



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

ANNUAL FINANCIAL REPORT

2013-2014

YEAR ENDED JULY 31, 2014



**INSIDE
FRONT**



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

ANNUAL FINANCIAL REPORT

YEAR ENDED JULY 31, 2014

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Organization 2014

Term Expires

BOARD OF DIRECTORS

John Hamann, President	2014
Scott McCready, Vice President	2015
Steve Eklund*, Treasurer	2015
Steven Beals*	2017
Laurie Esau*	2014
Tom Graupmann	2017
Bob Grey	2016
Shelly Hotzler	2016
Dan Johnson	2015
Emmett Keenan	2017
Mike Kolness	2014
Mike Manning	2014
Erich Martens	2016
Chris McDonald	2016
Lea B. Olsen*	2016
Mike Olson	2017
Deborah Pauly	2017
Roz Peterson	2014
Lane Powell	2015
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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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 basic financial statements of the Minnesota State High School League (MSHSL) as of and for the year ended July 31, 2014, 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, 11 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.

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, 2014, 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.

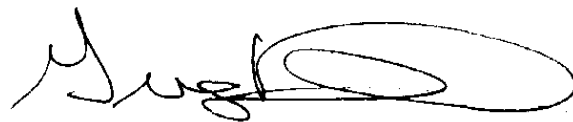
Supplemental Information

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 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

December 12, 2014

Minnesota State High School League
Management's Discussion and Analysis
July 31, 2014

(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, 2014. 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, 2014 and 2013, are summarized below.

	2014	2013	Percentage Change
Current assets	\$ 4,485,361	\$ 4,986,812	(10.1%)
Noncurrent assets	596,411	542,538	9.9%
Capital assets	995,341	1,045,035	(4.8%)
Total assets	<u>\$ 6,077,113</u>	<u>\$ 6,574,385</u>	(7.6%)
Current liabilities	\$ 999,102	\$ 1,610,430	(38.0%)
Noncurrent liabilities	755,159	628,050	20.2%
Total liabilities	<u>\$ 1,754,261</u>	<u>\$ 2,238,480</u>	(21.6%)
Investment in capital assets	\$ 995,341	\$ 1,045,035	(4.8%)
Unrestricted	3,327,511	3,290,870	1.1%
Total net position	<u>\$ 4,322,852</u>	<u>\$ 4,335,905</u>	(0.3%)

Current assets at July 31, 2014, totaled \$4,485,361, a decrease of 10.1% or \$501,451. 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 2014.

Capital assets, net of accumulated depreciation, totaled \$995,341. There were no capital assets purchased in 2014. A \$49,694 decrease in capital assets is due to the depreciation recorded in 2014. 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.

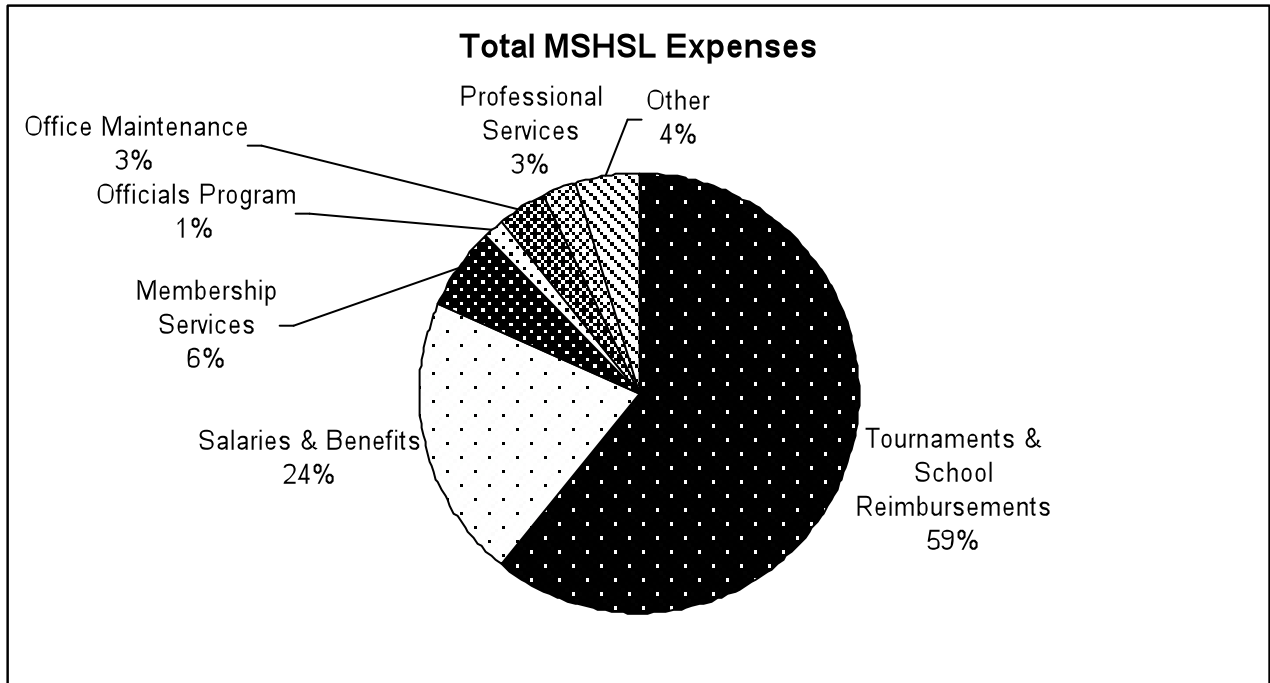
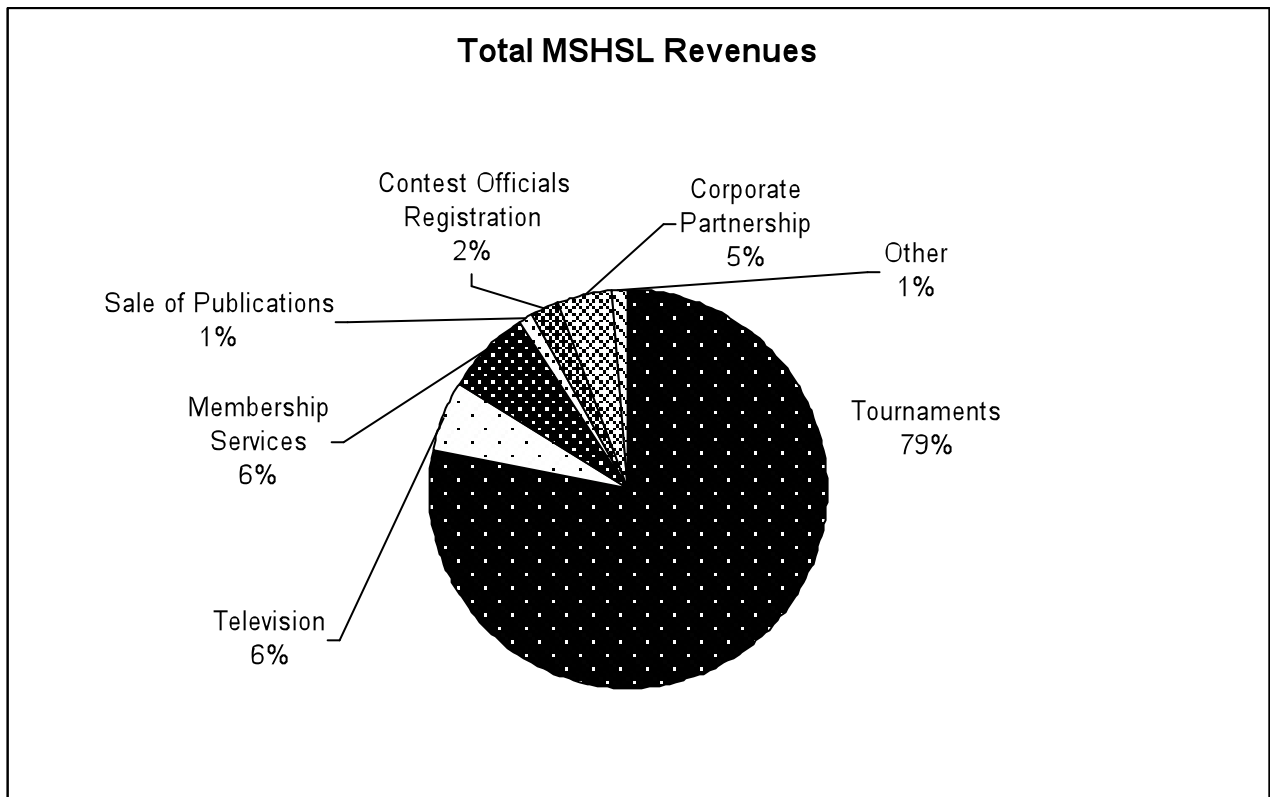
Current liabilities totaled \$999,102 at July 31, 2014, a 38% decrease or \$611,328. Current liabilities consist primarily of school expense reimbursement payable. The school expense reimbursement liability decreased \$560,323. There is no retirement benefits payable in current liabilities in 2014. Noncurrent liabilities totaled \$755,159 at July 31, 2014, an increase of 20.2% or \$127,109. 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, 2014 and 2013, are summarized below.

