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

## **ANNUAL FINANCIAL REPORT**

**YEAR ENDED JULY 31, 2013**

20122013

MSHS  
MSHS  
MSHS  
MSHS



MINNESOTA STATE HIGH SCHOOL LEAGUE  
BROOKLYN CENTER, MINNESOTA

# ANNUAL FINANCIAL REPORT

YEAR ENDED JULY 31, 2013

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# Organization 2013

*Term Expires*

## BOARD OF DIRECTORS

Mark Fredericksen, President .....	2013
John Hamann, Vice President.....	2014
Rick Bleichner, Treasurer .....	2013
Tom Conzemius .....	2016
Steve Eklund*.....	2015
Laurie Esau* .....	2014
Bob Grey .....	2016
Walter Hautala.....	2013
Shelly Hotzler.....	2016
Dan Johnson.....	2015
Mike Kolness.....	2014
Mike Manning.....	2014
Erich Martens.....	2016
Scott McCready .....	2015
Chris McDonald .....	2016
Lea B. Olsen* .....	2016
Roz Peterson.....	2015
Lane Powell.....	2015
Mike Rusinko* .....	2013
Mark Solberg.....	2015

## 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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1-800-627-3529 (Relay Service)

### INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Minnesota State High School League

#### Report on the Financial Statements

We have audited the accompanying basic financial statements of the Minnesota State High School League (MSHSL) as of and for the year ended July 31, 2013, and the related notes to the financial statements, which collectively comprise the League's basic financial statements, as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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 11 percent, 10 percent, and 19 percent, respectively, of the assets, net position, and revenues of the Minnesota State High School League. Those 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 solely upon 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the MSHSL's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the MSHSL's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

An Equal Opportunity Employer

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***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, 2013, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplemental Information*

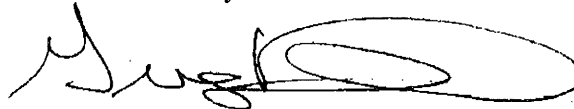
Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information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

*Other Reporting Requirements*

We also issue a separate management letter report dated December 18, 2013, which includes a Schedule of Findings and Recommendations and our Report on Internal Control Over Financial Reporting and Minnesota Legal Compliance. That report does not include the Regions listed in the first paragraph of the Auditor's Responsibility section of this letter; those Regions were audited by other auditors.



REBECCA OTTO  
STATE AUDITOR



GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

December 18, 2013

Minnesota State High School League  
Management's Discussion and Analysis  
July 31, 2013

(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, 2013. 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 Position; the Statement of Revenues, Expenses, and Changes in Net Position; 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 Position**

The Statement of Net Position 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 position under the following classifications:

**Investment 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 position at July 31, 2013 and 2012, are summarized below.

	2013	2012	Percentage Change
Current assets	\$ 4,986,812	\$ 5,065,730	(1.6%)
Noncurrent assets	542,538	493,745	9.9%
Capital assets	1,045,035	981,644	6.5%
Total Assets	<u>\$ 6,574,385</u>	<u>\$ 6,541,119</u>	.5%
Current liabilities	\$ 1,610,430	\$ 1,635,753	(1.5%)
Noncurrent liabilities	628,050	521,970	20.3%
Total liabilities	<u>\$ 2,238,480</u>	<u>\$ 2,157,723</u>	3.7%
Investment in capital assets	\$ 1,045,035	\$ 981,644	6.5%
Unrestricted	3,290,870	3,401,752	(3.3%)
Total net position	<u>\$ 4,335,905</u>	<u>\$ 4,383,396</u>	(1.1%)

Current assets at July 31, 2013, totaled \$4,986,812, a decrease of 1.6% or \$78,918. Current assets consist primarily of cash and cash equivalents, investments in negotiable and nonnegotiable certificates of deposit, equity securities and accounts receivable. Accounts receivable consists primarily of television fees owed to the League for tournaments held in 2013.

Capital assets, net of accumulated depreciation, totaled \$1,045,035. Capital assets purchased in 2013 totaled \$116,676 and consisted of office building improvements and furniture. A \$63,391 increase in capital assets is due to the difference in depreciation recorded in 2013 and capital assets purchased in 2013. 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 \$1,610,430 at July 31, 2013, a 1.5% decrease or \$25,323. Current liabilities consist primarily of school expense reimbursement payable. The school expense reimbursement liability decreased \$123,781. There is no retirement benefits payable in current liabilities in 2013. Noncurrent liabilities totaled \$628,050 at July 31, 2013, an increase of 20.3% or \$106,080. Noncurrent liabilities consist of retirement benefits payable and deferred compensation.

### Statement of Revenues, Expenses, and Changes in Net Position

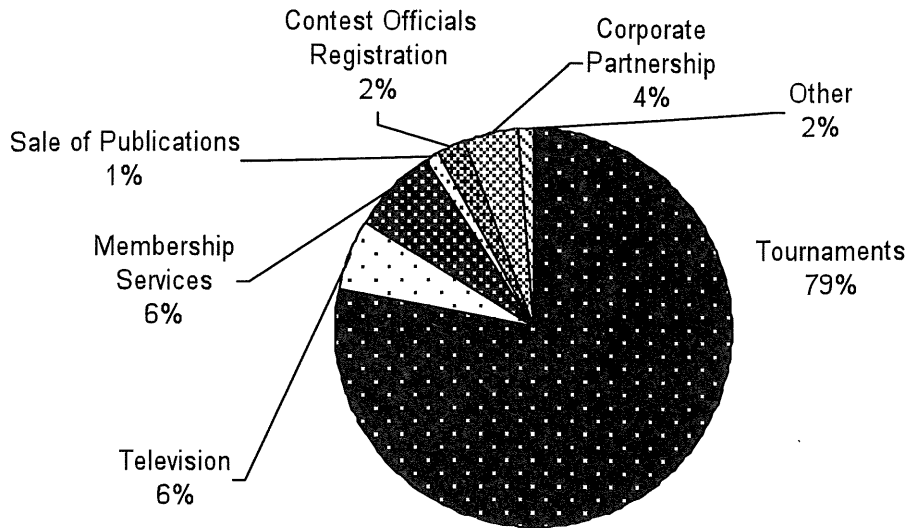
The Statement of Revenues, Expenses, and Changes in Net Position presents the League's operating and nonoperating financial activity during the year. This statement displays the net income or loss from operations. Operating revenues are those generated by the League's principal ongoing operations such 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 position for the years ended July 31, 2013 and 2012, are summarized below.

