

**AMERICAN ASSOCIATION FOR STATE  
AND LOCAL HISTORY**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**For the years ended  
June 30, 2005 and 2004**

AMERICAN ASSOCIATION FOR STATE  
AND LOCAL HISTORY

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## INDEPENDENT AUDITOR'S REPORT

To the Audit Committee of the  
American Association for State and Local History  
Nashville, Tennessee

We have audited the accompanying statements of financial position of the American Association for State and Local History (the "Association") (a nonprofit organization) as of June 30, 2005 and 2004, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the American Association of State and Local History as of June 30, 2005 and 2004, and the changes in net assets and its 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 financial statements taken as a whole. The accompanying information on pages 16 and 17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Frasier, Dean & Howard, PLLC*

September 1, 2005

**AMERICAN ASSOCIATION FOR STATE  
AND LOCAL HISTORY  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2005 and 2004**

<b>ASSETS</b>		<b>2005</b>	<b>2004</b>
Current assets:			
Cash and cash equivalents	\$	76,004	\$ 68,552
Investments - unrestricted		103,640	185,500
Grants receivable		18,764	87,202
Accounts receivable, less allowance of \$3,417 and \$5,000		102,735	128,916
Unconditional promises to give, restricted		5,000	4,250
Prepaid expenses and deposits		63,610	62,705
Total current assets		<u>369,753</u>	<u>537,125</u>
Property and equipment, net		7,709	8,663
Investments - restricted		<u>1,277,565</u>	<u>1,235,034</u>
Total assets		<u><u>\$ 1,655,027</u></u>	<u><u>\$ 1,780,822</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$	42,598	\$ 115,655
Unearned membership dues		226,693	214,124
Unearned grant funds		-	82,041
Other unearned revenue		71,012	98,286
Total current liabilities		<u>340,303</u>	<u>510,106</u>
Total liabilities		<u>340,303</u>	<u>510,106</u>
Net assets:			
Unrestricted		44,224	56,879
Temporarily restricted		135,571	87,542
Permanently restricted		1,134,929	1,126,295
Total net assets		<u>1,314,724</u>	<u>1,270,716</u>
Total liabilities and net assets		<u><u>\$ 1,655,027</u></u>	<u><u>\$ 1,780,822</u></u>

See accompanying notes.

**AMERICAN ASSOCIATION FOR STATE  
AND LOCAL HISTORY  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2005**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains and other support:				
Membership dues	\$ 462,641	\$ -	\$ -	\$ 462,641
Federal grants and awards	71,469	-	-	71,469
Investment income	7,756	92,930	-	100,686
Annual meeting	157,024	-	-	157,024
Contributions	115,009	14,326	8,634	137,969
Education and training	93,455	-	-	93,455
Royalties	51,608	-	-	51,608
Advertising	41,111	-	-	41,111
Sales of publications	7,768	-	-	7,768
Sales of labels	6,811	-	-	6,811
Miscellaneous revenue	10,954	-	-	10,954
Net assets released from restrictions	59,227	(59,227)	-	-
	<u>1,084,833</u>	<u>48,029</u>	<u>8,634</u>	<u>1,141,496</u>
Total revenues, gains and other support				
Expenses:				
Program services:				
Annual meeting	223,150	-	-	223,150
Education and training	203,878	-	-	203,878
Periodicals	116,979	-	-	116,979
Leadership and governance	106,439	-	-	106,439
Performance measures program	55,825	-	-	55,825
Membership services	76,619	-	-	76,619
Advertising and marketing	30,089	-	-	30,089
Publishing	4,849	-	-	4,849
	<u>817,828</u>	<u>-</u>	<u>-</u>	<u>817,828</u>
Total program services				
Supporting services:				
Administration and finance	203,931	-	-	203,931
Fundraising and program development	75,729	-	-	75,729
	<u>279,660</u>	<u>-</u>	<u>-</u>	<u>279,660</u>
Total supporting services				
Total expenses	<u>1,097,488</u>	<u>-</u>	<u>-</u>	<u>1,097,488</u>
Change in net assets	(12,655)	48,029	8,634	44,008
Net assets at beginning of year	<u>56,879</u>	<u>87,542</u>	<u>1,126,295</u>	<u>1,270,716</u>
Net assets at end of year	<u>\$ 44,224</u>	<u>\$ 135,571</u>	<u>\$ 1,134,929</u>	<u>\$ 1,314,724</u>

See accompanying notes.

