



## MINNESOTA STATE HIGH SCHOOL LEAGUE BROOKLYN CENTER, MINNESOTA

# ANNUAL FINANCIAL REPORT

### YEAR ENDED JULY 31, 2015

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

**ORGANIZATION  
2015**

*Term Expires*

**BOARD OF DIRECTORS**

Scott McCready, President.....	2015
Erich Martens, Vice President .....	2016
Steve Eklund*, Treasurer.....	2015
Betsy Anderson .....	2019
Steven Beals* .....	2017
Tom Graupmann .....	2017
Bob Grey.....	2016
Shelly Hotzler .....	2016
Dan Johnson.....	2015
Wade Johnson .....	2018
Emmett Keenan.....	2017
Chris McDonald .....	2016
Paul McDonald* .....	2018
Lea B. Olsen* .....	2016
Mike Olson .....	2016
Deborah Pauly .....	2017
Lane Powell.....	2015
Mark Solberg .....	2015
Chad Stoskopf.....	2018
Troy Urdahl.....	2018

**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, 2015, 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 14 percent, 12 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 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.

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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 MSHSL as of July 31, 2015, 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*

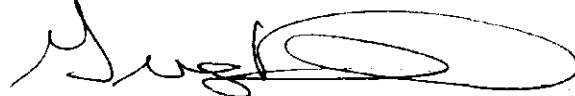
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the 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 23, 2015

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JULY 31, 2015**

**(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, 2015. 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, 2015 and 2014, are summarized below.

	2015	2014	Percentage Change
Current assets	\$ 4,862,405	\$ 4,485,361	8.4%
Noncurrent assets	604,429	596,411	1.3%
Capital assets	948,082	995,341	(4.7%)
Total assets	<u>\$ 6,414,916</u>	<u>\$ 6,077,113</u>	5.6%
Current liabilities	\$ 1,171,260	\$ 999,102	17.2%
Noncurrent liabilities	768,337	755,159	1.7%
Total liabilities	<u>\$ 1,939,597</u>	<u>\$ 1,754,261</u>	10.6%
Investment in capital assets	\$ 948,082	\$ 995,341	(4.7%)
Unrestricted	3,527,237	3,327,511	6.0%
Total net position	<u>\$ 4,475,319</u>	<u>\$ 4,322,852</u>	3.5%

Current assets at July 31, 2015, totaled \$4,862,405, an increase of 8.4% or \$377,044. 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 2015.

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

Capital assets, net of accumulated depreciation, totaled \$948,082. There were no capital assets purchased in 2015. A \$47,259 decrease in capital assets is due to the depreciation recorded in 2015. 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 \$1,171,260 at July 31, 2015, a 17.2% increase or \$172,158. Current liabilities consist primarily of school expense reimbursement payable. The school expense reimbursement liability increased \$43,416. There is no retirement benefits payable in current liabilities in 2015. Noncurrent liabilities totaled \$768,337 at July 31, 2015, an increase of 1.7% or \$13,178. Noncurrent liabilities consist of retirement benefits payable, other post employment benefits and deferred compensation.