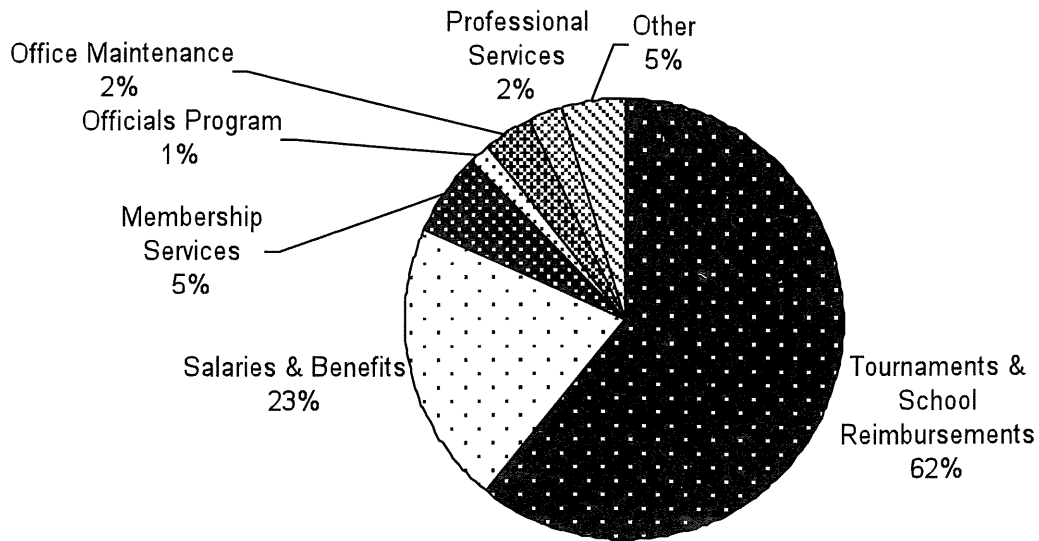
	2013	2012	Percentage Change
Operating revenues			
Tournaments	\$ 12,333,499	\$ 12,273,858	.5%
Television	870,318	849,945	2.4%
Membership services	960,580	952,750	0.8%
Contest officials registration	334,611	344,003	(2.7%)
Sale of publications	153,535	207,105	(25.9%)
Other	244,945	187,971	30.3%
Total operating revenues	<u>\$ 14,897,488</u>	<u>\$ 14,815,632</u>	.6%
Operating expenses			
Tournaments and school reimbursements	\$ 9,755,995	\$ 9,621,454	1.4%
Membership services	718,019	704,946	1.9%
Officials program	223,567	228,259	(2.1%)
Salaries and benefits	3,547,064	3,449,858	2.8%
Professional services	389,831	403,597	(3.4%)
Office maintenance	392,968	379,772	3.5%
Other	727,994	605,438	20.2%
Total operating expenses	<u>\$ 15,755,438</u>	<u>\$ 15,393,324</u>	2.4%
Operating income (loss)	<u>\$ (857,950)</u>	<u>\$ (577,692)</u>	48.5%
Non-operating revenues (expenses)			
Corporate partnership	\$ 699,967	\$ 663,670	5.5%
Interest	110,492	77,324	42.9%
Total non-operating revenues (expenses)	<u>\$ 810,459</u>	<u>\$ 740,994</u>	9.4%
Change in net position	<u>\$ (47,491)</u>	<u>\$ 163,302</u>	(129.1%)
Net position, August 1	<u>4,383,396</u>	<u>4,220,094</u>	3.9%
Net position, July 31	<u>\$ 4,335,905</u>	<u>\$ 4,383,396</u>	(1.1%)



### Total MSHSL Revenues



### Total MSHSL Expenses



For the year ended July 31, 2013, tournament revenue totaled \$12,333,499, an increase of \$59,641 or .5%. The major portion of this tournament revenue was the sale of tickets for admission to the events. More people attended the tournaments in 2013 than in 2012. Other tournament revenue consists of program sales, t-shirt and souvenir sales, advertising and sponsorships.

Television revenues increased in 2013 and are expected to increase by approximately 3% for the next 9 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, 2013, membership service revenue increased by \$7,830.

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 2.7% in fiscal year 2013. The League continues to train registered officials in League sponsored activities.

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 25.9% in fiscal year 2013. This sharp decrease in revenues was anticipated due to the League implementing an every other year rulebook requirement for schools and officials.

Operating expenses consist of tournament expenses, school reimbursements as well as general and administrative expenses. Tournament and school reimbursements increased by 1.4% in fiscal year 2013. Membership services increased 1.9%. The official's program expenses decreased by 2.1% due to fewer rulebook purchases. For fiscal year ended July 31, 2013, total operating expenses increased by 2.4%.

### 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, 2013 and 2012, are summarized below.

	2013	2012	Percentage Change
Cash provided by (used in)			
Operating activities	\$ (838,832)	\$ (240,610)	248.6%
Non-capital and related financing activities	699,967	663,670	5.5%
Capital and related financing activities	(116,676)	(4,734)	2364.6%
Investing activities	(600)	(956,576)	(99.9%)
Net increase (decrease) in cash	\$ (256,141)	\$ (538,250)	(52.4%)
Cash and cash equivalents-August 1	2,401,807	2,940,057	(18.3%)
Cash and cash equivalents-July 31	<u>\$ 2,145,666</u>	<u>\$ 2,401,807</u>	(10.7%)

### Capital Assets

Investment in capital assets includes land, building and building improvements, furniture and equipment, and computer equipment. Total depreciation expense for the year was \$53,285. Capital additions consisted of office building improvements and furniture totaling \$116,676.

### 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 the 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 POSITION  
 JULY 31, 2013

Assets

	2013
<b>Current Assets</b>	
Cash and cash equivalents (Note 2)	\$ 2,145,666
Investments (Note 2)	2,630,873
Accounts receivable	197,024
Accrued interest receivable	2,187
Prepaid items	<u>11,062</u>
Total current assets	<u>\$ 4,986,812</u>
<b>Noncurrent Assets</b>	
Restricted assets	
Deferred compensation (Note 10)	<u>\$ 184,228</u>
Capital assets	
Non-depreciable	\$ 318,564
Depreciable-net of accumulated depreciation	<u>726,471</u>
Net capital assets (Note 3)	<u>\$ 1,045,035</u>
Other assets	
Investments held for retirement benefits (Note 7)	<u>\$ 358,310</u>
Total noncurrent assets	<u>\$ 1,587,573</u>
Total Assets	<u>\$ 6,574,385</u>