**AMERICAN ASSOCIATION FOR STATE  
AND LOCAL HISTORY  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2004**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains and other support:				
Membership dues	\$ 448,320	\$ -	\$ -	\$ 448,320
Federal grants and awards	187,269	-	-	187,269
Investment income	32,506	131,326	-	163,832
Annual meeting	163,168	-	-	163,168
Contributions	80,788	3,070	29,970	113,828
Education and training	86,937	-	-	86,937
Royalties	49,610	-	-	49,610
Advertising	40,672	-	-	40,672
Sales of publications	8,061	-	-	8,061
Sales of labels	6,182	-	-	6,182
Miscellaneous revenue	5,581	-	-	5,581
Net assets released from restrictions	60,930	(60,930)	-	-
	<u>1,170,024</u>	<u>73,466</u>	<u>29,970</u>	<u>1,273,460</u>
Total revenues, gains and other support				
Expenses:				
Program services:				
Annual meeting	269,055	-	-	269,055
Education and training	173,369	-	-	173,369
Periodicals	135,125	-	-	135,125
Leadership and governance	114,162	-	-	114,162
AIMP program	78,403	-	-	78,403
Performance measures program	72,883	-	-	72,883
Membership services	65,993	-	-	65,993
Archival program	52,718	-	-	52,718
Advertising and marketing	32,842	-	-	32,842
Publishing	5,422	-	-	5,422
	<u>999,972</u>	<u>-</u>	<u>-</u>	<u>999,972</u>
Total program services				
Supporting services:				
Administration and finance	212,073	-	-	212,073
Fundraising and program development	66,727	-	-	66,727
	<u>278,800</u>	<u>-</u>	<u>-</u>	<u>278,800</u>
Total supporting services				
Total expenses	<u>1,278,772</u>	<u>-</u>	<u>-</u>	<u>1,278,772</u>
Change in net assets	(108,748)	73,466	29,970	(5,312)
Net assets at beginning of year	<u>165,627</u>	<u>14,076</u>	<u>1,096,325</u>	<u>1,276,028</u>
Net assets at end of year	<u>\$ 56,879</u>	<u>\$ 87,542</u>	<u>\$ 1,126,295</u>	<u>\$ 1,270,716</u>

See accompanying notes.

AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended June 30, 2005

	Program Services								Supporting Services		Total
	Annual Meeting	Education & Training	Periodicals	Leadership & Governance	Performance Measures Program	Membership Services	Advertising & Marketing	Publishing	Administrative & Finance	Fundraising & Program Development	
Salaries	\$ 49,177	\$ 28,854	\$ 14,879	\$ 47,479	\$ 8,603	\$ 29,329	\$ 12,178	\$ 2,026	\$ 105,236	\$ 34,500	\$ 332,261
Taxes and benefits	10,535	6,194	3,328	10,438	1,868	6,295	2,779	433	22,551	7,392	71,813
Supplies/shipping/postage	7,680	5,311	28,131	5,436	219	17,265	328	1,082	10,453	5,004	80,909
Travel	12,425	21,539	-	7,811	757	-	-	-	-	2,891	45,423
Professional training	-	-	-	195	-	-	-	-	1,620	-	1,815
Duplicating	174	198	5	346	5	279	17	89	(799)	92	406
Dues and subscriptions	-	-	-	1,900	-	-	-	-	-	-	1,900
Special events	34,386	-	-	-	-	-	-	-	-	-	34,386
Printing	13,529	3,587	47,666	2,965	-	9,610	9	-	2,710	6,764	86,840
Design	6,598	5,249	13,982	828	-	293	-	-	-	2,208	29,158
Direct costs and cost of goods sold	59,741	-	1,673	-	40,982	-	-	-	-	-	102,396
Sponsorships and awards	-	10,772	-	4,100	-	1,830	750	-	2,300	-	19,752
Miscellaneous	5,803	2,730	15	663	-	-	-	142	7,971	581	17,905
Credit card charges	-	-	-	-	-	-	-	-	9,697	-	9,697
Meeting expenses	-	26,524	-	2,974	-	-	8,927	-	-	984	39,409
Consultants	-	81,104	1,000	-	-	-	-	-	-	342	82,446
	<u>200,048</u>	<u>192,062</u>	<u>110,679</u>	<u>85,135</u>	<u>52,434</u>	<u>64,901</u>	<u>24,988</u>	<u>3,772</u>	<u>161,739</u>	<u>60,758</u>	<u>956,516</u>
Rent	5,587	3,268	1,756	5,507	975	3,321	1,466	229	11,898	3,900	37,907
Depreciation	818	407	219	686	121	413	183	28	1,381	485	4,741
Legal and professional	1,337	774	416	1,305	559	787	347	54	2,819	924	9,322
Insurance	1,244	762	409	1,284	227	774	342	53	2,773	909	8,777
Telephone/internet	2,018	1,550	783	4,002	1	1,285	495	359	4,014	2,718	17,225
Utilities	569	336	182	567	100	342	151	24	1,225	402	3,898
Building maintenance	746	396	213	668	118	403	178	28	1,442	473	4,665
Equipment and software maintenance	9,312	3,388	1,820	5,710	1,011	3,443	1,520	237	13,237	4,044	43,722
Equipment lease	1,471	935	502	1,575	279	950	419	65	3,403	1,116	10,715
	<u>23,102</u>	<u>11,816</u>	<u>6,300</u>	<u>21,304</u>	<u>3,391</u>	<u>11,718</u>	<u>5,101</u>	<u>1,077</u>	<u>42,192</u>	<u>14,971</u>	<u>140,972</u>
	<u>\$ 223,150</u>	<u>\$ 203,878</u>	<u>\$ 116,979</u>	<u>\$ 106,439</u>	<u>\$ 55,825</u>	<u>\$ 76,619</u>	<u>\$ 30,089</u>	<u>\$ 4,849</u>	<u>\$ 203,931</u>	<u>\$ 75,729</u>	<u>\$ 1,097,488</u>

