



**American Bus Association, Inc. and Affiliate
Consolidated Financial Statements
With
Independent Auditors' Report
For the years ended December 31, 2023 and 2022**

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**American Bus Association, Inc. and Affiliate
Consolidated Financial Statements
December 31, 2023 and 2022**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
American Bus Association, Inc. and Affiliate
Washington, DC

Opinion

We have audited the accompanying consolidated financial statements of ***American Bus Association, Inc. and Affiliate*** (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ***American Bus Association, Inc. and Affiliate*** as of December 31, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of ***American Bus Association, Inc. and Affiliate*** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ***American Bus Association, Inc. and Affiliate's*** ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **American Bus Association, Inc. and Affiliate's** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **American Bus Association, Inc. and Affiliate's** ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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Report on Supplemental Information

Our audits was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position and consolidating schedule of activities are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Signature

DeLeon & Stang, CPAs and Advisors
Frederick, Maryland
_____, 2024

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American Bus Association, Inc. and Affiliate
Consolidated Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
<u>Current assets:</u>		
Cash and cash equivalents	\$ 2,108,668	\$ 1,636,128
Accounts receivable, net	8,286	101,498
Investments	4,440,584	4,015,180
Prepaid expenses and deposits	436,339	153,891
Total current assets	6,993,877	5,906,697
Assets held under deferred compensation agreements	920,950	669,380
Property and equipment, net	3,754,951	3,867,570
Total Assets	\$ 11,669,778	\$ 10,443,647
Liabilities and Net Assets		
<u>Current liabilities:</u>		
Accounts payable and accrued expenses	\$ 387,009	\$ 406,172
Deferred revenue	3,618,091	3,066,061
Mortgage payable - current maturities	127,115	124,036
Total current liabilities	4,132,215	3,596,269
<u>Long-term liabilities:</u>		
Mortgage payable, less current maturities	2,431,161	2,557,175
Obligation under deferred compensation agreements	920,950	669,380
Total long-term liabilities	3,352,111	3,226,555
Total liabilities	7,484,326	6,822,824
Net assets without donor restrictions	4,185,452	3,620,823
Total Liabilities and Net Assets	\$ 11,669,778	\$ 10,443,647

American Bus Association, Inc. and Affiliate
Consolidated Statements of Activities
Years Ended December 31, 2023 and 2022

	2023	2022
Revenue:		
Conferences, seminars and meetings	\$ 3,287,633	\$ 2,082,222
Memberships	1,318,876	1,205,611
Publications	310,664	333,248
Rental revenue	117,714	114,873
Forgiveness of Paycheck Protection Program loan	-	336,372
Miscellaneous income	487,346	389,665
Total Revenue	5,522,233	4,461,991
Expenses:		
<u>Program services:</u>		
Conferences, seminars and meetings	2,222,311	1,624,552
Governmental relations	930,745	1,313,962
Publication	257,500	272,468
Communications	291,958	326,254
Total program services	3,702,514	3,537,237
<u>Support services:</u>		
Membership development	463,639	476,814
General and administrative	1,409,906	1,246,092
Total supporting services	1,873,545	1,722,906
Total Expenses	5,576,059	5,260,143
Change in net assets before investment income (loss)	(53,826)	(798,152)
Investment income (loss), net	618,455	(582,028)
Change in net assets	564,629	(1,380,180)
Net assets:		
Beginning:	3,620,823	5,001,003
Ending	\$ 4,185,452	\$ 3,620,823