	2014	2013	Percentage Change
Operating revenues			
Tournaments	\$ 12,313,883	\$ 12,333,499	(0.2%)
Television	904,128	870,318	3.9%
Membership services	968,249	960,580	0.8%
Contest officials registration	330,517	334,611	(1.2%)
Sale of publications	193,722	153,535	26.2%
Other	186,790	244,945	(23.7%)
Total operating revenues	<u>\$ 14,897,289</u>	<u>\$ 14,897,488</u>	-
Operating expenses			
Tournaments and school reimbursements	\$ 9,317,620	\$ 9,755,995	(4.5%)
Membership services	873,688	718,019	21.7%
Officials program	249,539	223,567	11.6%
Salaries and benefits	3,756,417	3,547,064	5.9%
Professional services	394,090	389,831	1.1%
Office maintenance	541,775	392,968	37.9%
Other	679,662	727,994	(6.6%)
Total operating expenses	<u>\$ 15,812,791</u>	<u>\$ 15,755,438</u>	0.4%
Operating income (loss)	<u>\$ (915,502)</u>	<u>\$ (857,950)</u>	6.7%
Non-operating revenues (expenses)			
Corporate partnership	\$ 781,329	\$ 699,967	11.6%
Interest	121,120	110,492	9.6%
Total non-operating revenues (expenses)	<u>\$ 902,449</u>	<u>\$ 810,459</u>	11.4%
Change in net position	\$ (13,053)	\$ (47,491)	72.5%
Net position, August 1	<u>4,335,905</u>	<u>4,383,396</u>	(1.1%)
Net position, July 31	<u>\$ 4,322,852</u>	<u>\$ 4,335,905</u>	(0.3%)



For the year ended July 31, 2014, tournament revenue totaled \$12,313,883, a decrease of \$19,616 or 0.2%. The major portion of this tournament revenue was the sale of tickets for admission to the events. Less people attended the tournaments in 2014 than in 2013. Other tournament revenue consists of program sales, t-shirt and souvenir sales, advertising and sponsorships.

Television revenues increased in 2014 and are expected to increase by approximately 3% for the next 8 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, 2014, membership service revenue increased by \$7,669.

Contest officials register annually with the League and attend online rules meetings and must pass a test to officiate League sponsored games. These registrations decreased by 1.2% in fiscal year 2014. 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 increased by 26.2% in fiscal year 2014. This sharp increase 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 decreased by 4.5% in fiscal year 2014. Membership services increased 21.7%. The majority of this increase related to the educational services provided to coaches. The official's program expenses increased by 11.6% due to additional rulebook purchases and training clinics. For fiscal year ended July 31, 2014, total operating expenses increased by 0.4%.

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, 2014 and 2013, are summarized below.

	2014	2013	Percentage Change
Cash provided by (used in)			
Operating activities	\$ (1,475,998)	\$ (838,832)	76.0%
Non-capital and related financing activities	781,129	699,967	11.6%
Capital and related financing activities	-	(116,676)	(100.0%)
Investing activities	208,182	(600)	34,797%
Net increase (decrease) in cash	\$ (486,687)	\$ (256,141)	90.0%
Cash and cash equivalents-August 1	2,145,666	2,401,807	(10.7%)
Cash and cash equivalents-July 31	\$ 1,658,979	\$ 2,145,666	(22.7%)

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 \$49,694. There were no capital additions in 2014.