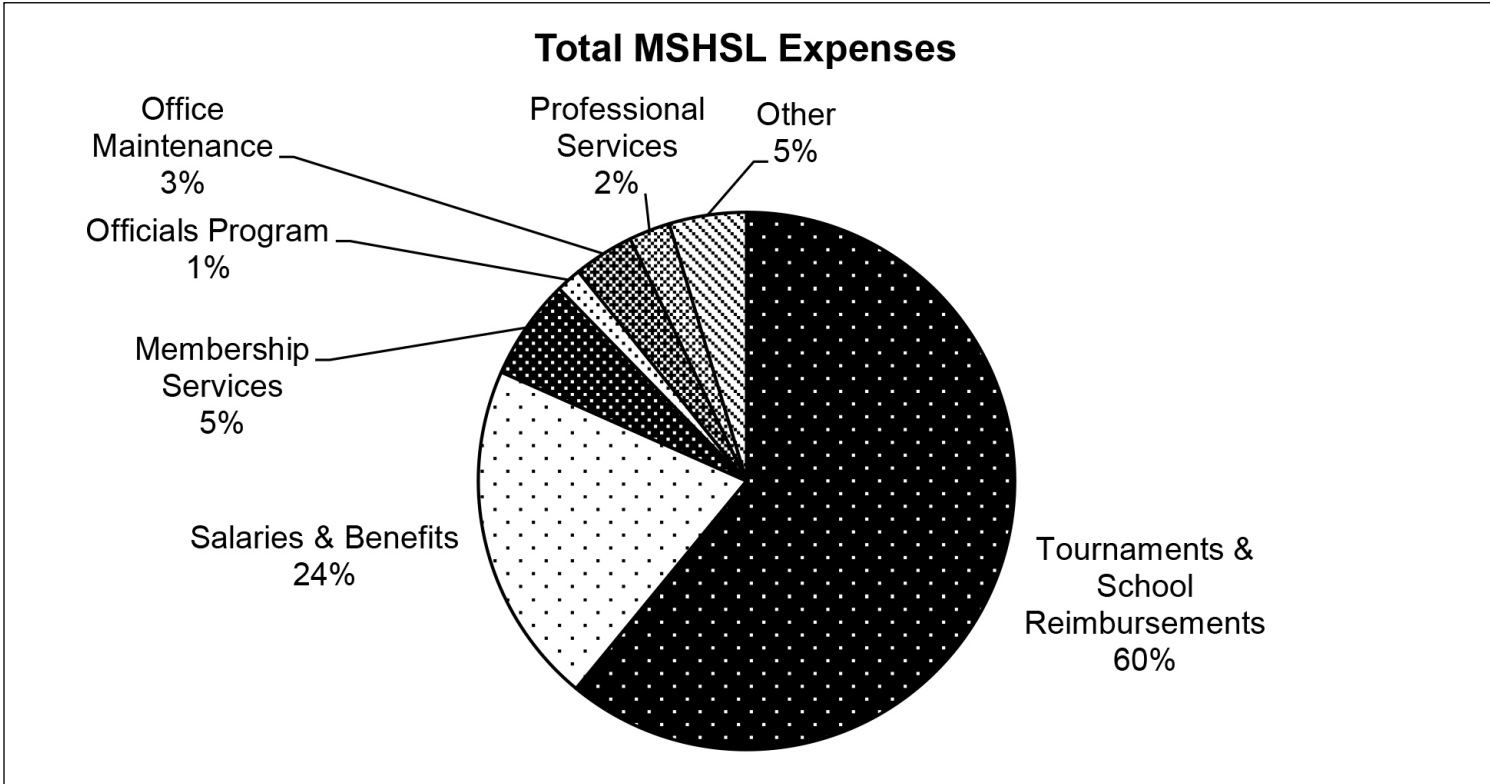
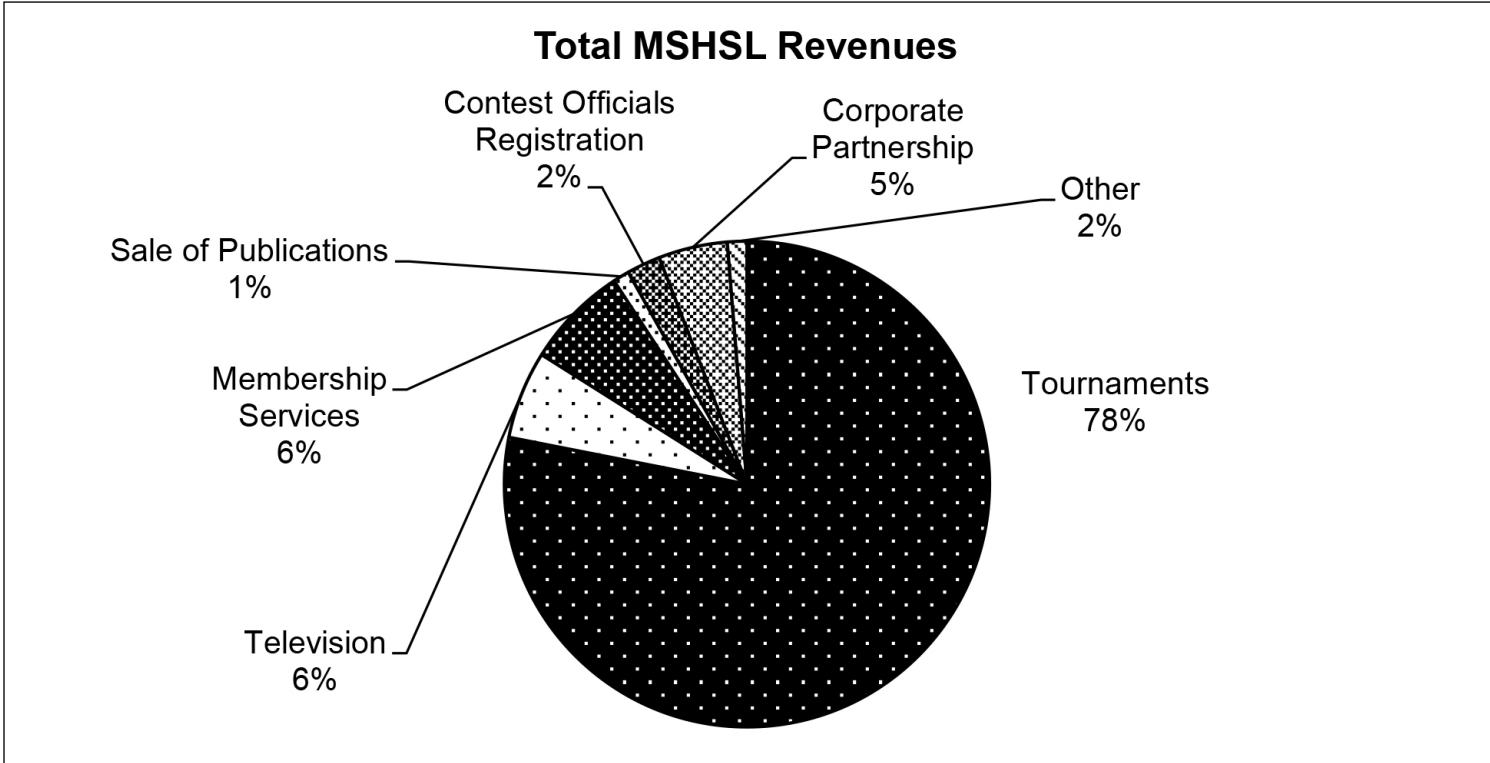
**Statement of Revenues, Expenses, and Changes in Net Position**

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, 2015 and 2014, are summarized below.

	<u>2015</u>	<u>2014</u>	<u>Percentage Change</u>
Operating revenues			
Tournaments	\$ 12,646,646	\$ 12,313,883	2.7%
Television	932,902	904,128	3.2%
Membership services	967,140	968,249	(0.1%)
Contest officials registration	343,242	330,517	3.9%
Sale of publications	150,667	193,722	(22.2%)
Other	300,706	186,790	61.0%
Total operating revenues	<u>\$ 15,341,303</u>	<u>\$ 14,897,289</u>	3.0%
Operating expenses			
Tournaments and school reimbursements	\$ 9,577,561	\$ 9,317,620	2.8%
Membership services	803,405	873,688	(8.0%)
Officials program	238,874	249,539	(4.3%)
Salaries and benefits	3,790,354	3,756,417	0.9%
Professional services	381,666	394,090	(3.2%)
Office maintenance	422,184	541,775	(22.1%)
Other	821,093	679,662	20.8%
Total operating expenses	<u>\$ 16,035,137</u>	<u>\$ 15,812,791</u>	1.4%
Operating income (loss)	<u>\$ (693,834)</u>	<u>\$ (915,502)</u>	24.2%
Non-operating revenues (expenses)			
Corporate partnership	\$ 829,978	\$ 781,329	6.2%
Interest	16,323	121,120	(86.5%)
Total non-operating revenues (expenses)	<u>\$ 846,301</u>	<u>\$ 902,449</u>	(6.2%)
Change in net position	\$ 152,467	\$ (13,053)	1,268.1%
Net position, August 1	<u>4,322,852</u>	<u>4,335,905</u>	(0.3%)
Net position, July 31	<u>\$ 4,475,319</u>	<u>\$ 4,322,852</u>	3.5%

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



For the year ended July 31, 2015, tournament revenue totaled \$12,646,646, an increase of \$332,763 or 2.7%. The major portion of this tournament revenue was the sale of tickets for admission to the events. More people attended the tournaments in 2015 than in 2014. Other tournament revenue consists of program sales, t-shirt and souvenir sales, advertising and sponsorships.