American Bus Association, Inc. and Affiliate
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Services				Support Services		Total
	Conferences, Seminars and Meetings	Governmental Relations	Publications	Communications	Membership Development	General and Administrative	
Salaries	\$ 267,430	\$ 401,140	\$ 50,862	\$ 147,108	\$ 164,736	\$ 684,141	\$ 1,715,417
Function Costs	560,103	20,094	-	-	4,248	-	584,445
Fringe Benefits	70,228	103,401	7,978	37,818	44,707	163,367	427,499
Decorating	354,032	-	-	-	13,561	-	367,593
Consulting Services	187,348	140,000	-	-	-	15,611	342,959
Audio Visual	285,942	5,887	-	-	3,482	-	295,311
Office Occupancy	50,319	98,721	-	33,546	33,546	78,354	294,486
Computer Services	78,878	-	-	5,200	82,132	56,077	222,287
Depreciation & Amortization	23,510	46,124	-	15,673	15,673	41,907	142,887
Travel	59,844	14,587	1,803	5,298	10,860	44,867	137,259
Recruitment	-	-	-	1,246	1,503	129,277	132,026
Legal Services	19,753	34,164	-	-	-	66,546	120,463
Commissions	28,953	-	67,483	-	-	-	96,436
Publishers Expense-BLLC	-	-	93,580	-	-	-	93,580
Dues & Subscriptions	85	44,413	-	17,081	1,192	15,024	77,795
Finance Charges	52,462	-	-	-	23,959	16	76,437
Meetings & Conferences	41,099	3,183	-	-	23,612	-	67,894
Speakers/Honorariums	53,052	-	-	-	8,850	-	61,902
Insurance	15,208	12,360	-	-	-	22,114	49,682
Printing	3,005	501	23,626	129	193	-	27,454
Photo Services	7,089	-	-	20,263	-	-	27,352
Accounting Services	-	-	-	-	-	22,500	22,500
Office Supplies	18,835	-	-	120	304	2,691	21,950
Telephone	4,420	960	-	440	4,274	9,712	19,806
Postage	44	-	11,740	-	7,555	12	19,351
Bank Service Charges	60	-	-	-	-	14,053	14,113
Auto Leasing	-	-	-	-	-	12,552	12,552
Advertising	7,812	-	-	4,505	-	-	12,317
Temporary Help	-	-	-	2,000	9,750	-	11,750
Member Travel	10,296	-	-	-	-	-	10,296
Prizes and Awards - BISC	4,693	2,500	-	-	2,668	-	9,861
Storage	-	-	-	-	-	7,750	7,750
Payroll Services	-	-	-	-	-	7,546	7,546
Security	7,268	-	-	-	-	-	7,268
Delivery	1,136	517	-	31	2,353	2,786	6,823
Special Events	-	-	-	-	-	4,597	4,597
Office Maintenance	-	-	-	-	-	3,508	3,508
Layout/Design	-	2,000	-	1,500	-	-	3,500
Bad Debts	3,500	-	-	-	-	-	3,500
Taxes & Licenses	2,116	-	-	-	-	990	3,106
Duplicating	-	-	-	-	2,418	-	2,418
Gratuities	1,896	-	-	-	178	166	2,240
Plaques & Awards	1,895	81	-	-	-	-	1,976
Taxes-Unrelated Business Income	-	-	428	-	-	1,514	1,942
Contributions	-	-	-	-	-	1,553	1,553
Membership supplies	-	-	-	-	1,439	-	1,439
Entertainment	-	112	-	-	-	406	518
Promotion	-	-	-	-	446	-	446
Seminars Registration	-	-	-	-	-	269	269
Total Expenses	\$ 2,222,311	\$ 930,745	\$ 257,500	\$ 291,958	\$ 463,639	\$ 1,409,906	\$ 5,576,059

See Accompanying Notes to the Consolidated Financial Statements
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**American Bus Association, Inc. and Affiliate
Consolidated Statement of Functional Expenses
For the year ended December 31, 2022**

