramento, CA 95814.

**Funding Policy**

Active Plan members are required to contribute 7% of their annual covered salary. CSBA is required to contribute actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution rates are established and may be amended by CalPERS.

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2008 to June 30, 2009 was determined by an actuarial valuation of the plan as of June 30, 2006. The contribution rate for the indicated period was 13.605% of payroll for the Retirement Program.

A summary of principal assumptions and methods used to determine the ARC is shown below.

Valuation Date	June 30, 2006
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	7 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on Age, Service, and Type of Employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%.

**CALIFORNIA SCHOOL BOARDS ASSOCIATION  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**NOTE 5 - DEFINED BENEFIT PENSION PLAN - (Continued):**

Initial plan unfunded liabilities are amortized over a closed period equal to the average amortization period at the plan's date of entry into the CalPERS Risk Pool. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20 year period. Gains and losses that occur in the operation of the risk pool are amortized over a rolling 30 year period. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

The Schedule of Funding Progress below shows the recent history of the Risk Pool's actuarial value of assets, accrued liability, their relationship, and the relationship of the unfunded liability (UL) to payroll.

**Plan's Risk Pool History of Funded Status and Funding Progress**

Valuation Date	Accrued Liabilities	Actuarial Assets	Unfunded Liabilities (UL)	Funded Ratio	Annual Covered Payroll	UL as a % of Payroll
06/30/03	\$430,371,544	\$429,814,105	\$ 557,439	99.9 %	\$159,238,690	0.40 %
06/30/04	\$437,494,341	\$428,025,075	\$ 9,469,266	97.8 %	\$159,135,314	6.00 %
06/30/05	\$484,351,523	\$459,996,995	\$ 24,354,528	95.0 %	\$174,127,476	14.00 %
06/30/06	\$478,122,215	\$454,602,459	\$ 23,519,756	95.1 %	\$170,458,082	13.80 %

**NOTE 6 - CONCENTRATIONS OF CASH:**

The Association maintains its cash in the LAIF and in bank deposit accounts that, 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.

**CALIFORNIA SCHOOL BOARDS ASSOCIATION  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**NOTE 7 - PRIOR PERIOD ADJUSTMENT:**

Net assets at July 1, 2006 have been restated to include the accounts and activity of the California County Boards of Education (CCBE) within the California School Boards Association. Accordingly, the Association has restated its results for the year ended June 30, 2007. The effect of the restatement was to increase the net change in member's equity by \$15,393.

The effects of the restatement on the statement of financial position and statement of activities as of and for the year ended June 30, 2007 are as follows:

	As Previously Reported	As Restated
<b>Statement of Activities:</b>		
CCBE Program Revenue	\$ 0	\$ 88,443
Interest Revenues	457,614	461,376
CCBE Program Service Expenses	0	76,812
Change in Unrestricted Member's Equity	140,456	155,849
Member's Equity, Beginning of Year	6,095,680	6,166,050
<b>Statement of Financial Position:</b>		
Cash and Equivalents	6,666,460	6,751,031
Accounts Receivable	633,347	627,195
Accounts Payable & Accrued Expenses	683,726	676,382
Unrestricted/Undesignated Member's Equity	4,516,877	4,602,640

**CALIFORNIA SCHOOL BOARDS ASSOCIATION  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**NOTE 8 - EXPENSES BY STRATEGIC GOAL AREA:**

Expenses by strategic goal area for the year ended June 30, 2008 are summarized as follows:

