



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

ANNUAL FINANCIAL REPORT

2016-2017

YEAR ENDED JULY 31, 2017





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

ANNUAL FINANCIAL REPORT

YEAR ENDED JULY 31, 2017

TABLE OF CONTENTS

	<u>REFERENCE</u>	<u>PAGE</u>
ORGANIZATION		2
FINANCIAL SECTION		
Independent Auditor’s Report.....		4
Management’s Discussion and Analysis.....		6
BASIC FINANCIAL STATEMENTS		
Statement of Net Position	Exhibit 1	12
Statement of Revenues, Expenses, and Changes in Net Position	Exhibit 2.....	13
Statement of Cash Flows.....	Exhibit 3.....	14
Notes to Financial Statements.....		15
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of Funding Progress — Other Postemployment Benefits.....		24
SUPPLEMENTAL INFORMATION		
Statement of Net Position by Location.....	Schedule 1	26
Statement of Revenues, Expenses, and Changes in Net Position by Location.....	Schedule 2	28
Statement of Cash Flows by Location	Schedule 3	30
Schedule of Tournament Revenues and Direct Expenses.....	Schedule 4	32

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

**ORGANIZATION
2017**

Term Expires

BOARD OF DIRECTORS

Tom Graupmann, President	2017
Troy Urdahl, Vice President.....	2018
Deborah Pauly, Treasurer	2017
Kristen Amundson*	2019
Betsy Anderson	2017
Craig Anderson.....	2019
Steven Beals*	2017
Joel Boyd*	2020
Rob Carpentier.....	2020
Eric Christenson.....	2019
Kristen DeClerk-Thompson	2020
Brian Hegseth.....	2019
Jill Johnson.....	2020
Wade Johnson	2018
Emmett Keenan.....	2017
Eric Lehtola.....	2020
Paul McDonald*	2018
Bonnie Spohn Schmaltz	2020
Chad Stoskopf.....	2018
Dave Swanberg	2019

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

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Minnesota State High School League
Brooklyn Center, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the Minnesota State High School League (MSHSL) as of and for the year ended July 31, 2017, and the related notes to the financial statements, which collectively comprise the MSHSL'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 14 percent, 14 percent, and 21 percent, respectively, of the assets, net position, and revenues of the MSHSL. 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 MSHSL, is based solely 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 from 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 the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the MSHSL as of July 31, 2017, and the results of its operations 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 in accordance with auditing standards generally accepted in the United States of America, 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 financial statements that collectively comprise the MSHSL's basic financial statements. The supplemental information as 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. Such 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 statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

January 17, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

JULY 31, 2017

(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, 2017. 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, 2017 and 2016, are summarized below.

	2017	2016	Percentage Change
Current assets	\$ 4,856,044	\$ 5,382,007	(9.8%)
Noncurrent assets	1,024,897	791,241	29.5%
Capital assets	854,683	901,303	(5.2%)
Total assets	\$ 6,735,624	\$ 7,074,551	(4.8%)
Current liabilities	\$ 1,672,067	\$ 1,943,133	(13.9%)
Noncurrent liabilities	1,243,864	968,036	28.5%
Total liabilities	\$ 2,915,931	\$ 2,911,169	0.2%
Investment in capital assets	\$ 854,683	\$ 901,303	(5.2%)
Unrestricted	2,965,010	3,262,079	(9.1%)
Total net position	\$ 3,819,693	\$ 4,163,382	(8.3%)

Current assets at July 31, 2017, totaled \$4,856,044, a decrease of 9.8% or \$525,963. 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 2017.

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

Capital assets, net of accumulated depreciation, totaled \$854,683. There were no capital assets purchased in 2017. A \$46,620 decrease in capital assets is due to the depreciation recorded in 2017. 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 \$1,672,067 at July 31, 2017, a 13.9% decrease or \$271,066. Current liabilities consist primarily of school expense reimbursement payable. The school expense reimbursement liability decreased \$365,797. There is no retirement benefits payable in current liabilities in 2017. Noncurrent liabilities totaled \$1,243,864 at July 31, 2017, an increase of 28.5% or \$275,828. Noncurrent liabilities consist of retirement benefits payable, other post-employment benefits and deferred compensation.

Statement of Revenues, Expenses, and Changes in Net Position

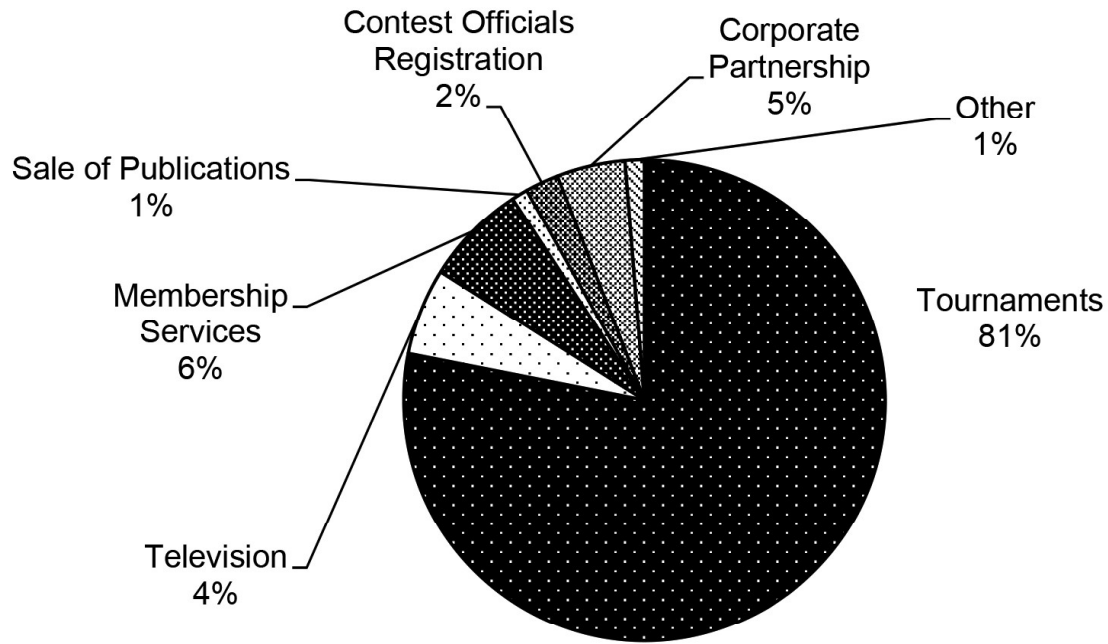
The Statement of Revenues, Expenses, and Changes in Net Position presents the League's operating and nonoperating financial activity during the year. This statement displays the net income or loss from operations. Operating revenues are those generated by the League's principal ongoing operations such 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, 2017 and 2016, are summarized below.