	Program Services				Support Services		Total
	Conferences, Seminars and Meetings	Governmental Relations	Publications	Communications	Membership Development	General and Administrative	
Salaries	\$ 268,953	\$ 453,887	\$ 18,266	\$ 136,068	\$ 183,127	\$ 696,881	\$ 1,757,182
Function Costs	338,722	7,764	-	-	4,512	-	350,998
Fringe Benefits	75,059	121,778	5,020	36,266	49,511	164,016	451,650
Decorating	92,152	394	-	400	816	-	93,762
Consulting Services	207,575	456,000	-	51,055	64	29,965	744,659
Audio Visual	231,695	19,565	-	-	270	-	251,530
Office Occupancy	49,595	97,300	-	33,063	33,063	77,190	290,211
Computer Services	56,302	-	-	3,400	89,877	49,474	199,053
Depreciation & Amortization	23,513	46,130	-	15,675	15,675	54,663	155,655
Travel	25,518	20,752	7,512	6,417	11,296	32,447	103,942
Recruitment	621	-	-	-	-	-	621
Legal Services	27,899	37,493	-	-	-	-	65,392
Commissions	76,644	-	74,906	-	-	-	151,550
Publishers Expense-BLLC	-	-	107,175	-	-	-	107,175
Dues & Subscriptions	-	37,801	-	15,818	1,944	12,028	67,590
Finance Charges	37,392	-	-	-	22,263	10	59,665
Meetings & Conferences	21,067	-	-	-	36,287	-	57,354
Speakers/Honorariums	32,350	-	-	-	5,950	-	38,300
Insurance	9,947	6,953	-	-	-	27,799	44,699
Printing	14,854	-	40,006	-	-	-	54,860
Photo Services	-	-	-	24,137	-	-	24,137
Accounting Services	-	-	-	-	-	21,500	21,500
Office Supplies	5,867	4,542	-	-	432	5,748	16,590
Telephone	4,920	1,220	-	480	4,825	6,449	17,894
Postage	6,448	-	15,345	-	6,911	-	28,705
Bank Service Charges	1,003	-	-	-	-	12,636	13,639
Auto Leasing	-	-	-	-	-	13,036	13,036
Advertising	-	-	-	438	-	-	438
Temporary Help	3,525	-	-	-	4,213	1,575	9,313
Member Travel	7,180	-	-	-	-	-	7,180
Prizes and Awards - BISC	1,010	63	-	-	471	-	1,544
Storage	-	-	-	-	-	6,576	6,576
Payroll Services	-	-	-	-	-	7,912	7,912
Delivery	126	486	-	13	252	3,327	4,203
Special Events	-	-	-	-	-	800	800
Office Maintenance	-	-	-	-	-	7,900	7,900
Layout/Design	2,285	-	-	3,024	-	-	5,309
Bad Debts	-	-	-	-	-	6,663	6,663
Taxes & Licenses	852	-	-	-	-	564	1,416
Duplicating	-	-	-	-	2,046	-	2,046
Gratuities	294	-	-	-	-	-	294
Plaques & Awards	1,183	-	-	-	-	-	1,183
Taxes-Unrelated Business Income	-	-	4,238	-	-	2,032	6,270
Contributions	-	-	-	-	-	1,765	1,765
Membership supplies	-	-	-	-	3,010	-	3,010
Entertainment	-	-	-	-	-	644	644
Seminars Registration	-	1,834	-	-	-	1,798	3,632
Equipment Rental & Maintenance	-	-	-	-	-	572	572
Interest	-	-	-	-	-	124	124
Total Expenses	\$ 2,215,550	\$ 1,222,063	\$ 122,063	\$ 1,222,063	\$ 1,222,063	1,246,092	\$ 5,260,143

See Accompanying Notes to the Consolidated Financial Statements

American Bus Association, Inc. and Affiliate
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities:		
Change in net assets	\$ 564,629	\$ (1,380,180)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Bad debts	3,500	6,663
Depreciation and amortization	142,887	155,655
Forgiveness of Paycheck Protection Program loan	-	(336,372)
Realized and unrealized loss (gain) on investments	(493,984)	728,137
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	89,712	25,653
Prepaid expenses and deposits	(282,448)	125,783
Increase (decrease) in:		
Accounts payable and accrued expenses	(19,163)	14,247
Deferred revenue	552,030	446,076
Net cash provided by (used in) operating activities	557,163	(214,338)
Cash Flows from Investing Activities:		
Purchases of property and equipment	(30,268)	-
Purchase of investments	(990,171)	(705,289)
Proceeds from sales of investments	1,058,751	800,000
Net cash provided by investing activities	38,312	94,711
Cash Flows from Financing Activities:		
Principal payments on capital lease	-	(2,460)
Principal payments on mortgage payable	(122,935)	(119,740)
Net cash (used in) financing activities	(122,935)	(122,200)
Net increase (decrease) in cash and cash equivalents	472,540	(241,827)
Cash and Cash Equivalents:		
Beginning	1,636,128	1,877,955
Ending	\$ 2,108,668	\$ 1,636,128
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 72,663	\$ 71,378

