The National Association of Secondary School Principals—the preeminent organization and the national voice for middle level and high school principals, assistant principals, and aspiring school leaders—provides its members the professional resources to serve as visionary leaders. NASSP promotes the intellectual growth, academic achievement, character development, leadership development, and physical well-being of youth through its programs and student leadership services. NASSP administers the National Honor Society™, the National Association of Student Councils™, and the National Association of Student Activity Advisers™.
Few years have been as exciting and productive for the National Association of Secondary School Principals as the one we have just completed. No education organization was as innovative, aggressive, or outspoken on behalf of secondary schools and principals as NASSP. With this advocacy mission in mind, we present the NASSP 2000 Annual Report.

NASSP is an organization healthy in its financial outlook, strong in its abilities to accomplish its mission, capable because of its staff, and energetic because of its members. During the past fiscal year, NASSP has striven to enhance our role as the preeminent organization for middle level and high school leaders, and expand services to our members. The efforts of the NASSP Board of Directors and staff are driven by a strong desire to better serve our members. Through regular contact with the Board, standing committees, state affiliates, and members, we remain true to our mission—to promote excellence in school leadership.

In FY 2000, we had a profit from operations (increase in net assets) of $820,000, continuing the strong performance of FY 19999. Profits are important to NASSP's future and financial well-being if NASSP is to continue to build upon its financial base and total net assets. Profits also assure that we can continue to improve our services to our members. Profitable operations have returned to NASSP the last two years and we are confident we can continue to achieve the results our members expect. However, we also wrestle with the legacy left from the Association's old retirement plan. As reported in prior annual reports, the Association's defined benefit retirement plan for employees is under-funded. Measures taken in the last two years have worked to mitigate the impact of the plan. Nevertheless, the plan continues to drain away resources as we work to bring it into compliance with federal funding regulations.

The good news is that, even as the defined retirement plan impacts on our financial goals, we are making the investments to build NASSP for the future. In the year just past, we placed another $500,000 into our long-term investment reserves moving us along the path to 40% of budget as the Board has stipulated.

As we have worked to strengthen our financial standing, we have endeavored to further increase our capacity to serve our members. We are excited by the year we have had! So many terrific accomplishments—all to improve services to members. We designed a new logo that prominently displays who we are, who we work for, and what we are called to do. Our mission is reinforced in the title of our recently launched magazine, Principal Leadership, which combines the resources of two previous publications to deliver every member an expanded information-packed issue month after month. Through the focused efforts our dedicated staff, we developed and unveiled a new website that is rapidly becoming a tremendous resource to our members. Our outstanding publications pack more quality information per issue than ever before. We added new staff to our legal department in response to member needs. And we substantially increased our resources in the area of school leadership development and improvement. By gaining support from the U.S. Department of Education, we were able to add two Practitioners in Residence—one focused on Safe and Orderly Schools and one for Special Education. And we continue to provide an array of high-quality student and teacher services such as the National Honor Society, National Association of Student Councils, and the National Association of Student Activities Advisers.

Advocacy for principals is the centerpiece of NASSP’s work in the nation’s capital. Over the past year we have taken steps to expand our voice on the national stage. We merged our public relations and government relations staff into one cohesive public affairs operation. We published reports on the national shortage of principals and the demographic changes expected for our nation’s school in the next few decades. We have appeared on C-Span, ABC News, in the New York Times, the Washington Post, Education Week, the Dallas Morning News, and many others.

In media and legislative efforts, NASSP was highly visible and energetic—effectively promoting school leadership development, secondary school reform, school size and modernization, and the need to curtail the principal shortage. At the same time we actively opposed vouchers and cuts in education funding while fighting for greater financial support for and modification of the Individuals with Disabilities Education Act (IDEA) regulations. We are proud of the leadership role NASSP has taken on behalf of principals. The Association has been assertive in projecting the concerns of principals and effective in making our voices heard.

