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**MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA**

ANNUAL FINANCIAL REPORT

2003-2004

YEAR ENDED JULY 31, 2004

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**MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA**

ANNUAL FINANCIAL REPORT

YEAR ENDED JULY 31, 2004

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Organization 2004

Term Expires

BOARD OF DIRECTORS

Wayne Pender, President	2004
Sharon Euerle, Vice President	2005
Lee Alto, Treasurer	2004
Eric Anderson	2007
Chuck Evert	2005
Glen Hasselberg	2007
Brad Johnson	2007
Lou Kanavati	2006
Warren Keller	2006
Margaret Lambert	2004
Todd Lundberg	2006
Joanne McCabe	2005
Al Olson	2007
Gary Palm	2004
Cathy Peterson*	2006
Jaime Sherwood	2007
Gene Sullivan*	2007
Jeanne Swanson	2004
Darrell Thompson*	2004
Ann Yonamine*	2005

Executive Staff

David Stead, Executive Director	Indefinite
Lisa Lissimore, Associate Director	Indefinite
Kevin Merkle, Associate Director	Indefinite
Skip Peltier, Associate Director	Indefinite
Jody Redman, Associate Director	Indefinite

* Appointed by the Governor

FINANCIAL SECTION



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OFFICE OF THE STATE AUDITOR

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PATRICIA ANDERSON
STATE AUDITOR

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Minnesota State High School League

We have audited the accompanying basic financial statements of the Minnesota State High School League as of and for the year ended July 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the Minnesota State High School League's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit provides 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 Minnesota State High School League as of July 31, 2004, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the basic financial statements, the Minnesota State High School League adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*, as amended; and Statement No. 38, *Certain Financial Statement Note Disclosures*, as of and for the year ended July 31, 2004. These statements result in a change in the format and content of the basic financial statements.



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The Management's Discussion and Analysis listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules listed as supplemental information in the table of contents are presented for additional analysis and are not a required part of the basic financial statements. The information in these schedules 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.

We have also issued our separate management letter report dated November 9, 2004, which includes a Schedule of Findings and Recommendations and our report on internal control over financial reporting and legal compliance.



PATRICIA ANDERSON
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

End of Fieldwork: November 9, 2004

Minnesota State High School League
Management's Discussion and Analysis
July 31, 2004
(Unaudited)

Introduction

The discussion and analysis of the Minnesota State High School League's financial statements provides an overview of the financial position and activities of the League for the year ended July 31, 2004. The discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes.

Financial Statements

The financial statements are prepared in accordance with generally accepted accounting principles prescribed by the Governmental Accounting Standards Board (GASB). Effective August 1, 2003, the League adopted GASB Statement No. 34. The Management's Discussion and Analysis (MD&A) is a new element required by GASB 34. Certain comparative information between the current fiscal year 2004 and the prior fiscal year 2003 is required to be presented in the MD&A. However, since this is the first year of implementation of the new reporting contained in GASB Statement No. 34, and that statement permits the omission of prior year data in the year of implementation, the League has elected not to prepare comparative data.

The financial statements required under the new reporting standards include the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

Statement of Net Assets

The Statement of Net Assets presents the financial position of the League at the end of the fiscal year, under a classified balance sheet format that reflects current and noncurrent assets and liabilities, and reports net assets under the following classifications:

Invested in capital assets. This category includes Property and equipment, net of accumulated depreciation.

Unrestricted. Includes assets that are not subject to limitations or stipulations imposed by external entities and that have not been set aside for capital purposes. These assets are available for any purpose of the League and include resources that may be reserved for specific purposes as determined by management, financial, or Board of Directors policies.

The League's assets, liabilities, and net assets at July 31, 2004 are summarized below.

	2004	2003	Percentage Change
Current assets	\$ 3,746,501	(1)	(1)
Capital and noncurrent assets	<u>1,857,263</u>	(1)	(1)
Total assets	\$ <u>5,603,764</u>	(1)	(1)
Current liabilities	\$ 1,660,824	(1)	(1)
Noncurrent liabilities	<u>483,027</u>	(1)	(1)
Total liabilities	\$ <u>2,143,851</u>	(1)	(1)
Invested in capital assets	\$ 1,329,599	(1)	(1)
Unreserved	<u>2,130,314</u>	(1)	(1)
Total net assets	\$ <u>3,459,913</u>	(1)	(1)

(1) The League did not restate its 2003 financial statements in the first year of implementation of GASB 34. Comparative information will be provided in future years.

Current assets at July 31, 2004, totaled \$3,746,501. Current assets consist primarily of cash and cash equivalents and investments in negotiable certificates of deposit. Accounts receivable consists primarily of television fees owed to the League for tournaments held in 2004.

Capital and noncurrent assets at July 31, 2004, totaled \$1,857,263. Capital assets, net of accumulated depreciation totaled \$1,329,599. Capital assets purchased in 2004 totaled \$7,676. The remaining non-current assets consist of deferred compensation under section 457(f) of the Internal Revenue Code for the executive staff and investments held for retirement benefits payable to employees who have met certain eligibility criteria for payment of sick leave balances.

Current liabilities totaled \$1,660,824 at July 31, 2004. Current liabilities consist primarily of school expense reimbursement payable and accounts payable. Noncurrent liabilities consist of retirement benefits payable and deferred compensation.

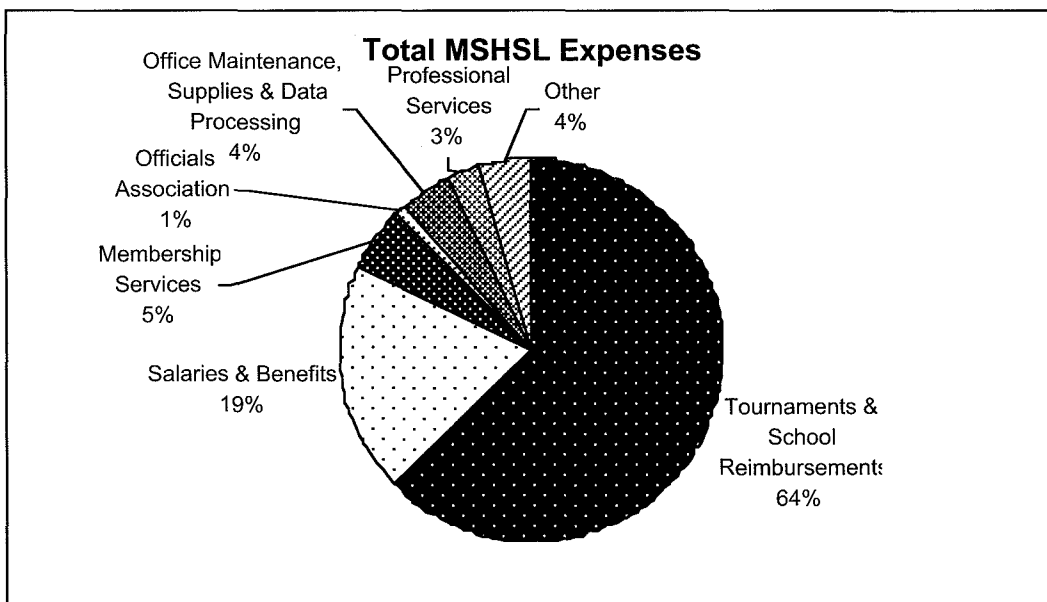
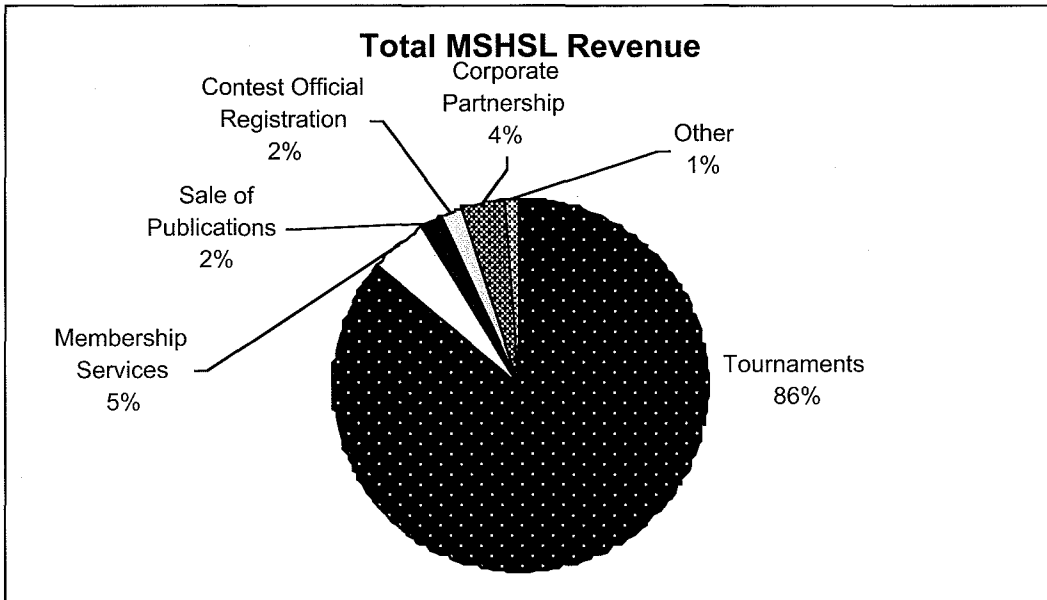
Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets present the League's operating and nonoperating financial activity during the year. This statement displays the net income or loss from operations. Operating revenues are those generated by the League's principal ongoing operations such as tournaments, membership fees, official's registrations, and sale of publications. Corporate partnerships are considered nonoperating revenue because the League does not give equal value in exchange for the resources received.