American Bus Association, Inc. and Affiliate
Notes to Consolidated Financial Statements
December 31, 2023 and 2022

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities: American Bus Association, Inc. and Affiliate (the Association) consists of two entities: American Bus Association, Inc. incorporated in 1931 and Buses, LLC formed in 2007.

American Bus Association, Inc. (ABA) is the North American trade association of the intercity bus industry, with approximately 800 motorcoach owners and tour company members in the United States, Canada and Mexico. Its members operate charter, tour, regular route, airport express, special operations and contract services (commuter, school and transit). Another approximately 2,000 members are travel and tourism organizations, and suppliers of bus products and services who work in partnership with the North American motorcoach industry.

The mission of the Association is to represent the United States bus industry in Washington, D.C.; to facilitate relationships between the North American motorcoach industry and all related segments of the travel and supplier industry; and to create awareness of the motorcoach industry among consumers in North America.

A summary of the Association's significant accounting policies follows:

Principles of consolidation: The accompanying consolidated financial statements include the accounts of ABA and the LLC. All significant intercompany transactions have been eliminated in the consolidation.

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Not-for-Profit Entities topic of the ASC, Balance Sheet and Income Statement, the Association is required to report information regarding its financial position and activities according to two separate classes of net assets: net assets with and without donor restrictions. There were no net assets with donor restrictions at December 31, 2023 and 2022.

Cash and cash equivalents: For purposes of reporting cash flows, the Association considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less, to be cash equivalents.

American Bus Association, Inc. and Affiliate
Notes to Consolidated Financial Statements (Continued)
December 31, 2023 and 2022

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Financial risk: The Association maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts. The Association believes it is not exposed to any significant financial risk on cash and cash equivalents.

The Association invests in a professionally managed portfolio that contains various securities which are exposed to various risks such as interest, market and credit risk. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Accounts receivable: Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. The provision for doubtful accounts, based on management's evaluation of the collectability of receivables, was \$15,000 at December 31, 2023 and 2022. Bad debt expense for the years ended December 31, 2023 and 2022, was \$3,500 and \$6,663, respectively.

Investments: Investments in equity securities with readily determinable fair values and all investments in debt securities are reflected at fair value. Cash in investment accounts are considered short-term investments held at cost. Unrealized gains and losses are reported on the consolidated statements of activities as part of investment income.

Property and equipment: Property and equipment is stated at cost. Depreciation is computed principally by the straight-line method over their estimated useful lives of 3 to 39 years. Assets acquired under capital leases are amortized on the straight-line basis over the life of the lease or the useful life of the improvement, whichever is shorter. The depreciation expense on assets acquired under capital leases is included with depreciation expense on owned assets. The Association capitalizes all property and equipment with a cost of \$2,500 or more.

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American Bus Association, Inc. and Affiliate
Notes to Consolidated Financial Statements (Continued)
December 31, 2023 and 2022

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Valuation of long-lived assets: The Association reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Revenue recognition: The Association's revenue streams from contracts with customers are comprised primarily from membership dues, conference, seminar and meeting registration fees and publications. The Association's revenue is recognized when a given performance obligation is satisfied, either over a period of time or at a point in time. All of the Association's revenue under contract with customers is earned in the United States and the majority of customers are members.

Membership dues are the sale of memberships which grant access to one or more of the Association's events throughout the year. Payment is due prior to the month of membership and membership fees are billed before the calendar or fiscal year-end. Revenue is recognized over the duration of the membership period, which is the calendar year.