Liabilities and Net Position

<b>Current Liabilities</b>	
Salaries payable	\$ 82,737
Accounts payable	131,541
School expense reimbursement payable	1,206,903
Accrued employee benefits payable (Note 6)	152,697
Deferred income (Note 5)	<u>36,552</u>
Total current liabilities	<u>\$ 1,610,430</u>
<b>Noncurrent Liabilities</b>	
Retirement benefits payable (Note 7)	\$ 356,134
Net other post-employment benefits payable (Note 13)	87,688
Deferred compensation (Note 10)	<u>184,228</u>
Total noncurrent liabilities	<u>\$ 628,050</u>
Total Liabilities	<u>\$ 2,238,480</u>
<b>Net Position (Note 8)</b>	
Investment in capital assets	\$ 1,045,035
Unrestricted	<u>3,290,870</u>
Total Net Position	<u>\$ 4,335,905</u>

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JULY 31, 2013

	2013
Operating Revenues	
Tournaments	\$ 12,333,499
Television	870,318
Membership services	960,580
Contest officials registration	334,611
Sales of handbooks, rule books, and supplies	153,535
Other	<u>244,945</u>
Total Operating Revenues	<u>\$ 14,897,488</u>
Operating Expenses	
Tournaments	\$ 8,434,591
School expense reimbursement	1,321,404
Membership services	
Insurance	499,148
Handbooks, rule books, and supplies	117,263
Other	101,608
Fine arts programs	16,114
Officials program	223,567
Committees	121,519
Board of directors	85,328
Salaries	2,488,212
Employee benefits	1,058,852
Insurance	15,429
Legal	107,222
Other professional services	282,609
Maintenance	49,296
Utilities	46,348
Postage	67,792
Supplies	101,749
Data processing and office equipment	59,069
Public relations	116,236
Corporate sponsor commission	52,500
Television consulting	14,867
Depreciation	53,285
Other	<u>321,430</u>
Total Operating Expenses	<u>\$ 15,755,438</u>
Operating Income (Loss)	<u>\$ (857,950)</u>
Nonoperating Revenues (Expenses)	
Corporate partnership	\$ 699,967
Interest	<u>110,492</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 810,459</u>
Change in Net Position	\$ (47,491)
Total Net Position - August 1	<u>4,383,396</u>
Total Net Position - July 31	<u><u>\$ 4,335,905</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, 2013

	2013
Cash Flows from Operating Activities	
Cash received from customers	\$ 12,611,879
Cash received from schools	960,580
Payments to suppliers for goods and services	(9,529,266)
Payments to employees for services	(2,480,367)
Payments for fringe benefits	(1,001,172)
Payments to schools	<u>(1,400,486)</u>
Net Cash Provided by (Used In) Operating Activities	\$ <u>(838,832)</u>
Cash Flows from Non-Capital and Related Financing Activities	
Corporate partnership	\$ 699,967
Operating transfers in	862,980
Operating transfers out	<u>(862,980)</u>
Net Cash Provided by (Used In) Non-Capital and Related Financing Activities	\$ <u>699,967</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	\$ <u>(116,676)</u>
Cash Flows from Investing Activities	
Interest on investments	\$ 109,251
Proceeds from sales and maturities of investments	2,548,165
Purchases of investments	<u>(2,658,016)</u>
Net Cash Provided by (Used In) Investing Activities	\$ <u>(600)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (256,141)
Cash and Cash Equivalents - August 1	<u>2,401,807</u>
Cash and Cash Equivalents - July 31	<u><u>\$ 2,145,666</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities	
Operating Income (Loss)	\$ <u>(857,950)</u>
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities	
Depreciation	53,285
(Increase) Decrease in accounts receivable	(102,010)
(Increase) Decrease in prepaid expenses	35,486
Increase (Decrease) in salaries payable	9,393
Increase (Decrease) in accounts payable	70,754
Increase (Decrease) in school expense reimbursement payable	(123,781)
Increase (Decrease) in short-term accrued employee benefits payable	(93)
Increase (Decrease) in deferred income	18,404
Increase (Decrease) net other post-employment benefits payable	45,688
Increase (Decrease) in retirement benefits payable	<u>11,992</u>
Total adjustments	\$ <u>19,118</u>
Net Cash Provided By (Used In) Operating Activities	\$ <u><u>(838,832)</u></u>

Non-cash Operating Activities

The MSHSL has \$1,260,705 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, 2013**

**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, 2013. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). 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, 2013, 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 straightline 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

The MSHSL is governed by the deposit and investment limitations of its own internal policies. The deposits and investments held on July 31, 2013, reported at fair value, are shown below.

	Maturities	Fair Value
Deposits:		
Checking and savings	-	\$ 1,753,049
Cash with broker	-	500,748
Total Deposits		2,253,797
Investments:		
Negotiable certificates of deposit		
Wells Fargo	Various	\$ 1,454,167
Wells Fargo	Various	249,975
Equities	Various	1,176,706
Total Investments		\$ 2,880,848
Total Deposits and Investments		\$ 5,134,645
Add:		
Petty Cash	-	204
Deferred compensation	-	184,228
Total Cash, Cash Equivalents, and Investments		\$ 5,319,077

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

2. Deposits and Investments (Continued)

Reconciliation to the Statement of  
Net Position:

Cash and cash equivalents	\$ 2,145,666
Investments	2,630,873
Deferred compensation	184,228
Investments held for retirement benefits	358,310
Total Cash, Cash Equivalents, and Investments	\$ 5,319,077

Custodial Credit Risk – As of July 31, 2013, deposits in financial institutions, reported as components of cash, cash equivalents, and investments, had a carrying value of \$2,253,797. Bank balances were \$2,591,864, of which \$251,713 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, 2013, negotiable certificates of deposit in the amount of \$1,704,142 were unregistered and held by the MSHSL or its agent, but not in the MSHSL's name.

Investment Interest Rate Risk – The MSHSL has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk – The MSHSL has a formal investment policy that limits its investment choices.

Concentration of Investment Credit Risk – The MSHSL investment policy limits the amount it may invest in any one issuer. At July 31, 2013, the MSHSL had no concentration of credit risk.