The League's revenues, expenses and changes in net assets for the year ended July 31, 2004 are summarized below.

	2004	2003	Percentage Change
Operating revenues			
Tournaments	\$ 9,504,224	(1)	(1)
Membership services	551,335	(1)	(1)
Contest officials registration	222,887		
Sale of publications	210,302	(1)	(1)
Other	<u>135,480</u>	(1)	(1)
Total operating revenues	\$ <u>10,624,228</u>	(1)	(1)
Operating expenses			
Tournaments and school reimbursements	\$ 6,925,878	(1)	(1)
Membership services	601,613	(1)	(1)
Officials association	140,993	(1)	(1)
Salaries and benefits	2,103,200	(1)	(1)
Professional services	320,591	(1)	(1)
Office maintenance	438,228	(1)	(1)
Other	<u>487,701</u>	(1)	(1)
Total operating expenses	\$ <u>11,018,204</u>	(1)	(1)
Operating income (loss)	\$ (393,976)	(1)	(1)
Non-operating revenues (expenses)		(1)	(1)
Corporate partnership	\$ 393,500	(1)	(1)
Interest	21,978	(1)	(1)
Unrealized gain (loss) on investment	<u>(1,482)</u>		
Total non-operating revenues (expenses)	\$ <u>413,996</u>	(1)	(1)
Change in net assets	\$ 20,020	(1)	(1)
Net assets, August 1	<u>3,439,893</u>	(1)	(1)
Net assets, July 31	\$ <u>3,459,913</u>	(1)	(1)

(1) The League did not restate its 2003 financial statements in the first year of implementation of GASB 34. Comparative information will be provided in future years.



For the year ended July 31, 2004, tournament revenue totaled \$9,504,224. The major portion of this tournament revenue was the sale of tickets for admission to the events. Other tournament revenue consists of program sales, t-shirt and souvenir sales, and television fees.

Membership services revenue consist of a membership fee and an activity registration fee for each activity the school sponsors at the high school level.

Contest officials register annually with the League and attend rules meetings and must pass a test to officiate League sponsored games.

Publications are sold to member schools, officials, and the general public. Publications include the League membership directory, Official Handbook and sports rules books.

Operating expenses consist of tournament expenses, school reimbursements as well as general and administrative expenses.

Statement of Cash Flows

The Statement of Cash Flows presents information about changes in the League's cash position using the direct method of reporting sources and uses of cash. The direct method reports all major cash inflows and outflows at gross amounts, differentiating these activities into cash flows arising from operating activities, noncapital financing, capital and related financing, and investing activities.

The League's cash flows for the year ended July 31, 2004 are summarized below.

	2004	2003	Percentage Change
Cash provided by (used in)			
Operating activities	380,874	(1)	(1)
Non-capital and related financing activities	393,500	(1)	(1)
Capital and related financing activities	(7,676)	(1)	(1)
Investing activities	<u>(388,877)</u>	(1)	(1)
Net increase (decrease) in cash	<u>377,821</u>	(1)	(1)
Cash and cash equivalents-August 1	<u>1,349,827</u>	(1)	(1)
Cash and cash equivalents-July 31	<u>1,727,648</u>	(1)	(1)

(1) The League did not restate its 2003 financial statements in the first year of implementation of GASB 34. Comparative information will be provided in future years.

Capital Assets

Investment in capital assets includes land, buildings and building improvements, furniture and equipment, and computer equipment. The capitalization threshold for the League was increased from \$250 to \$3,000 in 2004. Total depreciation expense for the year was \$131,762. Capital additions consisted of office equipment totaling \$7,676.

Economic Factors That Will Affect the Future

Looking toward the future, management believes that the League is well positioned to continue its strong financial position and level of excellence in service to the students, administrators, schools, and citizens of the state of Minnesota. The League's revenues are largely dependent on the weather and school match-ups at the various state tournaments. Corporate sponsorships and television rights fee help to alleviate the up and down swings in tournament revenues.

Contacting the League's Financial Management

This financial report is designed to provide our member schools, administrators, board members, and the citizens of Minnesota a general overview of the League's finances and to demonstrate the League's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Richard Matter, Director of Finance, or David Stead, Executive Director, at (763) 560-2262.

BASIC FINANCIAL STATEMENTS

**MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET ASSETS
JULY 31, 2004**

Assets

Current Assets

Cash and cash equivalents (Note 2)	\$ 1,727,648
Investments (Note 2)	1,832,384
Accounts receivable	166,883
Accrued interest receivable	5,371
Prepaid items	<u>14,215</u>
 Total current assets	 \$ <u>3,746,501</u>

Noncurrent Assets

Restricted assets	
Deferred compensation (Note 10)	\$ <u>210,183</u>
 Capital assets	
Non-depreciable	\$ 318,564
Depreciable-net of accumulated depreciation	<u>1,011,035</u>
 Net capital assets (Note 3)	 \$ <u>1,329,599</u>
 Other assets	
Investments held for retirement benefits (Note 7)	\$ <u>317,481</u>
 Total noncurrent assets	 \$ <u>1,857,263</u>
 Total Assets	 \$ <u>5,603,764</u>

Liabilities and Net Assets

Current Liabilities

Salaries payable	\$ 67,386
Accounts payable	147,407
School expense reimbursement payable	1,282,874
Accrued employee benefits payable (Note 6)	74,745
Deferred income (Note 5)	<u>88,412</u>
 Total current liabilities	 \$ <u>1,660,824</u>

Noncurrent Liabilities

Retirement benefits payable (Note 6)	\$ 272,844
Deferred compensation (Note 10)	<u>210,183</u>
 Total noncurrent liabilities	 \$ <u>483,027</u>
 Total Liabilities	 \$ <u>2,143,851</u>

Net Assets (Note 8)

Invested in capital assets	\$ 1,329,599
Unrestricted	<u>2,130,314</u>
 Total Net Assets	 \$ <u>3,459,913</u>

The notes to the financial statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JULY 31, 2004**

Operating Revenues	
Tournaments	\$ 9,504,224
Membership services	551,335
Contest officials registration	222,887
Sales of handbooks, rule books, and supplies	210,302
Other	<u>135,480</u>
Total Operating Revenues	\$ <u>10,624,228</u>
Operating Expenses	
Tournaments	\$ 5,558,399
School expense reimbursement	1,367,479
Membership services	
Insurance	381,025
Handbooks, rule books, and supplies	186,863
Other	33,725
Fine arts programs	10,080
Officials program	140,993
Committees	89,879
Board of directors	64,578
Salaries	1,583,708
Employee benefits	519,492
Insurance	13,150
Legal	72,033
Other professional services	248,558
Maintenance	43,812
Utilities	42,147
Postage	66,011
Supplies	80,244
Data processing and office equipment	61,614
Public relations	117,837
Corporate sponsor commission	75,783
Depreciation	131,762
Other	<u>129,032</u>
Total Operating Expenses	\$ <u>11,018,204</u>
Operating Income (Loss)	\$ <u>(393,976)</u>
Nonoperating Revenues (Expenses)	
Corporate partnership	\$ 393,500
Interest	21,978
Unrealized gain (loss) on investment	<u>(1,482)</u>
Total Nonoperating Revenues (Expenses)	\$ <u>413,996</u>
Change in Net Assets	\$ 20,020
Total Net Assets - August 1	<u>3,439,893</u>
Total Net Assets - July 31	\$ <u>3,459,913</u>