Conference, seminar fees and meeting revenue are recognized as revenue once the related event has taken place. Amounts received in advance are recorded as deferred revenue.

Publication revenue is recognized upon delivery of material.

All of the Association's revenue from contracts with customers are from performance obligations satisfied over time or upon delivery depending on the terms of the contract and is derived from contracts with an initial expected duration of one year or less. Prices are specific to a distinct performance obligation and do not consist of multiple transactions.

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American Bus Association, Inc. and Affiliate
Notes to Consolidated Financial Statements (Continued)
December 31, 2023 and 2022

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

The Association records deferred revenue in situations when amounts are invoiced but the revenue recognition criteria outlined above are not met. Such revenue is recognized when all criteria are subsequently met. Deferred revenues from revenue from contacts are classified as current liabilities on the consolidated statements of financial position. There were no changes in membership fees, conference, seminar fees and meeting revenue and publication revenue that would affect economic seasonality of the consolidated balance sheets. There are no right of return clauses that would affect revenue recognition.

Use of estimates: The preparation of the consolidated 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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes: ABA is generally exempt from federal income taxes under the provisions of Section 501(c)(6) of the Internal Revenue Code. Income, which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. ABA did not have any net unrelated business income tax for the years ended December 31, 2023 and 2022.

The LLC has elected to be taxed as a corporation. Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The components of the LLC income tax expense are all current. There is no deferred tax recognition as there are no material timing differences between book and tax calculations. Federal and state income taxes for the years ended December 31, 2023 and 2022 were \$0 and \$0, respectively.

Management evaluated the Association's tax positions and concluded that the Association had taken no uncertain tax positions that require adjustment to the consolidated financial statements.

American Bus Association, Inc. and Affiliate
Notes to Consolidated Financial Statements (Continued)
December 31, 2023 and 2022

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Functional allocation of expenses: The costs of providing program services and supporting activities have been accounted for on a functional basis on the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities. Such allocations are determined by management on an equitable basis. Occupancy and interest expenses are allocated based on square footage. Certain depreciation is directly charged to applicable areas and certain depreciation is allocated based on square footage or number of employees. Data processing and certain executive salaries and benefits are allocated based on time and effort.

Liquidity and availability: The Association regularly monitors liquidity and availability of financial assets required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of December 31, 2023 and 2022 the following financial assets are available to meet annual operating needs of the 2023 fiscal year:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,108,668	\$ 1,636,128
Accounts receivable, net	8,286	101,498
Investments	4,440,584	4,015,180
	<u>\$ 6,557,538</u>	<u>\$ 5,752,806</u>

Subsequent events: The Association evaluated subsequent events through [REDACTED], 2024, which is the date the consolidated financial statements were available to be issued.

NOTE 2 ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2023 and 2022, consist of the following:

	<u>2023</u>	<u>2022</u>
Marketplace	\$ 21,294	\$ 55,774
Due from affiliates	1,992	10,770
Publications	-	49,954
Subtotal	23,286	116,498
Less allowance for doubtful accounts	(15,000)	(15,000)
Total	<u>\$ 8,286</u>	<u>\$ 101,498</u>

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American Bus Association, Inc. and Affiliate
Notes to Consolidated Financial Statements (Continued)
December 31, 2023 and 2022

NOTE 3 RELATED-PARTY TRANSACTIONS

The Association provides administrative support and accounting services to American Bus Association Foundation, Inc. (ABAF), which is affiliated through common management and common control. ABAF reimburses the Association for any salary and fringe costs incurred. The Association has no economic interest in ABAF and thus is not included in these consolidated financial statements.

The Association also provides administrative support and accounting services to National Bus Traffic Association, Inc. (NBTA), which is affiliated through common management. For the years ended December 31, 2023 and 2022, the Association recognized management fees of \$108,775 and \$75,366, respectively. There is no control or economic interest and thus no consolidation.

