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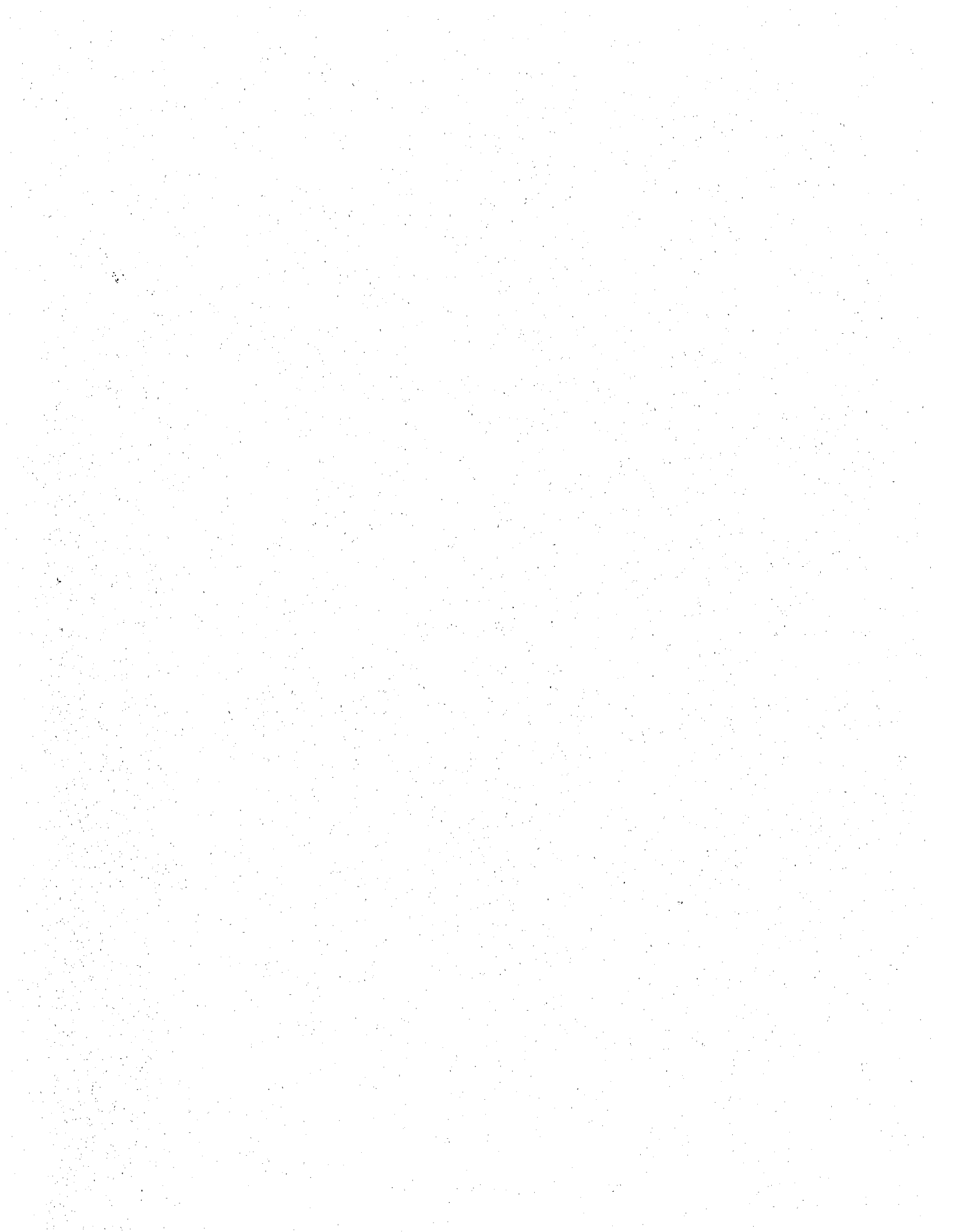
**MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA**

ANNUAL FINANCIAL REPORT

2007-2008

YEAR ENDED JULY 31, 2008

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MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA

ANNUAL FINANCIAL REPORT

YEAR ENDED JULY 31, 2008

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Organization 2008

Term Expires

BOARD OF DIRECTORS

Todd Selk, President	2008
Mark Kuisle, Vice President.....	2009
Darrel Ulferts, Treasurer	2008
Dave Alto	2011
Randy Bowen.....	2010
Lawrence Ellis*	2008
Lisa Fobbe.....	2011
Michael Hammes	2009
John Klinnert*	2011
Becky Leuer	2008
Steve Niklaus	2009
Dean Ogg.....	2010
Mark Quinlan.....	2008
Dr. Paulette Reikowski	2008
Brent Robbins*	2011
Mike Rusinko*	2009
John Schumacher	2011
Bill Webb	2011
Jeff Whisler	2010
Less Zellman.....	2011

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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SAINT PAUL, MN 55103-2139

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(651) 296-4755 (Fax)
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Minnesota State High School League

We have audited the accompanying basic financial statements of the Minnesota State High School League as of and for the year ended July 31, 2008, as listed in the table of contents. These financial statements are the responsibility of the Minnesota State High School League's management. 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, 7AA, and 8AA, which represent approximately 10 percent, 10 percent, and 21 percent, respectively, of the assets, net assets, and revenues of the Minnesota State High School League. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those listed Regions of the Minnesota State High School League, is based on the reports of the other auditors.

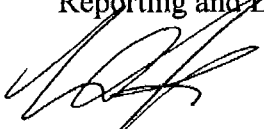
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Minnesota State High School League as of July 31, 2008, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.


The Management's Discussion and Analysis listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules listed as supplemental information in the table of contents are presented for additional analysis and are not a required part of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We also issue a separate management letter report dated January 26, 2009, which includes a Schedule of Findings and Recommendations and our Report on Internal Control Over Financial Reporting and Legal Compliance.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

January 26, 2009

Minnesota State High School League
Management's Discussion and Analysis
July 31, 2008

(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, 2008. 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 Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; 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 Assets

The Statement of Net Assets 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 assets under the following classifications:

Invested 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 assets at July 31, 2008 and 2007, are summarized below.

	2008	2007	Percentage Change
Current assets	\$ 4,764,050	\$ 4,658,459	2.3%
Noncurrent assets	632,617	624,061	1.4%
Capital assets	1,143,208	1,185,718	(3.6%)
Total Assets	<u>\$ 6,539,875</u>	<u>\$ 6,468,238</u>	1.1%
Current liabilities	\$ 1,699,101	\$ 1,883,020	(9.8%)
Noncurrent liabilities	560,491	541,576	3.5%
Total liabilities	<u>\$ 2,259,592</u>	<u>\$ 2,424,596</u>	(6.8%)
Invested in capital assets	\$ 1,143,208	\$ 1,185,718	(3.6%)
Unrestricted	3,137,075	2,857,924	9.8%
Total net assets	<u>\$ 4,280,283</u>	<u>\$ 4,043,642</u>	5.9%

Current assets at July 31, 2008, totaled \$4,764,050, an increase of 2.3% or \$105,591. Current assets consist primarily of cash and cash equivalents, investments in negotiable certificates of deposit and accounts receivable. Accounts receivable consists primarily of television fees owed to the League for tournaments held in 2008.

Capital assets, net of accumulated depreciation totaled \$1,143,208. Capital assets purchased in 2008 totaled \$7,618 and consisted of wrestling scoreboards. A \$42,510 reduction in capital assets is due to the difference in depreciation recorded in 2008 and capital assets purchased in 2008. The noncurrent assets consist of deferred compensation under section 457(f) 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.