We are at a critical time for education in America, in particular for the principal. We must seize the moment! Officials at both national and state levels are now turning a special focus to school leadership issues. NASSP is poised to take advantage of this rare opportunity. But to do so, we need each of you—our members—to play an active part in providing a voice for school leaders and ultimately fulfilling our mission. Working together—the NASSP staff and Board of Directors, our state affiliates, and members—we can accomplish our goals in promoting school leadership and advancing the principalship.

Thank you for such a remarkable year and we look forward to working closely with you in striving for a better tomorrow for school leaders.

Yours,

John Lewis
President
NASSP BOARD OF DIRECTORS

Gerald N. Tirozzi
Executive Director of NASSP

John Lewis
President of NASSP Board of Directors

Gerald N. Tirozzi
Executive Director of NASSP
Comparing the highlights of this past year with those of years past, it’s easy to see a progression toward the Association’s current position of stability. Much was done to simplify and clarify our charge as advocates for the principalship. We redesigned our logo to better communicate what we are and who we represent. We reorganized and expanded our school leadership and school improvement staff and resources, with the mission of promoting excellence in school leadership. We restructured our publications program to eliminate redundancy and maximize the impact of our titles, and launched Principal Leadership magazine, whose title reminds all readers who we represent and what we promote. In addition, greater resources were targeted for marketing and communications efforts. This included the launch of a revamped website, the addition of marketing and communications professionals to our staff, and the combining of our public relations and government relations staffs into a public affairs unit that delivers one national voice for school leaders. No part of this undertaking was easy, but improvements generally don’t come without some level of difficulty. By no means could it have happened without the immense dedication, commitment, and capabilities of the NASSP staff.

To be sure, our accomplishments in 2000 were many. By all measures, the San Antonio Convention was a great success and a wonderful professional development experience for our members. Our presence on the national stage—both in the media and in government policy circles—has grown significantly during the past year. We meet regularly with members of Congress and their staffs, the Administration, and other education-related organizations to encourage and advance the position of school leaders and secondary schools. We remain committed to promoting excellence in school leadership. Through opinion editorials, advertising, media interviews, public service announcements, editorial board meetings, press conferences, and timely news releases, the executive director, NASSP Board, and the Association leadership strive to ensure that the national voice for school leaders is heard by the mass media. Throughout the year, we maintained regular contact with such media outlets as ABC News and ABC News.com, National Public Radio, MSNBC, CNN, Fox News.com, C-Span, ESPN, the Associated Press, the New York Times, USA Today, the Washington Post, Education Week, the Los Angeles Times, the Dallas Morning News, the Miami Herald, the Ft. Lauderdale Sun-Sentinel, and Education Daily.
The 2000-2001 Metlife/NASSP National Principals of the Year and Finalists

The Four High School Finalists

National High School Winner
Beverly Hurley, principal at Flagstaff High School in Arizona, is president of the Arizona School Administrators Secondary Division and is active in several other school and community groups. Under her leadership, Flagstaff High School has been recognized with a variety of local and national awards, including recognition as a U. S. Department of Education Site of Educational Success.

Patrick Corbin, principal at Nashua Senior High School in New Hampshire, is active in a variety of education and community organizations. He has served as principal at the elementary, middle school, and high school levels. During his career, Pat served and chaired two local school boards, chaired the New Hampshire State Board of Education, as well as the Greater Salem Chamber of Commerce, and Salem Kiwanis. He was named New Hampshire’s Student Council Administrator of the Year in 1998.

Marilyn Ghirelli, California’s High School Principal of the Year, is credited with supporting innovations at Sierra Vista High School that improve education for all students. One major focus of hers is the transition between elementary, middle level, and high school. She also actively promotes parent involvement.

John Harrington, principal at David Douglas High School in Portland, Oregon, led his school to recognition as a New American High School in 1996. Now in his 10th year as principal at Douglas, Harrington is centering his efforts on establishing a career pathway focus within the curriculum while raising the academic expectations and graduation requirements for all students.

