



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

ANNUAL FINANCIAL REPORT

YEAR ENDED JULY 31, 2019

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

**ORGANIZATION
2019**

Term Expires

BOARD OF DIRECTORS

Bonnie Spohn Schmaltz, President	2020
Craig Anderson, Vice President.....	2019
Eric Christenson, Treasurer	2019
Bill Adams	2019
Kristen Amundson*	2019
Dustin Bosshart	2022
Joel Boyd*	2020
Rob Carpentier.....	2020
Kristen DeClerk-Thompson	2020
Mike Domin	2021
Kirby Ekstrom	2019
Walt Hautala*	2022
Brian Hegseth.....	2019
Thomas Jerome	2022
Jill Johnson.....	2020
Eric Lehtola.....	2020
Blaine Novak.....	2021
Russ Reetz.....	2022
Todd Waterbury.....	2021
Frank White*	2021

EXECUTIVE STAFF

Erich Martens, Executive Director	Indefinite
Lisa Lissimore, Associate Director	Indefinite
Bob Madison, Associate Director	Indefinite
Craig Perry, Associate Director	Indefinite
Jody Redman, Associate Director	Indefinite

** Appointed by the Governor*

FINANCIAL SECTION



JULIE BLAHA
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 financial statements of the Minnesota State High School League (MSHSL) as of and for the year ended July 31, 2019, and the related notes to the financial statements, which collectively comprise the MSHSL's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Regions 3A, 6A, 7A, 8A, 7AA, and 8AA, which represent approximately 12 percent, 14 percent, and 15 percent, respectively, of the assets, net position, and revenues of the MSHSL. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those listed regions of the MSHSL, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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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 the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the MSHSL as of July 31, 2019, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplemental Information

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



JULIE BLAHA
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

March 17, 2020

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

MANAGEMENT'S DISCUSSION AND ANALYSIS JULY 31, 2019

(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, 2019. 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, deferred outflows of resources, liabilities, and net position at July 31, 2019 and 2018, are summarized below.

	2019	2018	Percentage Change
Current assets	\$ 3,904,382	\$ 3,694,537	5.7%
Noncurrent assets	1,028,006	1,063,417	(3.3%)
Capital assets	766,575	814,779	(5.9%)
Total assets	<u>\$ 5,698,963</u>	<u>\$ 5,572,733</u>	2.3%
Deferred outflows of resources	<u>\$ 23,725</u>	<u>\$ 14,124</u>	6.8%
Current liabilities	\$ 909,990	\$ 809,635	12.4%
Noncurrent liabilities	1,423,273	1,480,709	(3.9%)
Total liabilities	<u>\$ 2,333,263</u>	<u>\$ 2,290,344</u>	1.9%
Investment in capital assets	\$ 766,575	\$ 814,779	(5.9%)
Unrestricted	2,622,850	2,481,734	5.7%
Total net position	<u>\$ 3,389,425</u>	<u>\$ 3,296,513</u>	2.8%

Current assets at July 31, 2019, totaled \$3,904,382, an increase of 5.7% or \$209,845. 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 2019.

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

Capital assets, net of accumulated depreciation, totaled \$766,575. There were no capital assets purchased in 2019. A \$48,204 decrease in capital assets is due to the depreciation expense recorded in 2019. 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 \$909,990 at July 31, 2019, a 12.4% increase or \$100,355. Current liabilities primarily consist of school expense reimbursement, retirement benefits, salary and other accrued liabilities. The school expense reimbursement liability increased \$203,475. The retirement benefits payable in current liabilities is \$172,589 in 2019. Noncurrent liabilities totaled \$1,423,273 at July 31, 2019, a decrease of 3.9% or \$57,436. Noncurrent liabilities consist of retirement benefits payable, other post-employment benefits and deferred compensation. The other post-employment benefit liabilities increased \$42,693 in 2019.

Statement of Revenues, Expenses, and Changes in Net Position

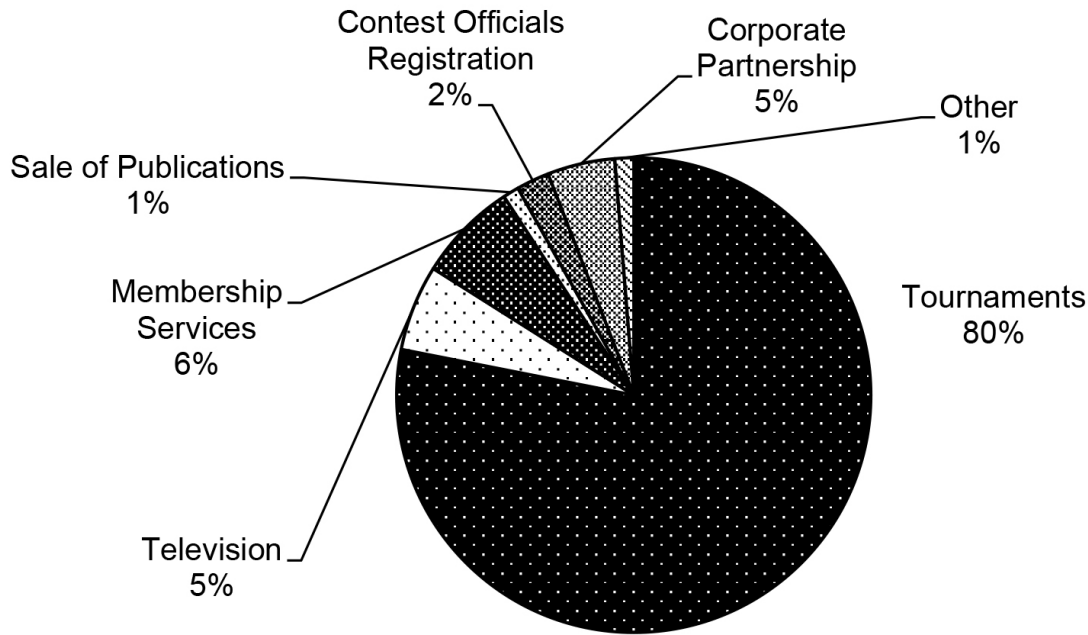
The Statement of Revenues, Expenses, and Changes in Net Position presents the League's operating and nonoperating financial activity during the year. This statement displays the net income or loss from operations. Operating revenues are those generated by the League's principal ongoing operations such 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, 2019 and 2018, are summarized below.