3. Capital Assets

Capital assets comprise the following at July 31, 2013:

	08/01/2012	Additions	Deductions/ Adjustments	07/31/2013
Capital asset, not being depreciated:				
Land and land improvements	\$ 318,564	\$ -	\$ -	\$ 318,564
Capital assets, being depreciated:				
Building and building improvements	\$ 1,512,953	\$ 93,838	\$ -	\$ 1,606,791
Furniture and equipment	200,992	22,838	-	223,830
Computer equipment	4,454	-	-	4,454
Total capital assets being depreciated	\$ 1,718,399	\$ 116,676	\$ -	\$ 1,835,075
Less: accumulated depreciation				
Building and building improvements	\$ (867,175)	\$ (41,821)	\$ -	\$ (908,996)
Furniture and equipment	(183,690)	(11,464)	-	(195,154)
Computer equipment	(4,454)	-	-	(4,454)
Total accumulated depreciation	\$ (1,055,319)	\$ (53,285)	\$ -	\$ (1,108,604)
Total capital assets being depreciated, net	\$ 663,080	\$ 63,391	\$ -	\$ 726,471
Net Capital Assets	\$ 981,644	\$ 63,391	\$ -	\$ 1,045,035

Depreciation expense totaling \$53,285 was charged for the year ended July 31, 2013.

**MINNESOTA STATE HIGH SCHOOL LEAGUE  
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 \$16,327 for the year ended July 31, 2013. Future minimum lease payments at July 31, 2013, are as follows:

2014	16,957
2015	16,446
2016	16,446
2017	8,917
2018	1,403
	1,403
Total	\$ 60,169

5. Deferred Income

Deferred income consists of remaining grant funds and 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, 2013:

Current Liabilities	
Vacation leave	\$ <u>152,697</u>

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, 2013, is \$356,134. 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 \$2,176 for the year ended July 31, 2013.

Retirement benefits activity for the year ended July 31, 2013:

	08/01/2012	Additions	Deductions	07/31/2013	Due Within One Year
Retirement benefits payable	\$ 344,142	\$ 11,992	\$ -	\$ 356,134	\$ -

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

8. Equity Classifications

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

- A. Investment in capital assets – Consists of capital assets, net of accumulated depreciation.
- B. Unrestricted – All other net positions that do not meet the definition of “investment 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 \$307,951 for the year ended July 31, 2013.

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 director’s 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, 2013.

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, 2013. 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

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

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, 2011, the date of the latest actuarial valuation:

Active employees	24
Retired employees	2
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 2013, the MSHSL expended \$12,315 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 (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 2013, the amount actuarially contributed to the plan, and changes in the MSHSL's net OPEB obligation.

Annual required contribution (ARC)	\$	58,648
Interest on net OPEB obligation		1,890
Adjustment to ARC		(2,535)
Annual OPEB cost		58,003
Contributions during the year		(12,315)
Increase (Decrease) in net OPEB obligation		45,688
Net OPEB – Beginning of the year		42,000
Net OPEB – End of the year	\$	87,688

The MSHSL's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB payable for fiscal year 2013 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contribution	Net OPEB Obligation
July 31, 2011	\$ 48,830	\$ 42,064	86.1%	\$ 10,989
July 31, 2012	58,481	27,470	47.0%	42,000
July 31, 2013	58,003	12,315	21.2%	87,688

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

13. Other Post-Employment Benefits (Continued)

Funded 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)	\$523,059
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$523,059
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered Payroll (active plan members)	\$1,819,443
UAAL as a percentage of covered payroll	28.7%

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, 2011, 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 8.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after six 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, 2013**

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)
August 1, 2008	\$ -	\$ 417,915	\$ 417,915	0.0%	\$1,589,332	26.3%
August 1, 2011	\$ -	\$ 523,059	\$ 523,059	0.0%	\$1,819,443	28.7%

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

STATEMENT OF NET POSITION BY LOCATION  
JULY 31, 2013

	MSHSL OFFICE						
		1A	2A	3A	4A	5A	6A
<u>Assets</u>							
Current Assets							
Cash and cash equivalents (Note 2)	\$ 740,902	76,371	118,182	84,334	17,732	92,494	59,163
Investments (Note 2)	2,630,873	-	-	-	-	-	-
Accounts receivable	190,514	-	-	-	-	-	-
Accrued interest receivable	2,124	-	-	-	-	63	-
Prepaid items	11,062	-	-	-	-	-	-
Total current assets	\$ 3,575,475	76,371	118,182	84,334	17,732	92,557	59,163
Noncurrent Assets							
Restricted assets							
Deferred compensation (Note 10)	\$ 184,228	-	-	-	-	-	-
Capital assets							
Non-depreciable	\$ 318,564	-	-	-	-	-	-
Depreciable-net of accumulated depreciation	726,471	-	-	-	-	-	-
Net capital assets (Note 3)	\$ 1,045,035	-	-	-	-	-	-
Other assets							
Investments held for retirement benefits (Note 7)	\$ 358,310	-	-	-	-	-	-
Total noncurrent assets	\$ 1,587,573	-	-	-	-	-	-
Total Assets	\$ 5,163,048	76,371	118,182	84,334	17,732	92,557	59,163
<u>Liabilities and Net Position</u>							
Current Liabilities							
Salaries payable	\$ 82,064	-	-	-	-	-	-
Accounts payable	116,377	-	-	-	-	52	-
School expense reimbursement payable	694,180	40,162	85,900	7,069	-	9,889	-
Accrued employee benefits payable (Note 6)	152,697	-	-	-	-	-	-
Deferred income (Note 5)	34,352	-	2,200	-	-	-	-
Total current liabilities	\$ 1,079,670	40,162	88,100	7,069	-	9,941	-
Noncurrent Liabilities							
Retirement benefits payable (Note 7)	\$ 356,134	-	-	-	-	-	-
Net other post-employment benefits payable (Note 13)	87,688	-	-	-	-	-	-
Deferred compensation (Note 10)	184,228	-	-	-	-	-	-
Total noncurrent liabilities	\$ 628,050	-	-	-	-	-	-
Total Liabilities	\$ 1,707,720	40,162	88,100	7,069	-	9,941	-
Net Position (Note 8)							
Investment in capital assets	\$ 1,045,035	-	-	-	-	-	-
Unrestricted	2,410,293	36,209	30,082	77,265	17,732	82,616	59,163
Total Net Position	\$ 3,455,328	36,209	30,082	77,265	17,732	82,616	59,163