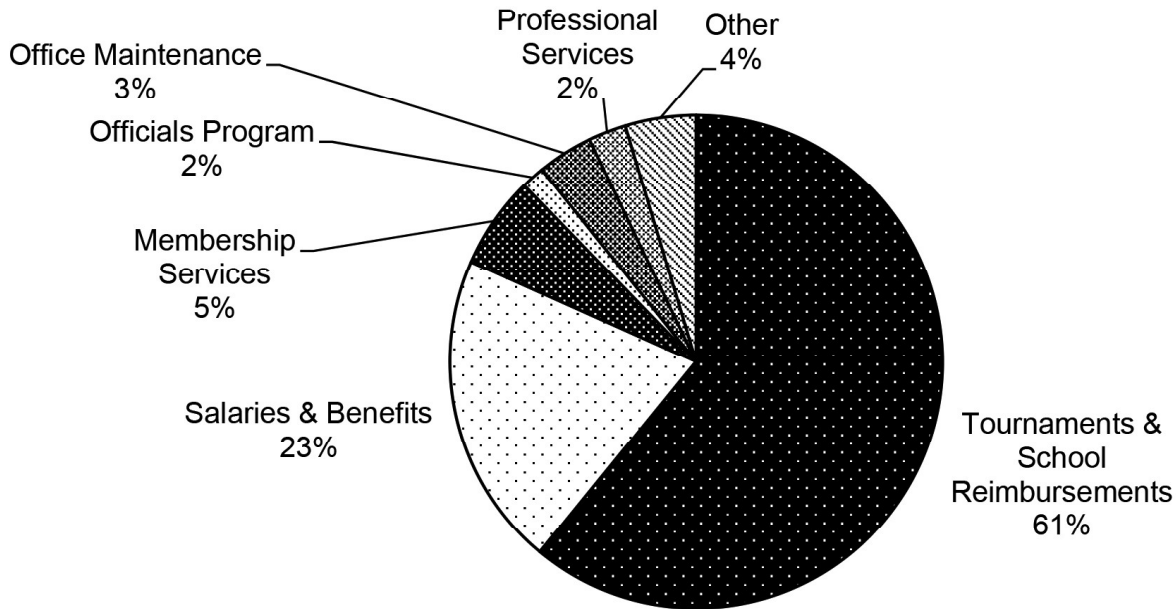
	<u>2017</u>	<u>2016</u>	<u>Percentage Change</u>
Operating revenues			
Tournaments	\$ 13,813,605	\$ 13,264,552	4.1%
Television	591,302	964,139	(38.7%)
Membership services	998,960	991,240	0.8%
Contest officials registration	332,281	314,990	5.5%
Sale of publications	143,720	196,445	(26.8%)
Other	171,983	257,579	(33.2%)
Total operating revenues	<u>\$ 16,051,851</u>	<u>\$ 15,988,945</u>	0.4%
Operating expenses			
Tournaments and school reimbursements	\$ 10,544,594	\$ 10,557,775	(0.1%)
Membership services	862,572	825,731	4.5%
Officials program	283,216	289,642	(2.2%)
Salaries and benefits	4,042,129	3,944,406	2.5%
Professional services	438,931	460,505	(4.7%)
Office maintenance	577,961	392,339	47.3%
Other	685,093	778,051	(11.9%)
Total operating expenses	<u>\$ 17,434,496</u>	<u>\$ 17,248,449</u>	1.1%
Operating income (loss)	<u>\$ (1,382,645)</u>	<u>\$ (1,259,504)</u>	(9.8%)
Non-operating revenues (expenses)			
Corporate partnership	\$ 932,783	\$ 833,889	11.9%
Interest	106,173	113,678	(6.6%)
Total non-operating revenues (expenses)	<u>\$ 1,038,956</u>	<u>\$ 947,567</u>	9.6%
Change in net position	\$ (343,689)	\$ (311,937)	(10.2%)
Net position, August 1	<u>4,163,382</u>	<u>4,475,319</u>	(7.0%)
Net position, July 31	<u>\$ 3,819,693</u>	<u>\$ 4,163,382</u>	(8.3%)

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

TOTAL MSHSL REVENUES



TOTAL MSHSL EXPENSES



For the year ended July 31, 2017, tournament revenue totaled \$13,813,605, an increase of \$549,053 or 4.1%. The major portion of this tournament revenue was the sale of tickets for admission to the events. More people attended the tournaments in 2017 than in 2016. Other tournament revenue consists of program sales, t-shirt and souvenir sales, and advertising.

Television revenues decreased in 2017 due to an agreement to extend the contract through September 30, 2026, subject to an option to extend the contract through the 2030-31 season. Television revenues are expected to increase again in 2018. The League's Board of Directors originally 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.

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

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, 2017, membership service revenue increased by \$7,720.

Contest officials register annually with the League and attend online rules meetings and must pass a test to officiate League sponsored games. These registrations increased 5.5% in fiscal year 2017. 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 Official Handbook and sports rules books. The sale of these publications decreased by 26.8% in fiscal year 2017. This decrease in revenue 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 decreased by 0.1% in fiscal year 2017. Membership services increased 4.5%. The majority of this increase related to the coaches education program. The League continues to support member schools and educational based athletics through this programing. The official's program expenses decreased slightly in 2017. For fiscal year ended July 31, 2017, total operating expenses increased by 1.1%.

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, 2017 and 2016, are summarized below.

	2017	2016	Percentage Change
Cash provided by (used in)			
Operating activities	\$ (1,373,792)	\$ (462,965)	(196.7%)
Non-capital and related financing activities	932,783	833,889	11.9%
Investing activities	3,665	(856,557)	100.4%
Net increase (decrease) in cash	\$ (437,344)	\$ (485,633)	9.9%
Cash and cash equivalents - August 1	2,495,832	2,981,465	(16.3%)
Cash and cash equivalents - July 31	\$ 2,058,488	\$ 2,495,832	(17.5%)

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 \$46,620. There were no capital additions in 2017.

