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

ANNUAL FINANCIAL REPORT

09-2010

YEAR ENDED JULY 31, 2010

MSHSL



MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA

ANNUAL FINANCIAL REPORT

YEAR ENDED JULY 31, 2010

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Organization 2010

Term Expires

BOARD OF DIRECTORS

Jeff Whisler, President.....	2010
Les Zellman, Vice President.....	2011
John Klinnert, Treasurer*.....	2010
Kim Algoo*.....	2012
Rick Bleichner.....	2013
Carol Bomben.....	2011
Mark Fredericksen.....	2013
Ray Kirch.....	2011
Chris Laird.....	2012
Ron Larson.....	2012
Gary Lee.....	2013
Jill Lofald.....	2012
Dean Ogg.....	2010
Brent Robbins*.....	2011
Mike Rusinko*.....	2013
John Schumacher.....	2011
Mindy Sparby.....	2012
Chad Stoskopf.....	2010
Luanne Wagner.....	2012
Bill Webb.....	2011

Executive Staff

David Stead, Executive Director.....	Indefinite
Lisa Lissimore, Associate Director.....	Indefinite
Kevin Merkle, Associate Director.....	Indefinite
Craig Perry, Associate Director.....	Indefinite
Jody Redman, Associate Director.....	Indefinite

* Appointed by the Governor

FINANCIAL SECTION



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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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, 2010, 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 did not audit the financial statements of Regions 2A, 3A, 6A, 7A, 8A, 2AA, 7AA, and 8AA, which represent approximately 10 percent, 10 percent, and 22 percent, respectively, of the assets, net assets, and revenues of the Minnesota State High School League. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those listed Regions of the Minnesota State High School League, is based on the reports of the other auditors.

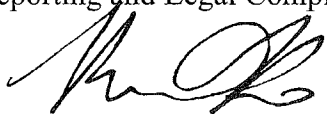
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, 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 and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, 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, 2010, 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.

The Management's Discussion and Analysis and required supplementary information listed in the table of contents are not a required part of the basic financial statements but are 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, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We also issue a separate management letter report dated December 29, 2010, which includes a Schedule of Findings and Recommendations and our Report on Internal Control Over Financial Reporting and Legal Compliance.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

December 29, 2010

Minnesota State High School League
 Management's Discussion and Analysis
 July 31, 2010

(Unaudited)

Introduction

The discussion and analysis of the Minnesota State High School League's (MSHSL) financial statements provides an overview of the financial position and activities of the League for the year ended July 31, 2010. The discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes.

Financial Statements

The MSHSL's Management's Discussion and Analysis (MD&A) report serves as an introduction to the basic financial statements. The basic financial statements consist of two parts: the financial statements and notes to the financial statements. The MD&A (this section) is required to accompany the basic financial statements and, therefore, is included as required supplementary information.

The MSHSL presents three financial statements: the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows. These financial statements provide information about activities of the MSHSL as a whole and present a longer-term view of the League's finances.

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, 2010 and 2009, are summarized below.

	2010	2009	Percentage Change
Current assets	\$ 4,365,945	\$ 4,968,268	(12.1%)
Noncurrent assets	429,335	394,533	8.8%
Capital assets	1,073,039	1,129,515	(5.0%)
Total Assets	<u>\$ 5,868,319</u>	<u>\$ 6,492,316</u>	(9.6%)
Current liabilities	\$ 1,398,905	\$ 1,696,850	(17.6%)
Noncurrent liabilities	404,911	353,719	14.5%
Total liabilities	<u>\$ 1,803,816</u>	<u>\$ 2,050,569</u>	(12.0%)
Invested in capital assets	\$ 1,073,039	\$ 1,129,515	(5.0%)
Unrestricted	2,991,464	3,312,232	(9.7%)
Total net assets	<u>\$ 4,064,503</u>	<u>\$ 4,441,747</u>	(8.5%)

Current assets at July 31, 2010, totaled \$4,365,945, a decrease of 12.1% or \$602,323. Current assets consist primarily of cash and cash equivalents, investments in negotiable and nonnegotiable certificates of deposit and accounts receivable. Accounts receivable consists primarily of television fees owed to the League for tournaments held in 2010.

Capital assets, net of accumulated depreciation totaled \$1,073,039. No capital assets were purchased in 2010. A \$56,476 reduction in capital assets is due to depreciation recorded in 2010. The noncurrent assets consist of deferred compensation under section 457(b) 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 \$1,398,905 at July 31, 2010, a 17.6% decrease or \$297,945. Current liabilities consist primarily of school expense reimbursement payable and accounts payable. The school expense reimbursement liability decreased \$447,120, accounts payable increased by \$137,084. The increase in accounts payable was related to schools receiving year end 2010 activity registration rebates. There is no retirement benefits payable in current liabilities in 2010. Noncurrent liabilities totaled \$404,911 at July 31, 2010, an increase of 14.5% or \$51,192. Noncurrent liabilities consist of retirement benefits payable and deferred compensation.

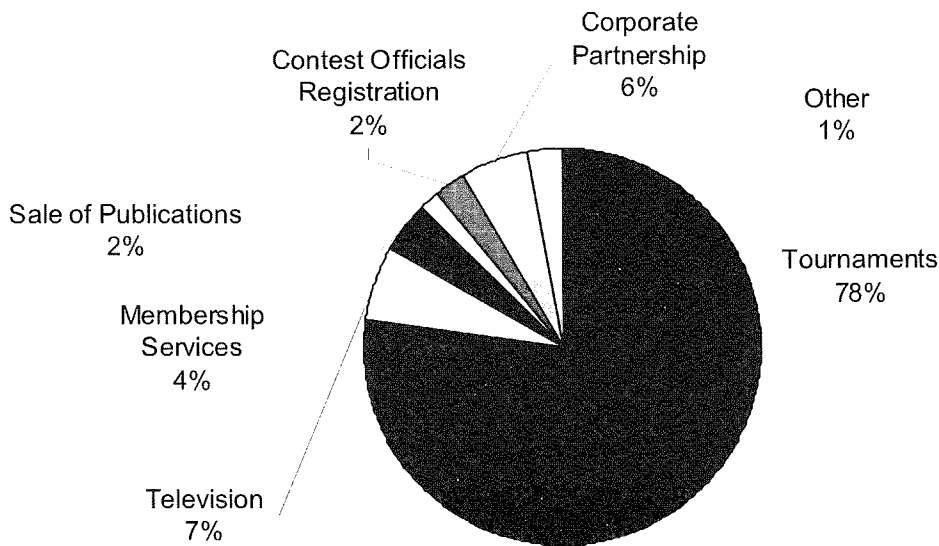
Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets presents 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.