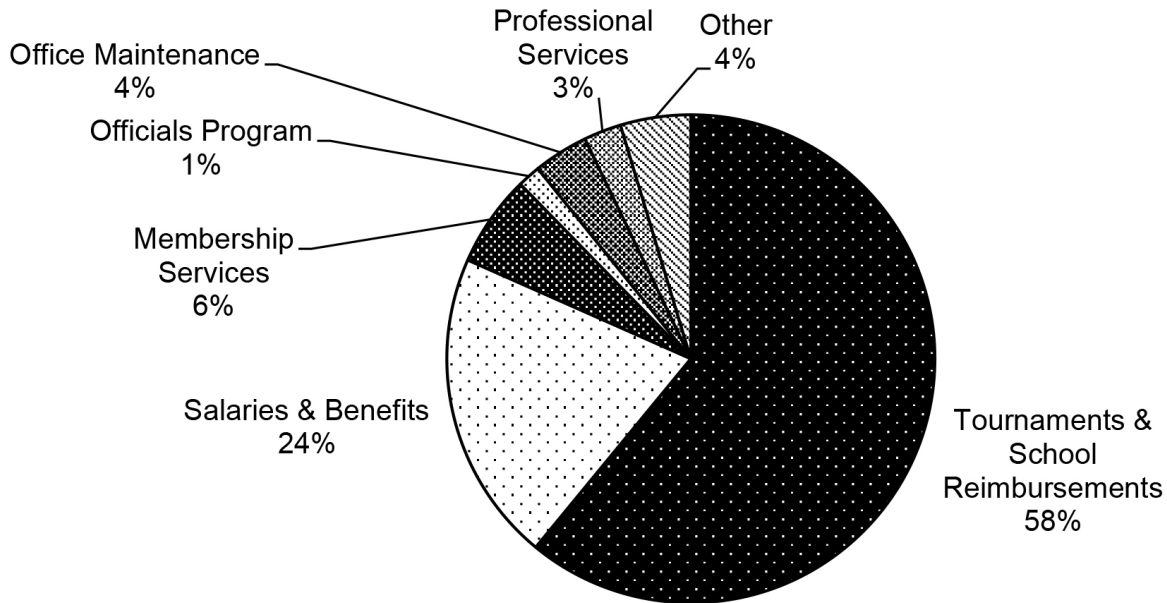
	2019	2018	Percentage Change
Operating revenues			
Tournaments	\$ 13,567,377	\$ 12,688,851	6.9%
Television	852,200	851,200	0.1%
Membership services	998,011	1,009,557	(1.1%)
Contest officials registration	308,967	347,184	(11.0%)
Sale of publications	124,754	186,605	(33.1%)
Other	209,967	172,086	22.0%
Total operating revenues	<u>\$ 16,061,276</u>	<u>\$ 15,255,483</u>	5.3%
Operating expenses			
Tournaments and school reimbursements	\$ 9,811,974	\$ 9,555,192	2.7%
Membership services	957,254	991,393	(3.4%)
Officials program	268,643	276,700	(2.9%)
Salaries and benefits	4,064,876	4,143,714	(1.9%)
Professional services	531,078	392,754	35.2%
Office maintenance	672,277	426,562	57.6%
Other	671,392	666,644	(0.7%)
Total operating expenses	<u>\$ 16,977,494</u>	<u>\$ 16,452,959</u>	3.2%
Operating income (loss)	<u>\$ (916,218)</u>	<u>\$ (1,197,476)</u>	23.5%
Non-operating revenues (expenses)			
Corporate partnership	\$ 936,349	\$ 939,340	(0.3%)
Interest	59,577	89,974	(33.8%)
Total non-operating revenues (expenses)	<u>\$ 995,926</u>	<u>\$ 1,029,314</u>	(3.2%)
Change in net position	<u>\$ 79,708</u>	<u>\$ (168,162)</u>	147.4%
Net position, August 1, as previously reported	\$ 3,296,513	\$ 3,819,693	(13.7%)
Prior period adjustment	13,204	(355,018)	
Net position, August 1, as restated (Note 14)	<u>\$ 3,309,717</u>	<u>\$ 3,464,675</u>	(4.5%)
Net position, July 31	<u>\$ 3,389,425</u>	<u>\$ 3,296,513</u>	2.8%

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

TOTAL MSHSL REVENUES



TOTAL MSHSL EXPENSES



For the year ended July 31, 2019, tournament revenue totaled \$13,567,377, an increase of \$878,526 or 6.9%. The major portion of this tournament revenue was the sale of tickets for admission to the events. Significantly less people attended the tournaments in 2019 than in 2018. The decrease in attendance was offset by a ticket price increase. Other tournament revenue consists of program sales, t-shirt and souvenir sales, and program advertising.

Television revenues remained steady in 2019. Television revenues will increase by \$15,000 or 1.75% in 2020. The League's Board of Directors originally signed a 10-year, \$9.7 million contract with a local television station in 2005. In 2009, the League signed an agreement with the television station extending the contract to 2021. The current contract remains in effect through September 30, 2026, subject to an option to extend the contract through the 2030-31 season.

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Membership services revenue consists 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, 2019, membership service revenue decreased by \$11,546.

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 11.0% in fiscal year 2019. The League continues to train registered officials in League sponsored activities.

Publications are sold to member schools, officials, and the general public. Publications include the Official Handbook and sports rules books. The sale of these publications decreased by 33.1% in fiscal year 2019. This decrease in revenue was anticipated due to the League implementing an every other year rulebook requirement for schools and officials.

Operating expenses consist of tournament expenses, school reimbursements as well as general and administrative expenses. Tournament and school reimbursements increased by 2.7% in fiscal year 2019. The increase in school reimbursements was due in large part to several administrative regions returning revenues to member schools. Membership services expense decreased 3.4%. The League continues to support member schools and educational based athletics through this programming. The official's program expenses decreased 2.9% in 2019. For fiscal year ended July 31, 2019, total operating expenses increased by 3.2%.

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, 2019 and 2018, are summarized below.

	2019	2018	Percentage Change
Cash provided by (used in)			
Operating activities	\$ (725,234)	\$ (2,334,071)	68.9%
Non-capital and related financing activities	935,835	939,340	(0.4%)
Capital and related financing activities	-	(7,904)	0.0%
Investing activities	(144,663)	1,157,063	(112.5%)
Net increase (decrease) in cash	\$ 65,938	\$ (245,572)	126.9%
Cash and cash equivalents - August 1	1,812,916	2,058,488	(11.9%)
Cash and cash equivalents - July 31	\$ 1,878,854	\$ 1,812,916	3.6%

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 \$48,204. There were no capital additions in 2019.

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 Erich Martens, Executive Director, at (763) 560-2262.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
JULY 31, 2019ASSETS

	<u>2019</u>
Current Assets	
Cash and cash equivalents (Note 2)	\$ 1,878,854
Investments (Note 2)	1,687,307
Accounts receivable	310,844
Accrued interest receivable	6,214
Prepaid items	<u>21,163</u>
Total current assets	<u>\$ 3,904,382</u>
Noncurrent Assets	
Restricted assets	
Deferred compensation (Note 10)	<u>\$ 536,029</u>
Capital assets	
Non-depreciable	\$ 318,564
Depreciable-net of accumulated depreciation	<u>448,011</u>
Net capital assets (Note 3)	<u>\$ 766,575</u>
Other assets	
Investments held for retirement benefits (Note 7)	<u>\$ 491,977</u>
Total noncurrent assets	<u>\$ 1,794,581</u>
Total Assets	<u>\$ 5,698,963</u>

Deferred Outflows of Resources

Deferred outflows of resources (Note 13)	<u>\$ 23,725</u>
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Liabilities and Net Position