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, 2017ASSETS

	<u>2017</u>
Current Assets	
Cash and cash equivalents (Note 2)	\$ 2,058,488
Investments (Note 2)	2,410,907
Accounts receivable	360,070
Accrued interest receivable	5,881
Prepaid items	<u>20,698</u>
Total current assets	<u>\$ 4,856,044</u>
Noncurrent Assets	
Restricted assets	
Deferred compensation (Note 10)	<u>\$ 393,338</u>
Capital assets	
Non-depreciable	\$ 318,564
Depreciable-net of accumulated depreciation	<u>536,119</u>
Net capital assets (Note 3)	<u>\$ 854,683</u>
Other assets	
Investments held for retirement benefits (Note 7)	<u>\$ 631,559</u>
Total noncurrent assets	<u>\$ 1,879,580</u>
Total Assets	<u>\$ 6,735,624</u>

Liabilities and Net Position

Current Liabilities	
Salaries payable	\$ 138,176
Accounts payable	190,183
School expense reimbursement payable	1,134,217
Accrued employee benefits payable (Note 6)	187,626
Unearned income (Note 5)	<u>21,865</u>
Total current liabilities	<u>\$ 1,672,067</u>
Noncurrent Liabilities	
Retirement benefits payable (Note 7)	\$ 568,160
Net other post-employment benefits payable (Note 13)	282,366
Deferred compensation (Note 10)	<u>393,338</u>
Total noncurrent liabilities	<u>\$ 1,243,864</u>
Total Liabilities	<u>\$ 2,915,931</u>
Net Position (Note 8)	
Investment in capital assets	\$ 854,683
Unrestricted	<u>2,965,010</u>
Total Net Position	<u>\$ 3,819,693</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, 2017

	<u>2017</u>
Operating Revenues	
Tournaments	\$ 13,813,605
Television	591,302
Membership services	998,960
Contest officials registration	332,281
Sales of handbooks, rule books, and supplies	143,720
Other	<u>171,983</u>
Total Operating Revenues	<u>\$ 16,051,851</u>
Operating Expenses	
Tournaments	\$ 9,363,660
School expense reimbursement	1,180,934
Membership services	
Insurance	607,512
Handbooks, rule books, and supplies	124,659
Other	130,401
Fine arts programs	14,666
Officials program	283,216
Committees	115,394
Board of directors	119,799
Salaries	2,746,431
Employee benefits	1,295,698
Insurance	20,521
Legal	105,096
Other professional services	333,835
Maintenance	239,624
Utilities	40,596
Postage	69,387
Supplies	89,206
Data processing and office equipment	72,007
Public relations	99,768
Corporate sponsor commission	61,736
Television consulting	14,867
Depreciation	46,620
Other	<u>258,863</u>
Total Operating Expenses	<u>\$ 17,434,496</u>
Operating Income (Loss)	<u>\$ (1,382,645)</u>
Nonoperating Revenues (Expenses)	
Corporate partnership	\$ 932,783
Interest	<u>106,173</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 1,038,956</u>
Change in Net Position	\$ (343,689)
Total Net Position - August 1	<u>4,163,382</u>
Total Net Position - July 31	<u>\$ 3,819,693</u>

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2017**

	<u>2017</u>
Cash Flows from Operating Activities	
Cash received from customers	\$ 13,632,277
Cash received from schools	998,960
Payments to suppliers for goods and services	(10,669,308)
Payments to employees for services	(2,726,619)
Payments for fringe benefits	(1,075,371)
Payments to schools	<u>(1,533,731)</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ (1,373,792)</u>
Cash Flows from Non-Capital and Related Financing Activities	
Corporate partnership	\$ 932,783
Operating transfers in	921,788
Operating transfers out	<u>(921,788)</u>
Net Cash Provided by (Used In) Non-Capital and Related Financing Activities	<u>\$ 932,783</u>
Cash Flows from Investing Activities	
Interest on investments	\$ 102,402
Proceeds from sales and maturities of investments	2,685,368
Purchases of investments	<u>(2,784,105)</u>
Net Cash Provided by (Used In) Investing Activities	<u>\$ 3,665</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (437,344)
Cash and Cash Equivalents - August 1	<u>2,495,832</u>
Cash and Cash Equivalents - July 31	<u>\$ 2,058,488</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities	
Operating Income (Loss)	<u>\$ (1,382,645)</u>
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities	
Depreciation	\$ 46,620
(Increase) Decrease in accounts receivable	40,647
(Increase) Decrease in prepaid expenses	(1,016)
Increase (Decrease) in salaries payable	21,963
Increase (Decrease) in accounts payable	53,030
Increase (Decrease) in school expense reimbursement payable	(365,797)
Increase (Decrease) in short-term accrued employee benefits payable	24,508
Increase (Decrease) in unearned income	(4,770)
Increase (Decrease) net other post-employment benefits payable	46,691
Increase (Decrease) in retirement benefits payable	<u>146,977</u>
Total adjustments	<u>\$ 8,853</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (1,373,792)</u>

Non-cash Operating Activities

The MSHSL has \$1,499,095 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, 2017

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, 2017. 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, 2017, 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.

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

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, 2017, reported at fair value, are shown below.

	Maturities	Fair Value
Deposits:		
Checking and savings	-	\$ 1,990,131
Cash with broker	-	100,309
Total Deposits		\$ 2,090,440
Investments:		
Negotiable certificates of deposit		
Wells Fargo	Various	\$ 1,099,866
Wells Fargo	Various	599,403
Equities	-	1,311,041
Total Investments		\$ 3,010,310
Total Deposits and Investments		\$ 5,100,750
Add:		
Petty Cash	-	204
Deferred compensation	-	393,338
Total Cash, Cash Equivalents, and Investments		\$ 5,494,292
Reconciliation to the Statement of Net Position:		
Cash and cash equivalents		\$ 2,058,488
Investments		2,410,907
Deferred compensation		393,338
Investments held for retirement benefits		631,559
Total Cash, Cash Equivalents, and Investments		\$ 5,494,292

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

2. Deposits and Investments (Continued)

Custodial Credit Risk - As of July 31, 2017, deposits in financial institutions, reported as components of cash, cash equivalents, and investments, had a carrying value of \$2,090,440. Bank balances were \$2,445,443, of which \$161,439 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, 2017, negotiable certificates of deposit in the amount of \$1,699,269 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, 2017, the MSHSL had six individual negotiable certificates of deposits that exceeded 5% of total investments.