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, 2014

Assets

	2014
Current Assets	
Cash and cash equivalents (Note 2)	\$ 1,658,979
Investments (Note 2)	2,543,359
Accounts receivable	269,998
Accrued interest receivable	723
Prepaid items	<u>12,302</u>
Total current assets	\$ <u>4,485,361</u>
Noncurrent Assets	
Restricted assets	
Deferred compensation (Note 10)	<u>\$ 236,185</u>
Capital assets	
Non-depreciable	\$ 318,564
Depreciable-net of accumulated depreciation	<u>676,777</u>
Net capital assets (Note 3)	\$ <u>995,341</u>
Other assets	
Investments held for retirement benefits (Note 7)	<u>\$ 360,226</u>
Total noncurrent assets	\$ <u>1,591,752</u>
Total Assets	\$ <u>6,077,113</u>

Liabilities and Net Position

Current Liabilities	
Salaries payable	\$ 93,273
Accounts payable	58,471
School expense reimbursement payable	646,580
Accrued employee benefits payable (Note 6)	158,460
Unearned income (Note 5)	<u>42,318</u>
Total current liabilities	\$ <u>999,102</u>
Noncurrent Liabilities	
Retirement benefits payable (Note 7)	\$ 374,013
Net other post-employment benefits payable (Note 13)	144,961
Deferred compensation (Note 10)	<u>236,185</u>
Total noncurrent liabilities	\$ <u>755,159</u>
Total Liabilities	\$ <u>1,754,261</u>
Net Position (Note 8)	
Investment in capital assets	\$ 995,341
Unrestricted	<u>3,327,511</u>
Total Net Position	\$ <u>4,322,852</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, 2014

	2014
Operating Revenues	
Tournaments	\$ 12,313,883
Television	904,128
Membership services	968,249
Contest officials registration	330,517
Sales of handbooks, rule books, and supplies	193,722
Other	<u>186,790</u>
Total Operating Revenues	<u>\$ 14,897,289</u>
Operating Expenses	
Tournaments	\$ 8,628,420
School expense reimbursement	689,200
Membership services	
Insurance	541,660
Handbooks, rule books, and supplies	157,820
Other	174,208
Fine arts programs	10,951
Officials program	249,539
Committees	125,571
Board of directors	108,094
Salaries	2,589,141
Employee benefits	1,167,276
Insurance	14,637
Legal	88,521
Other professional services	305,569
Maintenance	57,539
Utilities	45,554
Postage	79,820
Supplies	92,054
Data processing and office equipment	202,477
Public relations	120,623
Corporate sponsor commission	53,812
Television consulting	14,867
Depreciation	49,694
Other	<u>245,744</u>
Total Operating Expenses	<u>\$ 15,812,791</u>
Operating Income (Loss)	<u>\$ (915,502)</u>
Nonoperating Revenues (Expenses)	
Corporate partnership	\$ 781,329
Interest	<u>121,120</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 902,449</u>
Change in Net Position	\$ (13,053)
Total Net Position - August 1	<u>4,335,905</u>
Total Net Position - July 31	<u><u>\$ 4,322,852</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, 2014

	2014
Cash Flows from Operating Activities	
Cash received from customers	\$ 12,601,257
Cash received from schools	968,249
Payments to suppliers for goods and services	(10,245,555)
Payments to employees for services	(2,586,424)
Payments for fringe benefits	(1,086,361)
Payments to schools	<u>(1,127,164)</u>
Net Cash Provided by (Used In) Operating Activities	\$ <u>(1,475,998)</u>
Cash Flows from Non-Capital and Related Financing Activities	
Corporate partnership	\$ 781,129
Operating transfers in	840,380
Operating transfers out	<u>(840,380)</u>
Net Cash Provided by (Used In) Non-Capital and Related Financing Activities	\$ <u>781,129</u>
Cash Flows from Investing Activities	
Interest on investments	\$ 122,584
Proceeds from sales and maturities of investments	2,252,133
Purchases of investments	<u>(2,166,535)</u>
Net Cash Provided by (Used In) Investing Activities	\$ <u>208,182</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (486,687)
Cash and Cash Equivalents - August 1	<u>2,145,666</u>
Cash and Cash Equivalents - July 31	<u><u>\$ 1,658,979</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities	
Operating Income (Loss)	\$ (915,502)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities	
Depreciation	49,694
(Increase) Decrease in accounts receivable	(72,791)
(Increase) Decrease in prepaid expenses	(1,240)
Increase (Decrease) in salaries payable	10,536
Increase (Decrease) in accounts payable	(73,253)
Increase (Decrease) in school expense reimbursement payable	(560,323)
Increase (Decrease) in short-term accrued employee benefits payable	5,763
Increase (Decrease) in unearned income	5,966
Increase (Decrease) net other post-employment benefits payable	57,273
Increase (Decrease) in retirement benefits payable	<u>17,879</u>
Total adjustments	\$ <u>(560,496)</u>
Net Cash Provided By (Used In) Operating Activities	\$ <u><u>(1,475,998)</u></u>

Non-cash Operating Activities

The MSHSL has \$1,257,695 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, 2014**

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, 2014. 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, 2014, financial statements of the MSHSL include the financial information of all 16 Administrative Regions.

Measurement Focus and Basis of Accounting - The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned. Expenses are recognized when they are incurred. When both restricted and unrestricted resources are available for use, it is the League's policy to use restricted resources first, and then unrestricted resources as they are needed.

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

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

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

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

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

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

1. Summary of Significant Accounting Policies (Continued)

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

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

Sick Pay Policy - The MSHSL employees are entitled to 15 days of paid sick leave per year. Employees are not compensated for unused sick leave upon termination of employment; however, qualified employees that meet the requirements of the sick leave pay plan may be compensated for unused balances to a maximum of one year salary.

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

2. Deposits and Investments

The MSHSL is governed by the deposit and investment limitations of its own internal policies. The deposits and investments held on July 31, 2014, reported at fair value, are shown below.