See accompanying notes.

**AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended June 30, 2004

	Program Services										Supporting Services		Total
	Annual Meeting	Education & Training	Periodicals	Leadership & Governance	AIMP Program	Performance Measures Program	Membership Services	Archival Program	Advertising & Marketing	Publishing	Administrative & Finance	Fundraising & Program Development	
Salaries	\$ 45,544	\$ 24,205	\$ 17,372	\$ 43,781	\$ 13,511	\$ 8,160	\$ 22,935	\$ -	\$ 10,852	\$ 1,187	\$ 94,520	\$ 25,704	\$ 307,771
Taxes and benefits	12,997	5,179	3,506	9,368	2,891	1,746	4,907	-	2,322	254	20,224	5,500	68,894
Supplies/shipping/postage	11,148	6,059	38,150	4,781	1,650	1,926	13,290	-	773	2,454	8,521	6,833	95,585
Travel	17,999	24,271	-	11,946	227	81	-	33,118	8,566	-	-	2,805	99,013
Professional training	-	-	-	149	-	-	-	-	-	-	2,274	-	2,423
Duplicating	407	66	26	519	13	8	293	-	10	63	(109)	54	1,350
Dues and subscriptions	-	-	-	1,855	-	-	-	-	-	-	-	-	1,855
Special events	35,642	-	-	-	-	-	-	-	-	-	-	-	35,642
Printing	15,009	5,444	46,342	2,933	1,919	690	6,792	-	435	698	3,349	5,504	89,115
Design	9,515	5,847	17,268	570	4,675	-	1,542	-	425	-	1,673	2,099	43,614
Direct costs and COGS	79,226	-	2,656	-	-	55,664	-	-	-	-	-	-	137,546
Sponsorships and awards	-	7,375	-	5,600	-	-	3,240	-	-	-	3,500	-	19,715
Miscellaneous	4,466	2,335	318	855	631	-	-	-	353	-	15,791	1,353	26,102
Credit card charges	-	-	-	-	-	-	-	-	-	-	8,929	-	8,929
Meeting expenses	-	7,666	-	5,482	29,908	-	-	923	375	-	-	1,376	45,730
Consultants	-	70,825	-	-	14,650	-	-	18,677	-	-	-	191	104,343
	<u>231,953</u>	<u>159,272</u>	<u>125,638</u>	<u>87,839</u>	<u>70,075</u>	<u>68,275</u>	<u>52,999</u>	<u>52,718</u>	<u>24,111</u>	<u>4,656</u>	<u>158,672</u>	<u>51,419</u>	<u>1,087,627</u>
Rent	7,239	2,765	1,872	5,003	1,544	932	2,621	-	1,240	136	10,800	2,937	37,089
Depreciation	1,236	489	331	885	273	165	464	-	220	25	1,910	519	6,517
Legal and professional	1,693	670	454	1,212	373	489	634	-	2,800	33	2,619	710	11,687
Insurance	1,464	578	391	1,045	323	195	548	-	259	28	2,257	614	7,702
Telephone/internet	2,533	1,347	855	3,260	1,211	47	916	-	514	140	3,609	1,770	16,202
Utilities	763	278	188	502	155	94	263	-	124	14	1,084	295	3,760
Building maintenance	1,085	414	281	750	231	139	389	-	186	19	1,618	440	5,552
Equipment and software maintenance	19,436	6,911	4,679	12,500	3,858	2,330	6,548	-	3,099	339	26,987	7,339	94,026
Equipment lease	1,653	645	436	1,166	360	217	611	-	289	32	2,517	684	8,610
	<u>37,102</u>	<u>14,097</u>	<u>9,487</u>	<u>26,323</u>	<u>8,328</u>	<u>4,608</u>	<u>12,994</u>	<u>-</u>	<u>8,731</u>	<u>766</u>	<u>53,401</u>	<u>15,308</u>	<u>191,145</u>
	<u>\$ 269,055</u>	<u>\$ 173,369</u>	<u>\$ 135,125</u>	<u>\$ 114,162</u>	<u>\$ 78,403</u>	<u>\$ 72,883</u>	<u>\$ 65,993</u>	<u>\$ 52,718</u>	<u>\$ 32,842</u>	<u>\$ 5,422</u>	<u>\$ 212,073</u>	<u>\$ 66,727</u>	<u>\$ 1,278,772</u>