Fair Value of Investments - The MSHSL measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

At July 31, 2017, the MSHSL had the following recurring fair value measurements.

	July 31, 2017	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
Negotiable certificates of deposit	\$ 1,699,269		\$ 1,699,269	
Equities	1,311,041	\$ 1,311,041		
 Total Investments included in the Fair Value hierarchy	\$ 3,010,310	\$ 1,311,041	\$ 1,699,269	

Debt and equity securities classified in Level 1 are valued using a market approach quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approach:

- Negotiable Certificates of Deposit: matrix pricing based on the securities relationship to benchmark quoted prices.

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

3. Capital Assets

Capital assets comprise the following at July 31, 2017:

	08/01/2016	Additions	Deductions/ Adjustments	07/31/2017
Capital asset, not being depreciated:				
Land and land improvements	\$ 318,564	\$ -	\$ -	\$ 318,564
Capital assets, being depreciated:				
Building and building improvements	\$ 1,606,791	\$ -	\$ -	\$ 1,606,791
Furniture and equipment	223,830	-	-	223,830
Computer equipment	4,454	-	-	4,454
Total capital assets being depreciated	\$ 1,835,075	\$ -	\$ -	\$ 1,835,075
Less: accumulated depreciation				
Building and building improvements	\$ (1,040,621)	\$ (43,875)	\$ -	\$ (1,084,496)
Furniture and equipment	(207,261)	(2,745)	-	(210,006)
Computer equipment	(4,454)	-	-	(4,454)
Total accumulated depreciation	\$ (1,252,336)	\$ (46,620)	\$ -	\$ (1,298,956)
Total capital assets being depreciated, net	\$ 582,739	\$ (46,620)	\$ -	\$ 536,119
Net Capital Assets	\$ 901,303	\$ (46,620)	\$ -	\$ 854,683

Depreciation expense totaling \$46,620 was charged for the year ended July 31, 2017.

4. Operating Leases

The MSHSL is obligated under operating leases for mailing equipment and photocopying equipment. Expenses associated with these leases were \$16,277 for the year ended July 31, 2017. Future minimum lease payments at July 31, 2017, are as follows:

2018	\$ 14,468
2019	15,008
2020	14,346
2021	13,714
2022	6,370
2023	1,080
Total	\$ 64,986

5. Unearned Income

Unearned 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, 2017:

Current Liabilities	
Vacation leave	\$ 187,626

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

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, 2017, is \$568,160. 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 \$63,399 for the year ended July 31, 2017.

Retirement benefits activity for the year ended July 31, 2017:

	<u>08/01/2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>07/31/2017</u>	<u>Due Within One Year</u>
Retirement benefits payable	\$ 421,183	\$ 146,977	\$ -	\$ 568,160	\$ -

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 position that does 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 \$346,674 for the year ended July 31, 2017.

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, 2017.

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.

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

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 MSHSL 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, 2017. 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 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, 2014, the date of the latest actuarial valuation:

Active employees	24
Retired employees	1
Dependents of retirees	0
 Total plan participants	 25

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 2017, the MSHSL had \$11,583 in expenses 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 2017, the amount actuarially contributed to the plan, and changes in the MSHSL's net OPEB obligation.

Annual required contribution (ARC)	\$ 62,211
Interest on net OPEB obligation	9,427
Adjustment to ARC	(13,364)
Annual OPEB cost	58,274
Contributions during the year	(11,583)
Increase (Decrease) in net OPEB obligation	46,691
Net OPEB – Beginning of the year	235,675
Net OPEB – End of the year	\$ 282,366

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

13. Other Post-Employment Benefits (Continued)

The MSHSL's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB payable for fiscal year 2017 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contribution	Net OPEB Obligation
July 31, 2015	\$ 59,639	\$ 7,400	12.4%	\$ 197,200
July 31, 2016	58,916	20,441	34.7%	235,675
July 31, 2017	58,274	11,583	19.9%	282,366

Funded Status

As of August 1, 2014, the most recent actuarial valuation date, the plan was unfunded. 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)	\$ 576,099
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 576,099</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered Payroll (active plan members)	\$ 1,978,340
UAAL as a percentage of covered payroll	29.1%

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, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0 percent investment rate of return and an annual health care cost trend rate of 7.5 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after ten 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, 2017**

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%
August 1, 2014	-	576,099	576,099	0.0%	1,978,340	29.1%

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*.

SUPPLEMENTAL INFORMATION

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

**STATEMENT OF NET POSITION BY LOCATION
JULY 31, 2017**

	MSHSL OFFICE	1A	2A	3A	4A	5A	6A
<u>Assets</u>							
Current Assets							
Cash and cash equivalents (Note 2)	\$ 470,765	80,679	97,821	121,729	15,133	123,500	155,065
Investments (Note 2)	2,410,907	-	-	-	-	-	-
Accounts receivable	336,260	-	-	-	-	1,832	-
Accrued interest receivable	5,850	-	-	-	-	31	-
Prepaid items	20,698	-	-	-	-	-	-
Total current assets	\$ 3,244,480	80,679	97,821	121,729	15,133	125,363	155,065
Noncurrent Assets							
Restricted assets							
Deferred compensation (Note 10)	\$ 393,338	-	-	-	-	-	-
Capital assets							
Non-depreciable	\$ 318,564	-	-	-	-	-	-
Depreciable-net of accumulated depreciation	536,119	-	-	-	-	-	-
Net capital assets (Note 3)	\$ 854,683	-	-	-	-	-	-
Other assets							
Investments held for retirement benefits (Note 7)	\$ 631,559	-	-	-	-	-	-
Total noncurrent assets	\$ 1,879,580	-	-	-	-	-	-
Total Assets	\$ 5,124,060	80,679	97,821	121,729	15,133	125,363	155,065
<u>Liabilities and Net Position</u>							
Current Liabilities							
Salaries payable	\$ 121,470	-	-	-	-	-	3,266
Accounts payable	162,941	6,387	-	-	-	119	-
School expense reimbursement payable	575,593	44,464	67,800	42,049	-	34,536	70,220
Accrued employee benefits payable (Note 6)	187,626	-	-	-	-	-	-
Unearned income (Note 5)	21,865	-	-	-	-	-	-
Total current liabilities	\$ 1,069,495	50,851	67,800	42,049	-	34,655	73,486
Noncurrent Liabilities							
Retirement benefits payable (Note 7)	\$ 568,160	-	-	-	-	-	-
Net other post-employment benefits payable (Note 13)	282,366	-	-	-	-	-	-
Deferred compensation (Note 10)	393,338	-	-	-	-	-	-
Total noncurrent liabilities	\$ 1,243,864	-	-	-	-	-	-
Total Liabilities	\$ 2,313,359	50,851	67,800	42,049	-	34,655	73,486
Net Position (Note 8)							
Investment in capital assets	\$ 854,683	-	-	-	-	-	-
Unrestricted	1,956,018	29,828	30,021	79,680	15,133	90,708	81,579
Total Net Position	\$ 2,810,701	29,828	30,021	79,680	15,133	90,708	81,579