The Four Middle Level Finalists

National Middle Level Winner
Michelle Pedigo’s proudest moment in middle level education was when she was a panelist on Education Secretary Richard Riley’s Satellite Town Meeting television show highlighting middle schools. Her school, Barren County Middle School in Kentucky, was recognized as one of four “Schools to Watch” by the National Forum to Accelerate Middle-Grades Reform last year and was named a “Mentorship School” by the Kentucky Department of Education.

Nancy Girvin has worked with schools across the country in the areas of vision and shared leadership, teamwork, positive discipline, and character education. Her leadership as principal at Emerald Middle School in El Cajon, California, led to the school being named a model site by the California State Department of Education.

Carol Stack, principal at Jefferson Middle School in Illinois, has been a middle school teacher and principal as well as a high school teacher and principal. Under her leadership, Jefferson was awarded a Blue Ribbon designation last year and was recognized as one of four “Schools to Watch” by the National Forum to Accelerate Middle-Grades Reform. Stack is state membership chair for the Illinois State Principals Association and teaches classes on “The Principalship” at the University of Illinois.

Patricia Lyle, principal at Lamar Middle School in Texas, has designed programs for at-risk students and established a camp for gifted/talented students. She also provides inservice in the areas of curriculum parent involvement, and small learning communities and is active in school and community organizations.
Key Strategic Objectives

Objective 1: Increase NASSP membership and participation in its programs.

Objective 2: Increase membership and participation in NASSP student leadership programs.

Objective 3: Provide the national voice for middle level and high school leaders.

Objective 4: Expand and promote the development of school leaders.

Objective 5: Provide school improvement tools and services for middle level and high schools.

Objective 6: Maintain an effective governing process with the NASSP Board of Directors; continue building the short and long-term financial stability of the Association.

Objective 7: Develop NASSP staff to foster an effective and efficient operation and promote greater staff satisfaction and a positive work environment.
MISSION STATEMENT

The Trust to Reach Education Excellence (TREE), the foundation of the National Association of Secondary School Principals, promotes equity and excellence in student achievement for disadvantaged youth and schools.

TREE GRANTS AND SCHOLARSHIPS

NATIONAL LEADERSHIP CAMP SCHOLARSHIPS

Full camp tuition and travel scholarships were awarded to 16 financially disadvantaged student leaders to attend one of NASSP’s 5 National Leadership Camps. TREE plans to expand the successful program next summer.

THE BURGER KING/ MCLAMORE NORTH AMERICAN SCHOLARSHIP PROGRAM

This scholarship program rewards high school seniors who worked part-time, were good students, and could demonstrate financial need. Scholarships of $1,000 each were awarded for postsecondary education. TREE managed 853 scholarships for the Burger King/McLamore Youth Opportunities Foundation.

THE GTE EDUCATION TECHNOLOGY GRANT PROGRAM

The grants funded programs that included professional development for teachers and principals to learn how to integrate technology into the teaching and learning process. Six schools received a two-year $50,000 award to improve student achievement through the use of technology following the recommendations in Breaking Ranks: Changing an American Institution. All six schools are located in high-poverty urban areas.

BELL ATLANTIC GRANTS FOR TECHNOLOGY LITERACY

The funds enabled principals and teachers in 13 states to attend workshops, seminars, conventions, or classes where the use of technology to improve teaching and learning was emphasized.

TREE’S IMPACT, both in terms of dollars granted and people affected:

**DOLLARS GRANTED 1999–2000**

- GTE Education Technology Grants $150,000
- Bell Atlantic Technology Scholarships $22,100
- **TOTAL** grants/scholarships given $188,100

**STUDENTS &/OR SCHOOL LEADERS 1999–2000**

- Burger King Scholarships 853
- GTE Education Technology Grants 3,600
- NLC Scholarships 16
- Bell Atlantic Technology Scholarships 13
- **TOTAL** students/leaders affected 4,482

To the Board of Directors
National Association of Secondary School Principals and Affiliate
Reston, Virginia

We have audited the accompanying consolidated statement of financial position of National Association of Secondary School Principals and Affiliate (the Association) as of June 30, 2000, and the related consolidated statements of activities, changes in net assets, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Association’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 audit provides a reasonable basis for our opinion.