See accompanying notes.



**AMERICAN ASSOCIATION FOR STATE  
AND LOCAL HISTORY  
STATEMENTS OF CASH FLOWS  
For the years ended June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 44,008	\$ (5,312)
Adjustments to reconcile increase (decrease) in net assets to net cash (used) provided by operating activities:		
Depreciation	4,741	6,517
Unrealized gain on investments	(40,885)	(135,750)
Contributions to permanently restricted net assets	(1,134)	(29,970)
Decrease (increase) in operating assets		
Accounts receivable, net	21,181	16,035
Prepaid expenses and deposits	(905)	4,038
Grants receivable	68,438	152,276
Unconditional promises to give, restricted	4,250	270,901
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	(73,057)	53,006
Unearned membership dues	12,569	6,972
Unearned grant funds	(82,041)	(144,947)
Unearned revenue-other	(27,274)	(28,357)
Net cash (used) provided by operating activities	<u>(70,109)</u>	<u>165,409</u>
Cash flows from investing activities:		
Purchase of property and equipment	(3,787)	-
Purchase of investments	(69,786)	(294,846)
Proceeds from sale of investments	150,000	-
Net cash provided (used) by investing activities	<u>76,427</u>	<u>(294,846)</u>
Cash flows from financing activities:		
Contributions to permanently restricted net assets	<u>1,134</u>	<u>29,970</u>
Net cash provided by financing activities	<u>1,134</u>	<u>29,970</u>
Net increase (decrease) in cash and cash equivalents	7,452	(99,467)
Cash and cash equivalents at beginning of year	<u>68,552</u>	<u>168,019</u>
Cash and cash equivalents at end of year	<u><u>\$ 76,004</u></u>	<u><u>\$ 68,552</u></u>

See accompanying notes.

**AMERICAN ASSOCIATION FOR STATE  
AND LOCAL HISTORY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005 and 2004**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General and Nature of Activities**

The American Association for State and Local History (AASLH) (the “Association”) was formed in 1940 and incorporated under the laws of the District of Columbia in November 1944 as a nonprofit organization. AASLH provides leadership and support for its members who preserve and interpret state and local history in order to make the past more meaningful to all Americans. Additionally, the Association provides information and training through publications, annual meetings, seminars, workshops, the development of professional standards, and the identification and analysis of issues critical to the field. Consequently, membership consists of individuals and organizations located throughout the United States and Canada.