Television revenues increased in 2015 and are expected to increase by approximately 3% for the next 7 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.



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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, 2015, membership service revenue decreased by \$1,109.

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 by 3.9% in fiscal year 2015. The League continues to train registered officials in League sponsored activities.

Publications are sold to member schools, officials, and the general public. Publications include the League membership directory, Official Handbook and sports rules books. The sale of these publications decreased by 22.2% in fiscal year 2015. This sharp decrease in revenues was anticipated due to the League implementing an every other year rulebook requirement for schools and officials.

Operating expenses consist of tournament expenses, school reimbursements as well as general and administrative expenses. Tournament and school reimbursements increased by 2.8% in fiscal year 2015. Membership services decreased 8.0%. The majority of this decrease related to the educational services provided to coaches. The official's program expenses decreased by 4.3%. For fiscal year ended July 31, 2015, total operating expenses increased by 1.4%.

**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, 2015 and 2014 are summarized below.

	2015	2014	Percentage Change
Cash provided by (used in)			
Operating activities	\$ (452,769)	\$ (1,475,998)	69.3%
Non-capital and related financing activities	830,228	781,129	6.3%
Investing activities	945,027	208,182	353.9%
Net increase (decrease) in cash	\$ 1,322,486	\$ (486,687)	371.7%
Cash and cash equivalents - August 1	1,658,979	2,145,666	(22.7%)
Cash and cash equivalents - July 31	\$ 2,981,465	\$ 1,658,979	79.7%

**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 \$47,259. There were no capital additions in 2015.

**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, 2015**ASSETS

	<u>2015</u>
Current Assets	
Cash and cash equivalents (Note 2)	\$ 2,981,465
Investments (Note 2)	1,656,405
Accounts receivable	208,686
Accrued interest receivable	1,459
Prepaid items	<u>14,390</u>
Total current assets	<u>\$ 4,862,405</u>
Noncurrent Assets	
Restricted assets	
Deferred compensation (Note 10)	<u>\$ 286,689</u>
Capital assets	
Non-depreciable	\$ 318,564
Depreciable-net of accumulated depreciation	<u>629,518</u>
Net capital assets (Note 3)	<u>\$ 948,082</u>
Other assets	
Investments held for retirement benefits (Note 7)	<u>\$ 317,740</u>
Total noncurrent assets	<u>\$ 1,552,511</u>
Total Assets	<u>\$ 6,414,916</u>

Liabilities and Net Position

Current Liabilities	
Salaries payable	\$ 99,288
Accounts payable	204,767
School expense reimbursement payable	689,996
Accrued employee benefits payable (Note 6)	155,027
Unearned income (Note 5)	<u>22,182</u>
Total current liabilities	<u>\$ 1,171,260</u>
Noncurrent Liabilities	
Retirement benefits payable (Note 7)	\$ 284,448
Net other post-employment benefits payable (Note 13)	197,200
Deferred compensation (Note 10)	<u>286,689</u>
Total noncurrent liabilities	<u>\$ 768,337</u>
Total Liabilities	<u>\$ 1,939,597</u>
Net Position (Note 8)	
Investment in capital assets	\$ 948,082
Unrestricted	<u>3,527,237</u>
Total Net Position	<u>\$ 4,475,319</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, 2015**

	<u>2015</u>
Operating Revenues	
Tournaments	\$ 12,646,646
Television	932,902
Membership services	967,140
Contest officials registration	343,242
Sales of handbooks, rule books, and supplies	150,667
Other	<u>300,706</u>
Total Operating Revenues	<u>\$ 15,341,303</u>
Operating Expenses	
Tournaments	\$ 8,745,674
School expense reimbursement	831,887
Membership services	
Insurance	571,140
Handbooks, rule books, and supplies	144,495
Other	87,770
Fine arts programs	17,025
Officials program	238,874
Committees	110,585
Board of directors	99,625
Salaries	2,659,948
Employee benefits	1,130,406
Insurance	16,836
Legal	91,046
Other professional services	290,620
Maintenance	78,836
Utilities	44,765
Postage	76,785
Supplies	92,277
Data processing and office equipment	65,426
Public relations	196,974
Corporate sponsor commission	59,506
Television consulting	14,867
Depreciation	47,259
Other	<u>322,511</u>
Total Operating Expenses	<u>\$ 16,035,137</u>
Operating Income (Loss)	<u>\$ (693,834)</u>
Nonoperating Revenues (Expenses)	
Corporate partnership	\$ 829,978
Interest	<u>16,323</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 846,301</u>
Change in Net Position	\$ 152,467
Total Net Position - August 1	<u>4,322,852</u>
Total Net Position - July 31	<u>\$ 4,475,319</u>

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

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JULY 31, 2015**

	<u>2015</u>
Cash Flows from Operating Activities	
Cash received from customers	\$ 13,136,402
Cash received from schools	967,140
Payments to suppliers for goods and services	(9,943,955)
Payments to employees for services	(2,660,402)
Payments for fringe benefits	(1,163,483)
Payments to schools	<u>(788,471)</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ (452,769)</u>
Cash Flows from Non-Capital and Related Financing Activities	
Corporate partnership	\$ 830,228
Operating transfers in	877,738
Operating transfers out	<u>(877,738)</u>
Net Cash Provided by (Used In) Non-Capital and Related Financing Activities	<u>\$ 830,228</u>
Cash Flows from Investing Activities	
Interest on investments	\$ 15,587
Proceeds from sales and maturities of investments	2,158,473
Purchases of investments	<u>(1,229,033)</u>
Net Cash Provided by (Used In) Investing Activities	<u>\$ 945,027</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 1,322,486
Cash and Cash Equivalents - August 1	<u>1,658,979</u>
Cash and Cash Equivalents - July 31	<u>\$ 2,981,465</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities	
Operating Income (Loss)	\$ (693,834)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities	
Depreciation	47,259
(Increase) Decrease in accounts receivable	61,312
(Increase) Decrease in prepaid expenses	(2,088)
Increase (Decrease) in salaries payable	6,015
Increase (Decrease) in accounts payable	146,296
Increase (Decrease) in school expense reimbursement payable	43,416
Increase (Decrease) in short-term accrued employee benefits payable	(3,433)
Increase (Decrease) in deferred income	(20,386)
Increase (Decrease) net other post-employment benefits payable	52,239
Increase (Decrease) in retirement benefits payable	<u>(89,565)</u>
Total adjustments	<u>\$ 241,065</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (452,769)</u>
Non-cash Operating Activities	
The MSHSL has \$1,296,985 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, 2015**

### 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, 2015. 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, 2015, 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, 2015, reported at fair value, are shown below.

