A Message from the Executive Director

The Association for Middle Level Education (AMLE) is committed to increasing our reach to middle grades educators across the United States and around the world. We not only wish to make educators aware of the benefits of being part of the AMLE community, but we wish to engage them in advancing their professional knowledge, building their professional learning networks, and increasing the collective knowledge of the middle level education profession.

In recent years, our efforts have focused on reaching educators who are new to the profession as well as veteran educators. Membership outreach efforts resulted in AMLE ending the fiscal year with a new record of **47,813 Members**, an 18% increase in a 12-month period. This follows a record set the prior year that saw the association top 40,000 members, a 17% increase.

AMLE brought **Professional Learning** to Columbus, Ohio, which was the site of the 42nd Annual Conference for Middle Level Education. Attendee surveys indicate that satisfaction for this event increased significantly over the prior year, a testament to our efforts to survey AMLE event attendees and use the feedback to improve our events. Attendance at the Institutes for Middle Level Leadership in San Diego, California and Hilton Head, South Carolina increased by 7.6% over the prior year with continued high attendee satisfaction ratings for this event as well.

The association brought workshops to Iowa City, Iowa in collaboration with ACT, Inc.; to St. Louis, Missouri in collaboration with the Missouri Middle School Association; to Atlanta, Georgia, in collaboration with Battelle for Kids; and to Hawaii in partnership with the Hawaii Association of Middle Schools. Customized, on-site professional development reached 33 schools and districts across the U.S. with attendance exceeding 3,000 educators, who in turn reach tens of thousands of students. Twenty-three schools and districts were recipients of comprehensive School Improvement Assessment reports, and the AMLE Webinars series grew to more than 60 archived webinars, all of which are available to AMLE members for free anytime. Ten Twitter events were facilitated through #mschat, and most had content that directly connected to *AMLE Magazine* articles.

In addition to publishing ten issues of our **Research** journal, *RMLE Online*, and five issues of *Middle School Journal*, AMLE released two new research summaries, developed by our Research Advisory Committee: Understanding and Addressing the Challenges of Teaching Middle Grades Mathematics Conceptually and Social Media for Middle Level Classrooms.

The organization also was privileged to **Recognize** three outstanding collegiate chapters with the CMLA Chapter Grant, which is awarded by the AMLE Foundation Fund: Ashland University (OH), Lee University (TN), and the University of Texas-Arlington (TX).

We had a year of fostering important **Partnerships** to extend the association's reach. Middle Level Education Month, sponsored by AMLE, was supported by partners Adolescent Success, NAESP, NASSP, *Let's Move!* Active Schools, Spark, and the National Forum to Accelerate Middle-Grades Reform. Other partnerships included the Prudential Spirit of Community Awards and the National Teacher of the Year. Additionally, the association added five official agreements with affiliate organizations, with the year-end total reaching 48.

It was a banner year of collaboration, celebration, and success for AMLE and those we reach through advocacy, research, and recognition. Our relationships with members and peer organizations is the key to this success and fuels us as we continue the critical work of helping educators reach every student, grow professionally, and create great schools!

William D. Waidelich

William D. Waidelich, EdD, CAE
Executive Director

Statements of Financial Position

	For the years ending June 30	
ASSETS	**2016** (Reviewed)	**2015** (Reviewed)
CURRENT ASSETS		
Cash and cash equivalents	$ 315,953	$ 649,330
Investments	928,879	913,947
Accounts receivable, net	185,126	156,235
Publications inventory, net	35,219	41,112
Prepaid expenses, deposits and other current assets	201,540	287,037
TOTAL CURRENT ASSETS	1,666,717	2,047,661
PROPERTY AND EQUIPMENT		
Furniture and fixtures	133,656	143,458
Computer equipment, office equipment and software	291,278	297,472
Leasehold improvements	28,586	28,586
	453,520	469,516
Less accumulated depreciation and amortization	396,419	364,422
PROPERTY AND EQUIPMENT, NET	57,101	105,094
OTHER ASSETS		
Preproduction costs	22,721	82,744
Trademark costs	13,665	11,840
	36,386	94,584
Less accumulated amortization	14,085	79,391
TOTAL OTHER ASSETS, NET	22,301	15,193
TOTAL ASSETS	**$ 1,746,119**	**$ 2,167,948**

See accompanying notes to financial statements and independent accountant's review report.