SCHEDULE 1

ADMINISTRATIVE REGIONS										TOTAL	COMBINED
7A	8A	1AA	2AA	3AA	4AA	5AA	6AA	7AA	8AA	ADMINISTRATIVE	TOTAL
125,029	57,596	58,340	56,957	103,130	113,865	147,602	88,882	125,843	79,244	\$ 1,404,764	\$ 2,145,666
-	-	-	-	-	-	-	-	-	-	-	2,630,873
2,824	-	-	3,686	-	-	-	-	-	-	6,510	197,024
-	-	-	-	-	-	-	-	-	-	63	2,187
-	-	-	-	-	-	-	-	-	-	-	11,062
<u>127,853</u>	<u>57,596</u>	<u>58,340</u>	<u>60,643</u>	<u>103,130</u>	<u>113,865</u>	<u>147,602</u>	<u>88,882</u>	<u>125,843</u>	<u>79,244</u>	\$ <u>1,411,337</u>	\$ <u>4,986,812</u>
-	-	-	-	-	-	-	-	-	-	\$ -	\$ 184,228
-	-	-	-	-	-	-	-	-	-	\$ -	\$ 318,564
-	-	-	-	-	-	-	-	-	-	-	726,471
-	-	-	-	-	-	-	-	-	-	\$ -	\$ 1,045,035
-	-	-	-	-	-	-	-	-	-	\$ -	\$ 358,310
-	-	-	-	-	-	-	-	-	-	\$ -	\$ 1,587,573
<u>127,853</u>	<u>57,596</u>	<u>58,340</u>	<u>60,643</u>	<u>103,130</u>	<u>113,865</u>	<u>147,602</u>	<u>88,882</u>	<u>125,843</u>	<u>79,244</u>	\$ <u>1,411,337</u>	\$ <u>6,574,385</u>
-	-	-	673	-	-	-	-	-	-	\$ 673	\$ 82,737
14,357	-	-	-	-	-	755	-	-	-	15,164	131,541
55,500	-	228	10,486	29,918	59,114	92,204	31,503	72,240	18,510	512,723	1,206,903
-	-	-	-	-	-	-	-	-	-	-	152,697
-	-	-	-	-	-	-	-	-	-	2,200	36,552
<u>69,857</u>	<u>-</u>	<u>228</u>	<u>11,159</u>	<u>29,918</u>	<u>59,114</u>	<u>92,959</u>	<u>31,503</u>	<u>72,240</u>	<u>18,510</u>	\$ <u>530,760</u>	\$ <u>1,610,430</u>
-	-	-	-	-	-	-	-	-	-	\$ -	\$ 356,134
-	-	-	-	-	-	-	-	-	-	-	87,688
-	-	-	-	-	-	-	-	-	-	-	184,228
-	-	-	-	-	-	-	-	-	-	\$ -	\$ 628,050
<u>69,857</u>	<u>-</u>	<u>228</u>	<u>11,159</u>	<u>29,918</u>	<u>59,114</u>	<u>92,959</u>	<u>31,503</u>	<u>72,240</u>	<u>18,510</u>	\$ <u>530,760</u>	\$ <u>2,238,480</u>
-	-	-	-	-	-	-	-	-	-	\$ -	\$ 1,045,035
<u>57,996</u>	<u>57,596</u>	<u>58,112</u>	<u>49,484</u>	<u>73,212</u>	<u>54,751</u>	<u>54,643</u>	<u>57,379</u>	<u>53,603</u>	<u>60,734</u>	<u>880,577</u>	<u>3,290,870</u>
<u>57,996</u>	<u>57,596</u>	<u>58,112</u>	<u>49,484</u>	<u>73,212</u>	<u>54,751</u>	<u>54,643</u>	<u>57,379</u>	<u>53,603</u>	<u>60,734</u>	\$ <u>880,577</u>	\$ <u>4,335,905</u>

MINNESOTA STATE HIGH SCHOOL LEAGUE  
BROOKLYN CENTER, MINNESOTA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY LOCATION  
FOR THE YEAR ENDED JULY 31, 2013

	MSHSL OFFICE						
		1A	2A	3A	4A	5A	6A
Operating Revenues							
Tournaments	\$ 6,538,015	452,080	407,566	393,409	229,414	405,175	512,856
Television	870,318	-	-	-	-	-	-
Membership services	960,580	-	-	-	-	-	-
Contest officials registration	334,611	-	-	-	-	-	-
Sales of handbooks, rule books, and supplies	153,535	-	-	-	-	-	-
Other	219,509	2,230	50	-	-	1,760	-
<b>Total Operating Revenues</b>	<b>\$ 9,076,568</b>	<b>454,310</b>	<b>407,616</b>	<b>393,409</b>	<b>229,414</b>	<b>406,935</b>	<b>512,856</b>
Operating Expenses							
Tournaments	\$ 4,167,892	338,560	229,733	299,428	204,577	319,681	390,327
School expense reimbursement	694,180	80,417	85,900	7,965	-	9,889	-
Membership services							
Insurance	491,948	450	450	450	450	450	450
Handbooks, rule books, and supplies	117,263	-	-	-	-	-	-
Other	101,608	-	-	-	-	-	-
Fine arts programs	16,114	-	-	-	-	-	-
Officials program	223,567	-	-	-	-	-	-
Committees	18,176	9,692	4,822	11,791	1,343	7,774	9,252
Board of directors	85,328	-	-	-	-	-	-
Salaries	1,956,887	35,397	39,655	25,100	29,371	27,500	47,924
Employee benefits	946,552	7,120	8,189	5,183	6,010	5,679	12,944
Insurance	15,429	-	-	-	-	-	-
Legal	107,222	-	-	-	-	-	-
Other professional services	93,380	49,207	5,360	34,250	26,631	37,046	6,200
Maintenance	49,296	-	-	-	-	-	-
Utilities	46,348	-	-	-	-	-	-
Postage	66,210	-	-	-	-	-	1,582
Supplies	30,931	511	2,089	10,122	3,455	3,359	14,399
Data processing and office equipment	59,069	-	-	-	-	-	-
Public relations	72,288	3,341	3,539	-	-	10,574	-
Corporate sponsor commission	52,500	-	-	-	-	-	-
Television consulting	14,867	-	-	-	-	-	-
Depreciation	53,285	-	-	-	-	-	-
Other	303,930	856	2,882	-	247	1,017	2,110
<b>Total Operating Expenses</b>	<b>\$ 9,784,270</b>	<b>525,551</b>	<b>382,619</b>	<b>394,289</b>	<b>272,084</b>	<b>422,969</b>	<b>485,188</b>
Operating Income (Loss)	\$ (707,702)	(71,241)	24,997	(880)	(42,670)	(16,034)	27,668
Nonoperating Revenues (Expenses)							
Corporate partnership	\$ 695,167	2,600	-	-	-	-	-
Interest	109,256	-	13	95	-	211	26
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ 804,423</b>	<b>2,600</b>	<b>13</b>	<b>95</b>	<b>-</b>	<b>211</b>	<b>26</b>
Income Before Transfers	\$ 96,721	(68,641)	25,010	(785)	(42,670)	(15,823)	27,694
Operating Transfers In	-	35,708	50,698	44,208	88,448	78,635	42,997
Operating Transfers Out	(102,556)	(9,805)	(75,681)	(41,062)	(35,037)	(55,730)	(78,317)
Change in Net Position	\$ (5,835)	(42,738)	27	2,361	10,741	7,082	(7,626)
Total Net Position - August 1	3,461,163	78,947	30,055	74,904	6,991	75,534	66,789
Total Net Position - July 31	\$ 3,455,328	36,209	30,082	77,265	17,732	82,616	59,163