SCHEDULE 1

ADMINISTRATIVE REGIONS										TOTAL ADMINISTRATIVE REGIONS	COMBINED TOTAL	
7A	8A	1AA	2AA	3AA	4AA	5AA	6AA	7AA	8AA			
78,168	110,307	93,305	120,718	66,891	90,060	133,376	77,813	147,627	75,531	\$	1,587,723	\$ 2,058,488
-	-	-	-	-	-	-	-	-	-	-	-	2,410,907
330	-	-	8,828	-	-	7,723	-	2,736	2,361		23,810	360,070
-	-	-	-	-	-	-	-	-	-		31	5,881
-	-	-	-	-	-	-	-	-	-		-	20,698
<u>78,498</u>	<u>110,307</u>	<u>93,305</u>	<u>129,546</u>	<u>66,891</u>	<u>90,060</u>	<u>141,099</u>	<u>77,813</u>	<u>150,363</u>	<u>77,892</u>	\$	<u>1,611,564</u>	\$ <u>4,856,044</u>
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 393,338
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 318,564
-	-	-	-	-	-	-	-	-	-	-	-	536,119
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 854,683
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 631,559
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 1,879,580
<u>78,498</u>	<u>110,307</u>	<u>93,305</u>	<u>129,546</u>	<u>66,891</u>	<u>90,060</u>	<u>141,099</u>	<u>77,813</u>	<u>150,363</u>	<u>77,892</u>	\$	<u>1,611,564</u>	\$ <u>6,735,624</u>
12,567	-	-	873	-	-	-	-	-	-	\$	16,706	\$ 138,176
2,170	2,903	218	-	-	-	13,562	1,883	-	-	-	27,242	190,183
-	37,367	17,920	66,787	-	22,547	68,175	2,039	84,720	-	-	558,624	1,134,217
-	-	-	-	-	-	-	-	-	-	-	-	187,626
-	-	-	-	-	-	-	-	-	-	-	-	21,865
<u>14,737</u>	<u>40,270</u>	<u>18,138</u>	<u>67,660</u>	<u>-</u>	<u>22,547</u>	<u>81,737</u>	<u>3,922</u>	<u>84,720</u>	<u>-</u>	\$	<u>602,572</u>	\$ <u>1,672,067</u>
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 568,160
-	-	-	-	-	-	-	-	-	-	-	-	282,366
-	-	-	-	-	-	-	-	-	-	-	-	393,338
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 1,243,864
<u>14,737</u>	<u>40,270</u>	<u>18,138</u>	<u>67,660</u>	<u>-</u>	<u>22,547</u>	<u>81,737</u>	<u>3,922</u>	<u>84,720</u>	<u>-</u>	\$	<u>602,572</u>	\$ <u>2,915,931</u>
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 854,683
<u>63,761</u>	<u>70,037</u>	<u>75,167</u>	<u>61,886</u>	<u>66,891</u>	<u>67,513</u>	<u>59,362</u>	<u>73,891</u>	<u>65,643</u>	<u>77,892</u>		<u>1,008,992</u>	<u>2,965,010</u>
<u>63,761</u>	<u>70,037</u>	<u>75,167</u>	<u>61,886</u>	<u>66,891</u>	<u>67,513</u>	<u>59,362</u>	<u>73,891</u>	<u>65,643</u>	<u>77,892</u>	\$	<u>1,008,992</u>	\$ <u>3,819,693</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, 2017**

	MSHSL OFFICE	1A	2A	3A	4A	5A	6A
Operating Revenues							
Tournaments	\$ 7,332,499	518,559	433,033	446,996	263,645	459,275	481,324
Television	588,902	-	-	-	-	-	-
Membership services	998,960	-	-	-	-	-	-
Contest officials registration	332,281	-	-	-	-	-	-
Sales of handbooks, rule books, and supplies	143,720	-	-	-	-	-	-
Other	139,466	1,979	2,850	-	1,036	3,085	2,506
Total Operating Revenues	\$ 9,535,828	520,538	435,883	446,996	264,681	462,360	483,830
Operating Expenses							
Tournaments	\$ 4,697,402	380,070	271,608	294,807	181,582	341,649	327,646
School expense reimbursement	575,593	44,464	67,800	43,618	-	34,536	70,220
Membership services							
Insurance	582,195	450	1,482	772	1,534	1,557	1,161
Handbooks, rule books, and supplies	124,659	-	-	-	-	-	-
Other	130,401	-	-	-	-	-	-
Fine arts programs	14,666	-	-	-	-	-	-
Officials program	283,216	-	-	-	-	-	-
Committees	22,783	6,291	5,431	10,133	1,381	3,930	6,569
Board of directors	119,799	-	-	-	-	-	-
Salaries	2,083,148	41,420	45,500	72,900	35,832	34,000	45,350
Employee benefits	1,166,588	8,553	9,396	10,258	7,399	7,021	8,260
Insurance	20,521	-	-	-	-	-	-
Legal	105,096	-	-	-	-	-	-
Other professional services	94,382	68,660	5,808	3,820	36,875	48,256	5,050
Maintenance	239,624	-	-	-	-	-	-
Utilities	40,596	-	-	-	-	-	-
Postage	69,387	-	-	-	-	-	-
Supplies	30,048	791	2,201	5,711	1,469	3,048	10,554
Data processing and office equipment	72,007	-	-	-	-	-	-
Public relations	46,754	4,045	3,139	-	-	12,222	1,826
Corporate sponsor commission	61,736	-	-	-	-	-	-
Television consulting	14,867	-	-	-	-	-	-
Depreciation	46,620	-	-	-	-	-	-
Other	233,176	233	2,894	-	623	1,859	1,479
Total Operating Expenses	\$ 10,875,264	554,977	415,259	442,019	266,695	488,078	478,115
Operating Income (Loss)	\$ (1,339,436)	(34,439)	20,624	4,977	(2,014)	(25,718)	5,715
Nonoperating Revenues (Expenses)							
Corporate partnership	\$ 929,983	2,800	-	-	-	-	-
Interest	105,052	-	11	29	-	193	14
Total Nonoperating Revenues (Expenses)	\$ 1,035,035	2,800	11	29	-	193	14
Income Before Transfers	\$ (304,401)	(31,639)	20,635	5,006	(2,014)	(25,525)	5,729
Operating Transfers In	-	23,827	29,962	41,907	68,811	85,602	51,990
Operating Transfers Out	(40,000)	(12,162)	(48,055)	(44,896)	(58,557)	(56,668)	(70,939)
Change in Net Position	\$ (344,401)	(19,974)	2,542	2,017	8,240	3,409	(13,220)
Total Net Position - August 1	3,155,102	49,802	27,479	77,663	6,893	87,299	94,799
Total Net Position - July 31	\$ 2,810,701	29,828	30,021	79,680	15,133	90,708	81,579