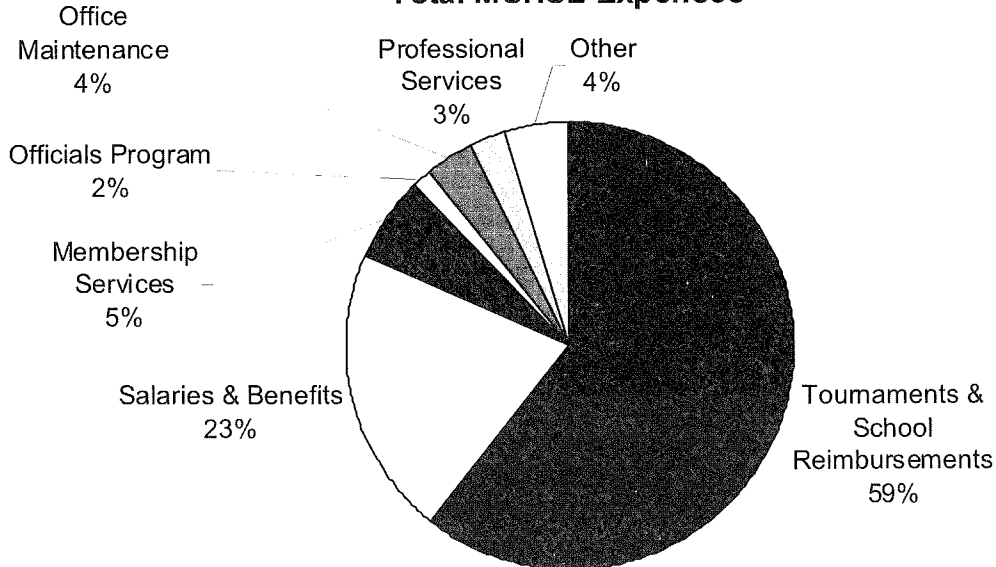
The League's revenues, expenses and changes in net assets for the years ended July 31, 2010 and 2009, are summarized below.

	2010	2009	Percentage Change
Operating revenues			
Tournaments	\$ 10,222,811	\$ 10,894,348	(6.2%)
Television	846,670	822,495	2.9%
Membership services	557,960	557,930	0.0%
Contest officials registration	308,554	325,865	(5.3%)
Sale of publications	237,998	260,428	(8.6%)
Assessments from schools	-	19,500	(100.0%)
Other	138,794	294,868	(52.9%)
Total operating revenues	<u>\$ 12,312,787</u>	<u>\$ 13,175,434</u>	(6.5%)
Operating expenses			
Tournaments and school reimbursements	\$ 7,964,655	\$ 8,593,201	(7.3%)
Membership services	706,231	654,630	7.9%
Officials program	285,474	259,107	10.2%
Salaries and benefits	3,066,708	2,940,470	4.3%
Professional services	340,349	337,475	.9%
Office maintenance	486,117	405,450	19.9%
Other	579,405	636,094	(8.9%)
Total operating expenses	<u>\$ 13,428,939</u>	<u>\$ 13,826,427</u>	(2.9%)
Operating income (loss)	<u>\$ (1,116,152)</u>	<u>\$ (650,993)</u>	71.5%
Non-operating revenues (expenses)			
Corporate partnership	\$ 715,429	\$ 737,375	(3.0%)
Interest	23,479	75,082	(68.7%)
Total non-operating revenues (expenses)	<u>\$ 738,908</u>	<u>\$ 812,457</u>	(9.1%)
Change in net assets	<u>\$ (377,244)</u>	<u>\$ 161,464</u>	(333.6%)
Net assets, August 1	<u>4,441,747</u>	<u>4,280,283</u>	3.8%
Net assets, July 31	<u>\$ 4,064,503</u>	<u>\$ 4,441,747</u>	(8.5%)

Total MSHSL Revenues



Total MSHSL Expenses



For the year ended July 31, 2010, tournament revenue totaled \$10,222,811, a decrease of \$671,537 or 6.2%. The major portion of this tournament revenue was the sale of tickets for admission to the events. Fewer people attended the tournaments in 2010 than in 2009. A record number of people attended the tournament series in 2008. Other tournament revenue consists of program sales, t-shirt and souvenir sales, advertising and sponsorships.

Television revenues are expected to increase by approximately 3% for the next 11-years. The League's Board of Directors signed a 10-year, \$9.7 million contract with a local television station in 2005. In 2009, the League signed an agreement with the television station extending the contract to 2021.

Membership services revenue consist of a membership fee and an activity registration fee for each activity the school sponsors at the high school level. For the year ended July 31, 2010, membership service revenue remained flat due to the League implementing a \$40 rebate per activity registration to all member schools for the past two years. In essence, the \$90 activity fee was reduced to \$50 per activity for the years ending 2009 and 2010.

Contest officials register annually with the League and attend rules meetings and must pass a test to officiate League sponsored games. These registrations decreased by 5.3% in fiscal year 2010. The League increased each registration from \$37 to \$42 to offset an increase in expenses related to requiring background checks on all League registered officials in 2009.

Publications are sold to member schools, officials, and the general public. Publications include the League membership directory, Official Handbook and sports rules books. The sale of these publications decreased by 8.6% in fiscal year 2010.

Operating expenses consist of tournament expenses, school reimbursements as well as general and administrative expenses. Tournament and school reimbursements decreased by 7.3% in fiscal year 2010. Membership services increased 7.9%. The official's program expenses increased by 10.2% due to more training programs, the official's observation program, required background checks for all officials, and the Officiate Minnesota summit held in July 2010. The office maintenance line item increased by 19.9% due to the repair of the office parking lot. For fiscal year ended July 31, 2010, total operating expenses decreased by 2.9%.