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2004

Cash Flows from Operating Activities	
Cash received from customers	\$ 9,956,215
Cash received from schools	551,335
Payments to suppliers for goods and services	(7,395,754)
Payments to employees for services	(1,576,049)
Payments for fringe benefits	(505,341)
Payments to schools	<u>(649,532)</u>
Net Cash Provided by (Used In) Operating Activities	\$ <u>380,874</u>
Cash Flows from Non-Capital and Related Financing Activities	
Corporate Partnership	\$ <u>393,500</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	\$ <u>(7,676)</u>
Cash Flows from Investing Activities	
Interest on investments	\$ 20,237
Proceeds from sales and maturities of investments	1,869,509
Purchases of investments	<u>(2,278,623)</u>
Net Cash Provided by (Used In) Investing Activities	\$ <u>(388,877)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 377,821
Cash and Cash Equivalents - August 1	<u>1,349,827</u>
Cash and Cash Equivalents - July 31	\$ <u>1,727,648</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities	
Operating Income (Loss)	\$ (393,976)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities	
Depreciation	131,762
(Increase) Decrease in accounts receivable	(115,563)
(Increase) Decrease in prepaid expenses	(1,115)
Increase (Decrease) in salaries payable	7,659
Increase (Decrease) in accounts payable	99,149
Increase (Decrease) in school expense reimbursement payable	662,981
Increase (Decrease) in short-term accrued employee	3,629
Increase (Decrease) in deferred income	(24,174)
Increase (Decrease) in long-term accrued employee benefits payable	<u>10,522</u>
Total adjustments	\$ <u>774,850</u>
Net Cash Provided By (Used In) Operating Activities	\$ <u>380,874</u>

The notes to the financial statements are an integral part of this statement.

**MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2004**

1. Summary of Significant Accounting Policies

The Minnesota State High School League's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) for the year ended July 31, 2004. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. Although the League has the option to apply FASB pronouncements issued after that date, the League has chosen not to do so. The more significant accounting policies established in GAAP and used by the League are discussed below.

In June 1999, GASB unanimously approved Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments. The significant changes in the statement include the following:

For the first time, the financial statements include:

- A. A Management's Discussion and Analysis (MD&A) section providing an analysis of the League's overall financial position and results of operations.
- B. A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to financial statements). The League has elected to implement all provisions of the statement in the current year.

Nature of Operations - The Minnesota State High School League (MSHSL) is a nonprofit corporation whose Articles of Incorporation and Constitution were filed with the Secretary of State on May 27, 1960. The MSHSL is a voluntary association of high schools whose governing boards have delegated their control of extracurricular activities to the MSHSL. These activities include statewide athletic programs for both able-bodied athletes and athletes with disabilities, music, drama, speech, and debate.

**MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

Reporting Entity -The Board of Directors is responsible for the management of the affairs of the MSHSL. The League's Constitution directs the Board of Directors to divide the state into regions and to have control of all region and section contests. Each Administrative Region Committee is charged with the immediate management of the activities assigned by the Board. The Administrative Region Committees must adhere to the League's Constitution, Articles of Incorporation, and policies developed by the Board of Directors. They do not have the authority to determine or interpret eligibility bylaws, nor may they penalize a school for bylaw infractions. Because the Administrative Regions are not legally separate entities, the July 31, 2004 financial statements of the MSHSL include the financial information of all 16 Administrative Regions.

Measurement Focus and Basis of Accounting - The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned. Expenses are recognized when they are incurred.

When both restricted and unrestricted resources are available for use, it is the League's policy to use restricted resources first, and then unrestricted resources as they are needed.

Cash and Cash Equivalents - For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased, excluding investments held for retirement benefits, are considered to be cash equivalents.

Investments - Investments are stated at fair value. Certain investments have been designated by the Board of Directors for the payment of retirement benefits.

Restricted Assets - The League established a deferred compensation plan under Section 457(f) of the Internal Revenue Code for the executive staff. The assets in the plan are held by the MSHSL, subject to the claims of its general creditors, until the employee becomes eligible for withdrawals as provided in the plan agreement.

**MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

Capital Assets - Property and equipment are stated at cost. Replacements or improvements are capitalized. The capitalization threshold is \$3,000. Maintenance and repairs which do not improve or extend the lives of the assets are expensed as incurred. Depreciation is recorded using the straight-line method over the assets' estimated useful lives:

Land improvements	40 years
Buildings and building improvements	40 years
Furniture and equipment	5-10 years
Computer equipment	3 years

Revenues - Operating revenues, such as tournament revenue, result from exchange transactions associated with the principal activity of the League. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from nonexchange transactions or incidental activities. Corporate partnerships are considered nonoperating revenue because the League does not give equal value in exchange for the resources received.

School Expense Reimbursement - A liability is set up to report the proportionate return of excess nonappropriated funds to member schools based on their participation in MSHSL-sponsored tournaments.

Sick Pay Policy - The MSHSL employees are entitled to 15 days of paid sick leave per year. Employees are not compensated for unused sick leave upon termination of employment; however, unused sick leave enters into the calculation of deferred compensation for qualified employees.

Tax-Exempt Status - The MSHSL is a nonprofit organization exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and applicable state statutes.

**MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA**

2. Deposits and Investments

A. Deposits

As of July 31, 2004, the carrying value of the bank accounts for the MSHSL and Administrative Regions was \$2,177,968. Bank balances were \$2,351,572, of which \$1,657,884 was covered by federal depository insurance.

B. Investments

The MSHSL's investments are authorized by state law and its own internal policies. Generally accepted accounting principles have determined three levels of custodial credit risk for investments:

- (1) Insured or registered, or securities held by the MSHSL or its agent in the MSHSL's name;
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the MSHSL's name; and
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the MSHSL's name.

The MSHSL's investment in negotiable certificates of deposit are categorized as follows:

Category One	Category Three	Total
\$ 500,000	\$ 1,199,341	\$ 1,699,341

Fair value is the same as the carrying amount for the negotiable certificates of deposit.

**MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA**

2. Deposits and Investments (Continued)

B. Investments

	<u>2004</u>
Investments in negotiable certificates of deposit	\$1,699,341
Carrying value of deposits	2,177,968
Petty cash	204
Deferred compensation	<u>210,183</u>
 Total Cash, Cash Equivalents, And Investments	 <u>\$ 4,087,696</u>

Cash and cash equivalents (from Exhibit 1)	\$ 1,727,648
Investments (from Exhibit 1)	1,832,384
Investments held for retirement benefits (from Exhibit 1)	317,481
Deferred compensation (from Exhibit 1)	<u>210,183</u>
 Total Cash, Cash Equivalents, And Investments	 <u>\$ 4,087,696</u>

3. Capital Assets

Capital assets comprise the following at July 31, 2004:

	<u>08/01/2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>07/31/2004</u>
Capital asset, not being depreciated:				
Land and land improvements	\$ 318,564	\$ -	\$ -	\$ 318,564
Capital assets, being depreciated:				
Building and building improvements	\$ 1,508,659	\$ -	\$ (440)	\$ 1,508,219
Furniture and equipment	408,111	7,676	(170,217)	245,570
Computer equipment	<u>167,165</u>	<u>-</u>	<u>(117,917)</u>	<u>49,248</u>
Total capital assets being depreciated	<u>\$ 2,083,935</u>	<u>\$ 7,676</u>	<u>\$ (288,574)</u>	<u>\$ 1,803,037</u>
Less: accumulated depreciation				
Building and building improvements	\$ (527,877)	\$ (37,842)	\$ 256	\$ (565,463)
Furniture and equipment	(268,683)	(93,920)	179,386	(183,217)
Computer equipment	<u>(152,254)</u>	<u>-</u>	<u>108,932</u>	<u>(43,322)</u>
Total accumulated depreciation	<u>\$ (948,814)</u>	<u>\$ (131,762)</u>	<u>\$ 288,574</u>	<u>\$ (792,002)</u>
Total capital assets being depreciated, net	<u>\$ 1,135,121</u>	<u>\$ (124,086)</u>	<u>\$ -</u>	<u>\$ 1,011,035</u>
Net Capital Assets	<u>\$ 1,453,685</u>	<u>\$ (124,086)</u>	<u>\$ -</u>	<u>\$ 1,329,599</u>

**MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA**

3. Capital Assets (Continued)

Depreciation expense totaling \$131,762 was charged for the year ended July 31, 2004.

4. Operating Lease

The MSHSL is obligated under operating leases for mailing equipment and photocopying equipment. Expenses associated with these leases were \$14,035 for the year ended July 31, 2004. Future minimum lease payments at July 31, 2004 are as follows:

2005	\$ 15,866
2006	15,561
2007	14,081
2008	5,217
2009	5,217
2010	<u>435</u>
 Total	 \$ <u>56,377</u>

5. Deferred Income

Deferred income consists of amounts received for television fees, membership services and official handbooks, yearbooks, and rules books, which are not yet ready for distribution. This income is recognized in subsequent years.