	<b>Goal #1</b>	<b>Goal #2</b>	<b>Goal #3</b>	<b>Goal #4</b>	<b>Total Program</b>		<b>Total Expenses</b>
	Policy and Political Leadership on Behalf of Children and Students	Comprehensive Support for Governance Teams	Direct Services to Districts and County Offices of Education	Education to Our Communities About Public Schools and School Board Leadership		Administration and Internal Support Services	
					<b>Expenses</b>		
Payroll Costs	\$ 1,411,540	\$ 1,935,829	\$ 2,219,727	\$ 1,157,568	\$ 6,724,664	\$ 2,792,524	\$ 9,517,188
Travel	133,853	287,822	259,581	47,852	729,108	342,673	1,071,781
Conference Expenses	20,273	1,063,796	40,469	408	1,124,946	194,587	1,319,533
Honorariums & Professional Fees	916,837	515,447	714,194	16,029	2,162,507	201,488	2,363,995
Office & Building Expense	114,784	74,171	53,271	49,420	291,646	650,060	941,706
Printing & Marketing	34,815	272,656	168,952	104,045	580,468	73,631	654,099
Misc/Other *	75,419	39,506	160,518	56,546	331,989	669,697	1,001,686
Applied Overhead	475,437	696,055	737,675	433,041	2,342,208	(2,342,208)	-
<b>Total Expenses</b>	<b>\$ 3,182,958</b>	<b>\$ 4,885,282</b>	<b>\$ 4,354,387</b>	<b>\$ 1,864,909</b>	<b>\$ 14,287,536</b>	<b>\$ 2,582,452</b>	<b>\$ 16,869,988</b>

\* Other expenses include: Staff development; telecommunications; cost of goods sold; dues and subscriptions; depreciation, insurance and other.

**Goal #1 Departments Include:** Education Legal Alliance; Governmental Relations; Policy Analysis

**Goal #2 Departments Include:** Continuing Education; Foundation

**Goal #3 Departments Include:** Finance Corporation; District Services Corporation; Policy Services; Executive Search Services; California County Boards of Education

**Goal #4 Departments Include:** Communications

**Administration and Internal Support Services Include:** Administration; Human Resources; Building and Grounds; Computer Services; Accounting; Legal

## **Supplementary Information**

**CALIFORNIA SCHOOL BOARDS ASSOCIATION  
AND AFFILIATED ORGANIZATIONS**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2008**

	<u>CSBA</u>	<u>CSBF</u>	<u>CSBAFC</u>	<u>CSBADSC</u>	<u>Consol.</u>
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash and Equivalents	\$ 6,713,150	\$ 66,805	\$ 20,415	\$ 80,562	\$ 6,880,932
Accounts Receivable	136,625	98,570	1,000	319,849	556,044
Grants Receivable		321,430			321,430
Intercompany Receivables	1,529,166	1,368,628	1,049,048	1,152,195	5,099,037
Inventories	37,571				37,571
Deposits and Prepaid Expenses	<u>311,688</u>	<u>2,500</u>	<u>          </u>	<u>520</u>	<u>314,708</u>
Total Current Assets	8,728,200	1,857,933	1,070,463	1,553,126	13,209,722
<b>INVESTMENTS</b>					
GRANTS RECEIVABLE - Non Current		165,000		1,812	1,812
ANNUITIES HELD IN TRUST	2,652,191				2,652,191
PROPERTY AND EQUIPMENT - Net	<u>2,041,174</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>2,041,174</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 13,421,565</u></b>	<b><u>\$ 2,022,933</u></b>	<b><u>\$ 1,070,463</u></b>	<b><u>\$ 1,554,938</u></b>	<b><u>\$ 18,069,899</u></b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>					
<b>CURRENT LIABILITIES:</b>					
Accounts Payable & Accrued Expenses	\$ 619,214	\$ 27,559	\$ 87	\$ 85,274	\$ 732,134
Deferred Revenues	2,078,006	331,505		10,225	2,419,736
Intercompany Payables	3,099,810	1,349,556	146,989	502,682	5,099,037
Compensated Absences	<u>482,983</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>482,983</u>
Total Current Liabilities	6,280,013	1,708,620	147,076	598,181	8,733,890
ANNUITIES HELD IN TRUST	<u>2,652,191</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>2,652,191</u>
<b>TOTAL LIABILITIES</b>	<b><u>8,932,204</u></b>	<b><u>1,708,620</u></b>	<b><u>147,076</u></b>	<b><u>598,181</u></b>	<b><u>11,386,081</u></b>
<b>MEMBERS' EQUITY</b>					
Unrestricted:					
Undesignated	3,038,415	(533,600)	923,387	956,757	4,384,959
Board Designated	<u>1,450,946</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>1,450,946</u>
Total Unrestricted	<u>4,489,361</u>	<u>(533,600)</u>	<u>923,387</u>	<u>956,757</u>	<u>5,835,905</u>
Temporarily Restricted	<u>          </u>	<u>847,913</u>	<u>          </u>	<u>          </u>	<u>847,913</u>
<b>TOTAL MEMBERS' EQUITY</b>	<b><u>4,489,361</u></b>	<b><u>314,313</u></b>	<b><u>923,387</u></b>	<b><u>956,757</u></b>	<b><u>6,683,818</u></b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b><u>\$ 13,421,565</u></b>	<b><u>\$ 2,022,933</u></b>	<b><u>\$ 1,070,463</u></b>	<b><u>\$ 1,554,938</u></b>	<b><u>\$ 18,069,899</u></b>