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 and related financing, capital and related financing, and investing activities.

The League's cash flows for the years ended July 31, 2010 and 2009 are summarized below.

	2010	2009	Percentage Change
Cash provided by (used in)			
Operating activities	\$ (1,338,693)	\$ (576,502)	132.2%
Non-capital and related financing activities	715,429	737,375	(3.0%)
Capital and related financing activities	-	(41,295)	(100.0%)
Investing activities	1,305,517	(1,010,666)	(229.2%)
Net increase (decrease) in cash	\$ 682,253	\$ (891,088)	(176.6%)
Cash and cash equivalents-August 1	1,576,106	2,467,194	(36.1%)
Cash and cash equivalents-July 31	<u>\$ 2,258,359</u>	<u>\$ 1,576,106</u>	43.3%

Capital Assets

Investment in capital assets includes land, buildings and building improvements, furniture and equipment, and computer equipment. Total depreciation expense for the year was \$56,476. There were no capital additions in fiscal year 2010.

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, Assistant Director, or David Stead, Executive Director, at (763) 560-2262.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS
 JULY 31, 2010

Assets

	2010
Current Assets	
Cash and cash equivalents (Note 2)	\$ 2,258,359
Investments (Note 2)	1,920,228
Accounts receivable	141,217
Accrued interest receivable	1,969
Prepaid items	<u>44,172</u>
Total current assets	\$ <u>4,365,945</u>
Noncurrent Assets	
Restricted assets	
Deferred compensation (Note 10)	\$ <u>75,288</u>
Capital assets	
Non-depreciable	\$ 318,564
Depreciable-net of accumulated depreciation	<u>754,475</u>
Net capital assets (Note 3)	\$ <u>1,073,039</u>
Other assets	
Investments held for retirement benefits (Note 7)	\$ <u>354,047</u>
Total noncurrent assets	\$ <u>1,502,374</u>
Total Assets	\$ <u>5,868,319</u>

Liabilities and Net Assets

Current Liabilities	
Salaries payable	\$ 54,037
Accounts payable	478,488
School expense reimbursement payable	723,575
Accrued employee benefits payable (Note 6)	124,270
Deferred income (Note 5)	<u>18,535</u>
Total current liabilities	\$ <u>1,398,905</u>
Noncurrent Liabilities	
Retirement benefits payable (Note 7)	\$ 325,400
Net other post-employment benefits payable (Note 13)	4,223
Deferred compensation (Note 10)	<u>75,288</u>
Total noncurrent liabilities	\$ <u>404,911</u>
Total Liabilities	\$ <u>1,803,816</u>
Net Assets (Note 8)	
Invested in capital assets	\$ 1,073,039
Unrestricted	<u>2,991,464</u>
Total Net Assets	\$ <u>4,064,503</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, 2010

	2010
Operating Revenues	
Tournaments	\$ 10,222,811
Television	846,670
Membership services	557,960
Contest officials registration	308,554
Sales of handbooks, rule books, and supplies	237,998
Other	<u>138,794</u>
Total Operating Revenues	\$ <u>12,312,787</u>
Operating Expenses	
Tournaments	\$ 7,147,512
School expense reimbursement	817,143
Membership services	
Insurance	452,837
Handbooks, rule books, and supplies	172,596
Other	80,798
Fine arts programs	12,257
Officials program	285,474
Committees	128,728
Board of directors	95,024
Salaries	2,189,464
Employee benefits	877,244
Insurance	14,815
Legal	74,007
Other professional services	266,342
Maintenance	79,509
Utilities	46,062
Postage	68,720
Supplies	105,262
Data processing and office equipment	115,273
Public relations	69,893
Corporate sponsor commission	56,400
Television consulting	14,867
Depreciation	56,476
Other	<u>202,236</u>
Total Operating Expenses	\$ <u>13,428,939</u>
Operating Income (Loss)	\$ <u>(1,116,152)</u>
Nonoperating Revenues (Expenses)	
Corporate partnership	\$ 715,429
Interest	<u>23,479</u>
Total Nonoperating Revenues (Expenses)	\$ <u>738,908</u>
Change in Net Assets	\$ (377,244)
Total Net Assets - August 1	<u>4,441,747</u>
Total Net Assets - July 31	<u><u>\$ 4,064,503</u></u>

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

STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JULY 31, 2010

	2010
Cash Flows from Operating Activities	
Cash received from customers	\$ 11,327,631
Cash received from schools	557,960
Payments to suppliers for goods and services	(8,923,721)
Payments to employees for services	(2,192,419)
Payments for fringe benefits	(843,881)
Payments to schools	<u>(1,264,263)</u>
Net Cash Provided by (Used In) Operating Activities	\$ <u>(1,338,693)</u>
Cash Flows from Non-Capital and Related Financing Activities	
Corporate partnership	\$ 715,429
Operating transfers in	749,226
Operating transfers out	<u>(749,226)</u>
Net Cash Provided by (Used In) Non-Capital and Related Financing Activities	\$ <u>715,429</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	\$ <u>-</u>
Cash Flows from Investing Activities	
Interest on investments	\$ 31,229
Proceeds from sales and maturities of investments	5,120,549
Purchases of investments	<u>(3,846,261)</u>
Net Cash Provided by (Used In) Investing Activities	\$ <u>1,305,517</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 682,253
Cash and Cash Equivalents - August 1	<u>1,576,106</u>
Cash and Cash Equivalents - July 31	<u><u>2,258,359</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities	
Operating Income (Loss)	\$ (1,116,152)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities	
Depreciation	56,476
(Increase) Decrease in accounts receivable	32,761
(Increase) Decrease in prepaid expenses	(32,392)
Increase (Decrease) in salaries payable	(2,955)
Increase (Decrease) in accounts payable	137,084
Increase (Decrease) in school expense reimbursement payable	(447,120)
Increase (Decrease) in short-term accrued employee benefits payable	14,804
Increase (Decrease) in deferred income	242
Increase (Decrease) net other post-employment benefits payable	5,820
Increase (Decrease) in retirement benefits payable	<u>12,739</u>
Total adjustments	\$ <u>(222,541)</u>
Net Cash Provided By (Used In) Operating Activities	\$ <u><u>(1,338,693)</u></u>

Non-cash Operating Activities

The MSHSL has \$427,565 of non-monetary exchange revenues and expenses

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, 2010**

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, 2010. 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.