	Maturities	Fair Value
Deposits:		
Checking and savings	-	\$ 1,666,772
Cash with broker	-	102,406
Total Deposits		\$ 1,769,178
Investments:		
Negotiable certificates of deposit		
Wells Fargo	Various	\$ 1,249,362
Wells Fargo	Various	249,823
Equities	Various	1,293,997
Total Investments		\$ 2,793,182
Total Deposits and Investments		\$ 4,562,360
Add:		
Petty Cash	-	204
Deferred compensation	-	236,185
Total Cash, Cash Equivalents, and Investments		\$ 4,798,749

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

2. Deposits and Investments (Continued)

Reconciliation to the Statement of
Net Position:

Cash and cash equivalents	\$ 1,658,979
Investments	2,543,359
Deferred compensation	236,185
Investments held for retirement benefits	360,226
Total Cash, Cash Equivalents, and Investments	\$ 4,798,749

Custodial Credit Risk – As of July 31, 2014, deposits in financial institutions, reported as components of cash, cash equivalents, and investments, had a carrying value of \$1,769,178. Bank balances were \$2,059,391, of which \$50,232 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, 2014, negotiable certificates of deposit in the amount of \$1,499,185 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, 2014, the MSHSL had no concentration of credit risk.

3. Capital Assets

Capital assets comprise the following at July 31, 2014:

	08/01/2013	Additions	Deductions/ Adjustments	07/31/2014
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	\$ (908,996)	\$ (43,875)	\$ -	\$ (952,871)
Furniture and equipment	(195,154)	(5,819)	-	(200,973)
Computer equipment	(4,454)	-	-	(4,454)
Total accumulated depreciation	\$ (1,108,604)	\$ (49,694)	\$ -	\$ (1,158,298)
Total capital assets being depreciated, net	\$ 726,471	\$ (49,694)	\$ -	\$ 676,777
Net Capital Assets	\$ 1,045,035	\$ (49,694)	\$ -	\$ 995,341

Depreciation expense totaling \$49,694 was charged for the year ended July 31, 2014.

**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 \$17,287 for the year ended July 31, 2014. Future minimum lease payments at July 31, 2014, are as follows:

2015		\$	17,768
2016			17,768
2017			10,238
2018			2,065
2019			<u>662</u>
 Total		 \$	 <u>48,501</u>

5. Unearned Income

Unearned 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, 2014:

Current Liabilities			
Vacation leave		\$	<u>158,460</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, 2014, is \$374,013. 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 are less than the accrued liability by \$13,787 for the year ended July 31, 2014.

Retirement benefits activity for the year ended July 31, 2014:

	<u>08/01/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>07/31/2014</u>	<u>Due Within One Year</u>
Retirement benefits payable	\$ 356,134	\$ 17,879	\$ -	\$ 374,013	\$ -

**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 \$332,540 for the year ended July 31, 2014.

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, 2014.

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, 2014. 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 2014, the MSHSL had no 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 2014, 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		3,946
Adjustment to ARC		(5,321)
Annual OPEB cost		57,273
Contributions during the year		(0)
Increase(Decrease) in net OPEB obligation		57,273
Net OPEB – Beginning of the year		87,688
Net OPEB – End of the year	\$	144,961

The MSHSL’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB payable for fiscal year 2014 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contribution	Net OPEB Obligation
July 31, 2012	\$ 58,481	\$ 27,470	47.0%	\$ 42,000
July 31, 2013	58,003	12,315	21.2%	87,688
July 31, 2014	57,273	-	-%	144,961

**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)	<u>\$</u>	<u>523,059</u>
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, 2014

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, 2014

	MSHSL OFFICE	1A	2A	3A	4A	5A	6A
<u>Assets</u>							
Current Assets							
Cash and cash equivalents (Note 2)	\$ 329,875	37,375	113,193	53,302	13,785	113,973	73,562
Investments (Note 2)	2,543,359	-	-	-	-	-	-
Accounts receivable	261,617	-	-	-	-	-	-
Accrued interest receivable	695	-	-	-	-	28	-
Prepaid items	12,302	-	-	-	-	-	-
Total current assets	\$ 3,147,848	37,375	113,193	53,302	13,785	114,001	73,562
Noncurrent Assets							
Restricted assets							
Deferred compensation (Note 10)	\$ 236,185	-	-	-	-	-	-
Capital assets							
Non-depreciable	\$ 318,564	-	-	-	-	-	-
Depreciable-net of accumulated depreciation	676,777	-	-	-	-	-	-
Net capital assets (Note 3)	\$ 995,341	-	-	-	-	-	-
Other assets							
Investments held for retirement benefits (Note 7)	\$ 360,226	-	-	-	-	-	-
Total noncurrent assets	\$ 1,591,752	-	-	-	-	-	-
Total Assets	\$ 4,739,600	37,375	113,193	53,302	13,785	114,001	73,562
<u>Liabilities and Net Position</u>							
Current Liabilities							
Salaries payable	\$ 92,627	-	-	-	-	-	-
Accounts payable	51,103	150	-	-	3,943	-	-
School expense reimbursement payable	227,200	-	81,000	-	-	27,466	-
Accrued employee benefits payable (Note 6)	158,460	-	-	-	-	-	-
Unearned income (Note 5)	40,318	-	2,000	-	-	-	-
Total current liabilities	\$ 569,708	150	83,000	-	3,943	27,466	-
Noncurrent Liabilities							
Retirement benefits payable (Note 7)	\$ 374,013	-	-	-	-	-	-
Net other post-employment benefits payable (Note 13)	144,961	-	-	-	-	-	-
Deferred compensation (Note 10)	236,185	-	-	-	-	-	-
Total noncurrent liabilities	\$ 755,159	-	-	-	-	-	-
Total Liabilities	\$ 1,324,867	150	83,000	-	3,943	27,466	-
Net Position (Note 8)							
Investment in capital assets	\$ 995,341	-	-	-	-	-	-
Unrestricted	2,419,392	37,225	30,193	53,302	9,842	86,535	73,562
Total Net Position	\$ 3,414,733	37,225	30,193	53,302	9,842	86,535	73,562