**Financial Statement Presentation**

The Association has adopted 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. In addition, the Association is required to present a statement of cash flows.

**Estimates**

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

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

**Investments**

The Association has adopted Statement of Financial Accounting Standards (“SFAS”) No. 124, “Accounting for Certain Investments Held by Not-for-Profit Organizations.” Under SFAS No., 124, 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. 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.

**AMERICAN ASSOCIATION FOR STATE  
AND LOCAL HISTORY  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2005 and 2004**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment**

It is the Association's policy to capitalize property and equipment with an original cost over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets which are generally five years.

**Compensated Absences**

The Association has accrued for vacation pay based on the employees' last anniversary date. Compensated absences for sick pay and other leave have not been accrued since they are not vested.

**Contributions**

The Association has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions.

**Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending upon the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Unconditional promises to give which are due in future years are recorded at their net realizable value.

The Association uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

**AMERICAN ASSOCIATION FOR STATE  
AND LOCAL HISTORY  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2005 and 2004**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Grants and Government Contracts**

Grants and government contract revenue is recognized when earned. Grants receivable representing the difference between award amounts and amounts received are offset by a liability entitled unearned grant funds, to the extent such grants have not been earned.

**Contributed Services**

Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The Association receives a significant amount of donated services from unpaid volunteers who assist in certain grants. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116.

**Membership Dues and Activities**

Membership dues are recognized using the straight-line method over one year. Unearned membership dues are shown as a current liability. The membership period is based upon a member's anniversary date.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities 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 based on estimates made by management.

**Income Taxes**

The Association is a not-for-profit organization that is exempt from income taxes on income other than unrelated business income under Section 501(c)(3) of the Internal Revenue Code. The Association is not considered a private foundation.

**AMERICAN ASSOCIATION FOR STATE  
AND LOCAL HISTORY  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2005 and 2004**

**NOTE 2 – CASH AND INVESTMENTS**

Cash and cash equivalents consist of the following at June 30:

	<u>2005</u>	<u>2004</u>
Non-interest bearing:		
Cash in operating account	\$ 39,937	\$ 43,706
Interest bearing:		
UBS Paine Webber Money Market Funds	<u>36,067</u>	<u>24,846</u>
	<u>\$ 76,004</u>	<u>\$ 68,552</u>

Marketable securities are recorded at market value at June 30, 2005 and 2004 as follows:

	<u>2005</u>	<u>2004</u>
Vanguard Group (restricted):		
Intermediate – Term Corporate Fund	\$ 85,060	\$ 79,140
Wellington Fund	785,871	581,604
Index Trust – 500 Portfolio	<u>510,274</u>	<u>759,790</u>
	1,381,205	1,420,534
Less: unrestricted funds	<u>(103,640)</u>	<u>(185,500)</u>
Investments - restricted	<u>\$1,277,565</u>	<u>\$1,235,034</u>

Investment income from these investments for the years ended June 30, 2005 and 2004 is as follows:

	<u>2005</u>	<u>2004</u>
Unrealized gains on investments	\$ 40,885	\$ 135,750
Dividends/interest	<u>59,801</u>	<u>28,082</u>
	<u>\$ 100,686</u>	<u>\$ 163,832</u>

**Restricted Cash and Investments**

The Association has deposited substantially all of the permanently restricted contributions into a diversified mutual fund group of investments. Earnings or losses on such assets are reflected as an increase or decrease in unrestricted or temporarily restricted net assets based on the intention of the donor. However, earnings on the permanently restricted net assets are subject to the following investment policy.

**AMERICAN ASSOCIATION FOR STATE  
AND LOCAL HISTORY  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2005 and 2004**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

**Restricted Cash and Investments (Continued)**

The Association's Board has established an investment policy to limit the amount of earnings that can be withdrawn during the year up to 5% of the total market value at the beginning of the fiscal year. The cumulative withdrawals will be evaluated and adjusted in the fifth year for any market fluctuations.

**NOTE 3 – PROMISES TO GIVE AND CHALLENGE GRANT**

Unconditional promises to give at June 30, 2004 are comprised substantially of pledges for the Association's endowment campaign which are considered permanently restricted. Substantially all pledges have been collected as of June 30, 2004.