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.

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, 2010, 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(b) of the Internal Revenue Code for some of 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.

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

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

1. Summary of Significant Accounting Policies (Continued)

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, qualified employees that meet the requirements of the sick leave pay plan may be compensated for unused balances to a maximum of one year salary.

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.

2. Deposits and Investments

A. The MSHSL is governed by the deposit and investment limitations of state law and its own internal policies. The deposits and investments held on July 31, 2010, reported at fair value, are shown below.

	Maturities	Fair Value
Deposits:		
Checking and savings	-	\$ 2,274,327
Certificates of deposit		
First Security Bank of Byron	08/03/2010	35,000
Plaza Park Bank	10/01/2010	37,750
First National Bank of Hawley	10/23/2010	20,000
 Total Deposits		\$ 2,367,077
Investments:		
Negotiable certificates of deposit		
Wells Fargo	Various	\$ 1,827,478
Wells Fargo	Various	335,000
Brokers money market account	-	2,875
 Total Investments		\$ 2,165,353
 Total Deposits and Investments		\$ 4,532,430
Add:		
Petty Cash	-	204
Deferred compensation		75,288
 Total Cash, Cash Equivalents, and Investments		\$ 4,607,922

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

2. Deposits and Investments (Continued)

Reconciliation to the Statement of
Net Assets:

Cash and cash equivalents	\$ 2,258,359
Investments	1,920,228
Deferred compensation	75,288
Investments held for retirement benefits	354,047
Total Cash, Cash Equivalents, and Investments	\$ 4,607,922

Custodial Credit Risk – As of July 31, 2010, deposits in financial institutions, reported as components of cash, cash equivalents, and investments, had a carrying value of \$2,367,077. Bank balances were \$2,590,048, of which \$1,156,981 was not covered by federal depository insurance.

Except as noted below, all investments, evidenced by individual securities, are registered in the name of the MSHSL or one of its administrative regions. As of July 31, 2010, negotiable certificates of deposit in the amount of \$2,162,478 were unregistered and held by the MSHSL or its agent, but not in the MSHSL's name.

Investment Interest Rate Risk – The MSHSL has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at July 31, 2010, are provided in the previous schedule.

Investment Credit Risk – The MSHSL has no formal investment policy that limits its investment choices other than the limitation of state law. State law limits investments in securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. 118A.04, subd. 6.

Concentration of Investment Credit Risk – The MSHSL places no limit on the amount it may invest in any one issuer. At July 31, 2010, the MSHSL had no concentration of credit risk.

3. Capital Assets

Capital assets comprise the following at July 31, 2010:

	07/31/2009	Additions	Deductions/ Adjustments	07/31/2010
Capital asset, not being depreciated:				
Land and land improvements	\$ 318,564	\$ -	\$ -	\$ 318,564
Capital assets, being depreciated:				
Building and building improvements	\$ 1,508,219	\$ -	\$ -	\$ 1,508,219
Furniture and equipment	193,197	-	-	193,197
Computer equipment	4,858	-	(404)	4,454
Total capital assets being depreciated	\$ 1,706,274	\$ -	\$ (404)	\$ 1,705,870
Less: accumulated depreciation				
Building and building improvements	\$ (754,033)	\$ (37,714)	\$ -	\$ (791,747)
Furniture and equipment	(136,775)	(18,419)	-	(155,194)
Computer equipment	(4,515)	(343)	404	(4,454)
Total accumulated depreciation	\$ (895,323)	\$ (56,476)	\$ 404	\$ (951,395)
Total capital assets being depreciated, net	\$ 810,951	\$ (56,476)	\$ -	\$ 754,475
Net Capital Assets	\$ 1,129,515	\$ (56,476)	\$ -	\$ 1,073,039

Depreciation expense totaling \$56,476 was charged for the year ended July 31, 2010.

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BROOKLYN CENTER, MINNESOTA**

4. Operating Leases

The MSHSL is obligated under operating leases for mailing equipment and photocopying equipment. Expenses associated with these leases were \$16,911 for the year ended July 31, 2010. Future minimum lease payments at July 31, 2010, are as follows:

2011	\$	16,847
2012		13,574
2013		5,082
2014		4,702
Total	\$	40,205

5. Deferred Income

Deferred income consists of amounts received for 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 weeks and five weeks of vacation annually. Unused vacation time cannot exceed 1.5 times the employee's 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, 2010:

Current Liabilities	
Vacation leave	\$ 124,270

7. Retirement Benefits Payable

The MSHSL has a retirement plan that provides certain unused sick leave compensation 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 unused sick leave payment shall not exceed one year's salary.

Retirement benefits payable at July 31, 2010, is \$325,400. 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 \$28,647 for the year ended July 31, 2010.

Retirement benefits activity for the year ended July 31, 2010:

	07/31/2009	Additions	Deductions	07/31/2010	Due Within One Year
Retirement benefits payable	\$ 312,661	\$ 12,739	\$ -	\$ 325,400	\$ -

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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 \$280,275 for the year ended July 31, 2010.

10. Deferred Compensation

The MSHSL established in the year ending July 31, 2008, a deferred compensation plan under Section 457(b) of the Internal Revenue Code for two members of the executive staff. Under the provisions of the plan, the MSHSL contributes four percent or seven percent of the executive staff’s salary to the plan. Based on the executive directors contract an additional contribution may be made on an annual basis.

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, 2010.

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.

12. Long Term Contracts

The MSHSL has signed contracts with a television station and certain corporate sponsors. These contracts last from 3 to 11 years. The revenue from these contracts is recognized when earned. In addition, the League exchanges advertising for other non-monetary assets or services such as tournament equipment, and radio, television or print advertising. The value of the services exchanged is recorded in tournament revenue and expense accounts.

13. Other Post-Employment Benefits

In 2009, the MSHSL implemented the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. This pronouncement required the MSHSL to calculate and record a net other post-employment benefits (OPEB) payable at July 31, 2010. The net OPEB payable is, in general, the cumulative difference between the actuarial required contribution and the actual contribution since August 1, 2008.