As discussed more fully in Note 12, the Association has not recorded a liability for post-retirement health insurance benefits in their financial statements as required by generally accepted accounting principles. In our opinion, generally accepted accounting principles require that such liability be included in the consolidated statement of financial position. If the consolidated financial statements were corrected for that departure from generally accepted accounting principles, liabilities would have been increased by $823,264, and net assets would have decreased by $823,264, as of June 30, 2000, and the change in net assets would have decreased by $32,113 for the year then ended.

In our opinion, except for the effects of not recording post-retirement health insurance benefits, as discussed in the preceding paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of National Association of Secondary School Principals and Affiliate as of June 30, 2000, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Watkins, Meegan, Drury & Company, L.L.C.
Bethesda, Maryland
September 15, 2000
Consolidated Statement of Financial Position

ASSETS
CURRENT ASSETS
- Cash and Cash Equivalents: $425,002
- Short-Term Investments: 1,329,825
- Accounts Receivable: 2,885,351
- Inventory: 671,280
- Prepaid Expenses: 200,642
- Total Current Assets: $5,512,100

NONCURRENT ASSETS
- Property and Equipment, Net: 4,783,989
- Intangible Pension Asset: 970,988
- Deposits: 90,769
- Board Designated Cash Reserve: 1,024,941
- Total Noncurrent Assets: 6,860,687

Total Assets: $12,372,787

LIABILITIES AND NET ASSETS
CURRENT LIABILITIES
- Accounts Payable: $1,342,900
- Accrued Expenses: 1,862,612
- Note Payable: 600,000
- Deferred Revenue: 5,078,860
- Current Portion of Accrued Pension Liability: 1,152,425
- Total Current Liabilities: $10,429,577

NONCURRENT LIABILITIES
- Long-Term Portion of Accrued Pension Liability: 452,061
- Capital Lease Obligations: 67,177
- Royalty Advance: 529,481
- Total Noncurrent Liabilities: 1,048,719

Total Liabilities: $11,478,296

Unrestricted: $3,418,186
Temporarily Restricted: 245,830
Permanently Restricted: 39,481
Accumulated Other Comprehensive Income: 2,809,003
Total Net Assets: $894,491

Increase/(Decrease) in Net Assets: $1,246,086

Consolidated Statement of Activities continued

EXPENSES
- Program Services:
  - Student Services: $6,238,096
  - Joint Programs: 2,787,432
  - Professional Development: 2,888,463
  - Special Services: 2,884,552
  - Professional Status: 702,254
  - Total Program Services: $15,500,797
- Supporting Services:
  - Association Management: 6,469,289
  - Membership Development: 1,526,948
  - Total Supporting Services: 7,996,237
- Total Expenses: $23,497,034

INCREASE/(DECREASE) IN NET ASSETS
- Total: $820,276

Consolidated Statement of Cash Flows

CASH FLOWS FROM OPERATING ACTIVITIES
- Increase in Net Assets: $820,276
- Adjustments To Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:
  - Additional Minimum Pension Liability: (951,331)
  - Depreciation: 367,209
  - Bad Debts: (58,372)
  - Unrealized and Realized Gains: (7,183)
  - Change in:
    - Accounts Receivable: 102,641
    - Inventory: 291,739
    - Prepaid Expenses: (66,884)
    - Deposits: 8,031
    - Intangible Pension Asset: 164,297
    - Accounts Payable: (1,000)
    - Accrued Expenses: (11,127)
    - Deferred Revenue: (98,313)
    - Accrued Pension Liability: (299)
- Total Program Services: 15,500,797
- Net Cash Provided by Operating Activities: $560,282