Current Liabilities	
Salaries payable	\$ 122,466
Accounts payable	110,636
School expense reimbursement payable	370,865
Accrued employee benefits payable (Note 6)	125,284
Retirement benefits payable (Note 7)	172,589
Unearned income (Note 5)	<u>8,150</u>
Total current liabilities	<u>\$ 909,990</u>
Noncurrent Liabilities	
Retirement benefits payable (Note 7)	\$ 164,335
Total other post-employment benefits payable (Note 13)	722,909
Deferred compensation (Note 10)	<u>536,029</u>
Total noncurrent liabilities	<u>\$ 1,423,273</u>
Total Liabilities	<u>\$ 2,333,263</u>
Net Position (Note 8)	
Investment in capital assets	\$ 766,575
Unrestricted	<u>2,622,850</u>
Total Net Position	<u>\$ 3,389,425</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, 2019**

	<u>2019</u>
Operating Revenues	
Tournaments	\$ 13,567,377
Television	852,200
Membership services	998,011
Contest officials registration	308,967
Sales of handbooks, rule books, and supplies	124,754
Other	<u>209,967</u>
Total Operating Revenues	<u>\$ 16,061,276</u>
Operating Expenses	
Tournaments	\$ 9,450,307
School expense reimbursement	361,667
Membership services	
Insurance	768,474
Handbooks, rule books, and supplies	98,897
Other	89,883
Fine arts programs	17,664
Officials program	268,643
Committees	111,740
Board of directors	88,650
Salaries	2,740,412
Employee benefits	1,324,464
Insurance	24,056
Legal	203,112
Other professional services	327,966
Maintenance	59,479
Utilities	42,833
Postage	60,861
Supplies	87,046
Data processing and office equipment	77,359
Computer support services	272,439
Public relations	84,452
Corporate sponsor commission	61,500
Television consulting	14,867
Depreciation	48,204
Other	<u>292,519</u>
Total Operating Expenses	<u>\$ 16,977,494</u>
Operating Income (Loss)	<u>\$ (916,218)</u>
Nonoperating Revenues (Expenses)	
Corporate partnership	\$ 936,349
Interest	<u>59,577</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 995,926</u>
Change in Net Position	\$ 79,708
Total Net Position - August 1, as restated (Note 14)	<u>3,309,717</u>
Total Net Position - July 31	<u>\$ 3,389,425</u>

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2019**

	2019
Cash Flows from Operating Activities	
Cash received from customers	\$ 13,743,689
Cash received from schools	998,011
Payments to suppliers for goods and services	(11,058,223)
Payments to employees for services	(2,805,935)
Payments for fringe benefits	(1,519,788)
Payments to schools	<u>(82,988)</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ (725,234)</u>
Cash Flows from Non-Capital and Related Financing Activities	
Corporate partnership	\$ 936,349
Operating transfers in	898,050
Operating transfers out	<u>(898,564)</u>
Net Cash Provided by (Used In) Non-Capital and Related Financing Activities	<u>\$ 935,835</u>
Cash Flows from Investing Activities	
Interest on investments	\$ 56,650
Proceeds from sales and maturities of investments	1,582,237
Purchases of investments	<u>(1,783,550)</u>
Net Cash Provided by (Used In) Investing Activities	<u>\$ (144,663)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 65,938
Cash and Cash Equivalents - August 1	<u>1,812,916</u>
Cash and Cash Equivalents - July 31	<u>\$ 1,878,854</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities	
Operating Income (Loss)	<u>\$ (916,218)</u>
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities	
Depreciation	\$ 48,204
(Increase) Decrease in accounts receivable	151,956
(Increase) Decrease in prepaid expenses	1,296
(Increase) Decrease in deferred outflows of resources	(9,601)
Increase (Decrease) in salaries payable	(38,334)
Increase (Decrease) in accounts payable	22,846
Increase (Decrease) in school expense reimbursement payable	216,679
Increase (Decrease) in short-term accrued employee benefits payable	(3,086)
Increase (Decrease) in unearned income	(16,339)
Increase (Decrease) net other post-employment benefits payable	42,693
Increase (Decrease) in retirement benefits payable	<u>(225,330)</u>
Total adjustments	<u>\$ 190,984</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (725,234)</u>
Non-cash Operating Activities	
The MSHSL has \$1,501,603 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, 2019

1. Summary of Significant Accounting Policies

The Minnesota State High School League's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for the year ended July 31, 2019. 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, 2019, 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 full 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

Deferred Outflows of Resources - In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. The MSHSL has one item, deferred OPEB outflows that qualifies for reporting in this category. These outflows arise only under the full accrual basis of accounting and consist of employer contributions paid subsequent to the measurement date and, accordingly, are reported only in the statement of net position.

**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, 2019, reported at fair value, are shown below.

	Maturities	Fair Value
Deposits:		
Checking and savings	-	\$ 1,913,466
Cash with broker	-	3
Total Deposits		\$ 1,913,469
Investments:		
Negotiable certificates of deposit Wells Fargo	Various	\$ 957,158
Equities	-	1,187,307
External Investment Pools		536,029
Total Investments		\$ 2,680,494
Total Deposits and Investments		\$ 4,593,963
Add:		
Petty Cash	-	204
Total Cash, Cash Equivalents, and Investments		\$ 4,594,167
Reconciliation to the Statement of Net Position:		
Cash and cash equivalents		\$ 1,878,854
Investments		1,687,307
Deferred compensation		536,029
Investments held for retirement benefits		491,977
Total Cash, Cash Equivalents, and Investments		\$ 4,594,167

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

2. Deposits and Investments (Continued)

Custodial Credit Risk - As of July 31, 2019, deposits in financial institutions, reported as components of cash, cash equivalents, and investments, had a carrying value of \$1,913,469. Bank balances were \$2,076,580, of which \$284,382 was not covered by federal depository insurance. The MSHSL's investment policy does not specifically address custodial credit risk. As of July 31, 2019, the League's investments were not exposed to custodial credit risk.

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. The League's policy doesn't specifically address interest rate risk.

Investment Credit Risk - The MSHSL has a formal investment policy that limits its investment choices. Fixed income investments are required to be rated "A" or higher by Standards and Poor's or "A2" by Moody's. Certificates of deposit must stay within FDIC limits.

Concentration of Investment Credit Risk - The MSHSL investment policy limits the amount it may invest in any one issuer. The policy states that no more than 10% of the investment portfolio shall be invested in securities issued by one corporation except for insured depositories and obligations of the United States Government and Government Agencies. At July 31, 2019, the MSHSL had four individual negotiable certificates of deposits that exceeded 10% of total investments.

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

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

At July 31, 2019, the MSHSL had the following recurring fair value measurements.

	July 31, 2019	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities	-	-	-	-
Negotiable certificates of deposit	\$ 957,158	-	\$ 957,158	-
Equities	1,187,307	\$ 1,187,307	-	-
Total Investments included in the Fair Value hierarchy	<u>\$ 2,144,465</u>	<u>\$ 1,187,307</u>	<u>\$ 957,158</u>	<u>-</u>

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

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

The MSHSL holds \$536,029 in an external investment pool as a deferred compensation plan for select employees. The fair value of the investment is the fair value per share of the underlying portfolio. These investments may be redeemed when the employees become eligible under contract provisions.