Plan Description

Following retirement, if the employee has reached the age of 58 or 60 depending on the employee’s classification and has been employed by the MSHSL for 20 years, payment of medical, hospitalization, dental, and term life insurance

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13. Other Post-Employment Benefits (Continued)

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.

Participants

Participants of the plan consisted of the following at August 1, 2008, the date of the first actuarial valuation:

Active employees	22
Retired employees	4
Dependents of retirees	0
 Total plan participants	 26

Funding Policy

The contribution requirements of the plan members and the MSHSL are established and may be amended by the MSHSL Board of Directors. The MSHSL finances the plan on a "pay-as-you-go" basis. During 2010, the MSHSL expended \$43,071 for these benefits.

For those qualified retirees that meet the criteria for a full medical, dental, and life insurance benefit, the MSHSL contributes 100% of the benefit cost.

Annual OPEB Cost and Net OPEB Obligation

The MSHSL's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the MSHSL's OPEB cost for 2010, the amount actuarially contributed to the plan, and changes in the MSHSL's net OPEB obligation.

Annual required contribution (ARC)	\$ 48,891
Interest on net OPEB obligation	-
Adjustment to ARC	-
Annual OPEB cost	48,891
Contributions during the year	(43,071)
Increase (Decrease) in net OPEB obligation	5,820
Net OPEB – Beginning of the year	(1,597)
Net OPEB – End of the year	\$ 4,223

The MSHSL's annual OPEB, the percentage of annual OPEB cost contributed to the plan, and the net OPEB payable for fiscal year 2010 and the preceding year are as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contribution	Net OPEB Obligation
July 31, 2009	\$ 48,891	\$ 50,488	103.3%	\$ (1,597)
July 31, 2010	\$ 48,891	\$ 43,071	88.1%	\$ 4,223

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BROOKLYN CENTER, MINNESOTA**

13. Other Post-Employment Benefits (Continued)

Funding Status

The MSHSL currently has no assets that have been irrevocably deposited in a trust for future health benefits. Therefore, the actuarial value of plan assets is zero.

Actuarial accrued liability (AAL)	\$417,915
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$417,915
 Funded ratio (actuarial value of plan assets/AAL)	 0.00%
Covered Payroll (active plan members)	\$1,589,332
 UAAL as a percentage of covered payroll	 26.3%

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets, consistent with the long-term perspective of the calculations.

In the August 1, 2008, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5 percent investment rate of return and an annual health care cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after eight years. The actuarial value of plan assets was set equal to the market value of assets. The unfunded actuarial accrued liability is being amortized over 30 years on a closed group basis.

REQUIRED SUPPLEMENTARY INFORMATION

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

**SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS
JULY 31, 2010**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 31, 2009	\$ -	\$ 417,915	\$ 417,915	0.0%	\$1,589,332	26.3%
July 31, 2010	\$ -	\$ 417,915	\$ 417,915	0.0%	\$1,589,332	26.3%

Beginning in 2009, the MSHSL implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Currently, only two year's worth of data is available. Future reports will provide additional trend analysis to meet the three-year funding status requirements as the information becomes available.

SUPPLEMENTAL INFORMATION

MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA

SCHEDULE 1

STATEMENT OF NET ASSETS BY LOCATION
JULY 31, 2010

	MSHSL OFFICE							ADMINISTRATIVE REGIONS								TOTAL ADMINISTRATIVE REGIONS	COMBINED TOTAL		
		1A	2A	3A	4A	5A	6A	7A	8A	1AA	2AA	3AA	4AA	5AA	6AA			7AA	8AA
Assets																			
Current Assets																			
Cash and cash equivalents (Note 2)	\$ 1,287,064	23,514	121,691	124,870	9,587	50,849	22,713	48,552	59,620	51,601	63,443	72,437	68,194	73,827	101,509	61,769	17,119	\$ 971,295	\$ 2,258,359
Investments (Note 2)	1,787,000	35,000	-	-	-	37,750	20,000	40,478	-	-	-	-	-	-	-	-	-	133,228	1,920,228
Accounts receivable	122,688	-	-	-	-	-	-	521	-	-	-	7,180	2,211	8,147	470	-	-	18,529	141,217
Accrued interest receivable	1,378	341	-	-	-	39	-	211	-	-	-	-	-	-	-	-	-	591	1,969
Prepaid items	44,172	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44,172
Total current assets	\$ 3,242,302	58,855	121,691	124,870	9,587	88,638	42,713	89,762	59,620	51,601	63,443	79,617	70,405	81,974	101,979	61,769	17,119	\$ 1,123,643	\$ 4,365,945
Noncurrent Assets																			
Restricted assets																			
Deferred compensation (Note 10)	\$ 75,288	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 75,288
Capital assets																			
Non-depreciable	\$ 318,564	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 318,564
Depreciable-net of accumulated depreciation	754,475	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	754,475
Net capital assets (Note 3)	\$ 1,073,039	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 1,073,039
Other assets																			
Investments held for retirement benefits (Note 7)	\$ 354,047	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 354,047
Total noncurrent assets	\$ 1,502,374	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 1,502,374
Total Assets	\$ 4,744,676	58,855	121,691	124,870	9,587	88,638	42,713	89,762	59,620	51,601	63,443	79,617	70,405	81,974	101,979	61,769	17,119	\$ 1,123,643	\$ 5,868,319
Liabilities and Net Assets																			
Current Liabilities																			
Salaries payable	\$ 53,519	-	-	-	-	-	-	-	-	-	518	-	-	-	-	-	-	518	\$ 54,037
Accounts payable	477,588	-	-	-	-	-	-	875	-	-	-	-	25	-	-	-	-	900	478,488
School expense reimbursement payable	403,770	-	90,000	48,123	-	12,828	-	20,800	-	375	18,437	19,285	18,502	30,290	51,490	9,675	-	319,805	723,575
Accrued employee benefits payable (Note 6)	124,270	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	124,270
Deferred income (Note 5)	18,535	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,535
Total current liabilities	\$ 1,077,682	-	90,000	48,123	-	12,828	-	21,675	-	375	18,955	19,285	18,502	30,315	51,490	9,675	-	\$ 321,223	\$ 1,398,905
Noncurrent Liabilities																			
Retirement benefits payable (Note 7)	\$ 325,400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 325,400
Net other post-employment benefits payable	4,223	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,223
Deferred compensation (Note 10)	75,288	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75,288
Total noncurrent liabilities	\$ 404,911	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 404,911
Total Liabilities	\$ 1,482,593	-	90,000	48,123	-	12,828	-	21,675	-	375	18,955	19,285	18,502	30,315	51,490	9,675	-	\$ 321,223	\$ 1,803,816
Net Assets (Note 8)																			
Invested in capital assets	\$ 1,073,039	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 1,073,039
Unrestricted	2,189,044	58,855	31,691	76,747	9,587	75,810	42,713	68,087	59,620	51,226	44,488	60,332	51,903	51,659	50,489	52,094	17,119	802,420	2,991,464
Total Net Assets	\$ 3,262,083	58,855	31,691	76,747	9,587	75,810	42,713	68,087	59,620	51,226	44,488	60,332	51,903	51,659	50,489	52,094	17,119	\$ 802,420	\$ 4,064,503