6. Accrued Employee Benefits Payable

MSHSL employees that meet certain eligibility criteria earn vacation benefits based on years of service. Employees earn between two and four weeks of vacation annually. Unused vacation time cannot exceed 1.5 times the employees current rate of accrual. Employees are paid 100% of their accumulated vacation pay when they terminate their employment.

Accrued employee benefits payable at July 31, 2004:

Current Liabilities	
Vacation leave	\$ <u>74,745</u>

**MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA**

7. Retirement Benefits Payable

The MSHSL has a retirement plan that provides certain deferred compensation and post-retirement health care and life insurance benefits for eligible employees.

Following 15 years of service to the MSHSL and after the employee reaches age 55, the employee may receive a payment for unused sick leave at the time of separation from the MSHSL. Said payment shall be calculated by multiplying the number of unused sick leave days times the daily rate of pay at separation. The maximum deferred compensation payment shall not exceed one year's salary.

Retirement benefits payable at July 31, 2004 is \$272,844. Costs associated with employees who have earned benefits but whose benefits have not vested because they have not yet met the requirements of the plan have not been accrued because the ultimate cost to the MSHSL cannot be reasonably estimated. The MSHSL has designated certain investments to be used for payment of future retirement benefits. These amounts exceeded the accrued liability by \$44,637 for the year ended July 31, 2004.

Following retirement, if the employee has reached the age of 60 and has been employed by the MSHSL for 20 years, payment of medical, hospitalization, dental, and term life insurance premiums for the employee will be made by the MSHSL as if the individual were still on staff until the conclusion of the fiscal year the employee reaches age 65, subject to the approval of the insurance carriers.

Post-retirement health care and life insurance benefits are provided through insurance companies whose premiums are based on the benefits paid during the year. The MSHSL recognizes the cost of providing those benefits in the year paid; no cost was recognized for year ended July 31, 2004.

Retirement benefits activity for the year ended July 31, 2004:

	<u>08/01/2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>07/31/2004</u>	<u>Due Within One Year</u>
Retirement benefits payable	\$ <u>262,322</u>	\$ <u>10,522</u>	\$ <u>-</u>	\$ <u>272,844</u>	\$ <u>-</u>

**MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA**

8. Equity Classifications

Equity is classified as net assets and displayed in two components:

- A. Invested in capital assets – Consists of capital assets, net of accumulated depreciation.
- B. Unrestricted – All other net assets that do not meet the definition of “invested in capital assets”.

9. MSHSL 403(b) Plan

The MSHSL participates with eligible employees, who so elect, in a 403(b) plan. Employees must contribute at least six percent of their gross wages to receive the MSHSL’s contribution.

The MSHSL contributed 13 percent of the participating employees’ wages. The only obligation of the MSHSL is to make contributions for the term of the participating employees’ employment. In accordance with the plan terms, each employee’s share of the MSHSL’s contribution is fully vested with the employee. The MSHSL’s contributions were \$168,847 for the year ended July 31, 2004.

10. Deferred Compensation

The MSHSL established in the year ending July 31, 1992, a deferred compensation plan under Section 457(f) of the Internal Revenue Code for the executive staff. Under the provisions of the plan, the MSHSL contributes four percent for each of the executive staff’s salary to the plan. The MSHSL established in the year ending July 31, 1993 a whole life insurance policy, under Section 457(f) of the Internal Revenue Code for the Executive Director. Under the provisions of the plan the MSHSL contributes three percent of the Executive Director’s annual salary for the insurance premium.

The assets in the plan are held by the MSHSL, subject to the claims of its general creditors, until the employee becomes eligible for withdrawals as provided in the plan agreement. The assets (held in investment options in accordance with the employee’s selection) and the related liability are shown on the MSHSL’s balance sheet at July 31, 2004.

**MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA**

11. Risk Management

The MSHSL is exposed to various risks of loss related to: torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; natural disasters; and catastrophic injury. To cover its liabilities, the MSHSL purchases commercial insurance. There were no significant reductions in insurance coverage from the prior year. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

SUPPLEMENTAL INFORMATION

MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA

STATEMENT OF NET ASSETS BY LOCATION
JULY 31, 2004

	MSHSL OFFICE						
		1A	2A	3A	4A	5A	6A
<u>Assets</u>							
Current Assets							
Cash and cash equivalents (Note 2)	\$ 482,114	107,935	30,145	159,322	50,283	110,853	61,669
Investments (Note 2)	1,700,000	-	65,000	-	-	13,861	20,000
Accounts receivable	164,532	-	-	-	-	660	-
Accrued interest receivable	5,301	-	-	-	-	-	70
Prepaid items	14,215	-	-	-	-	-	-
Total current assets	\$ 2,366,162	107,935	95,145	159,322	50,283	125,374	81,739
Noncurrent Assets							
Restricted assets							
Deferred compensation (Note 10)	\$ 210,183	-	-	-	-	-	-
Capital assets							
Non-depreciable	\$ 318,564	-	-	-	-	-	-
Depreciable-net of accumulated depreciation	999,791	3,875	-	-	-	-	6,919
Net capital assets (Note 3)	\$ 1,318,355	3,875	-	-	-	-	6,919
Other assets							
Investments held for retirement benefits (Note 7)	\$ 317,481	-	-	-	-	-	-
Total noncurrent assets	\$ 1,846,019	3,875	-	-	-	-	6,919
Total Assets	\$ 4,212,181	111,810	95,145	159,322	50,283	125,374	88,658
<u>Liabilities and Net Assets</u>							
Current Liabilities							
Salaries payable	\$ 67,386	-	-	-	-	-	-
Accounts payable	139,521	-	3,131	1,045	-	3,710	-
School expense reimbursement payable	661,268	80,000	43,691	96,932	11,833	58,356	20,000
Accrued employee benefits payable (Note 6)	74,745	-	-	-	-	-	-
Deferred income (Note 5)	88,412	-	-	-	-	-	-
Total current liabilities	\$ 1,031,332	80,000	46,822	97,977	11,833	62,066	20,000
Noncurrent Liabilities							
Retirement benefits payable (Note 6)	\$ 272,844	-	-	-	-	-	-
Deferred compensation (Note 10)	210,183	-	-	-	-	-	-
Total noncurrent liabilities	\$ 483,027	-	-	-	-	-	-
Total Liabilities	\$ 1,514,359	80,000	46,822	97,977	11,833	62,066	20,000
Net Assets (Note 8)							
Invested in capital assets	\$ 1,318,355	3,875	-	-	-	-	6,919
Unrestricted	1,379,467	27,935	48,323	61,345	38,450	63,308	61,739
Total Net Assets	\$ 2,697,822	31,810	48,323	61,345	38,450	63,308	68,658

SCHEDULE 1

ADMINISTRATIVE REGIONS										TOTAL ADMINISTRATIVE REGIONS	COMBINED TOTAL	
7A	8A	1AA	2AA	3AA	4AA	5AA	6AA	7AA	8AA			
79,927	80,011	45,805	56,353	46,830	113,758	94,846	119,788	51,520	36,489	\$	1,245,534	\$ 1,727,648
33,523	-	-	-	-	-	-	-	-	-		132,384	1,832,384
601	-	-	-	-	-	1,090	-	-	-		2,351	166,883
-	-	-	-	-	-	-	-	-	-		70	5,371
-	-	-	-	-	-	-	-	-	-		-	14,215
<u>114,051</u>	<u>80,011</u>	<u>45,805</u>	<u>56,353</u>	<u>46,830</u>	<u>113,758</u>	<u>95,936</u>	<u>119,788</u>	<u>51,520</u>	<u>36,489</u>	\$	<u>1,380,339</u>	\$ <u>3,746,501</u>
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 210,183
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 318,564
-	450	-	-	-	-	-	-	-	-		11,244	1,011,035
-	450	-	-	-	-	-	-	-	-	\$	11,244	\$ 1,329,599
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 317,481
-	450	-	-	-	-	-	-	-	-	\$	11,244	\$ 1,857,263
<u>114,051</u>	<u>80,461</u>	<u>45,805</u>	<u>56,353</u>	<u>46,830</u>	<u>113,758</u>	<u>95,936</u>	<u>119,788</u>	<u>51,520</u>	<u>36,489</u>	\$	<u>1,391,583</u>	\$ <u>5,603,764</u>
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 67,386
-	-	-	-	-	-	-	-	-	-		7,886	147,407
56,501	24,969	-	20,409	-	72,502	54,146	67,267	15,000	-		621,606	1,282,874
-	-	-	-	-	-	-	-	-	-		-	74,745
-	-	-	-	-	-	-	-	-	-		-	88,412
<u>56,501</u>	<u>24,969</u>	<u>-</u>	<u>20,409</u>	<u>-</u>	<u>72,502</u>	<u>54,146</u>	<u>67,267</u>	<u>15,000</u>	<u>-</u>	\$	<u>629,492</u>	\$ <u>1,660,824</u>
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 272,844
-	-	-	-	-	-	-	-	-	-		-	210,183
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 483,027
<u>56,501</u>	<u>24,969</u>	<u>-</u>	<u>20,409</u>	<u>-</u>	<u>72,502</u>	<u>54,146</u>	<u>67,267</u>	<u>15,000</u>	<u>-</u>	\$	<u>629,492</u>	\$ <u>2,143,851</u>
-	450	-	-	-	-	-	-	-	-	\$	11,244	\$ 1,329,599
<u>57,550</u>	<u>55,042</u>	<u>45,805</u>	<u>35,944</u>	<u>46,830</u>	<u>41,256</u>	<u>41,790</u>	<u>52,521</u>	<u>36,520</u>	<u>36,489</u>		<u>750,847</u>	<u>2,130,314</u>
<u>57,550</u>	<u>55,492</u>	<u>45,805</u>	<u>35,944</u>	<u>46,830</u>	<u>41,256</u>	<u>41,790</u>	<u>52,521</u>	<u>36,520</u>	<u>36,489</u>	\$	<u>762,091</u>	\$ <u>3,459,913</u>

MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY LOCATION
FOR THE YEAR ENDED JULY 31, 2004

	MSHSL OFFICE						
		1A	2A	3A	4A	5A	6A
Operating Revenues							
Tournaments	\$ 4,617,868	456,064	344,118	406,199	196,707	393,572	311,937
Membership services	551,335	-	-	-	-	-	-
Contest officials registration	222,887	-	-	-	-	-	-
Sales of handbooks, rule books, and supplies	210,302	-	-	-	-	-	-
Other	121,373	119	-	-	702	795	-
Total Operating Revenues	\$ 5,723,765	456,183	344,118	406,199	197,409	394,367	311,937
Operating Expenses							
Tournaments	\$ 2,099,415	312,615	218,297	256,389	149,033	267,396	262,108
School expense reimbursement	661,326	80,000	43,691	96,932	11,833	58,356	20,000
Membership services							
Insurance	373,825	450	450	450	450	450	450
Handbooks, rule books, and supplies	186,863	-	-	-	-	-	-
Other	33,725	-	-	-	-	-	-
Fine arts programs	10,080	-	-	-	-	-	-
Officials program	140,993	-	-	-	-	-	-
Committees	14,053	4,958	3,713	11,585	2,834	4,312	5,346
Board of directors	64,578	-	-	-	-	-	-
Salaries	1,305,283	20,000	18,000	11,000	11,700	14,275	22,500
Employee benefits	498,761	1,530	1,377	841	895	1,092	1,721
Insurance	13,150	-	-	-	-	-	-
Legal	72,033	-	-	-	-	-	-
Other professional services	83,696	31,790	5,479	25,073	24,419	29,308	6,545
Maintenance	43,812	-	-	-	-	-	-
Utilities	42,147	-	-	-	-	-	-
Postage	66,011	-	-	-	-	-	-
Supplies	21,476	4,103	5,206	1,159	2,281	4,750	14,785
Data processing and office equipment	61,614	-	-	-	-	-	-
Public relations	62,745	2,932	4,751	229	-	9,214	1,000
Corporate sponsor commission	75,783	-	-	-	-	-	-
Depreciation	126,269	512	-	-	-	-	4,756
Other	112,895	-	-	-	637	995	4,411
Total Operating Expenses	\$ 6,170,533	458,890	300,964	403,658	204,082	390,148	343,622
Operating Income (Loss)	\$ (446,768)	(2,707)	43,154	2,541	(6,673)	4,219	(31,685)
Nonoperating Revenues (Expenses)							
Corporate partnership	\$ 393,500	-	-	-	-	-	-
Interest	16,447	486	308	416	-	459	515
Unrealized gain (loss) on investment	-	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	\$ 409,947	486	308	416	-	459	515
Income Before Transfers	\$ (36,821)	(2,221)	43,462	2,957	(6,673)	4,678	(31,170)
Operating Transfers In	-	24,417	27,600	28,687	45,994	49,346	63,864
Operating Transfers Out	(12,574)	(15,082)	(38,590)	(28,788)	(29,096)	(54,664)	(38,323)
Change in Net Assets	\$ (49,395)	7,114	32,472	2,856	10,225	(640)	(5,629)
Total Net Assets - August 1	2,747,217	24,696	15,851	58,489	28,225	63,948	74,287
Total Net Assets - July 31	\$ 2,697,822	31,810	48,323	61,345	38,450	63,308	68,658

SCHEDULE 2

ADMINISTRATIVE REGIONS										TOTAL ADMINISTRATIVE REGIONS	COMBINED TOTAL
7A	8A	1AA	2AA	3AA	4AA	5AA	6AA	7AA	8AA		
368,186	292,950	311,138	194,949	232,394	319,851	261,682	297,508	161,748	337,353	\$ 4,886,356	\$ 9,504,224
-	-	-	-	-	-	-	-	-	-	-	551,335
-	-	-	-	-	-	-	-	-	-	-	222,887
-	-	-	-	-	-	-	-	-	-	-	210,302
1,182	1,294	395	-	5,942	727	298	641	664	1,348	14,107	135,480
<u>369,368</u>	<u>294,244</u>	<u>311,533</u>	<u>194,949</u>	<u>238,336</u>	<u>320,578</u>	<u>261,980</u>	<u>298,149</u>	<u>162,412</u>	<u>338,701</u>	<u>\$ 4,900,463</u>	<u>\$ 10,624,228</u>
265,355	220,451	203,472	144,653	184,565	181,414	174,603	235,867	148,437	234,329	\$ 3,458,984	\$ 5,558,399
52,368	24,969	52,000	20,409	-	72,502	53,924	67,267	15,000	36,902	706,153	1,367,479
450	450	450	450	450	450	450	450	450	450	7,200	381,025
-	-	-	-	-	-	-	-	-	-	-	186,863
-	-	-	-	-	-	-	-	-	-	-	33,725
-	-	-	-	-	-	-	-	-	-	-	10,080
-	-	-	-	-	-	-	-	-	-	-	140,993
7,983	8,599	3,145	4,384	2,547	-	1,080	972	5,998	8,370	75,826	89,879
-	-	-	-	-	-	-	-	-	-	-	64,578
20,000	17,500	19,250	18,000	16,800	14,500	18,500	18,900	19,000	18,500	278,425	1,583,708
1,530	1,339	906	1,377	1,285	1,109	1,415	1,446	1,453	1,415	20,731	519,492
-	-	-	-	-	-	-	-	-	-	-	13,150
-	-	-	-	-	-	-	-	-	-	-	72,033
2,842	14,937	2,197	2,406	3,442	6,105	2,838	2,635	2,556	2,290	164,862	248,558
-	-	-	-	-	-	-	-	-	-	-	43,812
-	-	-	-	-	-	-	-	-	-	-	42,147
-	-	-	-	-	-	-	-	-	-	-	66,011
2,145	2,840	1,634	2,875	3,676	1,647	3,105	2,313	1,953	4,296	58,768	80,244
-	-	-	-	-	-	-	-	-	-	-	61,614
1,728	7,037	3,100	5,572	8,927	-	-	-	1,725	8,877	55,092	117,837
-	-	-	-	-	-	-	-	-	-	-	75,783
-	225	-	-	-	-	-	-	-	-	5,493	131,762
1,891	1,831	174	5	1,017	1,053	2,619	22	773	709	16,137	129,032
<u>356,292</u>	<u>300,178</u>	<u>286,328</u>	<u>200,131</u>	<u>222,709</u>	<u>278,780</u>	<u>258,534</u>	<u>329,872</u>	<u>197,345</u>	<u>316,138</u>	<u>\$ 4,847,671</u>	<u>\$ 11,018,204</u>
<u>13,076</u>	<u>(5,934)</u>	<u>25,205</u>	<u>(5,182)</u>	<u>15,627</u>	<u>41,798</u>	<u>3,446</u>	<u>(31,723)</u>	<u>(34,933)</u>	<u>22,563</u>	<u>\$ 52,792</u>	<u>\$ (393,976)</u>
-	-	-	-	-	-	-	-	-	-	\$ -	\$ 393,500
148	950	218	134	108	245	1,118	265	51	110	5,531	21,978
(1,482)	-	-	-	-	-	-	-	-	-	(1,482)	(1,482)
<u>(1,334)</u>	<u>950</u>	<u>218</u>	<u>134</u>	<u>108</u>	<u>245</u>	<u>1,118</u>	<u>265</u>	<u>51</u>	<u>110</u>	<u>4,049</u>	<u>413,996</u>
11,742	(4,984)	25,423	(5,048)	15,735	42,043	4,564	(31,458)	(34,882)	22,673	\$ 56,841	\$ 20,020
23,004	33,569	13,062	46,629	43,100	50,818	60,892	59,445	49,365	35,165	654,957	654,957
(28,548)	(30,612)	(32,015)	(37,895)	(43,558)	(96,050)	(69,465)	(28,058)	(19,588)	(52,051)	(642,383)	(654,957)
6,198	(2,027)	6,470	3,686	15,277	(3,189)	(4,009)	(71)	(5,105)	5,787	\$ 69,415	\$ 20,020
51,352	57,519	39,335	32,258	31,553	44,445	45,799	52,592	41,625	30,702	692,676	3,439,893
<u>57,550</u>	<u>55,492</u>	<u>45,805</u>	<u>35,944</u>	<u>46,830</u>	<u>41,256</u>	<u>41,790</u>	<u>52,521</u>	<u>36,520</u>	<u>36,489</u>	<u>\$ 762,091</u>	<u>\$ 3,459,913</u>

MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA

STATEMENT OF CASH FLOWS BY LOCATION
FOR THE YEAR ENDED JULY 31, 2004

	MSHSL OFFICE						
		1A	2A	3A	4A	5A	6A
Cash Flows from Operating Activities							
Cash received from customers	\$ 5,055,892	456,183	344,118	406,199	199,378	393,707	311,937
Cash received from schools	551,335	-	-	-	-	-	-
Payments to suppliers for goods and services	(3,509,153)	(356,934)	(237,417)	(293,840)	(179,654)	(312,715)	(294,645)
Payments to employees for services	(1,297,624)	(20,000)	(18,000)	(11,000)	(11,700)	(14,275)	(22,500)
Payments for fringe benefits	(484,610)	(1,530)	(1,377)	(841)	(895)	(1,092)	(1,721)
Payments to schools	(245,066)	(9,914)	(54,691)	(46,663)	-	(11,880)	-
Net Cash Provided By (Used In) Operating Activities	\$ 70,774	67,805	32,633	53,855	7,129	53,745	(6,929)
Cash Flows from Non-Capital and Related Financing Activities							
Corporate Partnership	\$ 393,500	-	-	-	-	-	-
Operating transfers in	-	24,417	27,600	28,687	45,994	49,346	63,864
Operating transfers out	(12,574)	(15,082)	(38,590)	(28,788)	(29,096)	(54,664)	(38,323)
Net Cash Provided By (Used In) Non-Capital and Related Financing Activities	\$ 380,926	9,335	(10,990)	(101)	16,898	(5,318)	25,541
Cash Flows from Capital and Related Financing Activities							
Purchase of capital assets	\$ (3,289)	(4,387)	-	-	-	-	-
Cash Flows from Investing Activities							
Interest on investments	\$ 14,684	486	308	416	-	459	537
Proceeds from sales and maturities of investments	1,755,833	50,000	50,000	-	-	13,676	-
Purchases of Investments	(2,114,757)	(50,000)	(65,000)	-	-	(13,861)	-
Net Cash Provided By (Used In) Investing Activities	\$ (344,240)	486	(14,692)	416	-	274	537
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 104,171	73,239	6,951	54,170	24,027	48,701	19,149
Cash and Cash Equivalents - August 1	377,943	34,696	23,194	105,152	26,256	62,152	42,520
Cash and Cash Equivalents - July 31	\$ 482,114	107,935	30,145	159,322	50,283	110,853	61,669
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities							
Operating Income (Loss)	\$ (446,768)	(2,707)	43,154	2,541	(6,673)	4,219	(31,685)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities							
Depreciation	126,269	512	-	-	-	-	4,756
(Increase) Decrease in accounts receivable	(115,423)	-	-	-	1,969	(660)	-
(Increase) Decrease in prepaid expenses	(1,115)	-	-	-	-	-	-
Increase (Decrease) in salaries payable	7,659	-	-	-	-	-	-
Increase (Decrease) in accounts payable	93,915	-	479	1,045	-	3,710	-
Increase (Decrease) in school expense reimbursement payable	416,260	70,000	(11,000)	50,269	11,833	46,476	20,000
Increase (Decrease) in short-term accrued employee	3,629	-	-	-	-	-	-
Increase (Decrease) in deferred income	(24,174)	-	-	-	-	-	-
Increase (Decrease) in long-term accrued employee benefits payable	10,522	-	-	-	-	-	-
Total adjustments	\$ 517,542	70,512	(10,521)	51,314	13,802	49,526	24,756
Net Cash Provided By (Used In) Operating Activities	\$ 70,774	67,805	32,633	53,855	7,129	53,745	(6,929)

ADMINISTRATIVE REGIONS										TOTAL ADMINISTRATIVE REGIONS	COMBINED TOTAL		
7A	8A	1AA	2AA	3AA	4AA	5AA	6AA	7AA	8AA				
368,767	294,244	311,533	195,191	238,336	320,578	260,890	298,149	162,412	338,701	\$	4,900,323	\$	9,956,215
-	-	-	-	-	-	-	-	-	-	-	-	-	551,335
(282,394)	(256,145)	(266,172)	(160,345)	(204,624)	(192,196)	(184,695)	(243,612)	(161,892)	(259,321)		(3,886,601)		(7,395,754)
(20,000)	(17,500)	(19,250)	(18,000)	(16,800)	(14,500)	(18,500)	(18,900)	(19,000)	(18,500)		(278,425)		(1,576,049)
(1,530)	(1,339)	(906)	(1,377)	(1,285)	(1,109)	(1,415)	(1,446)	(1,453)	(1,415)		(20,731)		(505,341)
(30,267)	(23,967)	-	(31,288)	-	(73,616)	(47,778)	(37,500)	-	(36,902)		(404,466)		(649,532)
<u>34,576</u>	<u>(4,707)</u>	<u>25,205</u>	<u>(15,819)</u>	<u>15,627</u>	<u>39,157</u>	<u>8,502</u>	<u>(3,309)</u>	<u>(19,933)</u>	<u>22,563</u>	\$	<u>310,100</u>	\$	<u>380,874</u>
-	-	-	-	-	-	-	-	-	-	\$	-	\$	393,500
23,004	33,569	13,062	46,629	43,100	50,818	60,892	59,445	49,365	35,165		654,957		654,957
(28,548)	(30,612)	(32,015)	(37,895)	(43,558)	(96,050)	(69,465)	(28,058)	(19,588)	(52,051)		(642,383)		(654,957)
<u>(5,544)</u>	<u>2,957</u>	<u>(18,953)</u>	<u>8,734</u>	<u>(458)</u>	<u>(45,232)</u>	<u>(8,573)</u>	<u>31,387</u>	<u>29,777</u>	<u>(16,886)</u>	\$	<u>12,574</u>	\$	<u>393,500</u>
-	-	-	-	-	-	-	-	-	-	\$	(4,387)	\$	(7,676)
148	950	218	134	108	245	1,118	265	51	110	\$	5,553	\$	20,237
-	-	-	-	-	-	-	-	-	-		113,676		1,869,509
(35,005)	-	-	-	-	-	-	-	-	-		(163,866)		(2,278,623)
<u>(34,857)</u>	<u>950</u>	<u>218</u>	<u>134</u>	<u>108</u>	<u>245</u>	<u>1,118</u>	<u>265</u>	<u>51</u>	<u>110</u>	\$	<u>(44,637)</u>	\$	<u>(388,877)</u>
(5,825)	(800)	6,470	(6,951)	15,277	(5,830)	1,047	28,343	9,895	5,787	\$	273,650	\$	377,821
85,752	80,811	39,335	63,304	31,553	119,588	93,799	91,445	41,625	30,702		971,884		1,349,827
<u>79,927</u>	<u>80,011</u>	<u>45,805</u>	<u>56,353</u>	<u>46,830</u>	<u>113,758</u>	<u>94,846</u>	<u>119,788</u>	<u>51,520</u>	<u>36,489</u>	\$	<u>1,245,534</u>	\$	<u>1,727,648</u>
13,076	(5,934)	25,205	(5,182)	15,627	41,798	3,446	(31,723)	(34,933)	22,563	\$	52,792	\$	(393,976)
-	225	-	-	-	-	-	-	-	-		5,493		131,762
(601)	-	-	242	-	-	(1,090)	-	-	-		(140)		(115,563)
-	-	-	-	-	-	-	-	-	-		-		(1,115)
-	-	-	-	-	-	-	-	-	-		-		7,659
-	-	-	-	-	-	-	-	-	-		5,234		99,149
22,101	1,002	-	(10,879)	-	(2,641)	6,146	28,414	15,000	-		246,721		662,981
-	-	-	-	-	-	-	-	-	-		-		3,629
-	-	-	-	-	-	-	-	-	-		-		(24,174)
-	-	-	-	-	-	-	-	-	-		-		10,522
<u>21,500</u>	<u>1,227</u>	<u>-</u>	<u>(10,637)</u>	<u>-</u>	<u>(2,641)</u>	<u>5,056</u>	<u>28,414</u>	<u>15,000</u>	<u>-</u>	\$	<u>257,308</u>	\$	<u>774,850</u>
<u>34,576</u>	<u>(4,707)</u>	<u>25,205</u>	<u>(15,819)</u>	<u>15,627</u>	<u>39,157</u>	<u>8,502</u>	<u>(3,309)</u>	<u>(19,933)</u>	<u>22,563</u>	\$	<u>310,100</u>	\$	<u>380,874</u>

MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA

Schedule 4

SCHEDULE OF TOURNAMENT REVENUES AND DIRECT EXPENSES
FOR THE YEAR ENDED JULY 31, 2004

	MSHSL OFFICE			ADMINISTRATIVE REGIONS			COMBINED TOTAL		
	Revenues	Direct Expenses	Excess (Deficiency) of Revenues Over Direct Expenses	Revenues	Direct Expenses	Excess (Deficiency) of Revenues Over Direct Expenses	Revenues	Direct Expenses	Excess (Deficiency) of Revenues Over Direct Expenses
Tournament									
Baseball	\$ 79,735	\$ 70,532	\$ 9,203	\$ 232,431	\$ 223,293	\$ 9,138	\$ 312,166	\$ 293,825	\$ 18,341
Boys' basketball	561,759	212,738	349,021	1,014,860	332,852	682,008	1,576,619	545,590	1,031,029
Girls' basketball	355,567	196,103	159,464	559,128	300,480	258,648	914,695	496,583	418,112
Cross country running	13,718	27,730	(14,012)	4,137	31,588	(27,451)	17,855	59,318	(41,463)
Football	794,275	274,093	520,182	1,035,446	443,543	591,903	1,829,721	717,636	1,112,085
Golf	5,826	35,479	(29,653)	3,837	75,259	(71,422)	9,663	110,738	(101,075)
Girls' gymnastics	42,267	73,736	(31,469)	20,663	42,755	(22,092)	62,930	116,491	(53,561)
Boys' hockey	1,494,266	267,289	1,226,977	511,388	178,229	333,159	2,005,654	445,518	1,560,136
Nordic ski racing	2,687	11,422	(8,735)	435	20,434	(19,999)	3,122	31,856	(28,734)
Alpine skiing	1,969	12,784	(10,815)	19	25,692	(25,673)	1,988	38,476	(36,488)
Soccer	180,273	102,137	78,136	184,728	129,922	54,806	365,001	232,059	132,942
Girls' softball	45,057	47,925	(2,868)	127,905	149,827	(21,922)	172,962	197,752	(24,790)
Boys' swimming	46,436	41,483	4,953	39,222	41,306	(2,084)	85,658	82,789	2,869
Girls' swimming	52,322	41,841	10,481	55,273	53,690	1,583	107,595	95,531	12,064
Boys' tennis	1,966	22,578	(20,612)	1,218	22,800	(21,582)	3,184	45,378	(42,194)
Girls' tennis	3,312	24,758	(21,446)	1,499	41,943	(40,444)	4,811	66,701	(61,890)
Track and field	89,183	76,375	12,808	120,723	180,071	(59,348)	209,906	256,446	(46,540)
Girls' volleyball	138,642	98,153	40,489	366,472	221,548	144,924	505,114	319,701	185,413
Wrestling	410,997	185,916	225,081	280,756	229,219	51,537	691,753	415,135	276,618
Synchronized swimming	-	241	(241)	-	-	-	-	241	(241)
Adapted soccer	6,895	13,013	(6,118)	-	-	-	6,895	13,013	(6,118)
Adapted floor hockey	9,817	13,345	(3,528)	-	-	-	9,817	13,345	(3,528)
Adapted softball	6,042	13,780	(7,738)	-	-	-	6,042	13,780	(7,738)
Adapted bowling	354	2,875	(2,521)	-	-	-	354	2,875	(2,521)
Debate	226	9,153	(8,927)	650	16,094	(15,444)	876	25,247	(24,371)
Speech	3,703	34,615	(30,912)	43,973	199,694	(155,721)	47,676	234,309	(186,633)
One-act play	13,684	9,741	3,943	18,350	61,586	(43,236)	32,034	71,327	(39,293)
Girls hockey	145,696	96,599	49,097	89,632	96,198	(6,566)	235,328	192,797	42,531
Music	-	-	-	127,592	293,315	(165,723)	127,592	293,315	(165,723)
Cheerleading	-	6,894	(6,894)	-	-	-	-	6,894	(6,894)
Girls' dance team	111,194	75,000	36,194	44,019	32,667	11,352	155,213	107,667	47,546
Girls' lacrosse	-	387	(387)	-	-	-	-	387	(387)
Visual arts	-	700	(700)	2,000	14,979	(12,979)	2,000	15,679	(13,679)
Total	\$ 4,617,868	\$ 2,099,415	\$ 2,518,453	\$ 4,886,356	\$ 3,458,984	\$ 1,427,372	\$ 9,504,224	\$ 5,558,399	\$ 3,945,825

MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA

SCHEDULE OF REVENUES AND EXPENSES - STATUTORY BASIS
FOR THE YEARS ENDED JULY 31, 2001, 2002, 2003, and 2004

	MSHSL OFFICE					
					2001 to 2004	
	2001	2002	2003	2004	Dollar Difference	Percent Change
Operating Revenues						
Tournaments	\$ 4,089,019	\$ 4,105,723	\$ 4,212,031	\$ 4,617,868	\$ 528,849	12.9
Membership services	370,975	383,394	388,195	551,335	180,360	48.6
Assessments from schools	-	-	-	-	-	-
Contest officials registration	170,901	166,998	209,390	222,887	51,986	30.4
Sales of handbooks, rule books, and supplies	191,338	198,300	214,556	210,302	18,964	9.9
Other	158,158	179,604	128,878	121,373	(36,785)	(23.3)
Total Operating Revenues - Schedule 2	\$ 4,980,391	\$ 5,034,019	\$ 5,153,050	\$ 5,723,765	\$ 743,374	14.9
Operating Expenses						
Tournaments	\$ 1,748,601	\$ 1,867,614	\$ 1,982,825	\$ 2,099,415	\$ 350,814	20.1
School expense reimbursement	662,265	463,943	245,008	661,326	(939)	(0.1)
Membership services	-	-	-	-	-	-
Insurance	224,591	228,501	239,162	373,825	149,234	66.4
Handbooks, rule books, and supplies	200,324	166,423	189,751	186,863	(13,461)	(6.7)
Other	35,288	50,310	53,461	33,725	(1,563)	(4.4)
Fine arts programs	8,557	13,761	11,348	10,080	1,523	17.8
Officials program	106,256	120,771	132,686	140,993	34,737	32.7
Committees	10,757	31,029	14,055	14,053	3,296	30.6
Board of directors	92,729	76,912	73,858	64,578	(28,151)	(30.4)
Salaries	1,072,493	1,193,775	1,257,208	1,305,283	232,790	21.7
Employee benefits	526,356	476,188	583,240	498,761	(27,595)	(5.2)
Insurance	7,665	10,866	12,793	13,150	5,485	71.6
Legal	48,991	50,624	52,522	72,033	23,042	47.0
Other professional services	74,824	83,565	73,194	83,696	8,872	11.9
Maintenance	53,930	94,502	111,879	43,812	(10,118)	(18.8)
Utilities	40,591	39,429	44,876	42,147	1,556	3.8
Postage	81,099	70,179	69,150	66,011	(15,088)	(18.6)
Supplies	33,255	28,710	27,985	21,476	(11,779)	(35.4)
Data processing and office equipment	96,266	49,986	49,914	61,614	(34,652)	(36.0)
Public relations	58,138	65,716	53,806	62,745	4,607	7.9
Corporate sponsor commission	59,836	59,650	48,295	75,783	15,947	26.7
Depreciation	89,360	95,335	89,810	126,269	36,909	41.3
Other	138,314	143,752	133,449	112,895	(25,419)	(18.4)
Total Operating Expenses - Schedule 2	\$ 5,470,486	\$ 5,481,541	\$ 5,550,275	\$ 6,170,533	\$ 700,047	12.8
Operating Income (Loss)	\$ (490,095)	\$ (447,522)	\$ (397,225)	\$ (446,768)	\$ 43,327	(8.8)
Nonoperating Revenues (Expenses)						
Corporate partnership	\$ 382,018	\$ 380,213	\$ 334,500	\$ 393,500	\$ 11,482	3.0
Interest	99,740	44,816	17,912	16,447	(83,293)	(83.5)
Unrealized gain (loss) on investment	-	-	-	-	-	-
Total Nonoperating Revenue (Expenses) - Schedule 2	\$ 481,758	\$ 425,029	\$ 352,412	\$ 409,947	\$ (71,811)	(14.9)
Income Before Transfers	\$ (8,337)	\$ (22,493)	\$ (44,813)	\$ (36,821)	\$ (28,484)	341.7
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	(12,574)	(12,574)	(100.0)
Change in Net Assets - Schedule 2	\$ (8,337)	\$ (22,493)	\$ (44,813)	\$ (49,395)	\$ (41,058)	492.5
Capital outlay						
Computer equipment	\$ 17,594	\$ 3,575	\$ 7,199	\$ -	\$ (17,594)	(100.0)
Furniture and equipment	60,239	45,863	2,069	3,289	(56,950)	(94.5)
Total Capital Outlay	\$ 77,833	\$ 49,438	\$ 9,268	\$ 3,289	\$ (74,544)	(95.8)