**CALIFORNIA SCHOOL BOARDS ASSOCIATION  
AND AFFILIATED ORGANIZATIONS**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2007**

	<u>CSBA</u>	<u>CSBF</u>	<u>CSBAFC</u>	<u>CSBADSC</u>	<u>Consol.</u>
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash and Equivalents	\$ 4,509,696	\$ 17,672	\$ 1,072,774	\$ 1,150,889	\$ 6,751,031
Accounts Receivable	158,363	162,449	21,199	285,184	627,195
Grants Receivable		148,500			148,500
Intercompany Receivables	1,147,327	1,087,648	2,290	1,563	2,238,828
Inventories	51,238				51,238
Deposits and Prepaid Expenses	<u>312,143</u>	<u>(3,997)</u>	<u>40</u>	<u>1,382</u>	<u>309,568</u>
Total Current Assets	6,178,767	1,412,272	1,096,303	1,439,018	10,126,360
<b>INVESTMENTS</b>					
GRANTS RECEIVABLE - Non Current				1,812	1,812
ANNUITIES HELD IN TRUST	2,361,986				0
PROPERTY AND EQUIPMENT - Net	<u>1,882,723</u>				<u>1,882,723</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 10,423,476</u></b>	<b><u>\$ 1,412,272</u></b>	<b><u>\$ 1,096,303</u></b>	<b><u>\$ 1,440,830</u></b>	<b><u>\$ 14,372,881</u></b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>					
<b>CURRENT LIABILITIES:</b>					
Accounts Payable & Accrued Expenses	\$ 589,343	\$ 8,375	\$ 4,530	\$ 74,134	\$ 676,382
Deferred Revenues	1,817,041	415,120	7,500	8,065	2,247,726
Intercompany Payables	636,903	1,039,165	160,886	401,874	2,238,828
Compensated Absences	<u>457,047</u>				<u>457,047</u>
Total Current Liabilities	3,500,334	1,462,660	172,916	484,073	5,619,983
ANNUITIES HELD IN TRUST	<u>2,361,986</u>				<u>2,361,986</u>
<b>TOTAL LIABILITIES</b>	<b><u>5,862,320</u></b>	<b><u>1,462,660</u></b>	<b><u>172,916</u></b>	<b><u>484,073</u></b>	<b><u>7,981,969</u></b>
<b>MEMBERS' EQUITY:</b>					
Unrestricted:					
Undesignated	3,027,651	(305,155)	923,387	956,757	4,602,640
Board Designated	<u>1,533,505</u>				<u>1,533,505</u>
Total Unrestricted	<u>4,561,156</u>	<u>(305,155)</u>	<u>923,387</u>	<u>956,757</u>	<u>6,136,145</u>
Temporarily Restricted		<u>254,767</u>			<u>254,767</u>
<b>TOTAL MEMBERS' EQUITY</b>	<b><u>4,561,156</u></b>	<b><u>(50,388)</u></b>	<b><u>923,387</u></b>	<b><u>956,757</u></b>	<b><u>6,390,912</u></b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b><u>\$ 10,423,476</u></b>	<b><u>\$ 1,412,272</u></b>	<b><u>\$ 1,096,303</u></b>	<b><u>\$ 1,440,830</u></b>	<b><u>\$ 14,372,881</u></b>