	Maturities	Fair Value
Deposits:		
Checking and savings	-	\$ 3,049,491
Cash with broker	-	2
Total Deposits		\$ 3,049,493
Investments:		
Negotiable certificates of deposit		
Wells Fargo	Various	\$ 549,993
Wells Fargo	Various	249,508
Equities	Various	1,106,412
Total Investments		\$ 1,905,913
Total Deposits and Investments		\$ 4,955,406
Add:		
Petty Cash	-	204
Deferred compensation	-	286,689
Total Cash, Cash Equivalents, and Investments		\$ 5,242,299
Reconciliation to the Statement of Net Position:		
Cash and cash equivalents		\$ 2,981,465
Investments		1,656,405
Deferred compensation		286,689
Investments held for retirement benefits		317,740
Total Cash, Cash Equivalents, and Investments		\$ 5,242,299



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

2. Deposits and Investments (Continued)

Custodial Credit Risk - As of July 31, 2015, deposits in financial institutions, reported as components of cash, cash equivalents, and investments, had a carrying value of \$3,049,493. Bank balances were \$3,416,800, of which \$954,458 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, 2015, negotiable certificates of deposit in the amount of \$799,501 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, 2015, the MSHSL had no concentration of credit risk.

3. Capital Assets

Capital assets comprise the following at July 31, 2015:

	08/01/2014	Additions	Deductions/ Adjustments	07/31/2015
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	\$ (952,871)	\$ (43,875)	\$ -	\$ (996,746)
Furniture and equipment	(200,973)	(3,384)	-	(204,357)
Computer equipment	(4,454)	-	-	(4,454)
Total accumulated depreciation	\$ (1,158,298)	\$ (47,259)	\$ -	\$ (1,205,557)
Total capital assets being depreciated, net	\$ 676,777	\$ (47,259)	\$ -	\$ 629,518
Net Capital Assets	\$ 995,341	\$ (47,259)	\$ -	\$ 948,082

Depreciation expense totaling \$47,259 was charged for the year ended July 31, 2015.

4. Operating Leases

The MSHSL is obligated under operating leases for mailing equipment and photocopying equipment. Expenses associated with these leases were \$17,768 for the year ended July 31, 2015. Future minimum lease payments at July 31, 2015, are as follows:

2016	\$ 17,768
2017	10,238
2018	2,065
2019	662
Total	<u>\$ 30,733</u>

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

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, 2015:

Current Liabilities	
Vacation leave	\$ <u>155,027</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, 2015, is \$284,448. 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 \$33,292 for the year ended July 31, 2015.

Retirement benefits activity for the year ended July 31, 2015:

	08/01/2014	Additions	Deductions	07/31/2015	Due Within One Year
Retirement benefits payable	\$ <u>374,013</u>	\$ <u>-</u>	\$ <u>89,565</u>	\$ <u>284,448</u>	\$ <u>-</u>

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 \$338,181 for the year ended July 31, 2015.

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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, 2015.

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, 2015. 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	<u>0</u>
Total plan participants	<u>25</u>

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

13. Other Post-Employment Benefits (Continued)

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 2015, 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 2015, 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		5,798
Adjustment to ARC		(8,370)
Annual OPEB cost		59,639
Contributions during the year		(7,400)
Increase (Decrease) in net OPEB obligation		52,239
Net OPEB – Beginning of the year		144,961
Net OPEB – End of the year	\$	197,200

The MSHSL’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB payable for fiscal year 2015 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contribution	Net OPEB Obligation
July 31, 2013	58,003	12,315	21.2%	87,688
July 31, 2014	57,273	-	-%	144,961
July 31, 2015	59,639	7,400	12.4%	197,200

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)	\$	576,099
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		\$ 576,099
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%

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13. Other Post-Employment Benefits (Continued)

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, 2015**

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, 2015**

	MSHSL OFFICE	1A	2A	3A	4A	5A	6A
<u>Assets</u>							
Current Assets							
Cash and cash equivalents (Note 2)	\$ 1,300,740	100,086	151,849	99,473	9,074	141,437	102,593
Investments (Note 2)	1,656,405	-	-	-	-	-	-
Accounts receivable	205,643	-	-	-	-	-	-
Accrued interest receivable	1,428	-	-	-	-	31	-
Prepaid items	14,390	-	-	-	-	-	-
<b>Total current assets</b>	<b>\$ 3,178,606</b>	<b>100,086</b>	<b>151,849</b>	<b>99,473</b>	<b>9,074</b>	<b>141,468</b>	<b>102,593</b>
Noncurrent Assets							
Restricted assets							
Deferred compensation (Note 10)	\$ 286,689	-	-	-	-	-	-
Capital assets							
Non-depreciable	\$ 318,564	-	-	-	-	-	-
Depreciable-net of accumulated depreciation	629,518	-	-	-	-	-	-
<b>Net capital assets (Note 3)</b>	<b>\$ 948,082</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other assets							
Investments held for retirement benefits (Note 7)	\$ 317,740	-	-	-	-	-	-
<b>Total noncurrent assets</b>	<b>\$ 1,552,511</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 4,731,117</b>	<b>100,086</b>	<b>151,849</b>	<b>99,473</b>	<b>9,074</b>	<b>141,468</b>	<b>102,593</b>
<u>Liabilities and Net Position</u>							
Current Liabilities							
Salaries payable	\$ 98,540	-	-	-	-	-	-
Accounts payable	203,592	-	-	-	-	-	-
School expense reimbursement payable	-	53,028	119,000	19,833	-	53,708	25,000
Accrued employee benefits payable (Note 6)	155,027	-	-	-	-	-	-
Unearned income (Note 5)	19,932	-	2,250	-	-	-	-
<b>Total current liabilities</b>	<b>\$ 477,091</b>	<b>53,028</b>	<b>121,250</b>	<b>19,833</b>	<b>-</b>	<b>53,708</b>	<b>25,000</b>
Noncurrent Liabilities							
Retirement benefits payable (Note 7)	\$ 284,448	-	-	-	-	-	-
Net other post-employment benefits payable (Note 13)	197,200	-	-	-	-	-	-
Deferred compensation (Note 10)	286,689	-	-	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>\$ 768,337</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>\$ 1,245,428</b>	<b>53,028</b>	<b>121,250</b>	<b>19,833</b>	<b>-</b>	<b>53,708</b>	<b>25,000</b>
Net Position (Note 8)							
Investment in capital assets	\$ 948,082	-	-	-	-	-	-
Unrestricted	2,537,607	47,058	30,599	79,640	9,074	87,760	77,593
<b>Total Net Position</b>	<b>\$ 3,485,689</b>	<b>47,058</b>	<b>30,599</b>	<b>79,640</b>	<b>9,074</b>	<b>87,760</b>	<b>77,593</b>