SCHEDULE 1

ADMINISTRATIVE REGIONS										TOTAL	COMBINED
7A	8A	1AA	2AA	3AA	4AA	5AA	6AA	7AA	8AA	ADMINISTRATIVE	TOTAL
91,142	87,394	56,043	53,495	113,215	105,472	155,907	83,936	101,764	75,546	\$ 1,329,104	\$ 1,658,979
-	-	-	-	-	-	-	-	-	-	-	2,543,359
3,416	-	-	1,709	2,195	1,003	-	-	58	-	8,381	269,998
-	-	-	-	-	-	-	-	-	-	28	723
-	-	-	-	-	-	-	-	-	-	-	12,302
<u>94,558</u>	<u>87,394</u>	<u>56,043</u>	<u>55,204</u>	<u>115,410</u>	<u>106,475</u>	<u>155,907</u>	<u>83,936</u>	<u>101,822</u>	<u>75,546</u>	<u>\$ 1,337,513</u>	<u>\$ 4,485,361</u>
-	-	-	-	-	-	-	-	-	-	\$ -	\$ 236,185
-	-	-	-	-	-	-	-	-	-	\$ -	\$ 318,564
-	-	-	-	-	-	-	-	-	-	-	676,777
-	-	-	-	-	-	-	-	-	-	\$ -	\$ 995,341
-	-	-	-	-	-	-	-	-	-	\$ -	\$ 360,226
-	-	-	-	-	-	-	-	-	-	\$ -	\$ 1,591,752
<u>94,558</u>	<u>87,394</u>	<u>56,043</u>	<u>55,204</u>	<u>115,410</u>	<u>106,475</u>	<u>155,907</u>	<u>83,936</u>	<u>101,822</u>	<u>75,546</u>	<u>\$ 1,337,513</u>	<u>\$ 6,077,113</u>
-	-	-	646	-	-	-	-	-	-	\$ 646	\$ 93,273
1,077	-	-	499	141	1,251	183	124	-	-	7,368	58,471
21,979	23,385	-	-	46,522	46,309	97,800	21,214	46,688	7,017	419,380	646,580
-	-	-	-	-	-	-	-	-	-	-	158,460
-	-	-	-	-	-	-	-	-	-	2,000	42,318
<u>23,056</u>	<u>23,385</u>	<u>-</u>	<u>1,145</u>	<u>46,663</u>	<u>47,560</u>	<u>97,983</u>	<u>21,338</u>	<u>46,688</u>	<u>7,017</u>	<u>\$ 429,394</u>	<u>\$ 999,102</u>
-	-	-	-	-	-	-	-	-	-	\$ -	\$ 374,013
-	-	-	-	-	-	-	-	-	-	-	144,961
-	-	-	-	-	-	-	-	-	-	-	236,185
-	-	-	-	-	-	-	-	-	-	\$ -	\$ 755,159
<u>23,056</u>	<u>23,385</u>	<u>-</u>	<u>1,145</u>	<u>46,663</u>	<u>47,560</u>	<u>97,983</u>	<u>21,338</u>	<u>46,688</u>	<u>7,017</u>	<u>\$ 429,394</u>	<u>\$ 1,754,261</u>
-	-	-	-	-	-	-	-	-	-	\$ -	\$ 995,341
<u>71,502</u>	<u>64,009</u>	<u>56,043</u>	<u>54,059</u>	<u>68,747</u>	<u>58,915</u>	<u>57,924</u>	<u>62,598</u>	<u>55,134</u>	<u>68,529</u>	<u>908,119</u>	<u>3,327,511</u>
<u>71,502</u>	<u>64,009</u>	<u>56,043</u>	<u>54,059</u>	<u>68,747</u>	<u>58,915</u>	<u>57,924</u>	<u>62,598</u>	<u>55,134</u>	<u>68,529</u>	<u>\$ 908,119</u>	<u>\$ 4,322,852</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, 2014

	MSHSL OFFICE						
		1A	2A	3A	4A	5A	6A
Operating Revenues							
Tournaments	\$ 6,463,667	442,465	386,699	380,860	234,788	418,971	535,443
Television	904,128	-	-	-	-	-	-
Membership services	968,249	-	-	-	-	-	-
Contest officials registration	330,517	-	-	-	-	-	-
Sales of handbooks, rule books, and supplies	193,722	-	-	-	-	-	-
Other	146,241	2,132	-	-	-	6,211	-
Total Operating Revenues	\$ 9,006,524	444,597	386,699	380,860	234,788	425,182	535,443
Operating Expenses							
Tournaments	\$ 4,319,007	337,187	232,154	309,297	182,145	323,260	369,341
School expense reimbursement	227,201	-	81,000	248	-	27,466	-
Membership services							
Insurance	527,761	450	860	1,709	1,259	1,709	952
Handbooks, rule books, and supplies	157,820	-	-	-	-	-	-
Other	174,208	-	-	-	-	-	-
Fine arts programs	10,951	-	-	-	-	-	-
Officials program	249,539	-	-	-	-	-	-
Committees	32,201	5,364	4,468	14,322	1,183	5,671	8,827
Board of directors	108,094	-	-	-	-	-	-
Salaries	2,007,676	36,620	40,500	46,780	32,782	29,000	52,613
Employee benefits	1,050,272	7,562	8,363	7,602	6,770	5,988	11,081
Insurance	14,637	-	-	-	-	-	-
Legal	88,521	-	-	-	-	-	-
Other professional services	92,034	69,053	5,186	19,520	32,446	51,509	4,400
Maintenance	57,539	-	-	-	-	-	-
Utilities	45,554	-	-	-	-	-	-
Postage	79,820	-	-	-	-	-	-
Supplies	32,481	50	492	3,185	2,326	2,935	14,897
Data processing and office equipment	202,477	-	-	-	-	-	-
Public relations	71,913	3,952	2,634	-	-	10,674	2,173
Corporate sponsor commission	53,812	-	-	-	-	-	-
Television consulting	14,867	-	-	-	-	-	-
Depreciation	49,694	-	-	-	-	-	-
Other	217,511	3,279	2,962	-	1,352	1,930	4,207
Total Operating Expenses	\$ 9,885,590	463,517	378,619	402,663	260,263	460,142	468,491
Operating Income (Loss)	\$ (879,066)	(18,920)	8,080	(21,803)	(25,475)	(34,960)	66,952
Nonoperating Revenues (Expenses)							
Corporate partnership	\$ 773,629	3,500	2,200	-	-	-	-
Interest	119,886	-	10	87	-	150	19
Total Nonoperating Revenues (Expenses)	\$ 893,515	3,500	2,210	87	-	150	19
Income Before Transfers	\$ 14,449	(15,420)	10,290	(21,716)	(25,475)	(34,810)	66,971
Operating Transfers In	-	27,262	41,139	37,308	65,592	92,033	41,498
Operating Transfers Out	(55,044)	(10,826)	(51,318)	(39,555)	(48,007)	(53,304)	(94,070)
Change in Net Position	\$ (40,595)	1,016	111	(23,963)	(7,890)	3,919	14,399
Total Net Position - August 1	3,455,328	36,209	30,082	77,265	17,732	82,616	59,163
Total Net Position - July 31	\$ 3,414,733	37,225	30,193	53,302	9,842	86,535	73,562