SCHEDULE 2

ADMINISTRATIVE REGIONS										TOTAL ADMINISTRATIVE REGIONS	COMBINED TOTAL		
7A	8A	1AA	2AA	3AA	4AA	5AA	6AA	7AA	8AA				
406,741	286,343	340,923	275,334	428,257	318,637	358,103	282,201	315,916	382,529	\$	5,795,484	\$	12,333,499
-	-	-	-	-	-	-	-	-	-	-	-	-	870,318
-	-	-	-	-	-	-	-	-	-	-	-	-	960,580
-	-	-	-	-	-	-	-	-	-	-	-	-	334,611
-	-	-	-	-	-	-	-	-	-	-	-	-	153,535
1,877	2,502	4,235	3,825	4,460	1,037	1,637	1,823	-	-	-	25,436	-	244,945
408,618	288,845	345,158	279,159	432,717	319,674	359,740	284,024	315,916	382,529	\$	5,820,920	\$	14,897,488
276,656	261,738	237,777	225,857	308,776	241,279	228,456	243,951	214,608	245,295	\$	4,266,699	\$	8,434,591
55,500	-	62,628	10,516	29,918	46,495	91,625	31,492	72,240	42,639	-	627,224	-	1,321,404
450	450	450	450	450	450	450	450	450	450	-	7,200	-	499,148
-	-	-	-	-	-	-	-	-	-	-	-	-	117,263
-	-	-	-	-	-	-	-	-	-	-	-	-	101,608
-	-	-	-	-	-	-	-	-	-	-	-	-	16,114
-	-	-	-	-	-	-	-	-	-	-	-	-	223,567
13,672	10,563	9,384	2,202	1,534	2,932	-	104	8,104	10,174	-	103,343	-	121,519
-	-	-	-	-	-	-	-	-	-	-	-	-	85,328
38,208	35,000	30,750	34,150	30,000	30,000	33,270	30,000	32,000	33,000	-	531,325	-	2,488,212
8,041	7,227	6,350	7,145	6,195	6,195	6,405	6,195	6,608	6,814	-	112,300	-	1,058,852
-	-	-	-	-	-	-	-	-	-	-	-	-	15,429
-	-	-	-	-	-	-	-	-	-	-	-	-	107,222
7,025	2,375	3,422	-	3,384	3,444	2,804	3,156	3,025	1,900	-	189,229	-	282,609
-	-	-	-	-	-	-	-	-	-	-	-	-	49,296
-	-	-	-	-	-	-	-	-	-	-	-	-	46,348
-	-	-	-	-	-	-	-	-	-	-	1,582	-	67,792
3,756	3,942	2,425	7,214	2,685	2,073	5,587	2,493	2,704	4,004	-	70,818	-	101,749
-	-	-	-	-	-	-	-	-	-	-	-	-	59,069
-	11,993	-	-	12,469	-	-	-	-	2,032	-	43,948	-	116,236
-	-	-	-	-	-	-	-	-	-	-	-	-	52,500
-	-	-	-	-	-	-	-	-	-	-	-	-	14,867
-	-	-	-	-	-	-	-	-	-	-	-	-	53,285
-	2,212	-	5,733	565	-	1,334	544	-	-	-	17,500	-	321,430
403,308	335,500	353,186	293,267	395,976	332,868	369,931	318,385	339,739	346,308	\$	5,971,168	\$	15,755,438
5,310	(46,655)	(8,028)	(14,108)	36,741	(13,194)	(10,191)	(34,361)	(23,823)	36,221	\$	(150,248)	\$	(857,950)
-	2,200	-	-	-	-	-	-	-	-	\$	4,800	\$	699,967
116	95	258	45	-	25	232	53	56	11	-	1,236	-	110,492
116	2,295	258	45	-	25	232	53	56	11	\$	6,036	\$	810,459
5,426	(44,360)	(7,770)	(14,063)	36,741	(13,169)	(9,959)	(34,308)	(23,767)	36,232	\$	(144,212)	\$	(47,491)
20,486	50,279	34,911	73,262	57,554	62,844	63,577	69,448	59,566	30,359	-	862,980	-	862,980
(35,539)	(12,224)	(24,145)	(54,878)	(91,236)	(47,115)	(65,173)	(31,684)	(37,185)	(65,613)	-	(760,424)	-	(862,980)
(9,627)	(6,305)	2,996	4,321	3,059	2,560	(11,555)	3,456	(1,386)	978	\$	(41,656)	\$	(47,491)
67,623	63,901	55,116	45,163	70,153	52,191	66,198	53,923	54,989	59,756	-	922,233	-	4,383,396
57,996	57,596	58,112	49,484	73,212	54,751	54,643	57,379	53,603	60,734	\$	880,577	\$	4,335,905