Statements of Financial Position

LIABILITIES AND NET ASSETS	For the years ending June 30 2016 (Reviewed)	2015 (Reviewed)
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 246,471	$ 214,727
Accrued payroll and related liabilities	66,836	66,116
Deferred revenue	711,655	794,574
Capital lease obligation, current portion	1,682	—
TOTAL CURRENT LIABILITIES	1,026,644	1,075,417
Capital lease obligation, less current portion	7,667	—
TOTAL LIABILITIES	1,034,311	1,075,417
NET ASSETS		
Unrestricted		
Board designated	218,263	200,486
Undesignated	493,545	892,045
	711,808	1,092,531
TOTAL LIABILITIES AND NET ASSETS	**$ 1,746,119**	**$ 2,167,948**

See accompanying notes to financial statements and independent accountant's review report.

Statements of Activities

	For the years ending June 30	
	2016 (Reviewed)	**2015** (Reviewed)
UNRESTRICTED REVENUE		
Membership/subscriptions	$ 815,435	$ 897,883
Publications	283,997	302,976
Annual conference	1,110,207	1,398,136
Professional development programs	569,511	563,412
Contribution income	17,313	21,379
Contributed services	103,636	95,412
Miscellaneous income	23,713	22,188
Advertising revenue	65,357	105,632
Sponsor revenue	110,822	172,582
TOTAL REVENUE	3,099,991	3,579,600
COST OF GOODS SOLD	110,570	112,338
GROSS PROFIT	2,989,421	3,467,262
EXPENSES		
Program Services:		
Membership	426,981	484,023
Publications	176,196	110,855
Annual conference	1,270,731	1,094,321
Other professional development programs	561,066	605,217
Advocacy and association development	443,773	536,605
Total program services	2,878,747	2,831,021
Management and general	515,946	593,089
TOTAL EXPENSES	3,394,693	3,424,110
OPERATING GAIN (LOSS)	**(405,272)**	**43,152**

See accompanying notes to financial statements and independent accountant's review report.

Statements of Activities

	For the years ending June 30	
	2016 (Reviewed)	**2015** (Reviewed)
LOSS ON SALE OF PROPERTY AND EQUIPMENT	(384)	(184)
INVESTMENT INCOME AND LOSSES		
Interest and dividends	31,931	30,460
Realized and unrealized investment losses, net	(6,998)	(21,455)
NET INVESTMENT INCOME	24,933	9,005
(DECREASE) INCREASE IN UNRESTRICTED NET ASSETS	(380,723)	51,973
NET ASSETS, beginning of year	1,092,531	1,040,558
NET ASSETS, end of year	$ 711,808	$ 1,092,531

See accompanying notes to financial statements and independent accountant's review report.

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Statements of Cash Flows

	For the years ending June 30	
	2016 (Reviewed)	**2015** (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) increase in net assets	$ (380,723)	$ 51,973
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation and amortization	68,463	61,621
Loss on disposal of property and equipment	384	184
Inventory write-downs and change to reserve	805	1,105
Realized and unrealized investment losses, net	6,998	21,455
(Increase) decrease in:		
Accounts receivable, net	(28,891)	(6,397)
Publications inventory, net	5,088	(2,381)
Prepaid expenses, deposits and other current assets	85,497	73,872
Increase (decrease) in:		
Accounts payable and accrued liabilities	31,744	39,773
Accrued payroll and related liabilities	720	(12,677)
Deferred revenue	(82,919)	(25,389)
Refundable advance	—	(12,000)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(292,834)	191,139
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(6,849)	(25,582)
Preproduction and trademark costs	(9,822)	(4,870)
Purchases of investments	(278,261)	(29,984)
Sales of investments	256,331	149,900
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(40,426)	89,464

See accompanying notes to financial statements and independent accountant's review report.

Statements of Cash Flows

	For the years ending June 30	
	2016 (Reviewed)	**2015** (Reviewed)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease obligation	(117)	—
NET CASH USED IN FINANCING ACTIVITIES	(117)	—
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(333,377)	280,603
CASH AND CASH EQUIVALENTS, beginning of year	649,330	368,727
CASH AND CASH EQUIVALENTS, end of year	$ 315,953	$ 649,330
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 57	—

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES

During 2016, the Association entered into a capital lease agreement for a copier in the amount of $9,466.