**SCHEDULE 1**

ADMINISTRATIVE REGIONS										TOTAL ADMINISTRATIVE REGIONS	COMBINED TOTAL	
7A	8A	1AA	2AA	3AA	4AA	5AA	6AA	7AA	8AA			
133,842	128,291	66,628	114,999	102,798	114,523	143,887	79,541	123,314	68,390	\$	1,680,725	\$ 2,981,465
-	-	-	-	-	-	-	-	-	-		-	1,656,405
-	-	-	1,261	-	1,782	-	-	-	-		3,043	208,686
-	-	-	-	-	-	-	-	-	-		31	1,459
-	-	-	-	-	-	-	-	-	-		-	14,390
<u>133,842</u>	<u>128,291</u>	<u>66,628</u>	<u>116,260</u>	<u>102,798</u>	<u>116,305</u>	<u>143,887</u>	<u>79,541</u>	<u>123,314</u>	<u>68,390</u>	\$	<u>1,683,799</u>	\$ <u>4,862,405</u>
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 286,689
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 318,564
-	-	-	-	-	-	-	-	-	-		-	629,518
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 948,082
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 317,740
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 1,552,511
<u>133,842</u>	<u>128,291</u>	<u>66,628</u>	<u>116,260</u>	<u>102,798</u>	<u>116,305</u>	<u>143,887</u>	<u>79,541</u>	<u>123,314</u>	<u>68,390</u>	\$	<u>1,683,799</u>	\$ <u>6,414,916</u>
-	-	-	748	-	-	-	-	-	-	\$	748	\$ 99,288
-	-	-	-	402	773	-	-	-	-		1,175	204,767
55,700	62,542	-	52,113	26,882	61,295	81,761	12,679	66,455	-		689,996	689,996
-	-	-	-	-	-	-	-	-	-		-	155,027
-	-	-	-	-	-	-	-	-	-		2,250	22,182
<u>55,700</u>	<u>62,542</u>	<u>-</u>	<u>52,861</u>	<u>27,284</u>	<u>62,068</u>	<u>81,761</u>	<u>12,679</u>	<u>66,455</u>	<u>-</u>	\$	<u>694,169</u>	\$ <u>1,171,260</u>
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 284,448
-	-	-	-	-	-	-	-	-	-		-	197,200
-	-	-	-	-	-	-	-	-	-		-	286,689
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 768,337
<u>55,700</u>	<u>62,542</u>	<u>-</u>	<u>52,861</u>	<u>27,284</u>	<u>62,068</u>	<u>81,761</u>	<u>12,679</u>	<u>66,455</u>	<u>-</u>	\$	<u>694,169</u>	\$ <u>1,939,597</u>
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 948,082
78,142	65,749	66,628	63,399	75,514	54,237	62,126	66,862	56,859	68,390		989,630	3,527,237
<u>78,142</u>	<u>65,749</u>	<u>66,628</u>	<u>63,399</u>	<u>75,514</u>	<u>54,237</u>	<u>62,126</u>	<u>66,862</u>	<u>56,859</u>	<u>68,390</u>	\$	<u>989,630</u>	\$ <u>4,475,319</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, 2015**

	MSHSL OFFICE	1A	2A	3A	4A	5A	6A
<b>Operating Revenues</b>							
Tournaments	\$ 6,146,920	543,015	407,526	460,503	267,223	485,048	547,352
Television	932,902	-	-	-	-	-	-
Membership services	967,140	-	-	-	-	-	-
Contest officials registration	343,242	-	-	-	-	-	-
Sales of handbooks, rule books, and supplies	150,667	-	-	-	-	-	-
Other	248,729	2,710	-	-	-	4,770	-
<b>Total Operating Revenues</b>	<b>\$ 8,789,600</b>	<b>545,725</b>	<b>407,526</b>	<b>460,503</b>	<b>267,223</b>	<b>489,818</b>	<b>547,352</b>
<b>Operating Expenses</b>							
Tournaments	\$ 4,296,547	376,301	236,053	303,498	181,624	326,322	378,935
School expense reimbursement	782	53,028	119,000	19,833	-	53,708	25,000
Membership services							
Insurance	554,143	450	1,099	1,465	2,044	1,690	1,118
Handbooks, rule books, and supplies	144,495	-	-	-	-	-	-
Other	87,770	-	-	-	-	-	-
Fine arts programs	17,025	-	-	-	-	-	-
Officials program	238,874	-	-	-	-	-	-
Committees	16,721	6,155	4,161	12,664	1,509	5,544	10,096
Board of directors	99,625	-	-	-	-	-	-
Salaries	2,023,161	38,100	41,500	64,650	33,765	30,500	54,494
Employee benefits	1,013,096	7,868	8,554	8,832	6,973	6,298	11,234
Insurance	16,836	-	-	-	-	-	-
Legal	91,046	-	-	-	-	-	-
Other professional services	97,093	60,947	5,063	3,465	33,554	49,441	4,700
Maintenance	78,836	-	-	-	-	-	-
Utilities	44,765	-	-	-	-	-	-
Postage	76,785	-	-	-	-	-	-
Supplies	31,349	50	415	3,629	1,493	4,049	14,942
Data processing and office equipment	65,426	-	-	-	-	-	-
Public relations	151,903	4,651	3,474	-	-	5,534	-
Corporate sponsor commission	59,506	-	-	-	-	-	-
Television consulting	14,867	-	-	-	-	-	-
Depreciation	47,259	-	-	-	-	-	-
Other	267,635	3,619	3,079	-	815	9,422	3,997
<b>Total Operating Expenses</b>	<b>\$ 9,535,545</b>	<b>551,169</b>	<b>422,398</b>	<b>418,036</b>	<b>261,777</b>	<b>492,508</b>	<b>504,516</b>
<b>Operating Income (Loss)</b>	<b>\$ (745,945)</b>	<b>(5,444)</b>	<b>(14,872)</b>	<b>42,467</b>	<b>5,446</b>	<b>(2,690)</b>	<b>42,836</b>
<b>Nonoperating Revenues (Expenses)</b>							
Corporate partnership	\$ 821,828	3,900	2,000	-	-	-	-
Interest	15,073	-	13	30	-	200	11
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ 836,901</b>	<b>3,900</b>	<b>2,013</b>	<b>30</b>	<b>-</b>	<b>200</b>	<b>11</b>
<b>Income Before Transfers</b>	<b>\$ 90,956</b>	<b>(1,544)</b>	<b>(12,859)</b>	<b>42,497</b>	<b>5,446</b>	<b>(2,490)</b>	<b>42,847</b>
Operating Transfers In	-	27,904	63,193	38,552	50,690	82,386	54,408
Operating Transfers Out	(20,000)	(16,527)	(49,928)	(54,711)	(56,904)	(78,671)	(93,224)
<b>Change in Net Position</b>	<b>\$ 70,956</b>	<b>9,833</b>	<b>406</b>	<b>26,338</b>	<b>(768)</b>	<b>1,225</b>	<b>4,031</b>
<b>Total Net Position - August 1</b>	<b>3,414,733</b>	<b>37,225</b>	<b>30,193</b>	<b>53,302</b>	<b>9,842</b>	<b>86,535</b>	<b>73,562</b>
<b>Total Net Position - July 31</b>	<b>\$ 3,485,689</b>	<b>47,058</b>	<b>30,599</b>	<b>79,640</b>	<b>9,074</b>	<b>87,760</b>	<b>77,593</b>