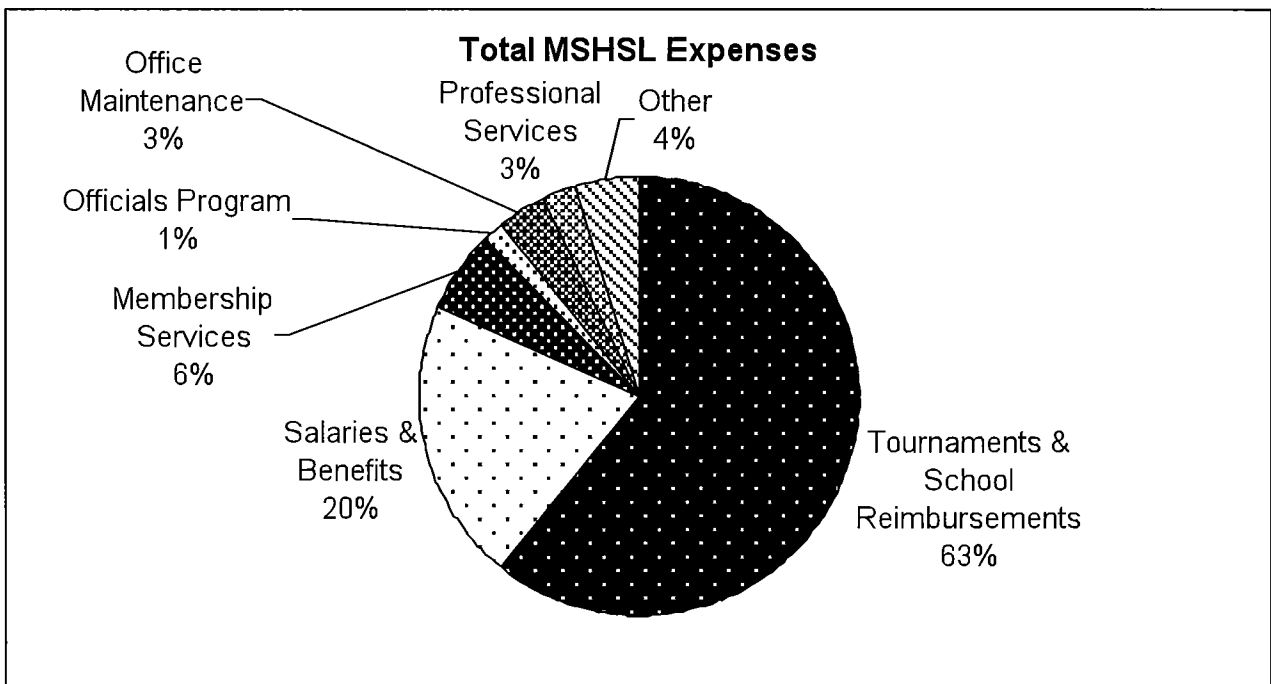
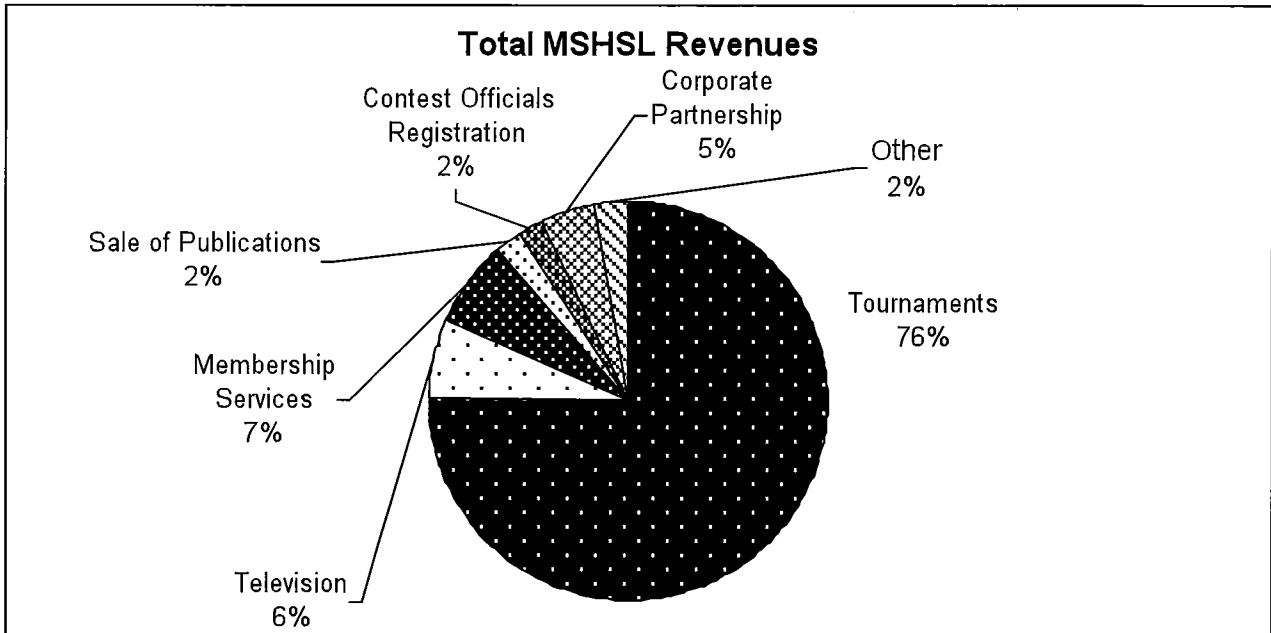
Current liabilities totaled \$1,699,101 at July 31, 2008, a 9.8% decrease or \$183,919. Current liabilities consist primarily of school expense reimbursement payable and accounts payable. The school expense reimbursement liability increased \$370,680, accounts payable decreased by \$23,881 and the MSHSL Foundation payable decreased by \$594,550 and was eliminated in 2008. The 40.5% increase in school expense reimbursement was due to the central office and 16 regions returning more dollars to schools in 2008. There is no retirement benefits payable in current liabilities in 2008. Noncurrent liabilities totaled \$560,491 at July 31, 2008, an increase of 3.5% or \$18,915. Noncurrent liabilities consist of retirement benefits payable and deferred compensation.

Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets present 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 assets for the years ended July 31, 2008 and 2007, are summarized below.

	2008	2007	Percentage Change
Operating revenues			
Tournaments	\$ 10,309,491	\$ 9,431,211	9.4%
Television	798,297	800,000	(.2%)
Membership services	965,550	859,885	12.3%
Contest officials registration	250,253	268,268	(6.7%)
Sale of publications	259,212	258,778	.2%
Assessments from schools	133,665	-	100%
Other	164,890	182,991	(9.9%)
Total operating revenues	<u>\$ 12,881,358</u>	<u>\$ 11,801,133</u>	9.2%
Operating expenses			
Tournaments and school reimbursements	\$ 8,466,898	\$ 7,515,942	12.7%
Membership services	745,129	746,848	(.2%)
Officials program	192,603	187,796	2.6%
Salaries and benefits	2,674,679	2,549,556	4.9%
Professional services	323,957	306,084	5.8%
Office maintenance	432,113	449,453	(3.9%)
Other	568,259	573,562	(.9%)
Total operating expenses	<u>\$ 13,403,638</u>	<u>\$ 12,329,241</u>	8.8%
Operating income (loss)	<u>\$ (522,280)</u>	<u>\$ (528,108)</u>	(1.1%)
Non-operating revenues (expenses)			
Corporate partnership	\$ 619,000	\$ 543,620	13.9%
Interest	139,921	163,759	(14.6%)
Total non-operating revenues (expenses)	<u>\$ 758,921</u>	<u>\$ 707,379</u>	7.3%
Change in net assets	\$ 236,641	\$ 179,271	32.0%
Net assets, August 1	<u>4,043,642</u>	<u>3,864,371</u>	4.6%
Net assets, July 31	<u>\$ 4,280,283</u>	<u>\$ 4,043,642</u>	5.9%



For the year ended July 31, 2008, tournament revenue totaled \$10,309,491, an increase of \$878,280 or 9.4%. The major portion of this tournament revenue was the sale of tickets for admission to the events. A greater number of people attended the tournaments in 2008 than in 2007. A record number of people attended the tournament series in 2008. Other tournament revenue consists of program sales, t-shirt and souvenir sales, advertising and sponsorships.

Television revenues 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.

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, 2008, membership service revenue increased \$105,665 or 12.3% due to an increase in registration fee from \$80 to \$90 per activity.

Contest officials register annually with the League and attend rules meetings and must pass a test to officiate League sponsored games. These registrations decreased by 6.7% in fiscal year 2008.

Publications are sold to member schools, officials, and the general public. Publications include the League membership directory, Official Handbook and sports rules books. The sale of these publications increased by .2% in fiscal year 2008.

Operating expenses consist of tournament expenses, school reimbursements as well as general and administrative expenses. Tournament and school reimbursements increased 12.7% in fiscal year 2008. Membership services decreased .2%. The official's program expenses increased by 2.6% due to more training programs and the official's observation program. The office maintenance line item decreased by 3.9%. For fiscal year ended July 31, 2008, total operating expenses increased by approximately 8.8%.

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, 2008 and 2007, are summarized below.