The Association established a political action committee (the PAC) in 1993 that is not consolidated with the accounts of the Association. The PAC is insignificant for consolidation.

NOTE 4 PROPERTY AND EQUIPMENT

The cost and accumulated depreciation and amortization of property and equipment at December 31, 2023 and 2022, consist of the following:

	2023	2022
Office condominium	\$ 5,516,743	\$ 5,516,743
Furniture, equipment and website	395,627	681,870
	<u>5,912,370</u>	<u>6,198,613</u>
Less accumulated depreciation and amortization	<u>(2,157,419)</u>	<u>(2,331,043)</u>
	<u>\$ 3,754,951</u>	<u>\$ 3,867,570</u>

Depreciation and amortization expense for the years ended December 31, 2023 and 2022, was \$142,887 and \$155,655 respectively.

NOTE 5 DEFERRED COMPENSATION

The Association has a nonqualified deferred compensation plan for select employees under 457(b). The select employees may elect to defer salary for retirement. Salary deferrals in pretax contributions are limited to a maximum of \$22,500 and \$20,500 per participant in December 31, 2023 and 2022, respectively. There were no employer contributions to the plan in 2023 or 2022. The investments at December 31, 2023 and 2022, consist of mutual funds that amount to \$920,950 and \$669,380, respectively.

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American Bus Association, Inc. and Affiliate
Notes to Consolidated Financial Statements (Continued)
December 31, 2023 and 2022

NOTE 6 FAIR VALUE MEASUREMENTS AND INVESTMENTS

The Association follows the ASC Topic, Fair Value Measurement. The topic applies to all assets and liabilities that are being measured and reported on a fair value basis. The topic establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosure about fair value measurements. The topic enables the reader of the consolidated financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The topic requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market based inputs or unobservable inputs corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

In determining the appropriate levels, the Association performs a detailed analysis of the assets and liabilities that are subject to the topic. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 3 assets or liabilities at December 31, 2023 and 2022.

The tables below present the composition of investments at fair value by level within the hierarchy for investments at December 31, 2023 and 2022.

	2023		
	Total	Level 1	Level 2
Common stocks	\$ 1,931,840	\$ 1,931,840	\$ -
Mutual funds	638,512	638,512	-
Corporate bonds	1,164,101	-	1,164,101
U.S. Treasury securities	706,009	-	706,009
Total investments at fair value	4,440,463	<u>\$ 2,570,353</u>	<u>\$ 1,870,110</u>
Held at Cost	121		
Total investments	<u>\$ 4,440,584</u>		
	2022		
	Total	Level 1	Level 2
Common stocks	\$ 1,493,479	\$ 1,493,479	\$ -
Mutual funds	520,446	520,446	-
Corporate bonds	1,294,043	-	1,294,043
U.S. Treasury securities	689,151	-	689,151
Total investments at fair value	3,997,119	<u>\$ 2,013,925</u>	<u>\$ 1,983,194</u>
Held at Cost	18,061		
Total investments	<u>\$ 4,015,180</u>		

American Bus Association, Inc. and Affiliate
Notes to Consolidated Financial Statements (Continued)
December 31, 2023 and 2022

NOTE 6 FAIR VALUE MEASUREMENTS AND INVESTMENTS (CONTINUED)

The Association's common stocks and mutual funds are considered Level 1 instruments as they are actively traded on public exchanges. The Association's corporate bonds, government bonds and U.S. Treasury securities are priced based on their stated interest rates and quality ratings. The interest and quality ratings are observable at commonly quoted intervals for the full term of the instruments and are, therefore, considered Level 2 items.