ADMINISTRATIVE REGIONS

COMBINED TOTALS

ADMINISTRATIVE REGIONS						COMBINED TOTALS					
2001	2002	2003	2004	2001 to 2004		2001	2002	2003	2004	2001 to 2004	
				Dollar Difference	Percent Change					Dollar Difference	Percent Change
3,930,707	\$ 4,144,496	\$ 4,498,724	\$ 4,886,356	\$ 955,649	24.3 %	\$ 8,019,726	\$ 8,250,219	\$ 8,710,755	\$ 9,504,224	\$ 1,484,498	18.5 %
42,975	46,000	2,500	-	(42,975)	(100.0)	370,975	383,394	388,195	551,335	180,360	48.6
-	-	-	-	-	-	42,975	46,000	2,500	-	(42,975)	(100.0)
-	-	-	-	-	-	170,901	166,998	209,390	222,887	51,986	30.4
-	-	-	-	-	-	191,338	198,300	214,556	210,302	18,964	9.9
21,284	19,089	12,505	14,107	(7,177)	(33.7)	179,442	198,693	141,383	135,480	(43,962)	(24.5)
<u>3,994,966</u>	<u>\$ 4,209,585</u>	<u>\$ 4,513,729</u>	<u>\$ 4,900,463</u>	<u>\$ 905,497</u>	<u>22.7 %</u>	<u>\$ 8,975,357</u>	<u>\$ 9,243,604</u>	<u>\$ 9,666,779</u>	<u>\$ 10,624,228</u>	<u>\$ 1,648,871</u>	<u>18.4 %</u>
3,198,602	\$ 3,249,621	\$ 3,326,565	\$ 3,458,984	\$ 260,382	8.1 %	\$ 4,947,203	\$ 5,117,235	\$ 5,309,390	\$ 5,558,399	\$ 611,196	12.4 %
251,815	267,692	535,096	706,153	454,338	180.4	914,080	731,635	780,104	1,367,479	453,399	49.6
4,803	4,800	7,200	7,200	2,397	49.9	229,394	233,301	246,362	381,025	151,631	66.1
-	-	-	-	-	-	200,324	166,423	189,751	186,863	(13,461)	(6.7)
-	-	-	-	-	-	35,288	50,310	53,461	33,725	(1,563)	(4.4)
-	-	-	-	-	-	8,557	13,761	11,348	10,080	1,523	17.8
-	-	-	-	-	-	106,256	120,771	132,686	140,993	34,737	32.7
78,457	75,186	87,014	75,826	(2,631)	(3.4)	89,214	106,215	101,069	89,879	665	0.7
-	-	-	-	-	-	92,729	76,912	73,858	64,578	(28,151)	(30.4)
127,633	235,657	257,735	278,425	150,792	118.1	1,200,126	1,429,432	1,514,943	1,583,708	383,582	32.0
9,791	18,396	19,721	20,731	10,940	111.7	536,147	494,584	602,961	519,492	(16,655)	(3.1)
-	-	-	-	-	-	7,665	10,866	12,793	13,150	5,485	71.6
-	-	-	-	-	-	48,991	50,624	52,522	72,033	23,042	47.0
237,312	169,979	175,285	164,862	(72,450)	(30.5)	312,136	253,544	248,479	248,558	(63,578)	(20.4)
-	-	-	-	-	-	53,930	94,502	111,879	43,812	(10,118)	(18.8)
-	-	-	-	-	-	40,591	39,429	44,876	42,147	1,556	3.8
-	-	-	-	-	-	81,099	70,179	69,150	66,011	(15,088)	(18.6)
55,732	55,788	64,224	58,768	3,036	5.4	88,987	84,498	92,209	80,244	(8,743)	(9.8)
-	-	-	-	-	-	96,266	49,986	49,914	61,614	(34,652)	(36.0)
50,928	53,959	55,081	55,092	4,164	8.2	109,066	119,675	108,887	117,837	8,771	8.0
-	-	-	-	-	-	59,836	59,650	48,295	75,783	15,947	26.7
3,508	5,665	6,820	5,493	1,985	56.6	92,868	101,000	96,630	131,762	38,894	41.9
25,877	18,225	18,533	16,137	(9,740)	(37.6)	164,191	161,977	151,982	129,032	(35,159)	(21.4)
4,044,458	\$ 4,154,968	\$ 4,553,274	\$ 4,847,671	\$ 803,213	19.9 %	\$ 9,514,944	\$ 9,636,509	\$ 10,103,549	\$ 11,018,204	\$ 1,503,260	15.8 %
(49,492)	\$ 54,617	\$ (39,545)	\$ 52,792	\$ 102,284	(206.7) %	\$ (539,587)	\$ (392,905)	\$ (436,770)	\$ (393,976)	\$ 145,611	(27.0) %
-	\$ -	\$ -	\$ -	\$ -	%	\$ 382,018	\$ 380,213	\$ 334,500	\$ 393,500	\$ 11,482	3.0 %
24,194	13,162	7,900	5,531	(18,663)	(77.1)	123,934	57,978	25,812	21,978	(101,956)	(82.3)
-	-	-	(1,482)	(1,482)	(100.0)	-	-	-	(1,482)	(1,482)	(100.0)
<u>24,194</u>	<u>\$ 13,162</u>	<u>\$ 7,900</u>	<u>\$ 4,049</u>	<u>\$ (20,145)</u>	<u>(83.3) %</u>	<u>\$ 505,952</u>	<u>\$ 438,191</u>	<u>\$ 360,312</u>	<u>\$ 413,996</u>	<u>\$ (91,956)</u>	<u>(18.2) %</u>
(25,298)	\$ 67,779	\$ (31,645)	\$ 56,841	\$ 82,139	(324.7) %	\$ (33,635)	\$ 45,286	\$ (76,458)	\$ 20,020	\$ 53,655	(159.5) %
507,794	507,628	560,475	654,957	147,163	29.0	507,794	507,628	560,475	654,957	147,163	29.0
(507,794)	(507,628)	(560,475)	(642,383)	(134,589)	26.5	(507,794)	(507,628)	(560,475)	(654,957)	(147,163)	29.0
<u>(25,298)</u>	<u>\$ 67,779</u>	<u>\$ (31,645)</u>	<u>\$ 69,415</u>	<u>\$ 94,713</u>	<u>(374.4) %</u>	<u>\$ (33,635)</u>	<u>\$ 45,286</u>	<u>\$ (76,458)</u>	<u>\$ 20,020</u>	<u>\$ 53,655</u>	<u>(159.5) %</u>
4,344	\$ -	\$ 2,980	\$ 4,387	\$ 43	1.0 %	\$ 21,938	\$ 3,575	\$ 10,179	\$ 4,387	\$ (17,551)	(80.0) %
-	12,480	-	-	-	-	60,239	58,343	2,069	3,289	(56,950)	(94.5)
<u>4,344</u>	<u>\$ 12,480</u>	<u>\$ 2,980</u>	<u>\$ 4,387</u>	<u>\$ 43</u>	<u>1.0 %</u>	<u>\$ 82,177</u>	<u>\$ 61,918</u>	<u>\$ 12,248</u>	<u>\$ 7,676</u>	<u>\$ (74,501)</u>	<u>(90.7) %</u>