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY LOCATION
FOR THE YEAR ENDED JULY 31, 2010

	MSHSL OFFICE							ADMINISTRATIVE REGIONS										TOTAL ADMINISTRATIVE REGIONS	COMBINED TOTAL
		1A	2A	3A	4A	5A	6A	7A	8A	1AA	2AA	3AA	4AA	5AA	6AA	7AA	8AA		
Operating Revenues																			
Tournaments	\$ 4,985,901	456,354	382,933	431,239	206,144	388,762	462,350	353,984	265,418	294,085	193,653	370,339	284,492	310,665	243,073	259,694	333,725	\$ 5,236,910	\$ 10,222,811
Television	846,670	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	846,670
Membership services	557,960	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	557,960
Contest officials registration	308,554	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	308,554
Sales of handbooks, rule books, and supplies	237,998	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	237,998
Other	113,308	5,140	-	-	-	793	-	1,247	1,013	3,490	25	554	9,677	1,008	790	1,749	-	25,486	138,794
Total Operating Revenues	\$ 7,050,391	461,494	382,933	431,239	206,144	389,555	462,350	355,231	266,431	297,575	193,678	370,893	294,169	311,673	243,863	261,443	333,725	\$ 5,262,396	\$ 12,312,787
Operating Expenses																			
Tournaments	\$ 3,091,948	355,142	232,267	308,392	189,406	291,966	389,549	277,041	247,422	209,555	178,858	254,422	230,030	219,914	216,502	209,788	245,310	\$ 4,055,564	\$ 7,147,512
School expense reimbursement	403,770	42,435	115,802	49,924	-	12,828	-	19,116	18	25,575	18,437	19,281	18,502	30,290	51,490	9,675	-	413,373	817,143
Membership services																			
Insurance	445,637	450	450	450	450	450	450	450	450	450	450	450	450	450	450	450	450	7,200	452,837
Handbooks, rule books, and supplies	172,596	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	172,596
Other	80,798	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	80,798
Fine arts programs	12,257	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,257
Officials program	285,474	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	285,474
Committees	21,731	6,840	4,370	12,920	1,745	11,753	9,186	13,714	10,957	9,548	4,220	2,583	2,504	1,268	164	8,253	6,972	106,997	128,728
Board of directors	95,024	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	95,024
Salaries	1,741,693	30,000	31,568	21,250	25,056	20,000	45,850	35,468	26,000	25,626	25,014	24,440	27,500	25,249	24,750	30,000	30,000	447,771	2,189,464
Employee benefits	787,458	6,195	6,080	4,276	5,167	4,130	9,461	6,488	5,369	5,279	5,164	5,042	5,666	5,208	3,877	6,195	6,189	89,786	877,244
Insurance	14,815	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,815
Legal	74,007	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	74,007
Other professional services	87,986	40,692	4,578	31,010	34,272	38,653	5,600	2,750	-	2,849	700	3,223	3,072	3,190	3,117	2,750	1,900	178,356	266,342
Maintenance	79,509	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	79,509
Utilities	46,062	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46,062
Postage	67,834	-	-	-	-	-	886	-	-	-	-	-	-	-	-	-	-	886	68,720
Supplies	30,282	9,492	1,359	5,442	2,530	6,531	14,775	3,998	5,373	2,825	6,364	2,043	1,809	3,018	2,944	2,563	3,914	74,980	105,262
Data processing and office equipment	115,273	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	115,273
Public relations	35,925	3,050	2,403	-	-	4,337	-	-	7,159	-	-	9,156	-	-	-	-	7,863	33,968	69,893
Corporate sponsor commission	56,400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	56,400
Television consulting	14,867	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,867
Depreciation	56,133	-	343	-	-	-	-	-	-	-	-	-	-	-	-	-	-	343	56,476
Other	190,357	84	-	-	154	1,229	153	294	7,354	-	1,669	303	-	-	639	-	-	11,879	202,236
Total Operating Expenses	\$ 8,007,836	494,380	399,220	433,664	258,780	391,877	475,910	359,319	310,102	281,707	240,876	320,943	289,533	288,587	303,933	269,674	302,598	\$ 5,421,103	\$ 13,428,939
Operating Income (Loss)	\$ (957,445)	(32,886)	(16,287)	(2,425)	(52,636)	(2,322)	(13,560)	(4,088)	(43,671)	15,868	(47,198)	49,950	4,636	23,086	(60,070)	(8,231)	31,127	\$ (158,707)	\$ (1,116,152)
Nonoperating Revenues (Expenses)																			
Corporate partnership	\$ 715,429	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 715,429
Interest	16,610	772	371	747	43	829	420	1,576	589	193	197	-	103	962	-	45	22	6,869	23,479
Total Nonoperating Revenues (Expenses)	\$ 732,039	772	371	747	43	829	420	1,576	589	193	197	-	103	962	-	45	22	\$ 6,869	\$ 738,908
Income Before Transfers	\$ (225,406)	(32,114)	(15,916)	(1,678)	(52,593)	(1,493)	(13,140)	(2,512)	(43,082)	16,061	(47,001)	49,950	4,739	24,048	(60,070)	(8,186)	31,149	\$ (151,838)	\$ (377,244)
Operating Transfers In	-	27,903	52,426	36,660	102,293	65,805	54,910	21,321	45,058	17,867	79,278	41,621	33,986	46,051	65,050	40,838	18,159	749,226	749,226
Operating Transfers Out	(77,000)	(9,926)	(60,964)	(40,032)	(29,961)	(70,351)	(67,977)	(21,013)	(14,098)	(34,715)	(36,889)	(78,409)	(40,409)	(54,315)	(19,555)	(32,723)	(60,889)	(672,226)	(749,226)
Change in Net Assets	\$ (302,406)	(14,137)	(24,454)	(5,050)	19,739	(6,039)	(26,207)	(2,204)	(12,122)	(787)	(4,612)	13,162	(1,684)	15,784	(14,575)	(71)	(11,581)	\$ (74,838)	\$ (377,244)
Total Net Assets - August 1	3,564,489	72,992	56,145	81,797	(10,152)	81,849	68,920	70,291	71,742	52,013	49,100	47,170	53,587	35,875	65,064	52,165	28,700	877,258	4,441,747
Total Net Assets - July 31	\$ 3,262,083	58,855	31,691	76,747	9,587	75,810	42,713	68,087	59,620	51,226	44,488	60,332	51,903	51,659	50,489	52,094	17,119	\$ 802,420	\$ 4,064,503