**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				
467,992	344,742	390,662	340,009	443,746	333,396	407,587	310,651	324,109	426,165	\$	6,499,726	\$	12,646,646
-	-	-	-	-	-	-	-	-	-		-		932,902
-	-	-	-	-	-	-	-	-	-		-		967,140
-	-	-	-	-	-	-	-	-	-		-		343,242
-	-	-	-	-	-	-	-	-	-		-		150,667
2,793	6,396	5,841	8,024	4,772	1,779	14,042	850	-	-		51,977		300,706
470,785	351,138	396,503	348,033	448,518	335,175	421,629	311,501	324,109	426,165	\$	6,551,703	\$	15,341,303
309,180	243,250	275,213	225,972	311,474	240,555	249,887	284,157	223,900	282,806	\$	4,449,127	\$	8,745,674
55,700	62,542	72,000	52,113	26,882	62,215	81,561	12,630	66,455	68,438		831,105		831,887
450	1,005	450	1,107	898	1,164	1,600	862	1,145	450		16,997		571,140
-	-	-	-	-	-	-	-	-	-		-		144,495
-	-	-	-	-	-	-	-	-	-		-		87,770
-	-	-	-	-	-	-	-	-	-		-		17,025
-	-	-	-	-	-	-	-	-	-		-		238,874
11,546	10,277	4,991	3,086	2,017	3,484	-	115	8,508	9,711		93,864		110,585
-	-	-	-	-	-	-	-	-	-		-		99,625
46,393	37,200	32,500	52,835	34,000	32,250	33,000	33,000	36,000	36,600		636,787		2,659,948
9,802	7,682	6,711	2,486	7,021	6,659	5,384	6,814	7,434	7,558		117,310		1,130,406
-	-	-	-	-	-	-	-	-	-		-		16,836
-	-	-	-	-	-	-	-	-	-		-		91,046
3,300	2,475	6,994	3,700	3,504	3,530	3,608	3,796	3,300	2,150		193,527		290,620
-	-	-	-	-	-	-	-	-	-		-		78,836
-	-	-	-	-	-	-	-	-	-		-		44,765
-	-	-	-	-	-	-	-	-	-		-		76,785
4,917	5,274	1,098	1,187	3,286	2,981	5,213	5,360	3,199	3,835		60,928		92,277
-	-	-	-	-	-	-	-	-	-		-		65,426
-	15,812	-	-	12,672	-	-	-	-	2,928		45,071		196,974
-	-	-	-	-	-	-	-	-	-		-		59,506
-	-	-	-	-	-	-	-	-	-		-		14,867
-	-	-	-	-	-	-	-	-	-		-		47,259
4,640	5,770	5,988	1,364	2,688	-	12,936	258	300	-		54,876		322,511
445,928	391,287	405,945	343,850	404,442	352,838	393,189	346,992	350,241	414,476	\$	6,499,592	\$	16,035,137
24,857	(40,149)	(9,442)	4,183	44,076	(17,663)	28,440	(35,491)	(26,132)	11,689	\$	52,111	\$	(693,834)
-	2,250	-	-	-	-	-	-	-	-	\$	8,150	\$	829,978
54	98	271	-	-	11	366	120	63	13		1,250		16,323
54	2,348	271	-	-	11	366	120	63	13	\$	9,400	\$	846,301
24,911	(37,801)	(9,171)	4,183	44,076	(17,652)	28,806	(35,371)	(26,069)	11,702	\$	61,511	\$	152,467
20,632	60,199	45,139	85,871	59,930	53,065	44,317	79,372	61,465	50,615		877,738		877,738
(38,903)	(20,658)	(25,383)	(80,714)	(97,239)	(40,091)	(68,921)	(39,737)	(33,671)	(62,456)		(857,738)		(877,738)
6,640	1,740	10,585	9,340	6,767	(4,678)	4,202	4,264	1,725	(139)	\$	81,511	\$	152,467
71,502	64,009	56,043	54,059	68,747	58,915	57,924	62,598	55,134	68,529		908,119		4,322,852
78,142	65,749	66,628	63,399	75,514	54,237	62,126	66,862	56,859	68,390	\$	989,630	\$	4,475,319