SCHEDULE 2

ADMINISTRATIVE REGIONS										TOTAL	COMBINED
7A	8A	1AA	2AA	3AA	4AA	5AA	6AA	7AA	8AA	ADMINISTRATIVE	TOTAL
										REGIONS	
402,230	327,595	327,737	277,585	412,486	305,082	395,841	313,490	310,686	378,258	\$ 5,850,216	\$ 12,313,883
-	-	-	-	-	-	-	-	-	-	-	904,128
-	-	-	-	-	-	-	-	-	-	-	968,249
-	-	-	-	-	-	-	-	-	-	-	330,517
-	-	-	-	-	-	-	-	-	-	-	193,722
147	2,650	5,085	2,820	6,400	2,222	9,125	3,757	-	-	40,549	186,790
<u>402,377</u>	<u>330,245</u>	<u>332,822</u>	<u>280,405</u>	<u>418,886</u>	<u>307,304</u>	<u>404,966</u>	<u>317,247</u>	<u>310,686</u>	<u>378,258</u>	<u>\$ 5,890,765</u>	<u>\$ 14,897,289</u>
281,666	261,514	244,741	240,283	282,957	246,638	245,407	266,901	217,648	268,274	\$ 4,309,413	\$ 8,628,420
21,979	23,385	55,772	317	46,522	11,316	98,396	20,591	46,688	28,319	461,999	689,200
450	450	450	860	860	860	860	860	860	450	13,899	541,660
-	-	-	-	-	-	-	-	-	-	-	157,820
-	-	-	-	-	-	-	-	-	-	-	174,208
-	-	-	-	-	-	-	-	-	-	-	10,951
-	-	-	-	-	-	-	-	-	-	-	249,539
12,500	10,994	5,169	3,081	2,167	3,192	300	87	7,944	8,101	93,370	125,571
-	-	-	-	-	-	-	-	-	-	-	108,094
41,333	36,000	32,500	37,138	34,000	32,249	29,950	31,500	34,000	34,500	581,465	2,589,141
8,535	7,434	6,711	7,537	7,021	6,660	5,090	6,505	7,021	7,124	117,004	1,167,276
-	-	-	-	-	-	-	-	-	-	-	14,637
-	-	-	-	-	-	-	-	-	-	-	88,521
7,125	2,375	5,160	-	2,679	2,849	2,945	3,013	3,125	2,150	213,535	305,569
-	-	-	-	-	-	-	-	-	-	-	57,539
-	-	-	-	-	-	-	-	-	-	-	45,554
-	-	-	-	-	-	-	-	-	-	-	79,820
4,052	7,379	2,718	2,035	1,766	2,125	3,395	4,047	4,654	3,517	59,573	92,054
-	-	-	-	-	-	-	-	-	-	-	202,477
-	14,542	-	-	12,613	-	-	-	-	2,122	48,710	120,623
-	-	-	-	-	-	-	-	-	-	-	53,812
-	-	-	-	-	-	-	-	-	-	-	14,867
-	-	-	-	-	-	-	-	-	-	-	49,694
1,847	1,619	5,730	1,802	435	-	2,251	696	123	-	28,233	245,744
<u>379,487</u>	<u>365,692</u>	<u>358,951</u>	<u>293,053</u>	<u>391,020</u>	<u>305,889</u>	<u>388,594</u>	<u>334,200</u>	<u>322,063</u>	<u>354,557</u>	<u>\$ 5,927,201</u>	<u>\$ 15,812,791</u>
<u>22,890</u>	<u>(35,447)</u>	<u>(26,129)</u>	<u>(12,648)</u>	<u>27,866</u>	<u>1,415</u>	<u>16,372</u>	<u>(16,953)</u>	<u>(11,377)</u>	<u>23,701</u>	<u>\$ (36,436)</u>	<u>\$ (915,502)</u>
-	2,000	-	-	-	-	-	-	-	-	\$ 7,700	\$ 781,329
71	83	241	-	-	26	341	132	63	11	1,234	121,120
<u>71</u>	<u>2,083</u>	<u>241</u>	<u>-</u>	<u>-</u>	<u>26</u>	<u>341</u>	<u>132</u>	<u>63</u>	<u>11</u>	<u>\$ 8,934</u>	<u>\$ 902,449</u>
22,961	(33,364)	(25,888)	(12,648)	27,866	1,441	16,713	(16,821)	(11,314)	23,712	\$ (27,502)	\$ (13,053)
16,983	56,665	46,851	76,696	58,795	51,852	59,513	69,793	52,054	46,529	840,563	840,563
<u>(26,438)</u>	<u>(16,888)</u>	<u>(23,032)</u>	<u>(59,473)</u>	<u>(91,126)</u>	<u>(49,129)</u>	<u>(72,945)</u>	<u>(47,753)</u>	<u>(39,209)</u>	<u>(62,446)</u>	<u>(785,519)</u>	<u>(840,563)</u>
13,506	6,413	(2,069)	4,575	(4,465)	4,164	3,281	5,219	1,531	7,795	\$ 27,542	\$ (13,053)
<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>
<u>71,502</u>	<u>64,009</u>	<u>56,043</u>	<u>54,059</u>	<u>68,747</u>	<u>58,915</u>	<u>57,924</u>	<u>62,598</u>	<u>55,134</u>	<u>68,529</u>	<u>\$ 908,119</u>	<u>\$ 4,322,852</u>

MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA

STATEMENT OF CASH FLOWS BY LOCATION
FOR THE YEAR ENDED JULY 31, 2014

	MSHSL OFFICE						
		1A	2A	3A	4A	5A	6A
Cash Flows from Operating Activities							
Cash received from customers	\$ 6,708,237	444,597	386,699	380,860	238,731	425,182	535,443
Cash received from schools	968,249	-	-	-	-	-	-
Payments to suppliers for goods and services	(5,352,360)	(419,185)	(248,756)	(348,033)	(220,711)	(397,740)	(396,978)
Payments to employees for services	(1,997,113)	(36,620)	(40,500)	(46,780)	(32,782)	(29,000)	(60,432)
Payments for fringe benefits	(969,357)	(7,562)	(8,363)	(7,602)	(6,770)	(5,988)	(11,081)
Payments to schools	(694,181)	(40,162)	(85,900)	(7,317)	-	(9,889)	-
Net Cash Provided By (Used In) Operating Activities	\$ (1,336,525)	(58,932)	3,180	(28,872)	(21,532)	(17,435)	66,952
Cash Flows from Non-Capital and Related Financing Activities							
Corporate partnership	\$ 773,629	3,500	2,000	-	-	-	-
Operating transfers in	-	27,262	41,139	37,308	65,592	92,033	41,498
Operating transfers out	(55,044)	(10,826)	(51,318)	(39,555)	(48,007)	(53,304)	(94,070)
Net Cash Provided By (Used In) Non-Capital and Related Financing Activities	\$ 718,585	19,936	(8,179)	(2,247)	17,585	38,729	(52,572)
Cash Flows from Investing Activities							
Interest on investments	\$ 121,315	-	10	87	-	185	19
Proceeds from sales and maturities of investments	2,252,133	-	-	-	-	-	-
Purchases of investments	(2,166,535)	-	-	-	-	-	-
Net Cash Provided By (Used In) Investing Activities	\$ 206,913	-	10	87	-	185	19
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (411,027)	(38,996)	(4,989)	(31,032)	(3,947)	21,479	14,399
Cash and Cash Equivalents - August 1	\$ 740,902	76,371	118,182	84,334	17,732	92,494	59,163
Cash and Cash Equivalents - July 31	\$ 329,875	37,375	113,193	53,302	13,785	113,973	73,562
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities							
Operating Income (Loss)	\$ (879,066)	(18,920)	8,080	(21,803)	(25,475)	(34,960)	66,952
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities							
Depreciation	49,694	-	-	-	-	-	-
(Increase) Decrease in accounts receivable	(71,103)	-	-	-	-	-	-
(Increase) Decrease in prepaid expenses	(1,240)	-	-	-	-	-	-
Increase (Decrease) in salaries payable	10,563	-	-	-	-	-	-
Increase (Decrease) in accounts payable	(65,274)	150	-	-	3,943	(52)	-
Increase (Decrease) in school expense reimbursement payable	(466,980)	(40,162)	(4,900)	(7,069)	-	17,577	-
Increase (Decrease) in short-term accrued employee benefits payable	5,763	-	-	-	-	-	-
Increase (Decrease) in unearned income	5,966	-	-	-	-	-	-
Increase (Decrease) in net other post-employment benefits payable	57,273	-	-	-	-	-	-
Increase (Decrease) in retirement benefits payable	17,879	-	-	-	-	-	-
Total adjustments	\$ (457,459)	(40,012)	(4,900)	(7,069)	3,943	17,525	-
Net Cash Provided By (Used In) Operating Activities	\$ (1,336,525)	(58,932)	3,180	(28,872)	(21,532)	(17,435)	66,952
Non-cash Operating Activities							
The MSHSL has \$1,257,695 of non-monetary exchange revenues and expenses							

ADMINISTRATIVE REGIONS										TOTAL ADMINISTRATIVE REGIONS	COMBINED TOTAL
7A	8A	1AA	2AA	3AA	4AA	5AA	6AA	7AA	8AA		
401,785	330,245	332,822	282,382	416,691	306,484	404,966	317,247	310,628	378,258	\$ 5,893,020	\$ 12,601,257
-	-	-	-	-	-	-	-	-	-	-	968,249
(356,779)	(298,873)	(263,968)	(247,562)	(303,336)	(254,413)	(255,913)	(275,480)	(281,042)	(324,426)	(4,893,195)	(10,245,555)
(41,333)	(36,000)	(32,500)	(37,165)	(34,000)	(32,249)	(29,950)	(31,500)	(34,000)	(34,500)	(589,311)	(2,586,424)
(8,535)	(7,434)	(6,711)	(7,537)	(7,021)	(6,660)	(5,090)	(6,505)	(7,021)	(7,124)	(117,004)	(1,086,361)
(19,641)	-	(56,000)	(10,803)	(29,918)	(24,121)	(92,800)	(30,880)	(25,552)	-	(432,983)	(1,127,164)
(24,503)	(12,062)	(26,357)	(20,685)	42,416	(10,959)	21,213	(27,118)	(36,987)	12,208	\$ (139,473)	\$ (1,475,998)
-	2,000	-	-	-	-	-	-	-	-	\$ 7,500	\$ 781,129
16,983	56,665	46,851	76,696	58,795	51,669	59,513	69,793	52,054	46,529	840,380	840,380
(26,438)	(16,888)	(23,032)	(59,473)	(91,126)	(49,129)	(72,762)	(47,753)	(39,209)	(62,446)	(785,336)	(840,380)
(9,455)	41,777	23,819	17,223	(32,331)	2,540	(13,249)	22,040	12,845	(15,917)	\$ 62,544	\$ 781,129
71	83	241	-	-	26	341	132	63	11	\$ 1,269	\$ 122,584
-	-	-	-	-	-	-	-	-	-	-	2,252,133
-	-	-	-	-	-	-	-	-	-	-	(2,166,535)
71	83	241	-	-	26	341	132	63	11	\$ 1,269	\$ 208,182
(33,887)	29,798	(2,297)	(3,462)	10,085	(8,393)	8,305	(4,946)	(24,079)	(3,698)	\$ (75,660)	\$ (486,687)
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
91,142	87,394	56,043	53,495	113,215	105,472	155,907	83,936	101,764	75,546	\$ 1,329,104	\$ 1,658,979
22,890	(35,447)	(26,129)	(12,648)	27,866	1,415	16,372	(16,953)	(11,377)	23,701	\$ (36,436)	\$ (915,502)
-	-	-	-	-	-	-	-	-	-	-	49,694
(592)	-	-	1,977	(2,195)	(820)	-	-	(58)	-	(1,688)	(72,791)
-	-	-	-	-	-	-	-	-	-	-	(1,240)
-	-	-	(27)	-	-	-	-	-	-	(27)	10,536
(13,280)	-	-	499	141	1,251	(755)	124	-	-	(7,979)	(73,253)
(33,521)	23,385	(228)	(10,486)	16,604	(12,805)	5,596	(10,289)	(25,552)	(11,493)	(93,343)	(560,323)
-	-	-	-	-	-	-	-	-	-	-	5,763
-	-	-	-	-	-	-	-	-	-	-	5,966
-	-	-	-	-	-	-	-	-	-	-	57,273
-	-	-	-	-	-	-	-	-	-	-	17,879
(47,393)	23,385	(228)	(8,037)	14,550	(12,374)	4,841	(10,165)	(25,610)	(11,493)	\$ (103,037)	\$ (560,496)
(24,503)	(12,062)	(26,357)	(20,685)	42,416	(10,959)	21,213	(27,118)	(36,987)	12,208	\$ (139,473)	\$ (1,475,998)