CASH FLOWS FROM INVESTING ACTIVITIES
- Redemption of Short-Term Investments, Net: 226,031
- Purchases of Board Designated Investments: (512,348)
- Purchases of Property and Equipment: (857,717)
- Net Cash Used in Investing Activities: (1,144,034)

CASH FLOWS FROM FINANCING ACTIVITIES
- Drawdowns on Note Payable: 600,000
- Net Cash provided by Financing Activities: 130,216

NET DECREASE IN CASH AND CASH EQUIVALENTS: (453,536)

CASH AND CASH EQUIVALENTS, Beginning of Year: 878,538
CASH AND CASH EQUIVALENTS, End of Year: $425,002
Consolidated Statement of Changes in Net Assets

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Accumulated Other Comprehensive Income</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of Year</td>
<td>$2,172,097</td>
<td>$671,640</td>
<td>$39,481</td>
<td>$(1,857,672)</td>
<td>$1,025,546</td>
</tr>
<tr>
<td><strong>INCREASE/(DECREASE) IN NET ASSETS</strong></td>
<td>1,246,086</td>
<td>(425,810)</td>
<td></td>
<td></td>
<td>820,276</td>
</tr>
<tr>
<td><strong>OTHER COMPREHENSIVE INCOME (EXPENSE)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimum Pension Liability Adjustment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(951,331)</td>
</tr>
<tr>
<td><strong>NET ASSETS, End of Year</strong></td>
<td>$3,418,183</td>
<td>$245,830</td>
<td>$39,481</td>
<td>$(2,809,003)</td>
<td>$894,491</td>
</tr>
</tbody>
</table>

**Revenue by Program Service**

- **Association Management & Membership Development**: 31%
- **Professional Status**: 2%
- **Special Services**: 8%
- **Professional Development**: 9%
- **Joint Programs**: 12%
- **Student Services**: 38%

**Expense by Program Service**

- **Association Management & Membership Development**: 34%
- **Professional Status**: 3%
- **Special Services**: 12%
- **Professional Development**: 12%
- **Joint Programs**: 12%
- **Student Services**: 27%

**NOTE 1**

**GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

The National Association of Secondary School Principals (the Association) is an organization committed to improving secondary education. In pursuing this commitment, the Association provides information and leadership, encourages research and service, promotes high professional standards, focuses attention on national educational problems, and works with other professional organizations interested in the solutions to problems of education at the national level for the welfare of secondary schools and the youths they serve.

TREE: The Trust to Reach Education Excellence (the Foundation) is an organization committed to supporting programs for disenfranchised youth.

**Principles of Consolidation**

The consolidated financial statements include the accounts of the Association and the Foundation. All significant intercompany accounts and transactions between the organizations have been eliminated in consolidation.

**Summary of Significant Accounting Policies**

**Basis of Accounting**—The Association uses the accrual basis of accounting. Post-retirement health insurance benefits are recorded on the cash basis of accounting as more fully described in Note 12.

**Cash and Cash Equivalents**—For the purpose of reporting cash flows, the Association considers demand deposits, certificates of deposit, and savings deposits with an original maturity of three months or less to be cash equivalents.

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

**Financial Instruments**—Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of demand deposits, short-term investments, and accounts receivable. The Association places its short-term investments with creditworthy financial institutions. Credit risk with respect to trade and other receivables is limited because the Association deals with a large number of customers in a wide geographic area. As of June 30, 2000, the Association had a significant concentration of risk in demand deposits (see Note 15).