MINNESOTA STATE HIGH SCHOOL LEAGUE  
BROOKLYN CENTER, MINNESOTA

STATEMENT OF CASH FLOWS BY LOCATION  
FOR THE YEAR ENDED JULY 31, 2013

	MSHSL OFFICE						
		1A	2A	3A	4A	5A	6A
<b>Cash Flows from Operating Activities</b>							
Cash received from customers	\$ 6,789,169	454,310	409,816	393,409	229,414	406,935	512,856
Cash received from schools	960,580	-	-	-	-	-	-
Payments to suppliers for goods and services	(4,799,821)	(402,628)	(248,875)	(356,260)	(236,703)	(379,849)	(422,865)
Payments to employees for services	(1,947,587)	(35,397)	(39,655)	(25,100)	(29,371)	(27,500)	(49,379)
Payments for fringe benefits	(888,965)	(7,120)	(8,189)	(5,183)	(6,010)	(5,679)	(12,944)
Payments to schools	(677,925)	(40,255)	(117,700)	(55,992)	-	(40,912)	-
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>\$ (564,549)</b>	<b>(31,090)</b>	<b>(4,603)</b>	<b>(49,126)</b>	<b>(42,670)</b>	<b>(47,005)</b>	<b>27,668</b>
<b>Cash Flows from Non-Capital and Related Financing Activities</b>							
Corporate partnership	\$ 695,167	2,600	-	-	-	-	-
Operating transfers in	-	35,708	50,698	44,208	88,448	78,635	42,997
Operating transfers out	(102,556)	(9,805)	(75,681)	(41,062)	(35,037)	(55,730)	(78,317)
<b>Net Cash Provided By (Used In) Non-Capital and Related Financing Activities</b>	<b>\$ 592,611</b>	<b>28,503</b>	<b>(24,983)</b>	<b>3,146</b>	<b>53,411</b>	<b>22,905</b>	<b>(35,320)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>							
Purchase of capital assets	\$ (116,676)	-	-	-	-	-	-
<b>Cash Flows from Investing Activities</b>							
Interest on investments	\$ 108,015	-	13	95	-	211	26
Proceeds from sales and maturities of investments	2,548,165	-	-	-	-	-	-
Purchases of investments	(2,658,016)	-	-	-	-	-	-
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>\$ (1,836)</b>	<b>-</b>	<b>13</b>	<b>95</b>	<b>-</b>	<b>211</b>	<b>26</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ (90,450)</b>	<b>(2,587)</b>	<b>(29,573)</b>	<b>(45,885)</b>	<b>10,741</b>	<b>(23,889)</b>	<b>(7,626)</b>
<b>Cash and Cash Equivalents - August 1</b>	<b>\$ 831,352</b>	<b>78,958</b>	<b>147,755</b>	<b>130,219</b>	<b>6,991</b>	<b>116,383</b>	<b>66,789</b>
<b>Cash and Cash Equivalents - July 31</b>	<b>\$ 740,902</b>	<b>76,371</b>	<b>118,182</b>	<b>84,334</b>	<b>17,732</b>	<b>92,494</b>	<b>59,163</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</b>							
Operating Income (Loss)	\$ (707,702)	(71,241)	24,997	(880)	(42,670)	(16,034)	27,668
<b>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</b>							
Depreciation	53,285	-	-	-	-	-	-
(Increase) Decrease in accounts receivable	(101,600)	-	-	-	-	-	-
(Increase) Decrease in prepaid expenses	35,486	-	-	-	-	-	-
Increase (Decrease) in salaries payable	9,300	-	-	-	-	-	-
Increase (Decrease) in accounts payable	56,636	(11)	-	(219)	-	52	-
Increase (Decrease) in school expense reimbursement payable	16,255	40,162	(31,800)	(48,027)	-	(31,023)	-
Increase (Decrease) in short-term accrued employee benefits payable	(93)	-	-	-	-	-	-
Increase (Decrease) in deferred income	16,204	-	2,200	-	-	-	-
Increase (Decrease) in net other post-employment benefits payable	45,688	-	-	-	-	-	-
Increase (Decrease) in retirement benefits payable	11,992	-	-	-	-	-	-
<b>Total adjustments</b>	<b>\$ 143,153</b>	<b>40,151</b>	<b>(29,600)</b>	<b>(48,246)</b>	<b>-</b>	<b>(30,971)</b>	<b>-</b>
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>\$ (564,549)</b>	<b>(31,090)</b>	<b>(4,603)</b>	<b>(49,126)</b>	<b>(42,670)</b>	<b>(47,005)</b>	<b>27,668</b>

Non-cash Operating Activities

The MSHSL has \$1,260,705 of non-monetary exchange revenues and expenses

ADMINISTRATIVE REGIONS										TOTAL ADMINISTRATIVE REGIONS	COMBINED TOTAL		
7A	8A	1AA	2AA	3AA	4AA	5AA	6AA	7AA	8AA				
405,794	288,845	345,158	275,752	432,717	319,674	365,561	284,024	315,916	382,529	\$	5,822,710	\$	12,611,879
-	-	-	-	-	-	-	-	-	-	-	-	-	960,580
(288,018)	(293,273)	(253,458)	(241,456)	(329,863)	(250,178)	(237,876)	(250,698)	(228,891)	(308,554)		(4,729,445)		(9,529,266)
(38,208)	(35,000)	(30,750)	(34,150)	(30,000)	(30,000)	(33,270)	(30,000)	(32,000)	(33,000)		(532,780)		(2,480,367)
(8,041)	(7,227)	(6,350)	(7,052)	(6,195)	(6,195)	(6,405)	(6,195)	(6,608)	(6,814)		(112,207)		(1,001,172)
(63,999)	(32,000)	(62,400)	(35,218)	(51,338)	(24,000)	(111,563)	(36,896)	(50,288)	-		(722,561)		(1,400,486)
<u>7,528</u>	<u>(78,655)</u>	<u>(7,800)</u>	<u>(42,124)</u>	<u>15,321</u>	<u>9,301</u>	<u>(23,553)</u>	<u>(39,765)</u>	<u>(1,871)</u>	<u>34,161</u>	\$	<u>(274,283)</u>	\$	<u>(838,832)</u>
-	2,200	-	-	-	-	-	-	-	-	\$	4,800	\$	699,967
20,486	50,279	34,911	73,262	57,554	62,844	63,577	69,448	59,566	30,359		862,980		862,980
(35,539)	(12,224)	(24,145)	(54,878)	(91,236)	(47,115)	(65,173)	(31,684)	(37,185)	(65,613)		(760,424)		(862,980)
<u>(15,053)</u>	<u>40,255</u>	<u>10,766</u>	<u>18,384</u>	<u>(33,682)</u>	<u>15,729</u>	<u>(1,596)</u>	<u>37,764</u>	<u>22,381</u>	<u>(35,254)</u>	\$	<u>107,356</u>	\$	<u>699,967</u>
-	-	-	-	-	-	-	-	-	-	\$	-	\$	(116,676)
116	95	258	45	-	25	232	53	56	11	\$	1,236	\$	109,251
-	-	-	-	-	-	-	-	-	-		-		2,548,165
-	-	-	-	-	-	-	-	-	-		-		(2,658,016)
<u>116</u>	<u>95</u>	<u>258</u>	<u>45</u>	<u>-</u>	<u>25</u>	<u>232</u>	<u>53</u>	<u>56</u>	<u>11</u>	\$	<u>1,236</u>	\$	<u>(600)</u>
(7,409)	(38,305)	3,224	(23,695)	(18,361)	25,055	(24,917)	(1,948)	20,566	(1,082)	\$	(165,691)	\$	(256,141)
<u>132,438</u>	<u>95,901</u>	<u>55,116</u>	<u>80,652</u>	<u>121,491</u>	<u>88,810</u>	<u>172,519</u>	<u>90,830</u>	<u>105,277</u>	<u>80,326</u>	\$	<u>1,570,455</u>	\$	<u>2,401,807</u>
<u>125,029</u>	<u>57,596</u>	<u>58,340</u>	<u>56,957</u>	<u>103,130</u>	<u>113,865</u>	<u>147,602</u>	<u>88,882</u>	<u>125,843</u>	<u>79,244</u>	\$	<u>1,404,764</u>	\$	<u>2,145,666</u>
5,310	(46,655)	(8,028)	(14,108)	36,741	(13,194)	(10,191)	(34,361)	(23,823)	36,221	\$	(150,248)	\$	(857,950)
-	-	-	-	-	-	-	-	-	-		-		53,285
(2,824)	-	-	(3,407)	-	-	5,821	-	-	-		(410)		(102,010)
-	-	-	-	-	-	-	-	-	-		-		35,486
-	-	-	93	-	-	-	-	-	-		93		9,393
13,541	-	-	-	-	-	755	-	-	-		14,118		70,754
(8,499)	(32,000)	228	(24,702)	(21,420)	22,495	(19,938)	(5,404)	21,952	(2,060)		(140,036)		(123,781)
-	-	-	-	-	-	-	-	-	-		-		(93)
-	-	-	-	-	-	-	-	-	-		2,200		18,404
-	-	-	-	-	-	-	-	-	-		-		45,688
-	-	-	-	-	-	-	-	-	-		-		11,992
<u>2,218</u>	<u>(32,000)</u>	<u>228</u>	<u>(28,016)</u>	<u>(21,420)</u>	<u>22,495</u>	<u>(13,362)</u>	<u>(5,404)</u>	<u>21,952</u>	<u>(2,060)</u>	\$	<u>(124,035)</u>	\$	<u>19,118</u>
<u>7,528</u>	<u>(78,655)</u>	<u>(7,800)</u>	<u>(42,124)</u>	<u>15,321</u>	<u>9,301</u>	<u>(23,553)</u>	<u>(39,765)</u>	<u>(1,871)</u>	<u>34,161</u>	\$	<u>(274,283)</u>	\$	<u>(838,832)</u>