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

SCHEDULE 2

ADMINISTRATIVE REGIONS										TOTAL ADMINISTRATIVE REGIONS	COMBINED TOTAL	
7A	8A	1AA	2AA	3AA	4AA	5AA	6AA	7AA	8AA			
437,055	360,705	379,098	468,572	347,871	369,536	319,361	318,388	385,870	491,818	\$	6,481,106	\$ 13,813,605
-	-	-	-	-	-	2,400	-	-	-		2,400	591,302
-	-	-	-	-	-	-	-	-	-		-	998,960
-	-	-	-	-	-	-	-	-	-		-	332,281
-	-	-	-	-	-	-	-	-	-		-	143,720
835	5,082	5,215	484	6,250	1,819	815	561	-	-		32,517	171,983
<u>437,890</u>	<u>365,787</u>	<u>384,313</u>	<u>469,056</u>	<u>354,121</u>	<u>371,355</u>	<u>322,576</u>	<u>318,949</u>	<u>385,870</u>	<u>491,818</u>	\$	<u>6,516,023</u>	\$ <u>16,051,851</u>
320,983	270,367	314,544	264,631	289,913	283,065	240,598	313,009	246,658	325,128	\$	4,666,258	\$ 9,363,660
-	37,367	17,920	66,787	-	24,547	67,609	2,043	84,720	43,710		605,341	1,180,934
1,739	1,363	450	2,205	3,992	1,120	1,397	3,904	1,741	450		25,317	607,512
-	-	-	-	-	-	-	-	-	-		-	124,659
-	-	-	-	-	-	-	-	-	-		-	130,401
-	-	-	-	-	-	-	-	-	-		-	14,666
-	-	-	-	-	-	-	-	-	-		-	283,216
12,002	12,556	5,590	3,790	2,067	4,852	-	75	8,676	9,268		92,611	115,394
-	-	-	-	-	-	-	-	-	-		-	119,799
49,604	46,000	35,100	32,772	36,000	36,000	35,075	35,500	40,000	42,230		663,283	2,746,431
9,550	9,239	7,248	7,258	7,434	7,434	5,748	7,331	8,260	8,721		129,110	1,295,698
-	-	-	-	-	-	-	-	-	-		-	20,521
-	-	-	-	-	-	-	-	-	-		-	105,096
3,550	2,775	7,146	38,384	2,892	2,947	3,601	3,989	3,550	2,150		239,453	333,835
-	-	-	-	-	-	-	-	-	-		-	239,624
-	-	-	-	-	-	-	-	-	-		-	40,596
-	-	-	-	-	-	-	-	-	-		-	69,387
7,230	4,327	1,235	1,680	1,314	2,148	3,259	5,593	4,275	4,323		59,158	89,206
-	-	-	-	-	-	-	-	-	-		-	72,007
-	16,279	-	-	12,460	-	-	-	-	3,043		53,014	99,768
-	-	-	-	-	-	-	-	-	-		-	61,736
-	-	-	-	-	-	-	-	-	-		-	14,867
-	-	-	-	-	-	-	-	-	-		-	46,620
2,930	1,778	5,761	1,420	1,609	-	5,030	71	-	-		25,687	258,863
<u>407,588</u>	<u>402,051</u>	<u>394,994</u>	<u>418,927</u>	<u>357,681</u>	<u>362,113</u>	<u>362,317</u>	<u>371,515</u>	<u>397,880</u>	<u>439,023</u>	\$	<u>6,559,232</u>	\$ <u>17,434,496</u>
30,302	(36,264)	(10,681)	50,129	(3,560)	9,242	(39,741)	(52,566)	(12,010)	52,795	\$	(43,209)	\$ (1,382,645)
-	-	-	-	-	-	-	-	-	-	\$	2,800	\$ 932,783
45	63	253	-	-	8	359	62	72	12		1,121	106,173
45	63	253	-	-	8	359	62	72	12	\$	3,921	\$ 1,038,956
30,347	(36,201)	(10,428)	50,129	(3,560)	9,250	(39,382)	(52,504)	(11,938)	52,807	\$	(39,288)	\$ (343,689)
20,673	56,011	44,886	57,860	77,027	68,737	96,841	108,071	60,609	28,974		921,788	921,788
(37,381)	(20,351)	(30,070)	(114,688)	(75,603)	(76,838)	(55,793)	(50,497)	(46,874)	(82,416)		(881,788)	(921,788)
13,639	(541)	4,388	(6,699)	(2,136)	1,149	1,666	5,070	1,797	(635)	\$	712	\$ (343,689)
50,122	70,578	70,779	68,585	69,027	66,364	57,696	68,821	63,846	78,527		1,008,280	4,163,382
<u>63,761</u>	<u>70,037</u>	<u>75,167</u>	<u>61,886</u>	<u>66,891</u>	<u>67,513</u>	<u>59,362</u>	<u>73,891</u>	<u>65,643</u>	<u>77,892</u>	\$	<u>1,008,992</u>	\$ <u>3,819,693</u>