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

3. Capital Assets

Capital assets comprise the following at July 31, 2019:

	08/01/2018	Additions	Deductions/ Adjustments	07/31/2019
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	231,734	-	-	231,734
Computer equipment	4,454	-	-	4,454
Total capital assets being depreciated	\$ 1,842,979	\$ -	\$ -	\$ 1,842,979
Less: accumulated depreciation				
Building and building improvements	\$ (1,128,371)	\$ (43,875)	\$ -	\$ (1,172,246)
Furniture and equipment	(213,939)	(4,329)	-	(218,268)
Computer equipment	(4,454)	-	-	(4,454)
Total accumulated depreciation	\$ (1,346,764)	\$ (48,204)	\$ -	\$ (1,394,968)
Total capital assets being depreciated, net	\$ 496,215	\$ (48,204)	\$ -	\$ 448,011
Net Capital Assets	\$ 814,779	\$ (48,204)	\$ -	\$ 766,575

Depreciation expense totaling \$48,204 was charged for the year ended July 31, 2019.

4. Operating Leases

The MSHSL is obligated under operating leases for mailing equipment and photocopying equipment. Expenses associated with these leases were \$15,008 for the year ended July 31, 2019. Future minimum lease payments at July 31, 2019, are as follows:

2020	\$ 15,052
2021	14,419
2022	7,076
2023	1,786
2024	706
Total	\$ 39,039

5. Unearned Income

Unearned income consists of amounts received for membership services and official handbooks, yearbooks, and rules books, which are not yet ready for distribution. This income is recognized in subsequent years.

6. Accrued Employee Benefits Payable

MSHSL employees that meet certain eligibility criteria earn vacation benefits based on years of service. Employees earn between two weeks and five weeks of vacation annually. Unused vacation time cannot exceed 1.5 times the employee's current rate of accrual. Employees are paid 100% of their accumulated vacation pay when they terminate their employment.

Accrued employee benefits payable at July 31, 2019:

Current Liabilities	
Vacation leave	\$ 125,284

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

7. Retirement Benefits Payable

The MSHSL has a retirement plan that provides certain unused sick leave compensation benefits for eligible employees.

Following 15 years of service to the MSHSL and after the employee reaches age 55, the employee may receive a payment for unused sick leave at the time of separation from the MSHSL. Said payment shall be calculated by multiplying the number of unused sick leave days times the daily rate of pay at separation. The maximum unused sick leave payment shall not exceed one year's salary.

Retirement benefits payable at July 31, 2019, is \$336,924. Benefits due within one year are \$172,589 and noncurrent retirement benefits is \$164,335. 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 \$155,053 for the year ended July 31, 2019.

Retirement benefits activity for the year ended July 31, 2019:

	<u>08/01/2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>07/31/2019</u>	<u>Due Within One Year</u>
Retirement benefits payable	\$ 562,254	\$ 11,558	\$ 236,888	\$ 336,924	\$ 172,589

8. Equity Classifications

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

- A. Investment in capital assets – Consists of capital assets, net of accumulated depreciation.
- B. Unrestricted – All other net position that does not meet the definition of “investment in capital assets”.

9. MSHSL 403(b) Plan

The MSHSL participates with eligible employees, who so elect, in a 403(b) plan. Employees must contribute at least six percent of their gross wages to receive the MSHSL's contribution.

The MSHSL contributed 13 percent of the participating employees' wages. The only obligation of the MSHSL is to make contributions for the term of the participating employees' employment. In accordance with the plan terms, each employee's share of the MSHSL's contribution is fully vested with the employee. The MSHSL's contributions were \$369,745 for the year ended July 31, 2019.

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 select members of the executive staff. Under the provisions of the plan, the MSHSL contributes four, seven or twelve 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, 2019.

11. Risk Management

The MSHSL is exposed to various risks of loss related to: torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; natural disasters; and catastrophic injury. To cover its liabilities, the MSHSL purchases commercial insurance. There were no significant reductions in insurance coverage from the prior year. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

**MINNESOTA STATE HIGH SCHOOL LEAGUE
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12. Long Term Contracts

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

13. Other Post-Employment Benefits

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. This arrangement qualifies as a single employer defined benefit plan.

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.

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.

No assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. The OPEB plan does not issue a stand-alone financial report.

Participants

Participants of the plan consisted of the following at August 1, 2017, the date of the latest actuarial valuation:

Active employees	25
Retired employees	1
 Total plan participants	 26

Total OPEB Liability

The MSHSL's total OPEB liability of \$722,909 was determined by an actuarial valuation as of August 1, 2017, and was rolled forward to a measurement date of August 1, 2018.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the August 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.00 percent
Discount rate	3.40 percent
20-year municipal bond yield	3.40 percent
Medical trend rate	6.50 percent as of August 1, 2018 grading to 5.00 percent over 6 years.
Dental trend rate	4.00 percent

Mortality rates were based on R-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale.

The discount rate was based on the estimated yield of 20-year AA-rated municipal bonds. The overall single discount rate is 3.40 percent.

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

13. Other Post-Employment Benefits (Continued)

Changes in the Total OPEB Liability

Balance at July 31, 2018	\$680,216
Service cost	32,812
Interest cost	24,005
Contributions during the year	(14,124)
Net changes	42,693
Balance at July 31, 2019	\$722,909

OPEB Liability Sensitivity

The following presents the total OPEB liability of the MSHSL, calculated using the discount rate previously disclosed, as well as what the MSHSL's total OPEB liability would be if it were calculated using a discount rate that is 1.0 percentage-point lower or 1.0 percentage-point higher than the current discount rate:

	1.00% Increase	Current Discount Rate	1.00% Decrease
Total OPEB Liability	\$ 674,686	\$ 722,909	\$ 773,634

The following presents the total OPEB liability of the MSHSL, calculated using the health care cost trend previously disclosed, as well as what the MSHSL's total OPEB liability would be if it were calculated using health care cost trend rates that are 1.0 percentage-point lower or 1.0 percentage-point higher than the current health care cost trend rate:

	1.00% Increase	Current Discount Rate	1.00% Decrease
Total OPEB Liability	\$ 806,643	\$ 722,909	\$ 650,643

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended July 31, 2019, the MSHSL recognized OPEB expense of \$56,817. At July 31, 2019, the MSHSL reported deferred outflows of resources related to OPEB from the following sources:

	Balances at July 31, 2019	
	Deferred Outflow of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	\$ 23,725	\$ -

Changes in Actuarial Assumptions and Plan Provisions

There were no changes to actuarial assumptions or plan provisions for the year ended July 31, 2019.

14. Restatement of Net Position

Prior Period Adjustment

The prior period financial statements have been restated to reflect approval by the Board of Directors to keep excess funds rather than distribute them to member schools. The effect of this restatement was a reduction in liabilities and an increase in net position.