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

**STATEMENT OF CASH FLOWS BY LOCATION  
FOR THE YEAR ENDED JULY 31, 2015**

	MSHSL OFFICE	1A	2A	3A	4A	5A	6A
<b>Cash Flows from Operating Activities</b>							
Cash received from customers	\$ 6,579,361	545,725	407,526	460,503	267,223	489,818	547,352
Cash received from schools	967,140	-	-	-	-	-	-
Payments to suppliers for goods and services	(5,022,159)	(452,323)	(253,344)	(324,721)	(224,982)	(402,002)	(407,319)
Payments to employees for services	(2,017,248)	(38,100)	(41,500)	(64,650)	(33,765)	(30,500)	(60,963)
Payments for fringe benefits	(1,053,855)	(7,868)	(8,554)	(8,832)	(6,973)	(6,298)	(11,234)
Payments to schools	(227,982)	-	(81,000)	-	-	(27,466)	-
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>\$ (774,743)</b>	<b>47,434</b>	<b>23,128</b>	<b>62,300</b>	<b>1,503</b>	<b>23,552</b>	<b>67,836</b>
<b>Cash Flows from Non-Capital and Related Financing Activities</b>							
Corporate partnership	\$ 821,828	3,900	2,250	-	-	-	-
Operating transfers in	-	27,904	63,193	38,552	50,690	82,386	54,408
Operating transfers out	(20,000)	(16,527)	(49,928)	(54,711)	(56,904)	(78,671)	(93,224)
<b>Net Cash Provided By (Used In) Non-Capital and Related Financing Activities</b>	<b>\$ 801,828</b>	<b>15,277</b>	<b>15,515</b>	<b>(16,159)</b>	<b>(6,214)</b>	<b>3,715</b>	<b>(38,816)</b>
<b>Cash Flows from Investing Activities</b>							
Interest on investments	\$ 14,340	-	13	30	-	197	11
Proceeds from sales and maturities of investments	2,158,473	-	-	-	-	-	-
Purchases of investments	(1,229,033)	-	-	-	-	-	-
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>\$ 943,780</b>	<b>-</b>	<b>13</b>	<b>30</b>	<b>-</b>	<b>197</b>	<b>11</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 970,865</b>	<b>62,711</b>	<b>38,656</b>	<b>46,171</b>	<b>(4,711)</b>	<b>27,464</b>	<b>29,031</b>
<b>Cash and Cash Equivalents - August 1</b>	<b>\$ 329,875</b>	<b>37,375</b>	<b>113,193</b>	<b>53,302</b>	<b>13,785</b>	<b>113,973</b>	<b>73,562</b>
<b>Cash and Cash Equivalents - July 31</b>	<b>\$ 1,300,740</b>	<b>100,086</b>	<b>151,849</b>	<b>99,473</b>	<b>9,074</b>	<b>141,437</b>	<b>102,593</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</b>							
Operating Income (Loss)	\$ (745,945)	(5,444)	(14,872)	42,467	5,446	(2,690)	42,836
<b>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</b>							
Depreciation	47,259	-	-	-	-	-	-
(Increase) Decrease in accounts receivable	55,974	-	-	-	-	-	-
(Increase) Decrease in prepaid expenses	(2,088)	-	-	-	-	-	-
Increase (Decrease) in salaries payable	5,913	-	-	-	-	-	-
Increase (Decrease) in accounts payable	152,489	(150)	-	-	(3,943)	-	-
Increase (Decrease) in school expense reimbursement payable	(227,200)	53,028	38,000	19,833	-	26,242	25,000
Increase (Decrease) in short-term accrued employee benefits payable	(3,433)	-	-	-	-	-	-
Increase (Decrease) in unearned income	(20,386)	-	-	-	-	-	-
Increase (Decrease) in net other post-employment benefits payable	52,239	-	-	-	-	-	-
Increase (Decrease) in retirement benefits payable	(89,565)	-	-	-	-	-	-
<b>Total adjustments</b>	<b>\$ (28,798)</b>	<b>52,878</b>	<b>38,000</b>	<b>19,833</b>	<b>(3,943)</b>	<b>26,242</b>	<b>25,000</b>
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>\$ (774,743)</b>	<b>47,434</b>	<b>23,128</b>	<b>62,300</b>	<b>1,503</b>	<b>23,552</b>	<b>67,836</b>
<b>Non-cash Operating Activities</b>							
The MSHSL has \$1,296,985 of non-monetary exchange revenues and expenses							

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

**SCHEDULE 3**

ADMINISTRATIVE REGIONS										TOTAL ADMINISTRATIVE REGIONS	COMBINED TOTAL	
7A	8A	1AA	2AA	3AA	4AA	5AA	6AA	7AA	8AA			
474,201	351,138	396,503	348,481	450,713	334,396	421,629	311,501	324,167	426,165	\$	6,557,041	\$ 13,136,402
-	-	-	-	-	-	-	-	-	-		-	967,140
(335,110)	(291,545)	(294,734)	(236,915)	(336,278)	(252,192)	(273,427)	(294,672)	(240,352)	(301,880)		(4,921,796)	(9,943,955)
(46,393)	(37,200)	(32,500)	(52,733)	(34,000)	(32,250)	(33,000)	(33,000)	(36,000)	(36,600)		(643,154)	(2,660,402)
(9,802)	-	(6,711)	(2,486)	(7,021)	(6,659)	(5,384)	(6,814)	(7,434)	(7,558)		(109,628)	(1,163,483)
(21,979)	(23,385)	(72,000)	-	(46,522)	(47,229)	(97,600)	(21,165)	(46,688)	(75,455)		(560,489)	(788,471)
60,917	(992)	(9,442)	56,347	26,892	(3,934)	12,218	(44,150)	(6,307)	4,672	\$	321,974	\$ (452,769)
-	2,250	-	-	-	-	-	-	-	-	\$	8,400	\$ 830,228
20,632	60,199	45,139	85,871	59,930	53,065	44,317	79,372	61,465	50,615		877,738	877,738
(38,903)	(20,658)	(25,383)	(80,714)	(97,239)	(40,091)	(68,921)	(39,737)	(33,671)	(62,456)		(857,738)	(877,738)
(18,271)	41,791	19,756	5,157	(37,309)	12,974	(24,604)	39,635	27,794	(11,841)	\$	28,400	\$ 830,228
54	98	271	-	-	11	366	120	63	13	\$	1,247	\$ 15,587
-	-	-	-	-	-	-	-	-	-		-	2,158,473
-	-	-	-	-	-	-	-	-	-		-	(1,229,033)
54	98	271	-	-	11	366	120	63	13	\$	1,247	\$ 945,027
42,700	40,897	10,585	61,504	(10,417)	9,051	(12,020)	(4,395)	21,550	(7,156)	\$	351,621	\$ 1,322,486
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
133,842	128,291	66,628	114,999	102,798	114,523	143,887	79,541	123,314	68,390	\$	1,680,725	\$ 2,981,465
24,857	(40,149)	(9,442)	4,183	44,076	(17,663)	28,440	(35,491)	(26,132)	11,689	\$	52,111	\$ (693,834)
-	-	-	-	-	-	-	-	-	-		-	47,259
3,416	-	-	448	2,195	(779)	-	-	58	-		5,338	61,312
-	-	-	-	-	-	-	-	-	-		-	(2,088)
-	-	-	102	-	-	-	-	-	-		102	6,015
(1,077)	-	-	(499)	261	(478)	(183)	(124)	-	-		(6,193)	146,296
33,721	39,157	-	52,113	(19,640)	14,986	(16,039)	(8,535)	19,767	(7,017)		270,616	43,416
-	-	-	-	-	-	-	-	-	-		-	(3,433)
-	-	-	-	-	-	-	-	-	-		-	(20,386)
-	-	-	-	-	-	-	-	-	-		-	52,239
-	-	-	-	-	-	-	-	-	-		-	(89,565)
36,060	39,157	-	52,164	(17,184)	13,729	(16,222)	(8,659)	19,825	(7,017)	\$	269,863	\$ 241,065
60,917	(992)	(9,442)	56,347	26,892	(3,934)	12,218	(44,150)	(6,307)	4,672	\$	321,974	\$ (452,769)