	2008	2007	Percentage Change
Cash provided by (used in)			
Operating activities	\$ (649,090)	\$ (169,094)	283.9%
Non-capital and related financing activities	619,000	543,508	13.9%
Capital and related financing activities	(7,618)	(13,973)	(45.5%)
Investing activities	605,093	(1,251,305)	148.4%
Net increase (decrease) in cash	\$ 567,385	\$ (890,864)	163.7%
Cash and cash equivalents-August 1	1,899,809	2,790,673	(31.9%)
Cash and cash equivalents-July 31	\$ 2,467,194	\$ 1,899,809	29.9%

Capital Assets

Investment in capital assets includes land, buildings and building improvements, furniture and equipment, and computer equipment. Total depreciation expense for the year was \$50,128. Capital additions consisted of tournament equipment totaling \$7,618.

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 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 ASSETS
 JULY 31, 2008

<u>Assets</u>	2008
Current Assets	
Cash and cash equivalents (Note 2)	\$ 2,467,194
Investments (Note 2)	2,113,955
Accounts receivable	148,472
Accrued interest receivable	16,727
Prepaid items	<u>17,702</u>
Total current assets	\$ <u>4,764,050</u>
Noncurrent Assets	
Restricted assets	
Deferred compensation (Note 10)	\$ <u>289,197</u>
Capital assets	
Non-depreciable	\$ 318,564
Depreciable-net of accumulated depreciation	<u>824,644</u>
Net capital assets (Note 3)	\$ <u>1,143,208</u>
Other assets	
Investments held for retirement benefits (Note 7)	\$ <u>343,420</u>
Total noncurrent assets	\$ <u>1,775,825</u>
Total Assets	\$ <u>6,539,875</u>
<u>Liabilities and Net Assets</u>	
Current Liabilities	
Salaries payable	\$ 108,543
Accounts payable	185,457
School expense reimbursement payable	1,286,416
Accrued employee benefits payable (Note 6)	100,911
Deferred income (Note 5)	<u>17,774</u>
Total current liabilities	\$ <u>1,699,101</u>
Noncurrent Liabilities	
Retirement benefits payable (Note 7)	\$ 271,294
Deferred compensation (Note 10)	<u>289,197</u>
Total noncurrent liabilities	\$ <u>560,491</u>
Total Liabilities	\$ <u>2,259,592</u>
Net Assets (Note 8)	
Invested in capital assets	\$ 1,143,208
Unrestricted	<u>3,137,075</u>
Total Net Assets	\$ <u>4,280,283</u>

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED JULY 31, 2008

	2008
Operating Revenues	
Tournaments	\$ 10,309,491
Television	798,297
Membership services	965,550
Contest officials registration	250,253
Sales of handbooks, rule books, and supplies	259,212
Assessments from schools	133,665
Other	164,890
	<hr/>
Total Operating Revenues	\$ 12,881,358
Operating Expenses	
Tournaments	\$ 6,985,963
School expense reimbursement	1,480,935
Membership services	
Insurance	412,684
Handbooks, rule books, and supplies	203,539
Other	128,906
Fine arts programs	15,185
Officials program	192,603
Committees	110,498
Board of directors	94,973
Salaries	1,977,128
Employee benefits	697,551
Insurance	15,276
Legal	64,730
Other professional services	259,227
Maintenance	48,239
Utilities	45,686
Postage	82,172
Supplies	122,577
Data processing and office equipment	68,035
Public relations	80,535
Corporate sponsor commission	61,500
Television consulting	14,867
Depreciation	50,128
Other	190,701
	<hr/>
Total Operating Expenses	\$ 13,403,638
Operating Income (Loss)	\$ (522,280)
Nonoperating Revenues (Expenses)	
Corporate partnership	\$ 619,000
Interest	139,921
	<hr/>
Total Nonoperating Revenues (Expenses)	\$ 758,921
Change in Net Assets	\$ 236,641
Total Net Assets - August 1	<hr/> 4,043,642
Total Net Assets - July 31	\$ <u>4,280,283</u>

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

STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JULY 31, 2008

	2008
Cash Flows from Operating Activities	
Cash received from customers	\$ 11,384,345
Cash received from schools	1,099,215
Payments to suppliers for goods and services	(9,485,434)
Payments to employees for services	(1,925,910)
Payments for fringe benefits	(677,318)
Payments to schools	<u>(1,043,988)</u>
Net Cash Provided by (Used In) Operating Activities	\$ <u>(649,090)</u>
Cash Flows from Non-Capital and Related Financing Activities	
Corporate partnership	\$ 619,000
Operating transfers in	675,588
Operating transfers out	<u>(675,588)</u>
Net Cash Provided by (Used In) Non-Capital and Related Financing Activities	\$ <u>619,000</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	\$ <u>(7,618)</u>
Cash Flows from Investing Activities	
Interest on investments	\$ 166,100
Proceeds from sales and maturities of investments	6,014,046
Purchases of investments	<u>(5,575,053)</u>
Net Cash Provided by (Used In) Investing Activities	\$ <u>605,093</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 567,385
Cash and Cash Equivalents - August 1	<u>1,899,809</u>
Cash and Cash Equivalents - July 31	<u><u>2,467,194</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities	
Operating Income (Loss)	\$ (522,280)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities	
Depreciation	50,128
(Increase) Decrease in accounts receivable	1,860
(Increase) Decrease in prepaid expenses	(909)
Increase (Decrease) in salaries payable	51,661
Increase (Decrease) in accounts payable	(23,881)
Increase (Decrease) in school expense reimbursement payable	370,680
Increase (Decrease) in short-term accrued employee benefits payable	13,760
Increase (Decrease) in deferred income	(1,589)
Increase (Decrease) in MSHSL Foundation payable	(594,550)
Increase (Decrease) in retirement benefits payable	<u>6,030</u>
Total adjustments	\$ <u>(126,810)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>(649,090)</u></u>

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, 2008**

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, 2008. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. Although the League has the option to apply FASB pronouncements issued after that date, the League has chosen not to do so. 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, 2008, 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(f) of the Internal Revenue Code for the executive staff. The assets in the plan are held by the MSHSL, subject to the claims of its general creditors, until the employee becomes eligible for withdrawals as provided in the plan agreement.

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

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

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

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

2. Deposits and Investments

- A. The MSHSL is governed by the deposit and investment limitations of state law and its own internal policies. The deposits and investments held on July 31, 2008, reported at fair value, are shown below.

	Maturities	Fair Value
Deposits:		
Checking and savings	-	\$ 1,311,551
Certificates of deposit		
First Security Bank of Byron	09/17/2008	61,324
North American State Bank of Belgrade	12/11/2008	36,631
First National Bank of Hawley	10/25/2008	20,000
Total Deposits		\$ 1,429,506
Investments:		
Negotiable certificates of deposit		
Wells Fargo	Various	\$ 1,996,000
Wells Fargo	Various	297,000
Brokers money market account	-	1,201,859
Total Investments		\$ 3,494,859
Total Deposits and Investments		\$ 4,924,365
Add:		
Petty Cash	-	204
Deferred Compensation	-	289,197
Total Cash, Cash Equivalents, and Investments		\$ 5,213,766

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

2. Deposits and Investments (Continued)

Reconciliation to the Statement of
Net Assets:

Cash and cash equivalents	\$ 2,467,194
Investments	2,113,955
Deferred compensation	289,197
Investments held for retirement benefits	343,420
 Total Cash, Cash Equivalents, and Investments	 \$ 5,213,766

Custodial Credit Risk - As of July 31, 2008, deposits in financial institutions, reported as components of cash, cash equivalents, and investments, had a carrying value of \$1,429,506. Bank balances were \$1,542,380, of which \$1,434,526 was 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, 2008, negotiable certificates of deposit in the amount of \$2,293,000 were unregistered and held by the MSHSL or its agent, but not in the MSHSL's name.

Investment Interest Rate Risk - The MSHSL has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at July 31, 2008, are provided in the previous schedule.

Investment Credit Risk - The MSHSL has no formal investment policy that limits its investment choices other than the limitation of state law. State law limits investments in securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. 118A.04, subd. 6.

Concentration of Investment Credit Risk - The MSHSL places no limit on the amount it may invest in any one issuer. At July 31, 2008, the MSHSL had no concentration of credit risk.