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

**STATEMENT OF CASH FLOWS BY LOCATION
FOR THE YEAR ENDED JULY 31, 2017**

	MSHSL OFFICE	1A	2A	3A	4A	5A	6A
Cash Flows from Operating Activities							
Cash received from customers	\$ 7,088,558	520,538	433,033	446,996	264,681	460,528	483,830
Cash received from schools	998,960	-	-	-	-	-	-
Payments to suppliers for goods and services	(5,454,449)	(454,153)	(292,602)	(315,243)	(223,464)	(413,903)	(369,927)
Payments to employees for services	(2,064,849)	(41,420)	(45,500)	(72,900)	(35,832)	(34,000)	(42,084)
Payments for fringe benefits	(948,412)	(8,553)	(9,396)	(10,258)	(7,399)	(7,021)	(8,260)
Payments to schools	(554,824)	(73,921)	(140,000)	(67,311)	-	(89,286)	-
Net Cash Provided By (Used In) Operating Activities	\$ (935,016)	(57,509)	(54,465)	(18,716)	(2,014)	(83,682)	63,559
Cash Flows from Non-Capital and Related Financing Activities							
Corporate partnership	\$ 929,983	2,800	-	-	-	-	-
Operating transfers in	-	23,827	29,962	41,907	68,811	85,602	51,990
Operating transfers out	(40,000)	(12,162)	(48,055)	(44,896)	(58,557)	(56,668)	(70,939)
Net Cash Provided By (Used In) Non-Capital and Related Financing Activities	\$ 889,983	14,465	(18,093)	(2,989)	10,254	28,934	(18,949)
Cash Flows from Investing Activities							
Interest on investments	\$ 101,281	-	11	29	-	193	14
Proceeds from sales and maturities of investments	2,685,368	-	-	-	-	-	-
Purchases of investments	(2,784,105)	-	-	-	-	-	-
Net Cash Provided By (Used In) Investing Activities	\$ 2,544	-	11	29	-	193	14
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (42,489)	(43,044)	(72,547)	(21,676)	8,240	(54,555)	44,624
Cash and Cash Equivalents - August 1	513,254	123,723	170,368	143,405	6,893	178,055	110,441
Cash and Cash Equivalents - July 31	\$ 470,765	80,679	97,821	121,729	15,133	123,500	155,065
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities							
Operating Income (Loss)	\$ (1,339,436)	(34,439)	20,624	4,977	(2,014)	(25,718)	5,715
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities							
Depreciation	\$ 46,620	-	-	-	-	-	-
(Increase) Decrease in accounts receivable	51,801	-	-	-	-	(1,832)	-
(Increase) Decrease in prepaid expenses	(1,016)	-	-	-	-	-	-
Increase (Decrease) in salaries payable	18,299	-	-	-	-	-	3,266
Increase (Decrease) in accounts payable	51,691	6,387	(39)	-	-	(1,382)	(2,642)
Increase (Decrease) in school expense reimbursement payable	20,769	(29,457)	(72,200)	(23,693)	-	(54,750)	57,220
Increase (Decrease) in short-term accrued employee benefits payable	24,508	-	-	-	-	-	-
Increase (Decrease) in unearned income	(1,920)	-	(2,850)	-	-	-	-
Increase (Decrease) in net other post-employment benefits payable	46,691	-	-	-	-	-	-
Increase (Decrease) in retirement benefits payable	146,977	-	-	-	-	-	-
Total adjustments	\$ 404,420	(23,070)	(75,089)	(23,693)	-	(57,964)	57,844
Net Cash Provided By (Used In) Operating Activities	\$ (935,016)	(57,509)	(54,465)	(18,716)	(2,014)	(83,682)	63,559
Non-cash Operating Activities							
The MSHSL has \$1,499,095 of non-monetary exchange revenues and expenses.							

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

SCHEDULE 3

ADMINISTRATIVE REGIONS										TOTAL	COMBINED		
7A	8A	1AA	2AA	3AA	4AA	5AA	6AA	7AA	8AA	ADMINISTRATIVE	TOTAL		
438,534	372,881	384,313	460,748	354,121	371,355	322,576	324,550	415,578	489,457	\$	6,543,719	\$	13,632,277
-	-	-	-	-	-	-	-	-	-		-		998,960
(366,080)	(309,445)	(334,508)	(312,110)	(314,946)	(294,132)	(248,196)	(325,436)	(296,352)	(344,362)		(5,214,859)		(10,669,308)
(51,439)	(46,000)	(35,100)	(32,690)	(36,000)	(36,000)	(35,075)	(35,500)	(40,000)	(42,230)		(661,770)		(2,726,619)
(7,399)	(9,239)	(7,248)	(7,258)	(7,434)	(7,434)	(5,748)	(7,331)	(8,260)	(8,721)		(126,959)		(1,075,371)
(69,125)	(68,525)	(87,850)	(70,764)	(14,001)	(62,621)	(76,800)	(32,625)	(82,368)	(43,710)		(978,907)		(1,533,731)
(55,509)	(60,328)	(80,393)	37,926	(18,260)	(28,832)	(43,243)	(76,342)	(11,402)	50,434	\$	(438,776)	\$	(1,373,792)
-	-	-	-	-	-	-	-	-	-	\$	2,800	\$	932,783
20,673	56,011	44,886	57,860	77,027	68,737	96,841	108,071	60,609	28,974		921,788		921,788
(37,381)	(20,351)	(30,070)	(114,688)	(75,603)	(76,838)	(55,793)	(50,497)	(46,874)	(82,416)		(881,788)		(921,788)
(16,708)	35,660	14,816	(56,828)	1,424	(8,101)	41,048	57,574	13,735	(53,442)	\$	42,800	\$	932,783
45	63	253	-	-	8	359	62	72	12	\$	1,121	\$	102,402
-	-	-	-	-	-	-	-	-	-		-		2,685,368
-	-	-	-	-	-	-	-	-	-		-		(2,784,105)
45	63	253	-	-	8	359	62	72	12	\$	1,121	\$	3,665
(72,172)	(24,605)	(65,324)	(18,902)	(16,836)	(36,925)	(1,836)	(18,706)	2,405	(2,996)	\$	(394,855)	\$	(437,344)
150,340	134,912	158,629	139,620	83,727	126,985	135,212	96,519	145,222	78,527		1,982,578		2,495,832
78,168	110,307	93,305	120,718	66,891	90,060	133,376	77,813	147,627	75,531	\$	1,587,723	\$	2,058,488
30,302	(36,264)	(10,681)	50,129	(3,560)	9,242	(39,741)	(52,566)	(12,010)	52,795	\$	(43,209)	\$	(1,382,645)
-	-	-	-	-	-	-	-	-	-	\$	-	\$	46,620
644	4,191	-	(8,308)	-	-	(7,723)	5,601	(1,366)	(2,361)		(11,154)		40,647
-	-	-	-	-	-	-	-	-	-		-		(1,016)
316	-	-	82	-	-	-	-	-	-		3,664		21,963
(17,646)	2,903	218	-	(699)	-	13,412	1,205	(378)	-		1,339		53,030
(69,125)	(31,158)	(69,930)	(3,977)	(14,001)	(38,074)	(9,191)	(30,582)	2,352	-		(386,566)		(365,797)
-	-	-	-	-	-	-	-	-	-		-		24,508
-	-	-	-	-	-	-	-	-	-		(2,850)		(4,770)
-	-	-	-	-	-	-	-	-	-		-		46,691
-	-	-	-	-	-	-	-	-	-		-		146,977
(85,811)	(24,064)	(69,712)	(12,203)	(14,700)	(38,074)	(3,502)	(23,776)	608	(2,361)	\$	(395,567)	\$	8,853
(55,509)	(60,328)	(80,393)	37,926	(18,260)	(28,832)	(43,243)	(76,342)	(11,402)	50,434	\$	(438,776)	\$	(1,373,792)