STATEMENT OF CASH FLOWS BY LOCATION
FOR THE YEAR ENDED JULY 31, 2010

	MSHSL OFFICE														TOTAL ADMINISTRATIVE REGIONS	COMBINED TOTAL
		1A	2A	3A	4A	5A	1AA	2AA	3AA	4AA	5AA	6AA	7AA	8AA		
Cash Flows from Operating Activities																
Cash received from customers	\$ 6,075,572	461,494	382,933	431,239	206,400	389,555	297,575	193,678	364,858	296,063	306,212	243,393	261,443	333,725	\$ 5,252,059	\$ 11,327,631
Cash received from schools	557,960	-	-	-	-	-	-	-	-	-	-	-	-	-	-	557,960
Payments to suppliers for goods and services	(4,449,920)	(415,750)	(245,877)	(358,214)	(230,557)	(354,919)	(225,227)	(192,261)	(273,503)	(238,034)	(227,985)	(223,816)	(223,804)	(266,409)	(4,473,801)	(8,923,721)
Payments to employees for services	(1,737,401)	(30,000)	(31,568)	(21,250)	(32,318)	(20,000)	(25,626)	(24,999)	(24,440)	(27,500)	(25,249)	(24,750)	(30,000)	(30,000)	(455,018)	(2,192,419)
Payments for fringe benefits	(754,095)	(6,195)	(6,080)	(4,276)	(5,167)	(4,130)	(5,279)	(5,164)	(5,042)	(5,666)	(5,208)	(3,877)	(6,195)	(6,189)	(89,786)	(843,881)
Payments to schools	(672,958)	(42,435)	(107,907)	(59,648)	-	(29,241)	(25,200)	(11,057)	(22,057)	(29,193)	(96,485)	(48,679)	(53,000)	-	(591,305)	(1,264,263)
Net Cash Provided By (Used In) Operating Activities	\$ (980,842)	(32,886)	(8,499)	(12,149)	(61,642)	(18,735)	16,243	(39,803)	39,816	(4,330)	(48,715)	(57,729)	(51,556)	31,127	\$ (357,851)	\$ (1,338,693)
Cash Flows from Non-Capital and Related Financing Activities																
Corporate partnership	\$ 715,429	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 715,429
Operating transfers in	-	27,903	52,426	36,660	102,293	65,805	17,867	79,278	41,621	33,986	46,051	65,050	40,838	18,159	749,226	749,226
Operating transfers out	(77,000)	(9,926)	(60,964)	(40,032)	(29,961)	(70,351)	(34,715)	(36,889)	(78,409)	(40,409)	(54,315)	(19,555)	(32,723)	(60,889)	(672,226)	(749,226)
Net Cash Provided By (Used In) Non-Capital and Related Financing Activities	\$ 638,429	17,977	(8,538)	(3,372)	72,332	(4,546)	(16,848)	42,389	(36,788)	(6,423)	(8,264)	45,495	8,115	(42,730)	\$ 77,000	\$ 715,429
Cash Flows from Capital and Related Financing Activities																
Purchase of capital assets	\$ -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Cash Flows from Investing Activities																
Interest on investments	\$ 23,625	950	371	747	43	790	193	197	-	103	962	-	45	22	\$ 7,604	\$ 31,229
Proceeds from sales and maturities of investments	5,043,342	40,000	-	-	-	37,207	-	-	-	-	-	-	-	-	77,207	5,120,549
Purchases of investments	(3,773,511)	(35,000)	-	-	-	(37,750)	-	-	-	-	-	-	-	-	(72,750)	(3,846,261)
Net Cash Provided By (Used In) Investing Activities	\$ 1,293,456	5,950	371	747	43	247	193	197	-	103	962	-	45	22	\$ 12,061	\$ 1,305,517
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 951,043	(8,959)	(16,666)	(14,774)	10,733	(23,034)	(412)	2,783	3,028	(10,650)	(56,017)	(12,234)	(43,396)	(11,581)	\$ (268,790)	\$ 682,253
Cash and Cash Equivalents - August 1	\$ 336,021	32,473	138,357	139,644	(1,146)	73,883	52,013	60,660	69,409	78,844	129,844	113,743	105,165	28,700	\$ 1,240,085	\$ 1,576,106
Cash and Cash Equivalents - July 31	\$ 1,287,064	23,514	121,691	124,870	9,587	50,849	51,601	63,443	72,437	68,194	73,827	101,509	61,769	17,119	\$ 971,295	\$ 2,258,359
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities																
Operating Income (Loss)	\$ (957,445)	(32,886)	(16,287)	(2,425)	(52,636)	(2,322)	15,868	(47,198)	49,950	4,636	23,086	(60,070)	(8,231)	31,127	\$ (158,707)	\$ (1,116,152)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities																
Depreciation	56,133	-	343	-	-	-	-	-	-	-	-	-	-	-	343	56,476
(Increase) Decrease in accounts receivable	43,098	-	-	-	256	-	-	-	(6,035)	1,894	(5,461)	(470)	-	-	(10,337)	32,761
(Increase) Decrease in prepaid expenses	(32,392)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(32,392)
Increase (Decrease) in salaries payable	4,292	-	-	-	(7,262)	-	-	15	-	-	-	-	-	-	(7,247)	(2,955)
Increase (Decrease) in accounts payable	141,055	-	(450)	-	(2,000)	-	-	-	(1,323)	(169)	(145)	-	-	-	(3,971)	137,084
Increase (Decrease) in school expense reimbursement payable	(269,188)	-	7,895	(9,724)	-	(16,413)	375	7,380	(2,776)	(10,691)	(66,195)	2,811	(43,325)	-	(177,932)	(447,120)
Increase (Decrease) in short-term accrued employee benefits payable	14,804	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,804
Increase (Decrease) in deferred income	242	-	-	-	-	-	-	-	-	-	-	-	-	-	-	242
Increase (Decrease) in net other post-employment benefits payable	5,820	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,820
Increase (Decrease) in retirement benefits payable	12,739	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,739
Total adjustments	\$ (23,397)	-	7,788	(9,724)	(9,006)	(16,413)	375	7,395	(10,134)	(8,966)	(71,801)	2,341	(43,325)	-	\$ (199,144)	\$ (222,541)
Net Cash Provided By (Used In) Operating Activities	\$ (980,842)	(32,886)	(8,499)	(12,149)	(61,642)	(18,735)	16,243	(39,803)	39,816	(4,330)	(48,715)	(57,729)	(51,556)	31,127	\$ (357,851)	\$ (1,338,693)