3. Capital Assets

Capital assets comprise the following at July 31, 2008:

	08/01/2007	Additions	Deductions/ Adjustments	07/31/2008
Capital asset, not being depreciated:				
Land and land improvements	\$ 318,564	\$ -	\$ -	\$ 318,564
Capital assets, being depreciated:				
Building and building improvements	\$ 1,508,219	\$ -	\$ -	\$ 1,508,219
Furniture and equipment	241,738	7,618	-	249,356
Computer equipment	4,454	-	-	4,454
Total capital assets being depreciated	\$ 1,754,411	\$ 7,618	\$ -	\$ 1,762,029
Less: accumulated depreciation				
Building and building improvements	\$ (678,605)	\$ (37,714)	\$ -	\$ (716,319)
Furniture and equipment	(204,198)	(12,414)	-	(216,612)
Computer equipment	(4,454)	-	-	(4,454)
Total accumulated depreciation	\$ (887,257)	\$ (50,128)	\$ -	\$ (937,385)
Total capital assets being depreciated, net	\$ 867,154	\$ (42,510)	\$ -	\$ 824,644
Net Capital Assets	\$ 1,185,718	\$ (42,510)	\$ -	\$ 1,143,208

Depreciation expense totaling \$50,128 was charged for the year ended July 31, 2008.

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

4. Operating Lease

The MSHSL is obligated under operating leases for mailing equipment and photocopying equipment. Expenses associated with these leases were \$16,994 for the year ended July 31, 2008. Future minimum lease payments at July 31, 2008, are as follows:

2009	\$	16,994
2010		12,212
2011		11,777
2012		8,503
Total	\$	49,486

5. Deferred Income

Deferred 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 four 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, 2008:

Current Liabilities	
Vacation leave	<u>\$ 100,911</u>

7. Retirement Benefits Payable

The MSHSL has a retirement plan that provides certain unused sick leave compensation and post-retirement health care and life insurance 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, 2008, is \$271,294. 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 \$72,126 for the year ended July 31, 2008.

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.

Post-retirement health care and life insurance benefits are provided through insurance companies whose premiums are based on the benefits paid during the year. The MSHSL recognizes the cost of providing those benefits in the year paid. The MSHSL paid \$34,765 for year ended July 31, 2008.

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

7. Retirement Benefits Payable (Continued)

Retirement benefits activity for the year ended July 31, 2008:

	08/01/2007	Additions	Deductions	07/31/2008	Due Within One Year
Retirement benefits payable	\$ 265,264	\$ 28,256	\$ 22,226	\$ 271,294	\$ -

8. Equity Classifications

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

- A. Invested in capital assets – Consists of capital assets, net of accumulated depreciation.
- B. Unrestricted – All other net assets that do not meet the definition of “invested 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 \$197,355 for the year ended July 31, 2008.

10. Deferred Compensation

The MSHSL established in the year ending July 31, 1992, a deferred compensation plan under Section 457(f) of the Internal Revenue Code for the executive staff. Under the provisions of the plan, the MSHSL contributes four percent for two of the executive staff’s salary to the plan. Based on the executive directors contract an additional contribution may be made on an annual basis. The MSHSL established in the year ending July 31, 1993, a whole life insurance policy, under Section 457(f) of the Internal Revenue Code for the Executive Director. Under the provisions of the plan the MSHSL contributes three percent of the Executive Director’s annual salary for the insurance premium.

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, 2008.

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 10 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.

SUPPLEMENTAL INFORMATION

MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA

STATEMENT OF NET ASSETS BY LOCATION
JULY 31, 2008

	MSHSL OFFICE	1A	2A	3A	4A	5A	6A
Assets							
Current Assets							
Cash and cash equivalents (Note 2)	\$ 1,301,318	27,269	104,006	135,389	(356)	56,551	43,628
Investments (Note 2)	1,996,000	61,324	-	-	-	36,631	20,000
Accounts receivable	139,746	221	6,554	-	454	-	-
Accrued interest receivable	16,682	-	45	-	-	-	-
Prepaid items	17,702	-	-	-	-	-	-
Total current assets	\$ 3,471,448	88,814	110,605	135,389	98	93,182	63,628
Noncurrent Assets							
Restricted assets							
Deferred compensation (Note 10)	\$ 289,197	-	-	-	-	-	-
Capital assets							
Non-depreciable	\$ 318,564	-	-	-	-	-	-
Depreciable-net of accumulated depreciation	824,281	363	-	-	-	-	-
Net capital assets (Note 3)	\$ 1,142,845	363	-	-	-	-	-
Other assets							
Investments held for retirement benefits (Note 7)	\$ 343,420	-	-	-	-	-	-
Total noncurrent assets	\$ 1,775,462	363	-	-	-	-	-
Total Assets	\$ 5,246,910	89,177	110,605	135,389	98	93,182	63,628
Liabilities and Net Assets							
Current Liabilities							
Salaries payable	\$ 102,318	-	-	-	6,225	-	-
Accounts payable	177,093	2,040	4,580	-	281	-	-
School expense reimbursement payable	863,688	-	48,044	54,140	-	16,063	-
Accrued employee benefits payable (Note 6)	100,911	-	-	-	-	-	-
Deferred income (Note 5)	17,774	-	-	-	-	-	-
Total current liabilities	\$ 1,261,784	2,040	52,624	54,140	6,506	16,063	-
Noncurrent Liabilities							
Retirement benefits payable (Note 7)	\$ 271,294	-	-	-	-	-	-
Deferred compensation (Note 10)	289,197	-	-	-	-	-	-
Total noncurrent liabilities	\$ 560,491	-	-	-	-	-	-
Total Liabilities	\$ 1,822,275	2,040	52,624	54,140	6,506	16,063	-
Net Assets (Note 8)							
Invested in capital assets	\$ 1,142,845	363	-	-	-	-	-
Unrestricted	2,281,790	86,774	57,981	81,249	(6,408)	77,119	63,628
Total Net Assets	\$ 3,424,635	87,137	57,981	81,249	(6,408)	77,119	63,628

SCHEDULE 1

ADMINISTRATIVE REGIONS										TOTAL ADMINISTRATIVE REGIONS	COMBINED TOTAL	
7A	8A	1AA	2AA	3AA	4AA	5AA	6AA	7AA	8AA			
128,036	102,962	50,861	70,537	109,789	23,908	126,201	64,388	95,920	26,787	\$	1,165,876	\$ 2,467,194
-	-	-	-	-	-	-	-	-	-		117,955	2,113,955
1,078	-	184	100	-	-	135	-	-	-		8,726	148,472
-	-	-	-	-	-	-	-	-	-		45	16,727
-	-	-	-	-	-	-	-	-	-		-	17,702
<u>129,114</u>	<u>102,962</u>	<u>51,045</u>	<u>70,637</u>	<u>109,789</u>	<u>23,908</u>	<u>126,336</u>	<u>64,388</u>	<u>95,920</u>	<u>26,787</u>	\$	<u>1,292,602</u>	<u>\$ 4,764,050</u>
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 289,197
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 318,564
-	-	-	-	-	-	-	-	-	-		363	824,644
-	-	-	-	-	-	-	-	-	-	\$	363	\$ 1,143,208
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 343,420
-	-	-	-	-	-	-	-	-	-	\$	363	\$ 1,775,825
<u>129,114</u>	<u>102,962</u>	<u>51,045</u>	<u>70,637</u>	<u>109,789</u>	<u>23,908</u>	<u>126,336</u>	<u>64,388</u>	<u>95,920</u>	<u>26,787</u>	\$	<u>1,292,965</u>	<u>\$ 6,539,875</u>
-	-	-	-	-	-	-	-	-	-	\$	6,225	\$ 108,543
568	-	539	-	-	-	-	-	356	-		8,364	185,457
53,666	42,000	-	24,481	58,496	-	76,451	14,887	34,500	-		422,728	1,286,416
-	-	-	-	-	-	-	-	-	-		-	100,911
-	-	-	-	-	-	-	-	-	-		-	17,774
<u>54,234</u>	<u>42,000</u>	<u>539</u>	<u>24,481</u>	<u>58,496</u>	<u>-</u>	<u>76,451</u>	<u>14,887</u>	<u>34,856</u>	<u>-</u>	\$	<u>437,317</u>	<u>\$ 1,699,101</u>
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 271,294
-	-	-	-	-	-	-	-	-	-		-	289,197
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 560,491
<u>54,234</u>	<u>42,000</u>	<u>539</u>	<u>24,481</u>	<u>58,496</u>	<u>-</u>	<u>76,451</u>	<u>14,887</u>	<u>34,856</u>	<u>-</u>	\$	<u>437,317</u>	<u>\$ 2,259,592</u>
-	-	-	-	-	-	-	-	-	-	\$	363	\$ 1,143,208
74,880	60,962	50,506	46,156	51,293	23,908	49,885	49,501	61,064	26,787		855,285	3,137,075
<u>74,880</u>	<u>60,962</u>	<u>50,506</u>	<u>46,156</u>	<u>51,293</u>	<u>23,908</u>	<u>49,885</u>	<u>49,501</u>	<u>61,064</u>	<u>26,787</u>	\$	<u>855,648</u>	<u>\$ 4,280,283</u>

MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY LOCATION
FOR THE YEAR ENDED JULY 31, 2008

	MSHSL OFFICE						
		1A	2A	3A	4A	5A	6A
Operating Revenues							
Tournaments	\$ 4,849,077	467,679	390,423	500,182	209,518	409,919	431,402
Television	798,297	-	-	-	-	-	-
Membership services	965,550	-	-	-	-	-	-
Contest officials registration	250,253	-	-	-	-	-	-
Sales of handbooks, rule books, and supplies	259,212	-	-	-	-	-	-
Assessments from schools	-	-	-	-	-	-	-
Other	137,091	987	-	-	-	1,169	-
Total Operating Revenues	\$ 7,259,480	468,666	390,423	500,182	209,518	411,088	431,402
Operating Expenses							
Tournaments	\$ 2,924,151	371,959	227,223	338,471	180,861	306,977	342,171
School expense reimbursement	864,479	41,613	87,807	54,903	86	16,063	-
Membership services							
Insurance	405,484	450	450	450	450	450	450
Handbooks, rule books, and supplies	203,539	-	-	-	-	-	-
Other	128,906	-	-	-	-	-	-
Fine arts programs	15,185	-	-	-	-	-	-
Officials program	192,603	-	-	-	-	-	-
Committees	15,836	4,852	5,092	13,222	1,897	7,545	9,048
Board of directors	94,973	-	-	-	-	-	-
Salaries	1,571,857	27,000	27,795	17,700	25,056	15,000	41,763
Employee benefits	666,893	2,066	2,126	1,374	1,917	1,148	3,194
Insurance	15,276	-	-	-	-	-	-
Legal	64,730	-	-	-	-	-	-
Other professional services	88,099	39,973	6,262	28,945	29,960	35,828	2,000
Maintenance	48,239	-	-	-	-	-	-
Utilities	45,686	-	-	-	-	-	-
Postage	80,790	-	-	-	-	-	1,382
Supplies	30,764	4,412	15,987	6,083	2,893	7,883	14,208
Data processing and office equipment	68,035	-	-	-	-	-	-
Public relations	45,277	3,304	4,967	-	-	6,113	1,077
Corporate sponsor commission	61,500	-	-	-	-	-	-
Television consulting	14,867	-	-	-	-	-	-
Depreciation	49,250	878	-	-	-	-	-
Other	171,917	-	-	-	1,943	4,657	1,661
Total Operating Expenses	\$ 7,868,336	496,507	377,709	461,148	245,063	401,664	416,954
Operating Income (Loss)	\$ (608,856)	(27,841)	12,714	39,034	(35,545)	9,424	14,448
Nonoperating Revenues (Expenses)							
Corporate partnership	\$ 619,000	-	-	-	-	-	-
Interest	121,781	2,120	962	2,138	47	2,053	1,358
Total Nonoperating Revenues (Expenses)	\$ 740,781	2,120	962	2,138	47	2,053	1,358
Income Before Transfers	\$ 131,925	(25,721)	13,676	41,172	(35,498)	11,477	15,806
Operating Transfers In	-	52,114	60,487	29,238	18,707	71,090	54,331
Operating Transfers Out	-	(7,594)	(69,889)	(62,530)	(27,443)	(78,298)	(64,402)
Change in Net Assets	\$ 131,925	18,799	4,274	7,880	(44,234)	4,269	5,735
Total Net Assets - August 1	3,292,710	68,338	53,707	73,369	37,826	72,850	57,893
Total Net Assets - July 31	\$ 3,424,635	87,137	57,981	81,249	(6,408)	77,119	63,628

SCHEDULE 2

ADMINISTRATIVE REGIONS										TOTAL ADMINISTRATIVE REGIONS	COMBINED TOTAL		
7A	8A	1AA	2AA	3AA	4AA	5AA	6AA	7AA	8AA				
406,368	295,898	312,593	217,562	322,772	277,515	290,607	245,203	329,012	353,761	\$	5,460,414	\$	10,309,491
-	-	-	-	-	-	-	-	-	-	-	-	-	798,297
-	-	-	-	-	-	-	-	-	-	-	-	-	965,550
-	-	-	-	-	-	-	-	-	-	-	-	-	250,253
-	-	-	-	-	-	-	-	-	-	-	-	-	259,212
-	-	3,665	-	40,000	27,500	40,000	22,500	-	-	-	133,665	-	133,665
-	938	4,133	3,058	10,126	3,146	3,848	394	-	-	-	27,799	-	164,890
<u>406,368</u>	<u>296,836</u>	<u>320,391</u>	<u>220,620</u>	<u>372,898</u>	<u>308,161</u>	<u>334,455</u>	<u>268,097</u>	<u>329,012</u>	<u>353,761</u>	\$	<u>5,621,878</u>	\$	<u>12,881,358</u>
289,788	247,982	219,573	192,041	219,179	243,136	210,071	213,160	217,011	242,209	\$	4,061,812	\$	6,985,963
53,100	41,998	45,000	24,481	58,496	24,656	96,680	14,887	34,500	22,186		616,456		1,480,935
450	450	450	450	450	450	450	450	450	450		7,200		412,684
-	-	-	-	-	-	-	-	-	-		-		203,539
-	-	-	-	-	-	-	-	-	-		-		128,906
-	-	-	-	-	-	-	-	-	-		-		15,185
-	-	-	-	-	-	-	-	-	-		-		192,603
12,804	8,252	8,284	4,152	1,611	2,550	1,525	197	7,138	6,493		94,662		110,498
-	-	-	-	-	-	-	-	-	-		-		94,973
32,700	30,036	22,880	23,591	24,500	18,500	23,500	22,750	25,000	27,500		405,271		1,977,128
2,196	2,238	1,750	1,805	1,874	1,415	1,798	1,740	1,913	2,104		30,658		697,551
-	-	-	-	-	-	-	-	-	-		-		15,276
-	-	-	-	-	-	-	-	-	-		-		64,730
2,525	2,100	2,998	500	1,900	7,677	3,284	2,951	2,525	1,700		171,128		259,227
-	-	-	-	-	-	-	-	-	-		-		48,239
-	-	-	-	-	-	-	-	-	-		-		45,686
-	-	-	-	-	-	-	-	-	-		1,382		82,172
3,224	4,809	5,664	5,832	3,561	1,753	5,641	2,736	2,743	4,384		91,813		122,577
-	-	-	-	-	-	-	-	-	-		-		68,035
-	5,390	74	-	3,164	-	-	-	-	11,169		35,258		80,535
-	-	-	-	-	-	-	-	-	-		-		61,500
-	-	-	-	-	-	-	-	-	-		-		14,867
-	-	-	-	-	-	-	-	-	-		878		50,128
825	1,564	-	1,910	221	-	2,483	3,520	-	-		18,784		190,701
<u>397,612</u>	<u>344,819</u>	<u>306,673</u>	<u>254,762</u>	<u>314,956</u>	<u>300,137</u>	<u>345,432</u>	<u>262,391</u>	<u>291,280</u>	<u>318,195</u>	\$	<u>5,535,302</u>	\$	<u>13,403,638</u>
8,756	(47,983)	13,718	(34,142)	57,942	8,024	(10,977)	5,706	37,732	35,566	\$	86,576	\$	(522,280)
-	-	-	-	-	-	-	-	-	-	\$	-	\$	619,000
3,060	2,488	333	1,038	13	50	1,961	57	311	151		18,140		139,921
3,060	2,488	333	1,038	13	50	1,961	57	311	151	\$	18,140	\$	758,921
11,816	(45,495)	14,051	(33,104)	57,955	8,074	(9,016)	5,763	38,043	35,717	\$	104,716	\$	236,641
23,809	52,714	16,068	75,315	35,440	19,128	71,426	44,911	34,357	16,453		675,588		675,588
(29,143)	(9,538)	(31,094)	(39,070)	(44,183)	(40,357)	(34,368)	(21,256)	(50,529)	(65,894)		(675,588)		(675,588)
6,482	(2,319)	(975)	3,141	49,212	(13,155)	28,042	29,418	21,871	(13,724)	\$	104,716	\$	236,641
68,398	63,281	51,481	43,015	2,081	37,063	21,843	20,083	39,193	40,511		750,932		4,043,642
<u>74,880</u>	<u>60,962</u>	<u>50,506</u>	<u>46,156</u>	<u>51,293</u>	<u>23,908</u>	<u>49,885</u>	<u>49,501</u>	<u>61,064</u>	<u>26,787</u>	\$	<u>855,648</u>	\$	<u>4,280,283</u>

MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA

STATEMENT OF CASH FLOWS BY LOCATION
FOR THE YEAR ENDED JULY 31, 2008

	MSHSL OFFICE						
		1A	2A	3A	4A	5A	6A
Cash Flows from Operating Activities							
Cash received from customers	\$ 5,871,428	468,445	383,869	500,182	221,046	411,088	431,402
Cash received from schools	965,550	-	-	-	-	-	-
Payments to suppliers for goods and services	(4,913,241)	(464,523)	(255,738)	(387,525)	(229,705)	(369,453)	(371,997)
Payments to employees for services	(1,526,421)	(27,000)	(27,795)	(17,700)	(19,274)	(15,000)	(41,763)
Payments for fringe benefits	(647,103)	(2,066)	(2,126)	(1,374)	(1,474)	(1,148)	(3,194)
Payments to schools	(686,984)	-	(63,769)	(52,981)	(2,242)	(20,082)	-
Net Cash Provided By (Used In) Operating Activities	\$ (936,771)	(25,144)	34,441	40,602	(31,649)	5,405	14,448
Cash Flows from Non-Capital and Related Financing Activities							
Corporate partnership	\$ 619,000	-	-	-	-	-	-
Operating transfers in	-	52,114	60,487	29,238	18,707	71,090	54,331
Operating transfers out	-	(7,594)	(69,889)	(62,530)	(27,443)	(78,298)	(64,402)
Net Cash Provided By (Used In) Non-Capital and Related Financing Activities	\$ 619,000	44,520	(9,402)	(33,292)	(8,736)	(7,208)	(10,071)
Cash Flows from Capital and Related Financing Activities							
Purchase of capital assets	\$ (7,618)	-	-	-	-	-	-
Cash Flows from Investing Activities							
Interest on investments	\$ 147,588	2,167	1,122	2,138	-	2,053	1,570
Proceeds from sales and maturities of investments	5,928,483	50,000	-	-	47	35,516	-
Purchases of investments	(5,480,623)	(60,000)	-	-	2,201	(36,631)	-
Net Cash Provided By (Used In) Investing Activities	\$ 595,448	(7,833)	1,122	2,138	2,248	938	1,570
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 270,059	11,543	26,161	9,448	(38,137)	(865)	5,947
Cash and Cash Equivalents - August 1	\$ 1,031,259	15,726	77,845	125,941	37,781	57,416	37,681
Cash and Cash Equivalents - July 31	\$ 1,301,318	27,269	104,006	135,389	(356)	56,551	43,628
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities							
Operating Income (Loss)	\$ (608,856)	(27,841)	12,714	39,034	(35,545)	9,424	14,448
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities							
Depreciation	49,250	878	-	-	-	-	-
(Increase) Decrease in accounts receivable	4,772	(221)	(6,554)	-	(454)	-	-
(Increase) Decrease in prepaid expenses	(909)	-	-	-	-	-	-
Increase (Decrease) in salaries payable	45,436	-	-	-	6,225	-	-
Increase (Decrease) in accounts payable	(27,610)	2,040	4,243	(354)	281	-	-
Increase (Decrease) in school expense reimbursement payable	177,495	-	24,038	1,922	(2,156)	(4,019)	-
Increase (Decrease) in short-term accrued employee benefits payable	13,760	-	-	-	-	-	-
Increase (Decrease) in deferred income	(1,589)	-	-	-	-	-	-
Increase (Decrease) in MSHSL foundation payable	(594,550)	-	-	-	-	-	-
Increase (Decrease) in retirement benefits payable	6,030	-	-	-	-	-	-
Total adjustments	\$ (327,915)	2,697	21,727	1,568	3,896	(4,019)	-
Net Cash Provided By (Used In) Operating Activities	\$ (936,771)	(25,144)	34,441	40,602	(31,649)	5,405	14,448

ADMINISTRATIVE REGIONS										TOTAL ADMINISTRATIVE REGIONS	COMBINED TOTAL	
7A	8A	1AA	2AA	3AA	4AA	5AA	6AA	7AA	8AA			
406,550	296,837	316,542	220,520	332,898	284,486	295,049	261,230	329,012	353,761	\$	5,512,917	\$ 11,384,345
-	-	3,665	-	40,000	27,500	40,000	22,500	-	-		133,665	1,099,215
(309,769)	(270,546)	(236,504)	(204,885)	(230,086)	(282,896)	(223,555)	(239,095)	(229,511)	(266,405)		(4,572,193)	(9,485,434)
(32,700)	(30,036)	(22,880)	(23,591)	(24,500)	(18,500)	(23,500)	(22,750)	(25,000)	(27,500)		(399,489)	(1,925,910)
(2,196)	(2,238)	(1,750)	(1,805)	(1,874)	(1,415)	(1,798)	(1,740)	(1,913)	(2,104)		(30,215)	(677,318)
(20,503)	(32,000)	(45,000)	(4,824)	-	(46,188)	(20,229)	-	(27,000)	(22,186)		(357,004)	(1,043,988)
<u>41,382</u>	<u>(37,983)</u>	<u>14,073</u>	<u>(14,585)</u>	<u>116,438</u>	<u>(37,013)</u>	<u>65,967</u>	<u>20,145</u>	<u>45,588</u>	<u>35,566</u>	\$	<u>287,681</u>	\$ (649,090)
-	-	-	-	-	-	-	-	-	-	\$	-	\$ 619,000
23,809	52,714	16,068	75,315	35,440	19,128	71,426	44,911	34,357	16,453		675,588	675,588
(29,143)	(9,538)	(31,094)	(39,070)	(44,183)	(40,357)	(34,368)	(21,256)	(50,529)	(65,894)		(675,588)	(675,588)
<u>(5,334)</u>	<u>43,176</u>	<u>(15,026)</u>	<u>36,245</u>	<u>(8,743)</u>	<u>(21,229)</u>	<u>37,058</u>	<u>23,655</u>	<u>(16,172)</u>	<u>(49,441)</u>	\$	<u>-</u>	\$ 619,000
-	-	-	-	-	-	-	-	-	-	\$	-	\$ (7,618)
3,060	2,488	333	1,038	13	50	1,961	57	311	151	\$	18,512	\$ 166,100
-	-	-	-	-	-	-	-	-	-		85,563	6,014,046
-	-	-	-	-	-	-	-	-	-		(94,430)	(5,575,053)
<u>3,060</u>	<u>2,488</u>	<u>333</u>	<u>1,038</u>	<u>13</u>	<u>50</u>	<u>1,961</u>	<u>57</u>	<u>311</u>	<u>151</u>	\$	<u>9,645</u>	\$ 605,093
39,108	7,681	(620)	22,698	107,708	(58,192)	104,986	43,857	29,727	(13,724)	\$	297,326	\$ 567,385
88,928	95,281	51,481	47,839	2,081	82,100	21,215	20,531	66,193	40,511	\$	868,550	\$ 1,899,809
<u>128,036</u>	<u>102,962</u>	<u>50,861</u>	<u>70,537</u>	<u>109,789</u>	<u>23,908</u>	<u>126,201</u>	<u>64,388</u>	<u>95,920</u>	<u>26,787</u>	\$	<u>1,165,876</u>	\$ 2,467,194
8,756	(47,983)	13,718	(34,142)	57,942	8,024	(10,977)	5,706	37,732	35,566	\$	86,576	\$ (522,280)
-	-	-	-	-	-	-	-	-	-		878	50,128
182	-	(184)	(100)	-	3,825	594	-	-	-		(2,912)	1,860
-	-	-	-	-	-	-	-	-	-		-	(909)
-	-	-	-	-	-	-	-	-	-		6,225	51,661
(153)	-	539	-	-	(2,674)	(101)	(448)	356	-		3,729	(23,881)
32,597	10,000	-	19,657	58,496	(46,188)	76,451	14,887	7,500	-		193,185	370,680
-	-	-	-	-	-	-	-	-	-		-	13,760
-	-	-	-	-	-	-	-	-	-		-	(1,589)
-	-	-	-	-	-	-	-	-	-		-	(594,550)
-	-	-	-	-	-	-	-	-	-		-	6,030
<u>32,626</u>	<u>10,000</u>	<u>355</u>	<u>19,557</u>	<u>58,496</u>	<u>(45,037)</u>	<u>76,944</u>	<u>14,439</u>	<u>7,856</u>	<u>-</u>	\$	<u>201,105</u>	\$ (126,810)
<u>41,382</u>	<u>(37,983)</u>	<u>14,073</u>	<u>(14,585)</u>	<u>116,438</u>	<u>(37,013)</u>	<u>65,967</u>	<u>20,145</u>	<u>45,588</u>	<u>35,566</u>	\$	<u>287,681</u>	\$ (649,090)