Investment income for the years ended December 31, 2023 and 2022, consists of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 146,113	\$ 171,284
Realized and unrealized gain (loss)	493,984	(728,137)
Investment fees	(21,642)	(25,175)
	<u>\$ 618,455</u>	<u>\$ (582,028)</u>

The tables below present the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy for the assets held under deferred compensation agreements and related liabilities at December 31, 2023 and 2022:

	<u>2023</u>		
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
<u>Assets:</u>			
Mutual funds	\$ 916,528	\$ 916,528	\$ -
Fixed annuities	4,422	4,422	-
	<u>\$ 920,950</u>	<u>\$ 920,950</u>	<u>\$ -</u>
<u>Liabilities:</u>			
Deferred compensation	\$ -	\$ -	\$ 920,950

	<u>2022</u>		
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
<u>Assets:</u>			
Mutual funds	\$ 665,799	\$ 665,799	\$ -
Fixed annuities	3,581	3,581	-
	<u>\$ 669,380</u>	<u>\$ 669,380</u>	<u>\$ -</u>
<u>Liabilities:</u>			
Deferred compensation	\$ -	\$ -	\$ 669,380

The mutual funds are considered Level 1 items as they are actively traded on public exchanges. The fair value of the deferred compensation liability is based on observable market data, as the underlying assets are comprised of Level 1 investments; however, the liability is not actively traded and, as a result, is considered a Level 2 item.

American Bus Association, Inc. Affiliate
Notes to Consolidated Financial Statements (Continued)
December 31, 2023 and 2022

NOTE 7 PAYCHECK PROTECTION PROGRAM (PPP) LOANS

The Association received a second PPP, under the Paycheck Protection Program (PPP), which was established as a part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, loan totaling \$336,372, carrying an interest rate of 1% per annum and a two-year maturity funded in March 2021. Under the terms of the PPP, all or a portion of the loan, including accrued interest, may be forgiven if they are used for qualifying expenses, as described in the CARES Act, such as payroll, benefits, rent, and utilities, and if the Association maintains its payroll levels.

In January 2022, the second PPP loan of \$336,372 was fully forgiven and included on the consolidated statement of activities.

NOTE 8 MORTGAGE PAYABLE

The District of Columbia issued Recovery Zone Facility Revenue Bonds, American Bus Association, Incorporated Issue, Series 2010 dated December 1, 2010 (the Bonds), in the amount of \$3,995,000. TD Bank, N.A. purchased the Bonds. The Bonds have a final maturity date of December 1, 2035. The Bonds also bore interest at a fixed rate of 3.56%.

On April 16, 2020, the Association refinanced the Recovery Zone Facility Revenue Bonds and issued a loan for \$2,993,500. The Association paid off the existing bond debt in a loss on early debt extinguishment of \$104,773 for the year ended December 31, 2020, which represents the write-off of the remaining unamortized costs of the bond issuance. The loan has a final maturity date of April 16, 2040, and bears interest at a fixed annual rate of 2.60%. Monthly principal payments on the loan began on May 16, 2020. The loan is collateralized by all assets of the Association.

Interest expense on the loan totaled \$72,663 and \$71,738 for the years ended December 31, 2023 and 2022, respectively, and is recognized under office occupancy on the consolidated statements of functional expenses.

Aggregate maturities of the loan at December 31, 2023, are due in future years as follows:

Years ending December 31:	
2024	\$ 127,115
2025	130,644
2026	134,082
2027	137,610
2028	141,085
Thereafter	1,887,740
Total maturities	<u>\$ 2,558,276</u>

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American Bus Association, Inc. and Affiliate
Notes to Consolidated Financial Statements (Continued)
December 31, 2023 and 2022

NOTE 9 CONTINGENCY

The Association has an employment agreement with its president. Beginning on July 1, 2017 and each July 1 thereafter, the agreement shall be extended for an additional one year period indefinitely unless and until either party elects to terminate the agreement. In the event of termination, depending on the reason, the Association may be required to pay severance up to two years of the employee's annual salary and other benefits.

In September 2022, the president provided the Association with a 2-year notice of his resignation. Per the employment agreement, this was not a triggering event for the Association to be required to pay any severance.

NOTE 10 RENTAL INCOME

The Association has a lease agreement with a tenant for a portion of its office condo, expiring in December 2024. Rental income for the years ended December 31, 2023 and 2022, is \$117,714 and \$114,873, respectively.