See accompanying notes to financial statements and independent accountant's review report.

Notes to Financial Statements

1. Summary of significant accounting policies

Organization

The Association, a non-profit organization, is dedicated to the growth of middle-level education. The Association's responsibilities include offering the latest information available to the middle-level educators, documenting research, and supporting ideas and education innovations needed to reach a community, school or student. The Association also publishes and distributes training and classroom educational materials that assist parents, teachers and administrators in understanding young adolescents and the middle-school concept. Additionally, the Association provides representation, at the national level, on issues affecting middle-level educators.

The Association has a number of state and foreign affiliates. The Association collects and remits annual dues for some of these affiliates. The Association also provides various consulting and collaborations on program activities to its affiliates, however, the Association does not control nor is legally responsible for these affiliates or their activities.

Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, demand deposits, and money market accounts and highly liquid investments with original maturities of three months or less. At times these balances exceed federally insured limits.

Investments

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. Realized and unrealized gains and losses are included in arriving at the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Investments include exchange traded funds and mutual funds.

The Association has an investment policy to provide guidelines for the investment of funds held by the Association. The investment policy, revised January 2016, divides the funds into three separate investment pools to manage investment risk and optimize investment returns within acceptable risk parameters. The three investment pools include the Operating Fund, the Short-Term Fund and the Long-Term Fund. The Operating Fund includes, at a minimum, 10% of the current year's expense budget and a maximum of 30% of the current year expense budget. The objective is to preserve capital through assets that are readily accessible without penalty at all times. The Short-Term Fund includes assets in excess of the operating fund, not to exceed 40% of the current year's budget. The objective is to meet the expenses occurring as the result of unanticipated activities or planned capital expenditures during the next three years, improve the return on funds held for possible disbursements during the next one to three years and to manage investment risk all through assets placed in low risk instruments with a maturity or less than 10 years and a duration less than 8 years. The assets in excess of the Operating and Short-Term Fund are placed in the Long-Term Fund with an objective to maintain the financial stability of the Association, enhance the purchasing power of funds held for future expenditure and to provide current income and capital appreciation through assets invested in domestic or international equities, fixed income or cash. Any variations in the actual investment pool allocations during the year due to current income or capital appreciation has been waived by the Association's Finance and Audit Committee as of both June 30, 2016 and 2015.

Notes to Financial Statements

1. Summary of significant accounting policies (continued)

Accounts receivable, deferred revenue and revenues

The primary revenue generating operating categories are as follows:

Membership dues / Subscriptions
Dues are assessed at various times during the year based on when the memberships are initially registered or renewed and a form of payment is received. Annual dues are recorded as deferred revenue liabilities initially in the first month of the membership and then recognized as revenue on a pro-rata basis each month over 12 months. Subscription revenue is initially recorded as a deferred revenue liability and then recognized as revenue on a pro-rata basis each month over the term of the subscription period.

Publications
The Association issues various publications that are available for purchase by individual members and non-members. Revenue is recognized for these publications when they are invoiced and shipped to the customer.

Annual conference
The Association offers a major annual conference held each fall. Registration fees are received in advance of the conference and accordingly, recorded as a deferred revenue liability and then recognized as revenue entirely in the month of the conference. Sponsorship, advertising and booth rental fees are also typically received in advance and are recorded as a deferred revenue liability until the conference occurs.

Professional development programs
The Association holds various other leadership programs and events during the year. Registration fees received in advance of the program are recorded as deferred revenue liabilities until the month the program is held at which time the fees are recognized as revenue.

All receivables are considered past due 30 days after any invoice is rendered. The Association does not charge interest on any overdue accounts.

The Association utilizes the allowance method to recognize potentially uncollectible amounts based on management's estimation of the amount that may not be collected. The estimation takes into consideration overall historical trends as well as past history with specific members. Actual results could vary from the estimates. Accounts are charged against the allowance when management deems them to be uncollectible. The allowance for doubtful accounts was $2,000 and $5,000 at June 30, 2016 and 2015, respectively.

Publications inventory

Publications inventory, which consists primarily of training materials and classroom educational materials, are all finished products and are carried at the lower of cost or market, determined on a first-in, first-out basis. Management periodically reviews inventory balances for obsolescence, and determines if a reserve is appropriate. The inventory reserve was $1,000 and $1,805 at June 30, 2016 and 2015, respectively.