**CALIFORNIA SCHOOL BOARDS ASSOCIATION  
AND AFFILIATED ORGANIZATIONS**

**CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2008**

	<u>CSBA</u>	<u>CSBF</u>	<u>CSBAFC</u>	<u>CSBADSC</u>	<u>Consol.</u>
<b>UNRESTRICTED MEMBERS' EQUITY:</b>					
<b>REVENUES AND SUPPORT:</b>					
Membership Dues	\$ 5,593,682	\$	\$	\$	\$ 5,593,682
Policy Services	3,037,626				3,037,626
Continuing Education	1,934,838				1,934,838
Governmental Relations	14,011				14,011
Education Legal Alliance	1,302,718				1,302,718
CCBE Programs	104,979				104,979
Foundation Programs		1,320,857			1,320,857
District Services Programs				1,267,239	1,267,239
Financial Programs			272,518		272,518
Executive Search	480,251				480,251
Communications & Member Services	207,558				207,558
Interest Revenues	313,595	10	45,789	41,700	401,094
Miscellaneous	131,858	150			132,008
Net Assets Released from Restrictions		500,369			500,369
	<u>13,121,116</u>	<u>1,821,386</u>	<u>318,307</u>	<u>1,308,939</u>	<u>16,569,748</u>
<b>Total Revenues &amp; Support</b>					
<b>EXPENSES:</b>					
<b>Program Services -</b>					
Foundation Programs		3,417,874			3,417,874
CCBE Programs	97,293				97,293
Communications & Member Services	1,864,908				1,864,908
Policy Services	2,399,647				2,399,647
Education Legal Alliance	1,449,129				1,449,129
Continuing Education	1,467,410				1,467,410
Governmental Relations	1,245,416				1,245,416
Executive Search	785,036				785,036
Policy Analysis	488,412				488,412
District Services Programs				889,243	889,243
Financial Programs			183,168		183,168
	<u>9,797,251</u>	<u>3,417,874</u>	<u>183,168</u>	<u>889,243</u>	<u>14,287,536</u>
<b>Total Program Services</b>					
<b>Supporting Services -</b>					
Governance & Administration	2,582,452				2,582,452
	<u>12,379,703</u>	<u>3,417,874</u>	<u>183,168</u>	<u>889,243</u>	<u>16,869,988</u>
<b>Total Expenses</b>					
<b>CHANGE IN UNRESTRICTED MEMBERS' EQUITY</b>	<u>741,413</u>	<u>(1,596,488)</u>	<u>135,139</u>	<u>419,696</u>	<u>(300,240)</u>

**CALIFORNIA SCHOOL BOARDS ASSOCIATION  
AND AFFILIATED ORGANIZATIONS**

**CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2008**

	<u>CSBA</u>	<u>CSBF</u>	<u>CSBAFC</u>	<u>CSBADSC</u>	<u>Consol.</u>
TEMPORARILY RESTRICTED MEMBERS' EQUITY					
Foundation Programs		1,093,515			1,093,515
Net Assets Released from Restrictions		(500,369)			(500,369)
<b>CHANGE IN TEMPORARILY RESTRICTED MEMBERS' EQUITY</b>		<u>593,146</u>			<u>593,146</u>
<b>NET CHANGE IN MEMBERS' EQUITY</b>	741,413	(1,003,342)	135,139	419,696	292,906
<b>MEMBERS' EQUITY, Beginning of Year</b>	4,561,156	(50,388)	923,387	956,757	6,390,912
<b>EQUITY TRANSFER, Accrued Vacation</b>					
<b>EQUITY TRANSFER</b>	<u>(813,208)</u>	<u>1,368,043</u>	<u>(135,139)</u>	<u>(419,696)</u>	
<b>MEMBERS' EQUITY, End of Year</b>	<u>\$ 4,489,361</u>	<u>\$ 314,313</u>	<u>\$ 923,387</u>	<u>\$ 956,757</u>	<u>\$ 6,683,818</u>