**SCHEDULE 4**

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

**SCHEDULE OF TOURNAMENT REVENUES AND DIRECT EXPENSES  
FOR THE YEAR ENDED JULY 31, 2015**

	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	\$ 94,562	\$ 84,429	\$ 10,133	\$ 388,454	\$ 305,334	\$ 83,120	\$ 483,016	\$ 389,763	\$ 93,253
Boys' basketball	586,962	259,582	327,380	1,078,352	373,068	705,284	1,665,314	632,650	1,032,664
Girls' basketball	295,153	251,590	43,563	750,478	343,550	406,928	1,045,631	595,140	450,491
Cross country running	18,011	36,008	(17,997)	21,300	54,040	(32,740)	39,311	90,048	(50,737)
Football	460,119	341,523	118,596	1,264,912	547,742	717,170	1,725,031	889,265	835,766
Golf	11,177	60,816	(49,639)	19,740	116,441	(96,701)	30,917	177,257	(146,340)
Girls' gymnastics	49,301	73,948	(24,647)	27,784	49,880	(22,096)	77,085	123,828	(46,743)
Boys' hockey	1,561,742	386,524	1,175,218	630,448	265,623	364,825	2,192,190	652,147	1,540,043
Nordic ski racing	4,468	24,591	(20,123)	1,999	28,607	(26,608)	6,467	53,198	(46,731)
Alpine skiing	4,262	24,571	(20,309)	-	36,629	(36,629)	4,262	61,200	(56,938)
Soccer	127,876	108,047	19,829	309,662	188,518	121,144	437,538	296,565	140,973
Girls' softball	66,272	46,436	19,836	181,392	212,400	(31,008)	247,664	258,836	(11,172)
Boys' swimming	48,792	47,456	1,336	55,240	53,450	1,790	104,032	100,906	3,126
Girls' swimming	50,227	49,666	561	69,221	65,911	3,310	119,448	115,577	3,871
Boys' tennis	4,263	28,877	(24,614)	5,579	52,750	(47,171)	9,842	81,627	(71,785)
Girls' tennis	7,406	38,573	(31,167)	8,215	66,255	(58,040)	15,621	104,828	(89,207)
Track and field	143,114	134,521	8,593	187,849	216,698	(28,849)	330,963	351,219	(20,256)
Girls' volleyball	208,791	161,043	47,748	593,773	287,621	306,152	802,564	448,664	353,900
Wrestling	500,886	236,769	264,117	287,045	245,229	41,816	787,931	481,998	305,933
Synchronized swimming	-	484	(484)	-	-	-	-	484	(484)
Adapted soccer	5,740	16,900	(11,160)	-	-	-	5,740	16,900	(11,160)
Adapted floor hockey	9,458	20,221	(10,763)	-	-	-	9,458	20,221	(10,763)
Adapted softball	6,643	18,716	(12,073)	-	-	-	6,643	18,716	(12,073)
Adapted bowling	1,098	15,449	(14,351)	-	-	-	1,098	15,449	(14,351)
Debate	-	21,381	(21,381)	11,730	30,115	(18,385)	11,730	51,496	(39,766)
Speech	8,327	48,718	(40,391)	56,059	213,703	(157,644)	64,386	262,421	(198,035)
One-act play	15,082	25,457	(10,375)	35,879	77,361	(41,482)	50,961	102,818	(51,857)
Girls hockey	297,482	233,353	64,129	153,007	115,070	37,937	450,489	348,423	102,066
Music	-	-	-	134,452	321,515	(187,063)	134,452	321,515	(187,063)
Cheerleading	-	770	(770)	-	-	-	-	770	(770)
Girls' dance team	196,471	98,747	97,724	91,164	62,309	28,855	287,635	161,056	126,579
Lacrosse	49,877	45,036	4,841	116,675	83,073	33,602	166,552	128,109	38,443
Badminton	-	-	-	-	-	-	-	-	-
Visual arts	200	635	(435)	19,317	36,235	(16,918)	19,517	36,870	(17,353)
Robotics	13,207	44,029	(30,822)	-	-	-	13,207	44,029	(30,822)
Clay Target	2,966	14,696	(11,730)	-	-	-	2,966	14,696	(11,730)
Advertising	1,296,985	1,296,985	-	-	-	-	1,296,985	1,296,985	-
	<u>\$ 6,146,920</u>	<u>\$ 4,296,547</u>	<u>\$ 1,850,373</u>	<u>\$ 6,499,726</u>	<u>\$ 4,449,127</u>	<u>\$ 2,050,599</u>	<u>\$ 12,646,646</u>	<u>\$ 8,745,674</u>	<u>\$ 3,900,972</u>