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Notes to Financial Statements

1. Summary of significant accounting policies (continued)

Property and equipment

Property and equipment are carried at cost, less accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over estimated useful lives ranging from three to seven years. Major acquisitions and improvements are capitalized and depreciated. Maintenance and repairs that do not improve or extend the life of the respective assets are charged to expense as incurred. Upon disposal of assets, the cost and related accumulated depreciation or amortization are removed from the accounts and any gain or loss is reflected in the statements of activities. Depreciation and amortization expense for the years ending June 30, 2016 and 2015 was $63,924 and $55,998, respectively.

Preproduction costs

The Association capitalizes preproduction costs associated with new publications. These costs are amortized over the useful lives of the products, which were determined to be three to five years. Amortization expense was $3,356 and $4,440 for the fiscal years ended June 30, 2016 and 2015, respectively.

Trademark costs

The Association capitalizes legal costs related to securing new trademarks and renewing existing trademarks. These costs are amortized over the useful lives of the trademarks. Amortization expense was $1,183 in both fiscal years ended June 30, 2016 and 2015, respectively.

Impairment of assets

The carrying value of long-lived assets is reviewed for impairment whenever events or changes in circumstances indicate the amount of the assets may not be recoverable. When an indication of impairment is present and the undiscounted cash flows estimated to be generated by the related assets are less than the assets' carrying amount, an impairment loss will be recorded based on the difference between the carrying amount of the assets and their estimated fair value. Management determined that no impairment existed at June 30, 2016 or 2015.

Description of net asset classes

The Association reports information regarding its financial position and activities according to the following three classes of net assets:

Unrestricted
Unrestricted net assets have no restrictions imposed by donors. See Note 6 for further details.

Temporarily restricted
Temporarily restricted net assets are those whose use by the Association has been limited by donors to a specific time period or purpose. The Association had no temporarily restricted net assets at June 30, 2016 or 2015.

Permanently restricted
Permanently restricted net assets are assets restricted by donors to be maintained in perpetuity. The Association had no permanently restricted net assets at June 30, 2016 or 2015.

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Notes to Financial Statements

1. Summary of significant accounting policies (continued)

Contributions

Contributions, including pledges and certain grants, are recognized in the year that the unconditional contribution is made. Conditional pledges are not recognized until the pledge can be considered legally enforceable or the likelihood of the condition not occurring is remote. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted revenue depending on the existence or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as satisfaction of donor restrictions.

Contributions of property and equipment and of investments are recorded at fair value at the date of donation. If donors stipulate a term of use of assets, the contributions are recorded as restricted revenue. In the absence of such stipulation, contributions are recorded as unrestricted revenue.

Contributed services

Contributed services are recorded when they meet the criteria of (1) creating or enhancing non-financial assets or (2) requiring specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Association receives contributed advertising services and speaker services. The value of contributed services was $103,636 and $95,412 for the years ended June 30, 2016 and 2015.

Shipping and handling costs

Shipping and handling costs for publications and magazine subscriptions are recognized when incurred.

Advertising

The Association expenses advertising costs as incurred, except for direct-response advertising, which is capitalized and amortized over its expected period of future benefits. Direct-response advertising primarily consists of the Association using advertising to promote its programs among the audiences it serves through use of mailers, brochures, and magazine advertisements. The capitalized advertising costs are amortized at the time the program occurs. At June 30, 2016 and 2015, $30,954 and $66,263, respectively, of direct-response advertising costs were capitalized within prepaid expenses, on the statements of financial position. Advertising expense was $106,662 and $158,785 for fiscal years ended 2016 and 2015, respectively.

Notes to Financial Statements

1. Summary of significant accounting policies (continued)

Income taxes

The Association is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Income taxes on unrelated businesses income, if any, are provided at the applicable rates on income for financial reporting purposes. No tax on unrelated business income was incurred in fiscal years ending June 30, 2016 and 2015.

The Association accounts for uncertainty in income taxes using the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. As of June 30, 2016, the Association had no uncertain tax positions that require either recognition or disclosure in the financial statements.