SCHEDULE OF TOURNAMENT REVENUES AND DIRECT EXPENSES  
FOR THE YEAR ENDED JULY 31, 2013

	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	\$ 91,705	\$ 75,705	\$ 16,000	\$ 295,822	\$ 307,320	\$ (11,498)	\$ 387,527	\$ 383,025	\$ 4,502
Boys' basketball	562,253	224,245	338,008	998,579	358,682	639,897	1,560,832	582,927	977,905
Girls' basketball	328,559	204,384	124,175	644,990	330,155	314,835	973,549	534,539	439,010
Cross country running	15,474	27,850	(12,376)	18,154	49,241	(31,087)	33,628	77,091	(43,463)
Football	990,452	396,168	594,284	1,165,223	570,777	594,446	2,155,675	966,945	1,188,730
Golf	12,674	57,322	(44,648)	17,560	107,495	(89,935)	30,234	164,817	(134,583)
Girls' gymnastics	49,856	67,746	(17,890)	28,227	47,393	(19,166)	78,083	115,139	(37,056)
Boys' hockey	1,487,593	372,456	1,115,137	621,700	250,062	371,638	2,109,293	622,518	1,486,775
Nordic ski racing	3,820	23,621	(19,801)	1,794	27,363	(25,569)	5,614	50,984	(45,370)
Alpine skiing	4,362	26,744	(22,382)	-	34,801	(34,801)	4,362	61,545	(57,183)
Soccer	148,361	118,010	30,351	270,328	184,602	85,726	418,689	302,612	116,077
Girls' softball	60,076	48,763	11,313	147,980	204,379	(56,399)	208,056	253,142	(45,086)
Boys' swimming	50,288	49,322	966	53,699	48,169	5,530	103,987	97,491	6,496
Girls' swimming	52,200	49,488	2,712	66,936	58,881	8,055	119,136	108,369	10,767
Boys' tennis	5,277	36,189	(30,912)	5,116	42,030	(36,914)	10,393	78,219	(67,826)
Girls' tennis	6,355	39,771	(33,416)	10,256	65,453	(55,197)	16,611	105,224	(88,613)
Track and field	141,178	138,871	2,307	158,764	200,243	(41,479)	299,942	339,114	(39,172)
Girls' volleyball	186,439	151,187	35,252	487,399	271,754	215,645	673,838	422,941	250,897
Wrestling	528,905	232,748	296,157	263,955	242,117	21,838	792,860	474,865	317,995
Synchronized swimming	-	505	(505)	-	-	-	-	505	(505)
Adapted soccer	7,374	18,917	(11,543)	-	-	-	7,374	18,917	(11,543)
Adapted floor hockey	10,057	19,606	(9,549)	-	-	-	10,057	19,606	(9,549)
Adapted softball	6,850	19,319	(12,469)	-	-	-	6,850	19,319	(12,469)
Adapted bowling	1,478	13,187	(11,709)	-	-	-	1,478	13,187	(11,709)
Debate	-	22,525	(22,525)	-	18,926	(18,926)	-	41,451	(41,451)
Speech	8,641	48,544	(39,903)	47,508	200,036	(152,528)	56,149	248,580	(192,431)
One-act play	17,774	23,393	(5,619)	34,868	70,300	(35,432)	52,642	93,693	(41,051)
Girls' hockey	259,229	220,316	38,913	136,163	105,763	30,400	395,392	326,079	69,313
Music	-	-	-	132,980	308,150	(175,170)	132,980	308,150	(175,170)
Cheerleading	-	1,254	(1,254)	-	-	-	-	1,254	(1,254)
Girls' dance team	190,374	97,042	93,332	79,545	55,401	24,144	269,919	152,443	117,476
Lacrosse	44,247	43,693	554	90,475	72,491	17,984	134,722	116,184	18,538
Badminton	-	-	-	-	-	-	-	-	-
Visual arts	-	959	(959)	17,463	34,715	(17,252)	17,463	35,674	(18,211)
Robotics	5,459	37,337	(31,878)	-	-	-	5,459	37,337	(31,878)
Advertising	1,260,705	1,260,705	-	-	-	-	1,260,705	1,260,705	-
Total	\$ 6,538,015	\$ 4,167,892	\$ 2,370,123	\$ 5,795,484	\$ 4,266,699	\$ 1,528,785	\$ 12,333,499	\$ 8,434,591	\$ 3,898,908