During fiscal 2001, the Association received a challenge grant providing support up to \$246,000 from the National Endowment for the Humanities. The grant provided a matching gift of 1:3 of the endowment campaign contributions raised by the Association for the period from December 1, 1999 through July 31, 2004. Funds, if matched, were received under the grant as follows: \$150,000 for 2001, \$50,000 for 2002, and \$46,000 for 2003. The Association was required to certify receipt of \$150,000 in gifts by July 31, 2001, and additional \$350,000 by July 31, 2002, and additional \$146,000 by July 31, 2003 and an additional \$92,000 by July 31, 2004 for a total of \$738,000. Grants received must be returned to the extent the Association is unable to collect its capital campaign contributions and meet its required match. The Association has substantially met its required match as of June 30, 2004.

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30:

	<u>2005</u>	<u>2004</u>
Office furniture and equipment	\$ 21,417	\$ 21,417
Computer equipment	<u>19,291</u>	<u>15,504</u>
	40,708	36,921
Accumulated depreciation	<u>(32,999)</u>	<u>(28,258)</u>
	<u>\$ 7,709</u>	<u>\$ 8,663</u>

**AMERICAN ASSOCIATION FOR STATE  
AND LOCAL HISTORY  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2005 and 2004**

**NOTE 5 – RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets consist of investment income from the Association's endowment funds and amounts designated for endowment expenses.

Permanently restricted net assets consist of donations restricted for endowment investments to be held indefinitely, the income from which is unrestricted or temporarily restricted based on donor stipulations.

**NOTE 6 – GRANTS**

Grants and endowments may require fulfillment of certain conditions as set forth in the instruments of the grant. Failure to fulfill these conditions, or in the case of endowments, failure to continue to fulfill them, could result in the return of the monies to grantors. The Association deems this contingency to be remote, because by accepting the gifts and their terms, it has accommodated the objectives of the Association to the provisions of the gift.

**NOTE 7 – PENSION PLAN**

The Association maintains a defined contribution retirement plan. Employees with two years of service and over the age 25 are eligible to participate. Eligible employees elect a 5% salary reduction and the Association contributes 7.5% of covered salaries. The plan is part of the Teachers College Retirement Equities Fund ("TIAA-CREF") program that consists of an annuity and is fully vested to the employee. Total contributions by the Association amounted to \$15,115 and \$13,052 for the years ended June 30, 2005 and 2004, respectively.

**NOTE 8 – LEASING AND SERVICE ARRANGEMENTS**

On May 8, 1998, the Association entered into an operating lease agreement effective July 1, 1998, for the rental of office space. The lease includes two options to extend the lease for three-year periods with a fixed increase in rent. The lease was renewed in 2003 and expires June 30, 2006.

**AMERICAN ASSOCIATION FOR STATE  
AND LOCAL HISTORY  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2005 and 2004**

**NOTE 8 – LEASING AND SERVICE ARRANGEMENTS (Continued)**

Future minimum lease payments are as follows:

<b><u>Fiscal year ending June 30,</u></b>	
2006	\$ 39,012
2007	-
2008	-
2009	-
2010	-
	<hr/>
	<u><u>\$ 39,012</u></u>

Rent expense for the years ended June 30, 2005 and 2004 totaled \$37,907 and \$37,089, respectively. Equipment and software maintenance for the years ended June 30, 2005 and 2004 totaled \$43,723 and \$94,026, respectively. Such expenses have been reported in various classifications based upon the related functional use.

In May 2005, the Association signed a service agreement to operate and support the Association's career services on their internet website for a period of three years. Fees for such services will be 50% of revenue collected, less 50% of credit card charges.

**NOTE 9 – INCOME TAXES**

The Association had no unrelated business taxable income during the years ended June 30, 2005 and 2004.

**NOTE 10 – CONCENTRATIONS**

Financial instruments that potentially subject the Association to concentrations of credit risk consist of investments held by a broker and a mutual fund company.

Also, the Association maintains a bank account at one financial institution. The balance at times, may exceed federally insured limits. The Association has not experienced any losses in the account. Management believes the Association is not exposed to any significant credit risk related to cash.



**AMERICAN ASSOCIATION FOR STATE  
AND LOCAL HISTORY  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2005 and 2004**

**NOTE 11 – COMMITMENTS**

The Association entered into an agreement dated November 2004 for a space commitment for the annual meeting to be held September 2006 in Phoenix, Arizona. In the event of cancellation, the Association will be required to pay the entire contract rate within twenty-four months of the event. However, if the space is contracted to another party, the amount received from the other party will be used to offset the amount owed by the Association.