	Activities
Beginning Net Position, as previously reported	\$ 3,296,513
Prior period adjustment	13,204
Beginning Net Position, as restated	\$ 3,309,717

REQUIRED SUPPLEMENTARY INFORMATION

**MINNESOTA STATE HIGH SCHOOL LEAGUE
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**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS -
OTHER POSTEMPLOYMENT BENEFITS
JULY 31, 2019**

	2019	2018
Total OPEB Liability		
Service cost	\$ 32,812	\$ 31,856
Interest	24,005	22,559
Benefit payments	(14,124)	(11,583)
Net change in total OPEB liability	\$ 42,693	\$ 42,832
Total OPEB liability - beginning	680,216	637,384
Total OPEB liability - ending	\$ 722,909	\$ 680,216
Covered-employee payroll	\$ 2,330,146	\$ 2,262,278
Total OPEB liability as a percentage of covered employee payroll	31%	30%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

The assets are not accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

The following changes in actuarial assumptions occurred for the year ended July 31, 2018:

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the RP-2000 Combined Healthy Mortality Tables projected to 2014 with Scale BB to the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale.
- The discount rate was changed from 4.00 percent to 3.40 percent.
- The actuarial cost method was changed from projected unit credit to entry age as prescribed by GASB 75.
- The withdrawal tables were updated.

There were no changes to actuarial assumptions or plan provisions for the year ended July 31, 2019.

SUPPLEMENTAL INFORMATION

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

**STATEMENT OF NET POSITION BY LOCATION
JULY 31, 2019**

	MSHSL OFFICE	1A	2A	3A	4A	5A	6A
<u>Assets</u>							
Current Assets							
Cash and cash equivalents (Note 2)	\$ 454,090	54,286	132,459	109,771	31,434	112,755	188,523
Investments (Note 2)	1,687,307	-	-	-	-	-	-
Accounts receivable	302,139	-	364	514	-	300	-
Accrued interest receivable	6,123	-	-	-	-	91	-
Prepaid items	20,713	-	-	-	-	-	-
Total current assets	\$ 2,470,372	54,286	132,823	110,285	31,434	113,146	188,523
Noncurrent Assets							
Restricted assets							
Deferred compensation (Note 10)	\$ 536,029	-	-	-	-	-	-
Capital assets							
Non-depreciable	\$ 318,564	-	-	-	-	-	-
Depreciable-net of accumulated depreciation	448,011	-	-	-	-	-	-
Net capital assets (Note 3)	\$ 766,575	-	-	-	-	-	-
Other assets							
Investments held for retirement benefits (Note 7)	\$ 491,977	-	-	-	-	-	-
Total noncurrent assets	\$ 1,794,581	-	-	-	-	-	-
Total Assets	\$ 4,264,953	54,286	132,823	110,285	31,434	113,146	188,523
<u>Deferred Outflows of Resources</u>							
Deferred outflows of resources (Note 13)	23,725	-	-	-	-	-	-
<u>Liabilities and Net Position</u>							
Current Liabilities							
Salaries payable	\$ 122,466	-	-	-	-	-	-
Accounts payable	97,765	250	-	-	785	-	-
School expense reimbursement payable	-	-	63,861	21,689	-	18,806	101,931
Accrued employee benefits payable (Note 6)	125,284	-	-	-	-	-	-
Retirement benefits payable (Note 7)	172,589	-	-	-	-	-	-
Unearned income (Note 5)	8,150	-	-	-	-	-	-
Total current liabilities	\$ 526,254	250	63,861	21,689	785	18,806	101,931
Noncurrent Liabilities							
Retirement benefits payable (Note 7)	\$ 164,335	-	-	-	-	-	-
Net other post-employment benefits payable (Note 13)	722,909	-	-	-	-	-	-
Deferred compensation (Note 10)	536,029	-	-	-	-	-	-
Total noncurrent liabilities	\$ 1,423,273	-	-	-	-	-	-
Total Liabilities	\$ 1,949,527	250	63,861	21,689	785	18,806	101,931
Net Position (Note 8)							
Investment in capital assets	\$ 766,575	-	-	-	-	-	-
Unrestricted	1,572,576	54,036	68,962	88,596	30,649	94,340	86,592
Total Net Position	\$ 2,339,151	54,036	68,962	88,596	30,649	94,340	86,592

SCHEDULE 1

ADMINISTRATIVE REGIONS										TOTAL ADMINISTRATIVE REGIONS	COMBINED TOTAL	
7A	8A	1AA	2AA	3AA	4AA	5AA	6AA	7AA	8AA			
100,879	91,771	72,827	126,968	48,558	36,661	79,407	49,635	120,564	68,266	\$	1,424,764	\$ 1,878,854
-	-	-	-	-	-	-	-	-	-		-	1,687,307
699	-	-	2,039	-	259	3,900	-	-	630		8,705	310,844
-	-	-	-	-	-	-	-	-	-		91	6,214
-	450	-	-	-	-	-	-	-	-		450	21,163
<u>101,578</u>	<u>92,221</u>	<u>72,827</u>	<u>129,007</u>	<u>48,558</u>	<u>36,920</u>	<u>83,307</u>	<u>49,635</u>	<u>120,564</u>	<u>68,896</u>	\$	<u>1,434,010</u>	\$ <u>3,904,382</u>
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 536,029
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 318,564
-	-	-	-	-	-	-	-	-	-		-	448,011
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 766,575
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 491,977
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 1,794,581
<u>101,578</u>	<u>92,221</u>	<u>72,827</u>	<u>129,007</u>	<u>48,558</u>	<u>36,920</u>	<u>83,307</u>	<u>49,635</u>	<u>120,564</u>	<u>68,896</u>	\$	<u>1,434,010</u>	\$ <u>5,698,963</u>
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 23,725
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 122,466
1,545	-	-	2,177	-	95	7,395	-	624	-		12,871	110,636
23,300	25,684	-	48,091	-	-	16,423	-	51,080	-		370,865	370,865
-	-	-	-	-	-	-	-	-	-		-	125,284
-	-	-	-	-	-	-	-	-	-		-	172,589
-	-	-	-	-	-	-	-	-	-		-	8,150
<u>24,845</u>	<u>25,684</u>	<u>-</u>	<u>50,268</u>	<u>-</u>	<u>95</u>	<u>23,818</u>	<u>-</u>	<u>51,704</u>	<u>-</u>	\$	<u>383,736</u>	\$ <u>909,990</u>
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 164,335
-	-	-	-	-	-	-	-	-	-		-	722,909
-	-	-	-	-	-	-	-	-	-		-	536,029
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 1,423,273
<u>24,845</u>	<u>25,684</u>	<u>-</u>	<u>50,268</u>	<u>-</u>	<u>95</u>	<u>23,818</u>	<u>-</u>	<u>51,704</u>	<u>-</u>	\$	<u>383,736</u>	\$ <u>2,333,263</u>
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 766,575
<u>76,733</u>	<u>66,537</u>	<u>72,827</u>	<u>78,739</u>	<u>48,558</u>	<u>36,825</u>	<u>59,489</u>	<u>49,635</u>	<u>68,860</u>	<u>68,896</u>		<u>1,050,274</u>	<u>2,622,850</u>
<u>76,733</u>	<u>66,537</u>	<u>72,827</u>	<u>78,739</u>	<u>48,558</u>	<u>36,825</u>	<u>59,489</u>	<u>49,635</u>	<u>68,860</u>	<u>68,896</u>	\$	<u>1,050,274</u>	\$ <u>3,389,425</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, 2019**