The Association's income tax filings are subject to audit by various taxing authorities. The open audit periods are for the fiscal years ended in 2013 through the current 2016 tax year. In evaluating income tax exempt activities, management believes its position of tax-exempt status is current based on current facts and circumstances.

It is the policy of the Association to include in operating expense any penalties and interest assessed by income taxing authorities. There are no penalties or interest from taxing authorities included in operating expenses for the years ended June 30, 2016 and 2015.

Use of estimates

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

Reclassification

Certain 2015 amounts have been reclassified to conform with the 2016 financial statement presentation.

Recent accounting pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date for the Association for Middle Level Education until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations.

The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its financial statements

Notes to Financial Statements

1. Summary of significant accounting policies (continued)

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for entities with fiscal years beginning after December 15, 2019 with early adoption permitted. Management is currently evaluating the impact of this ASU on its financial statements.

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) - Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "Net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulatons otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of allocaton methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative informaton regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for entities with fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periors prior to adoption. Management is currently evaluating the impact of this ASU on their financial statements.

Subsequent events

The Association has evaluated events and transactions that occurred between July 1, 2016 and September 26, 2016, which is the date that the financial statements were available to be issued for possible recognition or disclosure in the financial statements.

Notes to Financial Statements

2. Fair value measurements and investments

The accounting principles generally accepted in the United States of America establishes 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 unobserved inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 *Fair Value Measurement* are described below:

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

Level 2: Inputs to the valuation methodology includes:

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

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

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

Following is a description of the valuation methodologies used for investment assets measured at fair value. There have been no changes in the methodologies used during fiscal years ending June 30, 2016 and 2015.

Mutual funds:

Valued at the net asset value of shares or units held by the Association at year-end.

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Notes to Financial Statements

2. Fair value measurements and investments (continued)

Exchange traded funds:

Valued at the closing price reported on the active markets in which the exchange traded fund is traded.

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

The following table sets forth by level, within the fair value hierarchy, the Association's investment assets at fair value as of June 30, 2016:

	Fair Value Measurements at Reporting Date Using:			
	Level 1	**Level 2**	**Level 3**	**Total**
Exchange traded funds:				
Short term bond	$ 489,715	$ —	$ —	**$ 489,715**
Mutual funds:				
Short term bond	345,424	—	—	**345,424**
Bank loan fund	93,740	—	—	**93,740**
Total	$ 928,879	—	—	**$ 928,879**

The following table sets forth by level, within the fair value hierarchy, the Association's investment assets at fair value as of June 30, 2015:

	Fair Value Measurements at Reporting Date Using:			
	Level 1	**Level 2**	**Level 3**	**Total**
Exchange traded funds:				
Short term bond	$ 311,987	$ —	$ —	**$ 311,987**
Mutual funds:				
Short term bond	429,148	—	—	**429,148**
Bank loan fund	172,812	—	—	**172,812**
Total	$ 913,947	—	—	**$ 913,947**

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Notes to Financial Statements

3. Prepaid expenses, deposits and other current assets

Prepaid expenses, deposits, and other current assets consist of the following at June 30,

	2016	2015
Conference expenses	$ 124,102	$ 170,220
Insurance	16,829	20,214
Postage	392	382
Software maintenance	7,603	15,036
Advertising	30,954	66,265
Other	21,660	14,920
Total	$ 201,540	$ 287,037

4. Line of credit

In March 2013, the Association entered into a line of credit agreement with a bank, subject to renewal annually, with a maximum available amount of $100,000 with interest payable monthly at a rate of prime plus 2.5% (5.75% as of June 30, 2016 and 2015). The line of credit is non-collateralized. The agreement is currently extended until March 2017. As of June 30, 2016 and 2015, there was no outstanding balance on the line of credit.

5. Deferred revenue

Deferred revenue liabilities are as follows at June 30:

	2016	2015
Conference:		
Annual conference registration	$ 133,047	$ 76,121
Other registrations	—	26,146
Sponsorships	70,330	56,685
Miscellaneous annual conference	4,784	12,880
Exhibitors	122,290	131,045
Royalties	830	835
Subscriptions	27,871	40,105
Membership dues	349,875	429,654
Refundable advance	—	12,000
Professional development	2,628	9,103
Total deferred revenue	$ 711,655	$ 794,574

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Notes to Financial Statements

6. Net assets

Net assets are comprised of the following components at June 30:

	2016	2015
Unrestricted - undesignated	$ 493,545	$ 892,045
Unrestricted - board designated:		
Foundation Fund	$ 218,263	$ 200,486
Total net assets	$ 711,808	$ 1,092,531

The Foundation Fund is segregated by the Association as a quasi-endowment to support the mission and purposes of the Association. The Foundation Fund committee recommends Foundation Fund expenditures to the Association's Board of Trustees for approval. All projects must adhere to the purpose and philosophy of the Foundation Fund. Expenditures typically consist of grants to educators. The Foundation Fund is included within the Association's investments and therefore falls within the investment policy of the Association.