**Unrelated Business Income Tax**—The Association is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. However, the Association and the Foundation are required to report unrelated business income to the Internal Revenue Service and the state of Virginia, as well as pay certain other taxes to local jurisdictions. In addition, the Internal Revenue Service has determined that the Association and the Foundation are not private foundations. There was no unrelated business income tax liability for the year ended June 30, 2000.
NOTES

NOTE 2 ACCOUNTS RECEivable
Accounts receivable consists of the following:
Trade, Net of Allowances $1,317,450
Accounts Receivable 950,396
Membership Due in Transit 225,560
Employee Advances and Other Receivables 12,184
Presidential Educational Awards Program 598,662
American Citizenry Awards Program 26,093
State Association Advances 123,725
Treas Reimbursements and Accrued Interest 3,570
1,583,871

NOTE 3 Business-Decision Reserve
The board-designated reserve consists of the following:
Cash $1,543,628
Equity 421,717
Government Securities 294,416
Corporate Bonds 63,997
Other 11,314
1,522,958

NOTE 4 PROPERTY AND EQUIMENT
Property and equipment consist of the following:
Land $207,195
Building and Improvements 4,261,789
Furniture and Equipment 950,865
Computer Equipment and Software 6,152,585
Property Held Under Capital Leases 492,813
62,599,823
Less Accumulated Depreciation 3,955,625
58,644,198

NOTE 5 Royalty Advances
The Association entered into a licensing agreement with an insurance company whereby the Association receives royalty payments.
The agreement provides for royalty advances to the Association. The Association received an advance of $1,376,679 on March 30, 1998. The annual royalty advances from Minnesota Mutual Life Insurance Company shall be applied to reduce the balance of the royalty advance as of the policy anniversary date, along with sufficient additional cash payments from the Association to ensure that the royalty advance is completely repaid by June 31, 1999. The balance of the royalty advance as of June 30, 2000, totaled $242,676. The Association has agreed to repay the royalty advances with interest at the London Interbank Offered Rate (LIBOR) for the three-month contracts, plus 1 percent.

NOTE 6 INVESTMENT INCOME
Investment income for the year consists of:
Interest and Dividends $352,650
Realized Losses (25,500)
Unrealized Gain on Marketable Securities 28,083
Investment Management Fees (14,945)
647,282

NOTE 7 Capital Leases Obligations
The minimum future lease payments under capital leases as of June 30, 2000, are as follows:
Year Ending June 30, 2000 $708,988
2001 555,949
2002 49,954
2003 30,769
2004 19,113
2005 12,184
2006 and thereafter 31,427
$2,000,000
The monthly rental payments for capital leases are not included in the calculation. The change in net periodic pension costs for 2000 included the following components:
Service Cost $13,195,285
Interest Cost 1,246,367
Amortization of Net Periodic Pension Costs 737,440
Less Plan Assets at Fair Value (11,605,386)
Net Periodic Pension Expense 852,808
The additional minimum pension liability, recognized as other comprehensive income, is repositioned toward net periodic pension costs for 2000. For the year ended June 30, 2000, the plan was $64,940.

NOTE 9 Permanently Restricted Net Assets
Permanently restricted net assets consist of the following:
Emerging Leaders Program $2,474
Youth Travel 19,080
NMBL, Personal Travel 2,276
President’s Leadership Program 54,509
Woodbury’s High School 27,190
Emerging Leaders Program 2,674
Dole Food Company Fund 16,148
Community Outreach International 1,189
23,579

changes in the Plan’s net accrued pension liability follow:
Beginning of the Year $1,135,285
Interest Cost 1,246,367
Amortization of Net Periodic Pension Costs 737,440
Less Plan Assets at Fair Value (11,605,386) $64,940

NOTE 10 Operating Lease
The Association leases storage space for inventory under an operating lease expiring in 2002. Minimum future rental payments, including an annual 5 percent increase, as of June 30, 2000, are as follows:
Year Ending June 30, 2000 $49,954
2001 55,769
2002 30,769
2003 19,113
2004 12,184
2005 31,427
2006 and thereafter 31,427
$2,000,000