**CALIFORNIA SCHOOL BOARDS ASSOCIATION  
AND AFFILIATED ORGANIZATIONS**

**CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2007**

	<u>CSBA</u>	<u>CSBF</u>	<u>CSBAFC</u>	<u>CSBADSC</u>	<u>Consol.</u>
<b>UNRESTRICTED MEMBERS' EQUITY:</b>					
<b>REVENUES AND SUPPORT:</b>					
Membership Dues	\$ 5,209,617	\$	\$	\$	\$ 5,209,617
Policy Services	2,571,302				2,571,302
Continuing Education	1,925,052				1,925,052
Governmental Relations					0
Education Legal Alliance	1,197,197				1,197,197
CCBE Programs	88,443				88,443
Foundation Programs		945,057			945,057
District Services Programs				1,038,954	1,038,954
Financial Programs			271,759		271,759
Executive Search	381,786				381,786
Communications & Member Services	218,076				218,076
Interest Revenues	353,368	10	56,682	51,316	461,376
Miscellaneous	108,195				108,195
Net Assets Released from Restrictions		<u>373,363</u>			<u>373,363</u>
<b>Total Revenues &amp; Support</b>	<u>12,053,036</u>	<u>1,318,430</u>	<u>328,441</u>	<u>1,090,270</u>	<u>14,790,177</u>
<b>EXPENSES:</b>					
<b>Program Services -</b>					
Foundation Programs		2,601,291			2,601,291
CCBE Programs	76,812				76,812
Communications & Member Services	1,622,745				1,622,745
Policy Services	2,295,941				2,295,941
Education Legal Alliance	911,912				911,912
Continuing Education	1,500,814				1,500,814
Governmental Relations	1,162,365				1,162,365
Executive Search	715,516				715,516
Policy Analysis	485,714				485,714
District Services Programs				757,073	757,073
Financial Programs			<u>179,042</u>		<u>179,042</u>
<b>Total Program Services</b>	<u>8,771,819</u>	<u>2,601,291</u>	<u>179,042</u>	<u>757,073</u>	<u>12,309,225</u>
<b>Supporting Services -</b>					
Governance & Administration	<u>2,325,103</u>				<u>2,325,103</u>
<b>Total Expenses</b>	<u>11,096,922</u>	<u>2,601,291</u>	<u>179,042</u>	<u>757,073</u>	<u>14,634,328</u>
<b>CHANGE IN UNRESTRICTED MEMBERS' EQUITY</b>	<u>956,114</u>	<u>(1,282,861)</u>	<u>149,399</u>	<u>333,197</u>	<u>155,849</u>

**CALIFORNIA SCHOOL BOARDS ASSOCIATION  
AND AFFILIATED ORGANIZATIONS**

**CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2007**

	<u>CSBA</u>	<u>CSBF</u>	<u>CSBAFC</u>	<u>CSBADSC</u>	<u>Consol.</u>
<b>TEMPORARILY RESTRICTED MEMBERS' EQUITY</b>					
Foundation Programs		442,376			442,376
Net Assets Released from Restrictions		(373,363)			(373,363)
<b>CHANGE IN TEMPORARILY RESTRICTED MEMBERS' EQUITY</b>		<u>69,013</u>			<u>69,013</u>
<b>NET CHANGE IN MEMBERS' EQUITY</b>	956,114	(1,213,848)	149,399	333,197	224,862
<b>MEMBERS' EQUITY, Beginning of Year As Restated</b>	4,218,480	60,610	924,792	962,168	6,166,050
<b>EQUITY TRANSFER, Accrued Vacation</b>	(25,620)	32,436	(1,405)	(5,411)	
<b>EQUITY TRANSFER</b>	<u>(587,818)</u>	<u>1,070,414</u>	<u>(149,399)</u>	<u>(333,197)</u>	
<b>MEMBERS' EQUITY, End of Year</b>	<u>\$ 4,561,156</u>	<u>\$ (50,388)</u>	<u>\$ 923,387</u>	<u>\$ 956,757</u>	<u>\$ 6,390,912</u>