	MSHSL OFFICE	1A	2A	3A	4A	5A	6A
Operating Revenues							
Tournaments	\$ 7,223,794	506,163	470,698	467,044	221,872	475,194	562,579
Television	850,000	-	-	-	-	-	-
Membership services	998,011	-	-	-	-	-	-
Contest officials registration	308,967	-	-	-	-	-	-
Sales of handbooks, rule books, and supplies	124,754	-	-	-	-	-	-
Other	166,398	12,619	-	-	-	2,158	11,072
Total Operating Revenues	\$ 9,671,924	518,782	470,698	467,044	221,872	477,352	573,651
Operating Expenses							
Tournaments	\$ 4,816,422	391,999	269,574	360,086	146,090	346,199	338,897
School expense reimbursement	-	-	63,861	12,311	-	18,806	101,931
Membership services							
Insurance	749,186	1,922	990	270	1,612	1,329	1,018
Handbooks, rule books, and supplies	98,897	-	-	-	-	-	-
Other	89,883	-	-	-	-	-	-
Fine arts programs	17,664	-	-	-	-	-	-
Officials program	268,643	-	-	-	-	-	-
Committees	24,701	4,348	4,512	11,170	1,726	5,536	5,760
Board of directors	88,650	-	-	-	-	-	-
Salaries	2,047,938	43,720	34,000	65,309	38,000	40,000	57,834
Employee benefits	1,196,713	9,028	7,021	-	7,847	8,260	12,177
Insurance	24,056	-	-	-	-	-	-
Legal	203,112	-	-	-	-	-	-
Other professional services	92,329	66,171	21,326	4,200	40,535	51,907	4,275
Maintenance	59,479	-	-	-	-	-	-
Utilities	42,833	-	-	-	-	-	-
Postage	60,861	-	-	-	-	-	-
Supplies	29,802	4,088	1,771	1,940	2,066	3,778	7,822
Data processing and office equipment	77,359	-	-	-	-	-	-
Computer support services	272,439	-	-	-	-	-	-
Public relations	40,207	4,504	5,182	-	-	14,246	2,120
Corporate sponsor commission	61,500	-	-	-	-	-	-
Television consulting	14,867	-	-	-	-	-	-
Depreciation	48,204	-	-	-	-	-	-
Other	268,548	26	436	-	23	445	3,056
Total Operating Expenses	\$ 10,694,293	525,806	408,673	455,286	237,899	490,506	534,890
Operating Income (Loss)	\$ (1,022,369)	(7,024)	62,025	11,758	(16,027)	(13,154)	38,761
Nonoperating Revenues (Expenses)							
Corporate partnership	\$ 925,108	2,521	3,920	-	-	-	-
Interest	58,014	-	-	125	-	261	70
Total Nonoperating Revenues (Expenses)	\$ 983,122	2,521	3,920	125	-	261	70
Income Before Transfers	\$ (39,247)	(4,503)	65,945	11,883	(16,027)	(12,893)	38,831
Operating Transfers In	-	24,197	36,876	46,822	81,610	81,628	48,675
Operating Transfers Out	(40,000)	(8,935)	(63,877)	(53,003)	(44,766)	(58,583)	(88,376)
Change in Net Position	\$ (79,247)	10,759	38,944	5,702	20,817	10,152	(870)
Total Net Position - August 1, as Restated (Note 14)	2,418,398	43,277	30,018	82,894	9,832	84,188	87,462
Total Net Position - July 31	\$ 2,339,151	54,036	68,962	88,596	30,649	94,340	86,592

**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				
440,149	289,497	369,826	518,286	317,102	337,705	301,769	263,224	379,729	422,746	\$	6,343,583	\$	13,567,377
-	-	-	-	-	-	2,200	-	-	-		2,200		852,200
-	-	-	-	-	-	-	-	-	-		-		998,011
-	-	-	-	-	-	-	-	-	-		-		308,967
-	-	-	-	-	-	-	-	-	-		-		124,754
688	5,279	3,680	-	2,086	2,969	1,430	95	1,493	-		43,569		209,967
<u>440,837</u>	<u>294,776</u>	<u>373,506</u>	<u>518,286</u>	<u>319,188</u>	<u>340,674</u>	<u>305,399</u>	<u>263,319</u>	<u>381,222</u>	<u>422,746</u>	\$	<u>6,389,352</u>	\$	<u>16,061,276</u>
286,893	231,357	306,726	353,282	264,759	288,084	239,812	223,061	273,556	313,510	\$	4,633,885	\$	9,450,307
23,300	25,684	-	48,091	-	-	16,423	-	51,260	-		361,667		361,667
1,050	1,006	450	1,177	1,346	2,826	1,547	1,200	1,095	450		19,288		768,474
-	-	-	-	-	-	-	-	-	-		-		98,897
-	-	-	-	-	-	-	-	-	-		-		89,883
-	-	-	-	-	-	-	-	-	-		-		17,664
-	-	-	-	-	-	-	-	-	-		-		268,643
10,805	11,387	3,746	4,136	1,365	2,878	-	87	9,798	9,785		87,039		111,740
-	-	-	-	-	-	-	-	-	-		-		88,650
50,401	49,620	39,275	37,500	37,500	36,000	37,795	37,775	43,750	43,995		692,474		2,740,412
10,408	9,948	8,110	7,744	7,744	7,434	6,111	7,800	9,034	9,085		127,751		1,324,464
-	-	-	-	-	-	-	-	-	-		-		24,056
-	-	-	-	-	-	-	-	-	-		-		203,112
5,014	3,025	7,657	7,938	3,346	4,136	3,252	4,857	5,648	2,350		235,637		327,966
-	-	-	-	-	-	-	-	-	-		-		59,479
-	-	-	-	-	-	-	-	-	-		-		42,833
-	-	-	-	-	-	-	-	-	-		-		60,861
6,288	6,139	1,039	2,204	1,500	1,935	4,342	2,642	6,004	3,686		57,244		87,046
-	-	-	-	-	-	-	-	-	-		-		77,359
-	-	-	-	-	-	-	-	-	-		-		272,439
-	15,876	-	-	-	-	-	-	-	2,317		44,245		84,452
-	-	-	-	-	-	-	-	-	-		-		61,500
-	-	-	-	-	-	-	-	-	-		-		14,867
-	-	-	-	-	-	-	-	-	-		-		48,204
4,545	2,080	5,636	1,484	1,358	-	4,584	298	-	-		23,971		292,519
<u>398,704</u>	<u>356,122</u>	<u>372,639</u>	<u>463,556</u>	<u>318,918</u>	<u>343,293</u>	<u>313,866</u>	<u>277,720</u>	<u>400,145</u>	<u>385,178</u>	\$	<u>6,283,201</u>	\$	<u>16,977,494</u>
42,133	(61,346)	867	54,730	270	(2,619)	(8,467)	(14,401)	(18,923)	37,568	\$	106,151	\$	(916,218)
-	3,000	1,800	-	-	-	-	-	-	-	\$	11,241	\$	936,349
31	96	177	-	-	-	559	28	52	164		1,563		59,577
<u>31</u>	<u>3,096</u>	<u>1,977</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>559</u>	<u>28</u>	<u>52</u>	<u>164</u>	\$	<u>12,804</u>	\$	<u>995,926</u>
42,164	(58,250)	2,844	54,730	270	(2,619)	(7,908)	(14,373)	(18,871)	37,732	\$	118,955	\$	79,708
16,676	60,690	36,593	64,138	76,583	54,561	76,695	98,288	62,212	32,320		898,564		898,564
(41,913)	(14,481)	(24,284)	(110,233)	(57,278)	(58,420)	(54,866)	(68,239)	(42,119)	(69,191)		(858,564)		(898,564)
16,927	(12,041)	15,153	8,635	19,575	(6,478)	13,921	15,676	1,222	861	\$	158,955	\$	79,708
<u>59,806</u>	<u>78,578</u>	<u>57,674</u>	<u>70,104</u>	<u>28,983</u>	<u>43,303</u>	<u>45,568</u>	<u>33,959</u>	<u>67,638</u>	<u>68,035</u>		<u>891,319</u>		<u>3,309,717</u>
<u>76,733</u>	<u>66,537</u>	<u>72,827</u>	<u>78,739</u>	<u>48,558</u>	<u>36,825</u>	<u>59,489</u>	<u>49,635</u>	<u>68,860</u>	<u>68,896</u>	\$	<u>1,050,274</u>	\$	<u>3,389,425</u>