The Association entered into an agreement dated December 2004 for a hotel commitment for the annual meeting to be held September 2006 in Phoenix, Arizona. In the event of cancellation, the Association shall pay up to 80% of rooms' rental minimum if cancellation occurs within 179 days or less of the event date.

The Association entered an agreement dated December 31, 2003, for a hotel commitment for the annual meeting to be held in September 2005 in Pittsburg, Pennsylvania. In the event of cancellation, the Association shall pay \$10,000 plus up to 60% of rooms and up to 60% of food and beverage events.

The Association entered an agreement dated May 2004 for an overflow hotel commitment for the annual meeting to be held in September 2005 in Pittsburg, Pennsylvania. In the event of cancellation of this agreement, the Association can be held liable up to 75% of the minimum room revenue.

The Association has agreed to provide certain survey services relating to performance measurement pilot programs under contracts with various history museums. Such services are generally conducted with another nonprofit organization under a cost/service agreement. Revenue will be recognized as services are performed. Performance measurement revenue included in Education and Training for the years ended June 30, 2005 and 2004 approximates \$60,000 and \$57,000, respectively. Amounts reflected in the accompanying Statement of Financial Position for ongoing contracts at June 30, 2005 includes accounts receivable of \$80,917 and unearned revenue of \$44,333. Similar amounts at June 30, 2004 include accounts receivable of \$125,167 and unearned revenue of \$76,000.

**NOTE 12 – DONATED SERVICES**

Professional services have been recognized as a contribution to the Association. The value of the donated services and the corresponding expenditures included in the financial statements for the year ended June 30, 2005 are as follows:

**Revenues, Gains and Other Support**

Contributions	\$ <u>688</u>
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**Expenses**

Fundraising and Program Development	
Legal and Professional	\$ <u>688</u>

**SUPPLEMENTARY INFORMATION**

**AMERICAN ASSOCIATION FOR STATE  
AND LOCAL HISTORY  
TEMPORARILY RESTRICTED NET ASSETS  
For the year ended June 30, 2005**

	<u>Interest from Evelyn</u>	<u>Interest from Alderson</u>	<u>Interest from Corey</u>	<u>Interest from Herold</u>	<u>Interest from Endowment</u>	<u>Endowment Expenses and Other</u>	<u>Total</u>
Donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,326	\$ 14,326
Investment income	90	1,797	1,505	422	89,116	-	92,930
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(59,227)</u>	<u>-</u>	<u>(59,227)</u>
Net increase	90	1,797	1,505	422	29,889	14,326	48,029
Balance June 30, 2004	<u>198</u>	<u>7,381</u>	<u>8,956</u>	<u>3,389</u>	<u>64,548</u>	<u>3,070</u>	<u>87,542</u>
Balance June 30, 2005	<u>\$ 288</u>	<u>\$ 9,178</u>	<u>\$ 10,461</u>	<u>\$ 3,811</u>	<u>\$ 94,437</u>	<u>\$ 17,396</u>	<u>\$ 135,571</u>

See accompanying notes.

**AMERICAN ASSOCIATION FOR STATE  
AND LOCAL HISTORY  
PERMANENTLY RESTRICTED NET ASSETS  
For the year ended June 30, 2005**

	<u>Evelyn Scholarship</u>	<u>Alderson Internship</u>	<u>Corey Memorial</u>	<u>Herold Memorial</u>	<u>Endowment</u>	<u>Total</u>
Donations	<u>\$ -</u>	<u>\$ 7,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,134</u>	<u>\$ 8,634</u>
Net increase	-	7,500	-	-	1,134	8,634
Balance June 30, 2004	<u>1,067</u>	<u>16,976</u>	<u>11,544</u>	<u>2,418</u>	<u>1,094,290</u>	<u>1,126,295</u>
Balance June 30, 2005	<u><u>\$ 1,067</u></u>	<u><u>\$ 24,476</u></u>	<u><u>\$ 11,544</u></u>	<u><u>\$ 2,418</u></u>	<u><u>\$ 1,095,424</u></u>	<u><u>\$ 1,134,929</u></u>

See accompanying notes.