SCHEDULE OF TOURNAMENT REVENUES AND DIRECT EXPENSES
 FOR THE YEAR ENDED JULY 31, 2014

	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	\$ 83,544	\$ 81,408	\$ 2,136	\$ 337,250	\$ 300,039	\$ 37,211	\$ 420,794	\$ 381,447	\$ 39,347
Boys' basketball	569,768	254,036	315,732	925,857	364,007	561,850	1,495,625	618,043	877,582
Girls' basketball	293,877	236,999	56,878	683,062	349,844	333,218	976,939	586,843	390,096
Cross country running	16,495	34,000	(17,505)	19,406	50,231	(30,825)	35,901	84,231	(48,330)
Football	1,007,768	422,859	584,909	1,234,241	558,192	676,049	2,242,009	981,051	1,260,958
Golf	12,581	48,561	(35,980)	17,655	117,474	(99,819)	30,236	166,035	(135,799)
Girls' gymnastics	36,323	73,107	(36,784)	25,329	51,961	(26,632)	61,652	125,068	(63,416)
Boys' hockey	1,506,238	383,590	1,122,648	527,464	232,740	294,724	2,033,702	616,330	1,417,372
Nordic ski racing	3,609	24,275	(20,666)	2,028	32,059	(30,031)	5,637	56,334	(50,697)
Alpine skiing	4,227	25,788	(21,561)	-	34,286	(34,286)	4,227	60,074	(55,847)
Soccer	159,879	115,488	44,391	289,954	185,802	104,152	449,833	301,290	148,543
Girls' softball	63,449	47,641	15,808	161,346	204,698	(43,352)	224,795	252,339	(27,544)
Boys' swimming	45,641	55,165	(9,524)	42,232	50,881	(8,649)	87,873	106,046	(18,173)
Girls' swimming	51,884	53,519	(1,635)	67,482	58,462	9,020	119,366	111,981	7,385
Boys' tennis	4,600	37,830	(33,230)	5,250	41,008	(35,758)	9,850	78,838	(68,988)
Girls' tennis	6,752	40,532	(33,780)	9,763	63,093	(53,330)	16,515	103,625	(87,110)
Track and field	129,046	131,730	(2,684)	174,312	219,358	(45,046)	303,358	351,088	(47,730)
Girls' volleyball	213,895	159,900	53,995	527,883	281,348	246,535	741,778	441,248	300,530
Wrestling	481,261	238,749	242,512	237,305	242,711	(5,406)	718,566	481,460	237,106
Synchronized swimming	-	512	(512)	-	-	-	-	512	(512)
Adapted soccer	7,621	17,625	(10,004)	-	-	-	7,621	17,625	(10,004)
Adapted floor hockey	8,939	20,573	(11,634)	-	-	-	8,939	20,573	(11,634)
Adapted softball	5,829	18,893	(13,064)	-	-	-	5,829	18,893	(13,064)
Adapted bowling	885	13,147	(12,262)	-	-	-	885	13,147	(12,262)
Debate	-	22,700	(22,700)	-	17,889	(17,889)	-	40,589	(40,589)
Speech	7,839	47,086	(39,247)	42,590	194,739	(152,149)	50,429	241,825	(191,396)
One-act play	15,902	24,660	(8,758)	30,515	70,104	(39,589)	46,417	94,764	(48,347)
Girls hockey	237,637	228,221	9,416	139,754	118,087	21,667	377,391	346,308	31,083
Music	-	-	-	133,394	299,171	(165,777)	133,394	299,171	(165,777)
Cheerleading	-	706	(706)	-	-	-	-	706	(706)
Girls' dance team	188,729	96,374	92,355	83,937	54,779	29,158	272,666	151,153	121,513
Lacrosse	34,234	45,662	(11,428)	114,323	80,363	33,960	148,557	126,025	22,532
Badminton	-	288	(288)	-	-	-	-	288	(288)
Visual arts	-	208	(208)	17,884	36,087	(18,203)	17,884	36,295	(18,411)
Robotics	6,051	45,530	(39,479)	-	-	-	6,051	45,530	(39,479)
Clay Target	1,469	13,950	(12,481)	-	-	-	1,469	13,950	(12,481)
Advertising	1,257,695	1,257,695	-	-	-	-	1,257,695	1,257,695	-
Total	\$ 6,463,667	\$ 4,319,007	\$ 2,144,660	\$ 5,850,216	\$ 4,309,413	\$ 1,540,803	\$ 12,313,883	\$ 8,628,420	\$ 3,685,463

**INSIDE
BACK**

**BACK
COVER**