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

**STATEMENT OF CASH FLOWS BY LOCATION
FOR THE YEAR ENDED JULY 31, 2019**

	MSHSL OFFICE	1A	2A	3A	4A	5A	6A
Cash Flows from Operating Activities							
Cash received from customers	\$ 7,328,993	518,782	470,334	467,044	221,872	477,052	573,651
Cash received from schools	998,011	-	-	-	-	-	-
Payments to suppliers for goods and services	(5,885,972)	(473,582)	(303,791)	(350,477)	(191,267)	(423,569)	(424,948)
Payments to employees for services	(2,072,707)	(43,720)	(34,000)	(92,498)	(38,000)	(40,000)	(57,834)
Payments for fringe benefits	(1,392,037)	(9,028)	(7,021)	-	(7,847)	(8,260)	(12,177)
Payments to schools	-	-	(23,000)	-	-	-	-
Net Cash Provided By (Used In) Operating Activities	\$ (1,023,712)	(7,548)	102,522	24,069	(15,242)	5,223	78,692
Cash Flows from Non-Capital and Related Financing Activities							
Corporate partnership	\$ 925,108	2,521	3,920	-	-	-	-
Operating transfers in	-	24,197	36,876	46,308	81,610	81,628	48,675
Operating transfers out	(40,000)	(8,935)	(63,877)	(53,003)	(44,766)	(58,583)	(88,376)
Net Cash Provided By (Used In) Non-Capital and Related Financing Activities	\$ 885,108	17,783	(23,081)	(6,695)	36,844	23,045	(39,701)
Cash Flows from Investing Activities							
Interest on investments	\$ 55,146	-	-	125	-	202	70
Proceeds from sales and maturities of investments	1,582,237	-	-	-	-	-	-
Purchases of investments	(1,783,550)	-	-	-	-	-	-
Net Cash Provided By (Used In) Investing Activities	\$ (146,167)	-	-	125	-	202	70
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (284,771)	10,235	79,441	17,499	21,602	28,470	39,061
Cash and Cash Equivalents - August 1	738,861	44,051	53,018	92,272	9,832	84,285	149,462
Cash and Cash Equivalents - July 31	\$ 454,090	54,286	132,459	109,771	31,434	112,755	188,523
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities							
Operating Income (Loss)	\$ (1,022,369)	(7,024)	62,025	11,758	(16,027)	(13,154)	38,761
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities							
Depreciation	\$ 48,204	-	-	-	-	-	-
(Increase) Decrease in accounts receivable	155,387	-	(364)	-	-	(300)	-
(Increase) Decrease in prepaid expenses	1,296	-	-	-	-	-	-
(Increase) Decrease in deferred outflows of resources	(9,601)	-	-	-	-	-	-
Increase (Decrease) in salaries payable	(24,769)	-	-	-	-	-	-
Increase (Decrease) in accounts payable	30,202	(524)	-	-	785	(129)	-
Increase (Decrease) in school expense reimbursement payable	-	-	40,861	12,311	-	18,806	39,931
Increase (Decrease) in short-term accrued employee benefits payable	(3,086)	-	-	-	-	-	-
Increase (Decrease) in unearned income	(16,339)	-	-	-	-	-	-
Increase (Decrease) in net other post-employment benefits payable	42,693	-	-	-	-	-	-
Increase (Decrease) in retirement benefits payable	(225,330)	-	-	-	-	-	-
Total adjustments	\$ (1,343)	(524)	40,497	12,311	785	18,377	39,931
Net Cash Provided By (Used In) Operating Activities	\$ (1,023,712)	(7,548)	102,522	24,069	(15,242)	5,223	78,692