Non-cash Operating Activities

The MSHSL has \$427,565 of non-monetary exchange revenues and expenses

MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA

Schedule 4

SCHEDULE OF TOURNAMENT REVENUES AND DIRECT EXPENSES
FOR THE YEAR ENDED JULY 31, 2010

	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	\$ 79,582	\$ 81,358	\$ (1,776)	\$ 259,232	\$ 227,401	\$ 31,831	\$ 338,814	\$ 308,759	\$ 30,055
Boys' basketball	436,929	228,773	208,156	966,906	374,049	592,857	1,403,835	602,822	801,013
Girls' basketball	294,072	196,488	97,584	615,772	344,490	271,282	909,844	540,978	368,866
Cross country running	13,049	28,987	(15,938)	5,601	39,175	(33,574)	18,650	68,162	(49,512)
Football	832,972	324,790	508,182	1,049,746	537,530	512,216	1,882,718	862,320	1,020,398
Golf	12,413	58,498	(46,085)	4,460	103,258	(98,798)	16,873	161,756	(144,883)
Girls' gymnastics	48,215	67,041	(18,826)	25,633	45,539	(19,906)	73,848	112,580	(38,732)
Boys' hockey	1,352,025	334,242	1,017,783	503,686	196,495	307,191	1,855,711	530,737	1,324,974
Nordic ski racing	3,698	21,179	(17,481)	1,674	24,458	(22,784)	5,372	45,637	(40,265)
Alpine skiing	3,955	24,090	(20,135)	267	31,006	(30,739)	4,222	55,096	(50,874)
Soccer	157,298	104,540	52,758	206,983	184,083	22,900	364,281	288,623	75,658
Girls' softball	50,382	49,398	984	141,962	166,335	(24,373)	192,344	215,733	(23,389)
Boys' swimming	48,186	49,120	(934)	51,135	47,841	3,294	99,321	96,961	2,360
Girls' swimming	50,610	50,370	240	60,471	56,368	4,103	111,081	106,738	4,343
Boys' tennis	5,239	29,063	(23,824)	3,251	34,104	(30,853)	8,490	63,167	(54,677)
Girls' tennis	5,500	37,216	(31,716)	2,575	63,955	(61,380)	8,075	101,171	(93,096)
Track and field	107,415	122,455	(15,040)	165,932	207,685	(41,753)	273,347	330,140	(56,793)
Girls' volleyball	177,496	145,102	32,394	429,476	273,033	156,443	606,972	418,135	188,837
Wrestling	398,500	239,061	159,439	270,393	236,887	33,506	668,893	475,948	192,945
Synchronized swimming	-	1,208	(1,208)	-	-	-	-	1,208	(1,208)
Adapted soccer	6,925	17,422	(10,497)	-	-	-	6,925	17,422	(10,497)
Adapted floor hockey	9,760	18,007	(8,247)	-	-	-	9,760	18,007	(8,247)
Adapted softball	5,920	17,643	(11,723)	-	-	-	5,920	17,643	(11,723)
Adapted bowling	437	12,328	(11,891)	-	-	-	437	12,328	(11,891)
Debate	-	16,617	(16,617)	-	14,507	(14,507)	-	31,124	(31,124)
Speech	5,185	50,647	(45,462)	40,845	198,557	(157,712)	46,030	249,204	(203,174)
One-act play	13,272	19,964	(6,692)	19,024	67,808	(48,784)	32,296	87,772	(55,476)
Girls' hockey	251,466	200,634	50,832	115,117	99,164	15,953	366,583	299,798	66,785
Music	-	-	-	126,841	330,519	(203,678)	126,841	330,519	(203,678)
Cheerleading	-	1,939	(1,939)	-	-	-	-	1,939	(1,939)
Girls' dance team	160,213	92,315	67,898	75,051	56,483	18,568	235,264	148,798	86,466
Lacrosse	27,622	22,602	5,020	87,896	68,195	19,701	115,518	90,797	24,721
Badminton	-	641	(641)	-	-	-	-	641	(641)
Visual arts	-	645	(645)	6,981	26,639	(19,658)	6,981	27,284	(20,303)
Advertising	427,565	427,565	-	-	-	-	427,565	427,565	-
Total	\$ 4,985,901	\$ 3,091,948	\$ 1,893,953	\$ 5,236,910	\$ 4,055,564	\$ 1,181,346	\$ 10,222,811	\$ 7,147,512	\$ 3,075,299