SCHEDULE 4

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

**SCHEDULE OF TOURNAMENT REVENUES AND DIRECT EXPENSES
FOR THE YEAR ENDED JULY 31, 2017**

	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	\$ 110,748	\$ 107,581	\$ 3,167	\$ 412,934	\$ 345,508	\$ 67,426	\$ 523,682	\$ 453,089	\$ 70,593
Boys' basketball	622,080	302,566	319,514	1,120,345	397,069	723,276	1,742,425	699,635	1,042,790
Girls' basketball	329,909	306,887	23,022	691,880	361,359	330,521	1,021,789	668,246	353,543
Cross country running	19,394	45,091	(25,697)	19,452	55,871	(36,419)	38,846	100,962	(62,116)
Football	1,319,267	267,263	1,052,004	1,074,777	528,154	546,623	2,394,044	795,417	1,598,627
Golf	11,310	53,754	(42,444)	23,035	125,431	(102,396)	34,345	179,185	(144,840)
Girls' gymnastics	48,063	78,664	(30,601)	33,127	54,879	(21,752)	81,190	133,543	(52,353)
Boys' hockey	1,525,456	417,426	1,108,030	662,041	274,176	387,865	2,187,497	691,602	1,495,895
Nordic ski racing	4,177	26,627	(22,450)	1,750	32,767	(31,017)	5,927	59,394	(53,467)
Alpine skiing	3,952	21,329	(17,377)	-	38,028	(38,028)	3,952	59,357	(55,405)
Soccer	247,603	89,970	157,633	341,742	203,496	138,246	589,345	293,466	295,879
Girls' softball	82,044	67,851	14,193	230,732	251,982	(21,250)	312,776	319,833	(7,057)
Boys' swimming	51,768	56,893	(5,125)	57,013	57,038	(25)	108,781	113,931	(5,150)
Girls' swimming	48,349	56,441	(8,092)	73,820	68,967	4,853	122,169	125,408	(3,239)
Boys' tennis	3,747	32,104	(28,357)	6,344	49,918	(43,574)	10,091	82,022	(71,931)
Girls' tennis	6,901	38,417	(31,516)	6,883	71,283	(64,400)	13,784	109,700	(95,916)
Track and field	140,726	159,392	(18,666)	198,626	226,667	(28,041)	339,352	386,059	(46,707)
Girls' volleyball	219,373	174,056	45,317	556,789	295,522	261,267	776,162	469,578	306,584
Wrestling	494,201	248,460	245,741	275,030	250,659	24,371	769,231	499,119	270,112
Synchronized swimming	-	378	(378)	-	-	-	-	378	(378)
Adapted soccer	5,218	19,341	(14,123)	-	-	-	5,218	19,341	(14,123)
Adapted floor hockey	11,385	22,898	(11,513)	-	-	-	11,385	22,898	(11,513)
Adapted softball	6,334	19,362	(13,028)	-	-	-	6,334	19,362	(13,028)
Adapted bowling	1,053	16,661	(15,608)	-	-	-	1,053	16,661	(15,608)
Debate	-	22,406	(22,406)	12,616	31,191	(18,575)	12,616	53,597	(40,981)
Speech	8,928	55,629	(46,701)	53,099	218,224	(165,125)	62,027	273,853	(211,826)
One-act play	18,161	26,944	(8,783)	39,238	78,384	(39,146)	57,399	105,328	(47,929)
Girls' hockey	235,460	246,383	(10,923)	179,767	122,507	57,260	415,227	368,890	46,337
Music	-	-	-	151,030	326,962	(175,932)	151,030	326,962	(175,932)
Cheerleading	-	1,373	(1,373)	-	-	-	-	1,373	(1,373)
Girls' dance team	206,036	99,132	106,904	92,345	68,285	24,060	298,381	167,417	130,964
Lacrosse	43,757	45,431	(1,674)	146,128	98,239	47,889	189,885	143,670	46,215
Badminton	-	-	-	-	-	-	-	-	-
Visual arts	-	2,449	(2,449)	20,563	33,692	(13,129)	20,563	36,141	(15,578)
Robotics	3,612	49,723	(46,111)	-	-	-	3,612	49,723	(46,111)
Clay target	4,392	19,425	(15,033)	-	-	-	4,392	19,425	(15,033)
Advertising	1,499,095	1,499,095	-	-	-	-	1,499,095	1,499,095	-
	<u>\$ 7,332,499</u>	<u>\$ 4,697,402</u>	<u>\$ 2,635,097</u>	<u>\$ 6,481,106</u>	<u>\$ 4,666,258</u>	<u>\$ 1,814,848</u>	<u>\$ 13,813,605</u>	<u>\$ 9,363,660</u>	<u>\$ 4,449,945</u>