Activity within the Foundation Fund was as follows for the years ended June 30:

	2016	2015
Beginning balance	$ 200,486	$ 181,313
Contributions	17,313	21,379
Investment income	8,142	3,246
Grant expense	(6,000)	(4,000)
Other expenses	(1,678)	(1,452)
Ending balance	$ 218,263	$ 200,486

Notes to Financial Statements

7. Membership/subscriptions revenue

Membership/subscriptions revenue consists of the following for the years ended June 30:

	2016	2015
Membership dues	$ 738,818	$ 807,712
Subscriptions	76,617	90,171
Total	$ 815,435	$ 897,883

8. Shipping and handling costs

Publication shipping and handling costs of approximately $24,000 and $21,000 for the years ended June 30, 2016 and 2015, respectively, are included in cost of goods sold on the statements of activities. Shipping and handling costs for magazine subscriptions are included in membership expenses on the same statement and totaled approximately $21,000 and $34,000 for the years ended June 30, 2016 and 2015, respectively.

9. Operating leases

The Association leases its office space and photocopiers under operating leases. Total rent expense was approximately $80,000 and $68,000 for fiscal years ended June 30, 2016 and 2015, respectively. In addition, the headquarters office lease requires an additional rent for real estate taxes, operating expenses, janitorial services and management fees for the property. These office-related rents were approximately $73,000 for the years ended June 30, 2016 and 2015.

The office lease has renewed on March 17, 2014 and is set to expire at the end of September, 2019. Future minimum lease payments, excluding additional rent charges, required under non-cancellable operating leases that have initial or remaining lease terms in excess of one year at June 30, 2016 are as follows:

2017	82,295
2018	84,446
2019	86,598
2020	22,052
Total	$ 275,391

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Notes to Financial Statements

10. Capital lease

The Association entered into a non-cancellable lease in 2016 for a copier, which is accounted for as a capital lease. The leased equipment and capital lease obligation were recorded at the lower of the present value of the minimum lease payments or the fair value of the equipment at the inception of the lease. The leased asset is amortized over its estimated useful life of five years, and amortization is included in depreciation and amortization expense.

Capital leases included in property and equipment consist of the following at June 30, 2016:

Copier	9,466
Less: accumulated depreciation	158
	$ 9,308

Minimum future lease payments under capital leases as of June 30, 2016 as follows:

Years Ending June 30	Amount
2017	$ 2,196
2018	2,196
2019	2,196
2020	2,196
2021	2,037
	$10,821
Less: amount representing interest (6%)	1,472
Less: current portion	1,682
Long-term portion	$ 7,667

11. Retirement plans

The Association maintains two separate retirement plans: a defined contribution plan and a 403(b) plan. The defined contribution plan covers all eligible employees. During 2016 and 2015, the Association contributioned 5% of the employee’s compensation to the defined contribution plan. The Association’s optional tax savings 403(b) annuity program allows employees to defer a portion of their wages on a pre-tax basis. Subsequent to June 30, 2016, the Association’s contribution was reduced from 5% to 0%.

Total retirement plan expense to the Association was approximated $26,000 and $36,000 for each of the years ended June 30, 2016 and 2015, respectively.

Notes to Financial Statements

12. Commitments and long-term service contracts

The Association enters into contracts with various vendors, including future conference sites. The contracts provide penalty charges if the conference is cancelled by the Association. At June 30, 2016 the maximum potential cancellation penalties for conferences totaled approximately $738,000, which is for conferences through June 30, 2019.

The Association entered into a five year service agreement with a provider of online membership and marketing management systems that expires in August of 2019. Charges vary based on several factors including number of users and data storage needs and currently total approximately $6,000 per month.