NOTE 11 RETIREMENT PLAN

The Association has a retirement plan for the benefit of eligible employees. The plan is a tax-deferred savings plan. An employee is eligible for participation in the tax-deferred savings plan on the date of employment. The Association contributes a discretionary amount equal to a predetermined percentage of the amount of salary reduction elected by the employee after one year of service. In addition, the Association contributes 10% of total compensation on behalf of employees when they have completed one year of service. Contributions to the plan for 2023 and 2022 totaled \$189,896 and \$208,839, respectively.

**American Bus Association, Inc. and Affiliate
Consolidating Schedule of Financial Position
December 31, 2023**

Assets	<u>ABA, Inc.</u>	<u>Buses, LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
Current assets:				
Cash and cash equivalents	\$ 2,106,913	\$ 1,755	\$ -	\$ 2,108,668
Receivables, net	691,406	1,834,882	(2,518,002)	8,286
Investments	4,440,584	-	-	4,440,584
Prepaid expenses and other assets	428,520	7,819	-	436,339
Total current assets	7,667,423	1,844,456	(2,518,002)	6,993,877
Assets under deferred compensation agreements	920,950	-	-	920,950
Property and equipment, net	3,754,951	-	-	3,754,951
Total Assets	\$ 12,343,324	\$ 1,844,456	\$ (2,518,002)	\$ 11,669,778
 Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued expenses	\$ 2,210,510	\$ 694,501	\$ (2,518,002)	\$ 387,009
Deferred revenue	3,618,091	-	-	3,618,091
Mortgage payable - current maturity	127,115	-	-	127,115
Total current liabilities	5,955,716	694,501	(2,518,002)	4,132,215
Long-term liabilities:				
Mortgage payable, less current maturities	2,431,161	-	-	2,431,161
Obligation under deferred compensation agreements	920,950	-	-	920,950
Total long-term liabilities	3,352,111	-	-	3,352,111
Total liabilities	9,307,827	694,501	(2,518,002)	7,484,326
Net (deficit) assets without donor restrictions	3,035,497	1,149,955	-	4,185,452
Total Liabilities and Net Assets	\$ 12,343,324	\$ 1,844,456	\$ (2,518,002)	\$ 11,669,778

American Bus Association, Inc. and Affiliate
Consolidating Schedule of Activities
For the Year ended December 31, 2023

	<u>ABA, Inc.</u>	<u>Buses, LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
Revenue:				
Conferences, seminars, and meetings	\$ 3,287,633	\$ -	\$ -	\$ 3,287,633
Membership	1,318,876	-	-	1,318,876
Publications	-	310,664	-	310,664
Rental revenue	117,714	-	-	117,714
Miscellaneous income	487,346	-	-	487,346
Total revenue	<u>5,211,569</u>	<u>310,664</u>	<u>-</u>	<u>5,522,233</u>
Expenses:				
<u>Program services:</u>				
Conferences, seminars, and meetings	2,222,311	-	-	2,222,311
Governmental relations	930,745	-	-	930,745
Publications	-	257,500	-	257,500
Communications	291,958	-	-	291,958
	<u>3,445,014</u>	<u>257,500</u>	<u>-</u>	<u>3,702,514</u>
<u>Supporting services:</u>				
Membership development	463,639	-	-	463,639
General and administrative	1,347,642	62,264	-	1,409,906
Total Expenses	<u>5,256,295</u>	<u>319,764</u>	<u>-</u>	<u>5,576,059</u>
Changes in net assets before investment income				
	(44,726)	(9,100)	-	(53,826)
Investment income, net	618,455	-	-	618,455
Change in net assets	<u>573,729</u>	<u>(9,100)</u>	<u>-</u>	<u>564,629</u>
Net Assets:				
Beginning	<u>2,461,768</u>	<u>1,159,055</u>	<u>-</u>	<u>3,620,823</u>
Ending	<u>\$ 3,035,497</u>	<u>\$ 1,149,955</u>	<u>\$ -</u>	<u>\$ 4,185,452</u>