NOTE 11 Pension Plan
The Pension plan is a defined benefit pension plan (the Plan) covering substantially all of its employees.
The benefits are based on years of service and the employee’s average compensation over three of the five years prior to retirement.
As of June 30, 1998, the Association froze the Plan. The Pension Plan was continued to provide benefits to currently employed active employees and other eligible former and current employees.
Benefits earned by employees employed as of June 30, 1998, have not been reduced, and will be payable in accordance with the terms of the Plan as of June 30, 1998. Active employees who were not eligible to participate in the frozen Plan benefits will receive benefits under the Plan to the extent of the unfunded benefits.
The Association’s funding policy is to contribute between the minimum required and the maximum deductible amount that can be deducted for federal income tax purposes.
Contributions are intended to provide not only for benefit payment to active service, but also for those expected to be earned in the future.
The Plan’s assets are held by Massachusetts Mutual Life Insurance Company and the Massachusetts Mutual Life Insurance Company in the form of group annuity contracts.
The following table sets forth the Plan’s funded status as of June 30, 2000:

The amounts assumed in the Plan’s actuarial valuations as at June 30, 2000, were:
Discount Rate 8.50%
Long-Term Rate of Return on Plan Assets 7.50%
Rate of Return on Invested Assets 10.00%
Compensation Levels Not Applicable
Based on the actuary’s calculation, the Association’s minimum required contribution for 2001 will be approximately $1.2 million for the Plan to be in a funded status as of June 30, 2001. Because of the inherent uncertainties in estimating pension obligations, it is reasonably possible that the estimates used will change within the next year.
During 1999, NASP established a $600,000 plan (salary reduction and match) for the purpose of providing matching contributions to its employees who participate in a Section 403(b) annuity program. Employees are eligible to participate after meeting certain service and age requirements. NASP matches 50 percent of employee contributions not to exceed 6 percent of compensation. Contributions totaled $101,460 in 2000.
During 1999, NASP established a defined contribution plan under Section 401 of the Internal Revenue Code. Employees are eligible to participate after meeting certain service and age requirements.
The amount of the deferral contribution and the contributions to the investment funds were $653,498.

NOTE 12 Post-Retirement Health Insurance Benefits
The Association provides health insurance benefits for certain retired employees.
Substantially all employees may become eligible for these benefits when they reach the age of 55, provided they are still employed by the Association at the time of their retirement.
See Note 10 for a description of the Association’s funding plan in respect of these benefits.

NOTE 13 Retirement Plan
Contributions totaled $298,358 in 2000.
The Association maintained a defined benefit pension plan provided by the Fidelity National Insurance and Guaranty Company. The plan is intended to provide retirement benefits to eligible employees who meet the eligibility and service requirements.
Employees who have not met these requirements are entitled to receive benefits only after they meet the eligibility requirements.

NOTE 14 Other Retirement Plans
The Association maintains a 401(k) plan for its employees.
Matching contributions to its employees who participate in a Section 403(b) annuity program. Employees are eligible to participate after meeting certain service and age requirements.
Contributions to the retirement plan amounted to approximately $994,206.
The Association maintains a line of credit at Bank of America for $1,000,000 with interest payable based on the Euro dollar rate plus 1 percent, maturing February 28, 2001. The line of credit is secured by the Association’s short-term investments up to the amount of the line of credit.
The balance of the line of credit as of June 30, 2000, was $600,000.

NOTE 15 Relate Party Transactions
For the year ended June 30, 2000, certain expenses for the Foundation were paid by the Association.
These expenses were contributed by the Association to the Foundation. The amount of the contributions for the year ended June 30, 2000, was $18,517.

NOTE 16 Line of Credit
The Association maintained a balance of demand deposits as of June 30, 2000, in excess of Federal Deposit Insurance Corporation (FDIC) coverage.

NOTE 17 Supplementary Disclosure of Cash Flow Information
Cash paid for interest during the year was $144,611.

NOTE 18 Subsequent Event
On July 12, 2000, the Association signed an addendum to its licensing agreement with Minnesota Mutual Life Insurance Company (NMBL) regarding its royalty advances. Under the new agreement, total advances against future royalty payments can total $2,200,000. The quarterly royalty payments will be used to reduce the balance of the royalty advances, along with sufficient additional cash payments from the Association to ensure the royalty advances are completely paid by June 1, 2005.
promoting excellence in school leadership