Non-cash Operating Activities

The MSHSL has \$1,501,603 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			
440,708	294,776	373,506	517,211	319,664	340,733	302,649	264,460	410,138	422,116	\$	6,414,696	\$ 13,743,689
-	-	-	-	-	-	-	-	-	-		-	998,011
(318,296)	(270,870)	(325,254)	(369,766)	(284,115)	(301,499)	(246,142)	(232,145)	(324,432)	(332,098)		(5,172,251)	(11,058,223)
(63,966)	(49,620)	(39,275)	(37,500)	(37,500)	(36,000)	(37,795)	(37,775)	(43,750)	(43,995)		(733,228)	(2,805,935)
(10,408)	(9,948)	(8,110)	(7,744)	(7,744)	(7,434)	(6,111)	(7,800)	(9,034)	(9,085)		(127,751)	(1,519,788)
(36,000)	-	-	-	-	-	-	-	(23,988)	-		(82,988)	(82,988)
<u>12,038</u>	<u>(35,662)</u>	<u>867</u>	<u>102,201</u>	<u>(9,695)</u>	<u>(4,200)</u>	<u>12,601</u>	<u>(13,260)</u>	<u>8,934</u>	<u>36,938</u>	\$	<u>298,478</u>	\$ <u>(725,234)</u>
-	3,000	1,800	-	-	-	-	-	-	-	\$	11,241	\$ 936,349
16,676	60,690	36,593	64,138	76,583	54,561	76,695	98,288	62,212	32,320		898,050	898,050
(41,913)	(14,481)	(24,284)	(110,233)	(57,278)	(58,420)	(54,866)	(68,239)	(42,119)	(69,191)		(858,564)	(898,564)
<u>(25,237)</u>	<u>49,209</u>	<u>14,109</u>	<u>(46,095)</u>	<u>19,305</u>	<u>(3,859)</u>	<u>21,829</u>	<u>30,049</u>	<u>20,093</u>	<u>(36,871)</u>	\$	<u>50,727</u>	\$ <u>935,835</u>
31	96	177	-	-	-	559	28	52	164	\$	1,504	\$ 56,650
-	-	-	-	-	-	-	-	-	-		-	1,582,237
-	-	-	-	-	-	-	-	-	-		-	(1,783,550)
<u>31</u>	<u>96</u>	<u>177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>559</u>	<u>28</u>	<u>52</u>	<u>164</u>	\$	<u>1,504</u>	\$ <u>(144,663)</u>
(13,168)	13,643	15,153	56,106	9,610	(8,059)	34,989	16,817	29,079	231	\$	350,709	\$ 65,938
<u>114,047</u>	<u>78,128</u>	<u>57,674</u>	<u>70,862</u>	<u>38,948</u>	<u>44,720</u>	<u>44,418</u>	<u>32,818</u>	<u>91,485</u>	<u>68,035</u>		<u>1,074,055</u>	<u>1,812,916</u>
<u>100,879</u>	<u>91,771</u>	<u>72,827</u>	<u>126,968</u>	<u>48,558</u>	<u>36,661</u>	<u>79,407</u>	<u>49,635</u>	<u>120,564</u>	<u>68,266</u>	\$	<u>1,424,764</u>	\$ <u>1,878,854</u>
<u>42,133</u>	<u>(61,346)</u>	<u>867</u>	<u>54,730</u>	<u>270</u>	<u>(2,619)</u>	<u>(8,467)</u>	<u>(14,401)</u>	<u>(18,923)</u>	<u>37,568</u>	\$	<u>106,151</u>	\$ <u>(916,218)</u>
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 48,204
(129)	-	-	(1,075)	476	59	(2,750)	1,141	141	(630)		(3,431)	151,956
-	-	-	-	-	-	-	-	-	-		-	1,296
-	-	-	-	-	-	-	-	-	-		-	(9,601)
(13,565)	-	-	-	-	-	-	-	-	-		(13,565)	(38,334)
(3,701)	-	-	455	(10,441)	(1,640)	7,395	-	444	-		(7,356)	22,846
(12,700)	25,684	-	48,091	-	-	16,423	-	27,272	-		216,679	216,679
-	-	-	-	-	-	-	-	-	-		-	(3,086)
-	-	-	-	-	-	-	-	-	-		-	(16,339)
-	-	-	-	-	-	-	-	-	-		-	42,693
-	-	-	-	-	-	-	-	-	-		-	(225,330)
<u>(30,095)</u>	<u>25,684</u>	<u>-</u>	<u>47,471</u>	<u>(9,965)</u>	<u>(1,581)</u>	<u>21,068</u>	<u>1,141</u>	<u>27,857</u>	<u>(630)</u>	\$	<u>192,327</u>	\$ <u>190,984</u>
<u>12,038</u>	<u>(35,662)</u>	<u>867</u>	<u>102,201</u>	<u>(9,695)</u>	<u>(4,200)</u>	<u>12,601</u>	<u>(13,260)</u>	<u>8,934</u>	<u>36,938</u>	\$	<u>298,478</u>	\$ <u>(725,234)</u>

SCHEDULE 4

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

**SCHEDULE OF TOURNAMENT REVENUES AND DIRECT EXPENSES
FOR THE YEAR ENDED JULY 31, 2019**

	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	\$ 143,138	\$ 108,099	\$ 35,039	\$ 414,037	\$ 340,757	\$ 73,280	\$ 557,175	\$ 448,856	\$ 108,319
Boys' basketball	562,571	332,421	230,150	1,065,922	385,984	679,938	1,628,493	718,405	910,088
Girls' basketball	302,396	305,878	(3,482)	667,723	364,743	302,980	970,119	670,621	299,498
Cross country running	17,059	46,798	(29,739)	24,598	59,663	(35,065)	41,657	106,461	(64,804)
Football	1,148,461	258,516	889,945	1,046,467	499,117	547,350	2,194,928	757,633	1,437,295
Golf	11,614	49,893	(38,279)	31,970	132,836	(100,866)	43,584	182,729	(139,145)
Girls' gymnastics	49,018	83,613	(34,595)	27,442	55,665	(28,223)	76,460	139,278	(62,818)
Boys' hockey	1,589,493	455,710	1,133,783	625,213	268,451	356,762	2,214,706	724,161	1,490,545
Nordic ski racing	4,318	26,858	(22,540)	2,887	32,032	(29,145)	7,205	58,890	(51,685)
Alpine skiing	4,038	24,141	(20,103)	1,464	41,802	(40,338)	5,502	65,943	(60,441)
Soccer	203,993	86,967	117,026	288,465	204,169	84,296	492,458	291,136	201,322
Girls' softball	100,646	67,213	33,433	227,874	245,691	(17,817)	328,520	312,904	15,616
Boys' swimming	57,475	59,717	(2,242)	50,579	54,518	(3,939)	108,054	114,235	(6,181)
Girls' swimming	60,667	56,763	3,904	79,731	69,158	10,573	140,398	125,921	14,477
Boys' tennis	3,497	35,674	(32,177)	6,765	53,451	(46,686)	10,262	89,125	(78,863)
Girls' tennis	6,244	40,578	(34,334)	8,435	80,315	(71,880)	14,679	120,893	(106,214)
Track and field	173,705	175,663	(1,958)	219,931	227,949	(8,018)	393,636	403,612	(9,976)
Girls' volleyball	258,684	182,474	76,210	606,893	293,044	313,849	865,577	475,518	390,059
Wrestling	495,205	250,666	244,539	237,614	239,666	(2,052)	732,819	490,332	242,487
Synchronized swimming	-	615	(615)	-	-	-	-	615	(615)
Adapted soccer	7,596	12,420	(4,824)	-	-	-	7,596	12,420	(4,824)
Adapted floor hockey	10,451	17,434	(6,983)	-	-	-	10,451	17,434	(6,983)
Adapted softball	7,554	17,140	(9,586)	-	-	-	7,554	17,140	(9,586)
Adapted bowling	1,371	15,107	(13,736)	-	-	-	1,371	15,107	(13,736)
Debate	-	26,985	(26,985)	2,780	25,575	(22,795)	2,780	52,560	(49,780)
Speech	9,705	57,808	(48,103)	63,098	225,263	(162,165)	72,803	283,071	(210,268)
One-act play	12,815	27,519	(14,704)	43,603	79,692	(36,089)	56,418	107,211	(50,793)
Girls' hockey	200,436	260,206	(59,770)	168,081	123,153	44,928	368,517	383,359	(14,842)
Music	-	-	-	157,966	326,902	(168,936)	157,966	326,902	(168,936)
Cheerleading	-	1,104	(1,104)	-	-	-	-	1,104	(1,104)
Dance team	216,620	107,667	108,953	91,536	69,814	21,722	308,156	177,481	130,675
Lacrosse	54,983	46,290	8,693	160,854	98,820	62,034	215,837	145,110	70,727
Visual arts	-	235	(235)	21,655	35,655	(14,000)	21,655	35,890	(14,235)
Robotics	3,595	56,010	(52,415)	-	-	-	3,595	56,010	(52,415)
Clay target	4,843	20,637	(15,794)	-	-	-	4,843	20,637	(15,794)
Advertising	1,501,603	1,501,603	-	-	-	-	1,501,603	1,501,603	-
	<u>\$ 7,223,794</u>	<u>\$ 4,816,422</u>	<u>\$ 2,407,372</u>	<u>\$ 6,343,583</u>	<u>\$ 4,633,885</u>	<u>\$ 1,709,698</u>	<u>\$ 13,567,377</u>	<u>\$ 9,450,307</u>	<u>\$ 4,117,070</u>