**CALIFORNIA SCHOOL BOARDS ASSOCIATION  
AND AFFILIATED ORGANIZATIONS**

**CONSOLIDATING STATEMENT OF MEMBERS' EQUITY  
YEAR ENDED JUNE 30, 2008**

	<b>Unrestricted</b>							
	<b>Undesignated</b>				<b>Designated</b>			
	<u>CSBA</u>	<u>CSBF</u>	<u>CSBAFC</u>	<u>CSBADSC</u>	<u>Total</u>	<u>ELA</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues	\$ 11,754,546	\$ 1,321,017	\$ 318,307	\$ 1,308,939	\$ 14,702,809	\$ 1,366,570	\$ 1,093,515	\$ 17,162,894
Expenses	(10,930,574)	(3,417,874)	(183,168)	(889,243)	(15,420,859)	(1,449,129)		(16,869,988)
Net Assets Released from Restrictions	<u>                    </u>	<u>500,369</u>	<u>                    </u>	<u>                    </u>	<u>500,369</u>	<u>                    </u>	<u>(500,369)</u>	<u>                    </u>
Excess (Deficit) of Revenues Over Expenses	823,972	(1,596,488)	135,139	419,696	(217,681)	(82,559)	593,146	292,906
Equity Transfer	<u>(813,208)</u>	<u>1,368,043</u>	<u>(135,139)</u>	<u>(419,696)</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Change in Members' Equity	10,764	(228,445)			(217,681)	(82,559)	593,146	292,906
Members' Equity, beginning of year	3,027,651	(305,155)	923,387	956,757	4,602,640	1,533,505	254,767	6,390,912
Equity Transfer of Accrued Vacation	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Members' Equity, end of year	<u>\$ 3,038,415</u>	<u>\$ (533,600)</u>	<u>\$ 923,387</u>	<u>\$ 956,757</u>	<u>\$ 4,384,959</u>	<u>\$ 1,450,946</u>	<u>\$ 847,913</u>	<u>\$ 6,683,818</u>

**CALIFORNIA SCHOOL BOARDS ASSOCIATION  
AND AFFILIATED ORGANIZATIONS**

**CONSOLIDATING STATEMENT OF MEMBERS' EQUITY  
YEAR ENDED JUNE 30, 2007**

	<u>Unrestricted</u>				<u>Total</u>	<u>Designated</u>		<u>Total</u>
	<u>Undesignated</u>		<u>Designated</u>			<u>ELA</u>	<u>Temporarily Restricted</u>	
	<u>CSBA</u>	<u>CSBF</u>	<u>CSBAFC</u>	<u>CSBADSC</u>				
Revenues	\$ 10,788,221	\$ 945,067	\$ 328,441	\$ 1,090,270	\$ 13,151,999	\$ 1,264,815	\$ 442,376	\$ 14,859,190
Expenses	(10,185,010)	(2,601,291)	(179,042)	(757,073)	(13,722,416)	(911,912)		(14,634,328)
Net Assets Released from Restrictions	<u>                    </u>	<u>373,363</u>	<u>                    </u>	<u>                    </u>	<u>373,363</u>	<u>                    </u>	<u>(373,363)</u>	<u>                    </u>
Excess (Deficit) of Revenues Over Expenses	603,211	(1,282,861)	149,399	333,197	(197,054)	352,903	69,013	224,862
Equity Transfer	<u>(587,818)</u>	<u>1,070,414</u>	<u>(149,399)</u>	<u>(333,197)</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Change in Members' Equity	15,393	(212,447)			(197,054)	352,903	69,013	224,862
Members' Equity, beginning of year as restated	<u>3,037,878</u>	<u>(125,144)</u>	<u>924,792</u>	<u>962,168</u>	<u>4,799,694</u>	<u>1,180,602</u>	<u>185,754</u>	<u>6,166,050</u>
Equity Transfer of Accrued Vacation	<u>(25,620)</u>	<u>32,436</u>	<u>(1,405)</u>	<u>(5,411)</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Members' Equity, end of year	<u>\$ 3,027,651</u>	<u>\$ (305,155)</u>	<u>\$ 923,387</u>	<u>\$ 956,757</u>	<u>\$ 4,602,640</u>	<u>\$ 1,533,505</u>	<u>\$ 254,767</u>	<u>\$ 6,390,912</u>

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