SCHEDULE OF TOURNAMENT REVENUES AND DIRECT EXPENSES
FOR THE YEAR ENDED JULY 31, 2008

	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	\$ 84,503	\$ 74,552	\$ 9,951	\$ 282,985	\$ 297,603	\$ (14,618)	\$ 367,488	\$ 372,155	\$ (4,667)
Boys' basketball	486,770	214,488	272,282	952,362	352,642	599,720	1,439,132	567,130	872,002
Girls' basketball	289,849	194,129	95,720	595,833	331,372	264,461	885,682	525,501	360,181
Cross country running	13,503	30,062	(16,559)	6,052	35,929	(29,877)	19,555	65,991	(46,436)
Football	887,689	326,332	561,357	1,326,379	537,619	788,760	2,214,068	863,951	1,350,117
Golf	10,106	57,865	(47,759)	6,847	99,671	(92,824)	16,953	157,536	(140,583)
Girls' gymnastics	46,055	68,542	(22,487)	21,591	43,095	(21,504)	67,646	111,637	(43,991)
Boys' hockey	1,221,944	289,563	932,381	569,402	225,468	343,934	1,791,346	515,031	1,276,315
Nordic ski racing	3,049	19,914	(16,865)	790	26,201	(25,411)	3,839	46,115	(42,276)
Alpine skiing	3,118	21,943	(18,825)	-	28,864	(28,864)	3,118	50,807	(47,689)
Soccer	168,414	107,444	60,970	212,523	174,850	37,673	380,937	282,294	98,643
Girls' softball	46,403	51,311	(4,908)	145,627	197,974	(52,347)	192,030	249,285	(57,255)
Boys' swimming	48,093	48,616	(523)	46,044	44,028	2,016	94,137	92,644	1,493
Girls' swimming	48,776	48,147	629	58,534	56,191	2,343	107,310	104,338	2,972
Boys' tennis	5,374	30,205	(24,831)	2,061	28,719	(26,658)	7,435	58,924	(51,489)
Girls' tennis	4,993	35,357	(30,364)	2,567	55,762	(53,195)	7,560	91,119	(83,559)
Track and field	112,023	122,856	(10,833)	148,677	195,816	(47,139)	260,700	318,672	(57,972)
Girls' volleyball	176,449	117,082	59,367	432,760	262,835	169,925	609,209	379,917	229,292
Wrestling	364,251	212,989	151,262	260,830	237,504	23,326	625,081	450,493	174,588
Synchronized swimming	-	997	(997)	-	-	-	-	997	(997)
Adapted soccer	7,249	17,647	(10,398)	-	-	-	7,249	17,647	(10,398)
Adapted floor hockey	9,076	17,274	(8,198)	-	-	-	9,076	17,274	(8,198)
Adapted softball	5,655	17,501	(11,846)	-	-	-	5,655	17,501	(11,846)
Adapted bowling	581	11,220	(10,639)	-	-	-	581	11,220	(10,639)
Debate	142	15,745	(15,603)	-	12,852	(12,852)	142	28,597	(28,455)
Speech	5,704	46,199	(40,495)	43,162	202,259	(159,097)	48,866	248,458	(199,592)
One-act play	14,683	18,696	(4,013)	23,306	70,619	(47,313)	37,989	89,315	(51,326)
Girls hockey	183,989	163,321	20,668	102,325	98,811	3,514	286,314	262,132	24,182
Music	-	-	-	116,067	339,757	(223,690)	116,067	339,757	(223,690)
Cheerleading	-	6,672	(6,672)	-	-	-	-	6,672	(6,672)
Girls' dance team	149,500	88,561	60,939	60,880	44,511	16,369	210,380	133,072	77,308
Lacrosse	24,771	21,276	3,495	36,323	36,677	(354)	61,094	57,953	3,141
Badminton	-	640	(640)	-	-	-	-	640	(640)
Visual arts	-	640	(640)	6,487	24,183	(17,696)	6,487	24,823	(18,336)
Advertising	426,365	426,365	-	-	-	-	426,365	426,365	-
Total	\$ 4,849,077	\$ 2,924,151	\$ 1,924,926	\$ 5,460,414	\$ 4,061,812	\$ 1,398,602	\$ 10,309,491	\$ 6,985,963	\$ 3,323,528

MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA

SCHEDULE OF REVENUES AND EXPENSES - STATUTORY BASIS
FOR THE YEARS ENDED JULY 31, 2005, 2006, 2007, and 2008

	MSHSL OFFICE						2005	2006
	2005	2006	2007	2008	2005 to 2008			
					Dollar Difference	Percent Change		
Operating Revenues								
Tournaments	\$ 4,085,561	\$ 4,281,295	\$ 4,269,893	\$ 4,849,077	\$ 763,516	18.7 %	\$ 4,855,309	\$ 5,454,136
Television	822,207	775,000	800,000	798,297	(23,910)	(2.9)	-	-
Membership services	650,310	755,725	859,885	965,550	315,240	48.5	-	-
Contest officials registration	223,439	245,840	268,268	250,253	26,814	12.0	-	-
Sales of handbooks, rule books, and supplies	215,689	214,937	258,778	259,212	43,523	20.2	-	-
Assessments from schools	-	-	-	-	-	-	-	-
Other	124,619	112,014	163,446	137,091	12,472	10.0	15,872	13,116
Total Operating Revenues - Schedule 2	\$ 6,121,825	\$ 6,384,811	\$ 6,620,270	\$ 7,259,480	\$ 1,137,655	18.6 %	\$ 4,871,181	\$ 5,467,252
Operating Expenses								
Tournaments	\$ 2,121,235	\$ 2,306,742	\$ 2,400,418	\$ 2,924,151	\$ 802,916	37.9 %	\$ 3,557,112	\$ 3,721,997
School expense reimbursement	665,209	589,233	686,213	864,479	199,270	30.0	615,021	942,911
Membership services								
Insurance	357,637	396,808	396,776	405,484	47,847	13.4	7,200	7,200
Handbooks, rule books, and supplies	152,687	172,605	184,143	203,539	50,852	33.3	-	-
Other	64,803	110,664	158,729	128,906	64,103	98.9	-	-
Fine arts programs	17,675	13,480	17,200	15,185	(2,490)	(14.1)	-	-
Officials program	155,818	168,749	187,796	192,603	36,785	23.6	-	-
Committees	24,647	21,441	16,344	15,836	(8,811)	(35.7)	72,037	82,166
Board of directors	84,892	84,789	90,452	94,973	10,081	11.9	-	-
Salaries	1,355,491	1,418,244	1,467,892	1,571,857	216,366	16.0	311,240	333,838
Employee benefits	512,772	631,425	677,868	666,893	154,121	30.1	23,494	27,070
Insurance	13,534	13,493	14,176	15,276	1,742	12.9	-	-
Legal	57,939	55,903	68,651	64,730	6,791	11.7	-	-
Other professional services	88,776	80,701	77,312	88,099	(677)	(0.8)	159,529	157,386
Maintenance	110,609	44,830	75,469	48,239	(62,370)	(56.4)	-	-
Utilities	44,746	46,138	43,966	45,686	940	2.1	-	-
Postage	67,136	62,709	71,771	80,790	13,654	20.3	1,604	1,286
Supplies	30,245	23,140	24,569	30,764	519	1.7	68,767	103,689
Data processing and office equipment	58,182	58,535	73,220	68,035	9,853	16.9	-	-
Public relations	55,814	49,991	53,880	45,277	(10,537)	(18.9)	47,033	41,137
Corporate sponsor commission	54,988	58,833	61,648	61,500	6,512	11.8	-	-
Television consulting	168,491	14,867	14,867	14,867	(153,624)	(91.2)	-	-
Depreciation	52,067	49,366	46,418	49,250	(2,817)	(5.4)	5,383	6,739
Other	144,785	151,665	169,843	171,917	27,132	18.7	16,778	18,389
Total Operating Expenses - Schedule 2	\$ 6,460,178	\$ 6,624,351	\$ 7,079,621	\$ 7,868,336	\$ 1,408,158	21.8 %	\$ 4,885,198	\$ 5,443,808
Operating Income (Loss)	\$ (338,353)	\$ (239,540)	\$ (459,351)	\$ (608,856)	\$ (270,503)	79.9 %	\$ (14,017)	\$ 23,444
Nonoperating Revenues (Expenses)								
Corporate partnership	\$ 386,875	\$ 449,750	\$ 543,620	\$ 619,000	\$ 232,125	60.0 %	\$ -	\$ -
Interest	38,668	74,497	138,722	121,781	83,113	214.9	6,165	12,535
Unrealized gain (loss) on investment	-	-	-	-	-	-	1,748	2,686
Total Nonoperating Revenue (Expenses) - Schedule 2	\$ 425,543	\$ 524,247	\$ 682,342	\$ 740,781	\$ 315,238	74.1 %	\$ 7,913	\$ 15,221
Income Before Transfers	\$ 87,190	\$ 284,707	\$ 222,991	\$ 131,925	\$ 44,735	51.3 %	\$ (6,104)	\$ 38,665
Operating Transfers In	-	-	-	-	-	-	605,615	711,652
Operating Transfers Out	-	-	-	-	-	-	(605,615)	(711,652)
Change in Net Assets - Schedule 2	\$ 87,190	\$ 284,707	\$ 222,991	\$ 131,925	\$ 44,735	51.3 %	\$ (6,104)	\$ 38,665
Capital outlay								
Furniture and equipment	\$ -	\$ -	\$ 13,973	\$ 7,618	\$ 7,618	100.0 %	\$ 517	\$ -
Computer equipment	-	-	-	-	-	-	2,480	-
Total Capital Outlay	\$ -	\$ -	\$ 13,973	\$ 7,618	\$ 7,618	100.0 %	\$ 2,997	\$ -

ADMINISTRATIVE REGIONS				COMBINED TOTALS					
		2005 to 2008						2005 to 2008	
2007	2008	Dollar Difference	Percent Change	2005	2006	2007	2008	Dollar Difference	Percent Change
\$ 5,161,318	\$ 5,460,414	\$ 605,105	12.5 %	\$ 8,940,870	\$ 9,735,429	\$ 9,431,211	\$ 10,309,491	\$ 1,368,621	15.3 %
-	-	-	-	822,207	775,000	800,000	798,297	(23,910)	(2.9)
-	-	-	-	650,310	755,725	859,885	965,550	315,240	48.5
-	-	-	-	223,439	245,840	268,268	250,253	26,814	12.0
-	-	-	-	215,689	214,937	258,778	259,212	43,523	20.2
	133,665	133,665	100.0	-	-	-	133,665	133,665	100.0
19,545	27,799	11,927	75.1	140,491	125,132	182,991	164,890	24,399	17.4
<u>\$ 5,180,863</u>	<u>\$ 5,621,878</u>	<u>\$ 750,697</u>	<u>15.4 %</u>	<u>\$ 10,993,006</u>	<u>\$ 11,852,063</u>	<u>\$ 11,801,133</u>	<u>\$ 12,881,358</u>	<u>\$ 1,888,352</u>	<u>17.2 %</u>
\$ 3,881,982	\$ 4,061,812	\$ 504,700	14.2 %	\$ 5,678,347	\$ 6,028,739	\$ 6,282,400	\$ 6,985,963	\$ 1,307,616	23.0 %
547,329	616,456	1,435	0.2	1,280,230	1,532,144	1,233,542	1,480,935	200,705	15.7
7,200	7,200	-	-	364,837	404,008	403,976	412,684	47,847	13.1
-	-	-	-	152,687	172,605	184,143	203,539	50,852	33.3
-	-	-	-	64,803	110,664	158,729	128,906	64,103	98.9
-	-	-	-	17,675	13,480	17,200	15,185	(2,490)	(14.1)
-	-	-	-	155,818	168,749	187,796	192,603	36,785	23.6
92,382	94,662	22,625	31.4	96,684	103,607	108,726	110,498	13,814	14.3
-	-	-	-	84,892	84,789	90,452	94,973	10,081	11.9
373,259	405,271	94,031	30.2	1,666,731	1,752,082	1,841,151	1,977,128	310,397	18.6
30,537	30,658	7,164	30.5	536,266	658,495	708,405	697,551	161,285	30.1
-	-	-	-	13,534	13,493	14,176	15,276	1,742	12.9
-	-	-	-	57,939	55,903	68,651	64,730	6,791	11.7
160,121	171,128	11,599	7.3	248,305	238,087	237,433	259,227	10,922	4.4
-	-	-	-	110,609	44,830	75,469	48,239	(62,370)	(56.4)
-	-	-	-	44,746	46,138	43,966	45,686	940	2.1
1,411	1,382	(222)	(13.8)	68,740	63,995	73,182	82,172	13,432	19.5
97,575	91,813	23,046	33.5	99,012	126,829	122,144	122,577	23,565	23.8
-	-	-	-	58,182	58,535	73,220	68,035	9,853	16.9
40,490	35,258	(11,775)	(25.0)	102,847	91,128	94,370	80,535	(22,312)	(21.7)
-	-	-	-	54,988	58,833	61,648	61,500	6,512	11.8
-	-	-	-	168,491	14,867	14,867	14,867	(153,624)	(91.2)
878	878	(4,505)	(83.7)	57,450	56,105	47,296	50,128	(7,322)	(12.7)
16,456	18,784	2,006	12.0	161,563	170,054	186,299	190,701	29,138	18.0
<u>\$ 5,249,620</u>	<u>\$ 5,535,302</u>	<u>\$ 650,104</u>	<u>13.3 %</u>	<u>\$ 11,345,376</u>	<u>\$ 12,068,159</u>	<u>\$ 12,329,241</u>	<u>\$ 13,403,638</u>	<u>\$ 2,058,262</u>	<u>18.1 %</u>
<u>\$ (68,757)</u>	<u>\$ 86,576</u>	<u>\$ 100,593</u>	<u>(717.6) %</u>	<u>\$ (352,370)</u>	<u>\$ (216,096)</u>	<u>\$ (528,108)</u>	<u>\$ (522,280)</u>	<u>\$ (169,910)</u>	<u>48.2 %</u>
\$ -	\$ -	\$ -	- %	\$ 386,875	\$ 449,750	\$ 543,620	\$ 619,000	\$ 232,125	60.0 %
25,037	18,140	11,975	194.2	44,833	87,032	163,759	139,921	95,088	212.1
-	-	(1,748)	(100.0)	1,748	2,686	-	-	(1,748)	(100.0)
<u>\$ 25,037</u>	<u>\$ 18,140</u>	<u>\$ 10,227</u>	<u>129.2 %</u>	<u>\$ 433,456</u>	<u>\$ 539,468</u>	<u>\$ 707,379</u>	<u>\$ 758,921</u>	<u>\$ 325,465</u>	<u>75.1 %</u>
<u>\$ (43,720)</u>	<u>\$ 104,716</u>	<u>\$ 110,820</u>	<u>1,815.5 %</u>	<u>\$ 81,086</u>	<u>\$ 323,372</u>	<u>\$ 179,271</u>	<u>\$ 236,641</u>	<u>\$ 155,555</u>	<u>191.8 %</u>
638,889	675,588	69,973	11.6	605,615	711,652	638,889	675,588	69,973	11.6
<u>(638,889)</u>	<u>(675,588)</u>	<u>(69,973)</u>	<u>11.6</u>	<u>(605,615)</u>	<u>(711,652)</u>	<u>(638,889)</u>	<u>(675,588)</u>	<u>(69,973)</u>	<u>11.6</u>
<u>\$ (43,720)</u>	<u>\$ 104,716</u>	<u>\$ 110,820</u>	<u>1,815.5 %</u>	<u>\$ 81,086</u>	<u>\$ 323,372</u>	<u>\$ 179,271</u>	<u>\$ 236,641</u>	<u>\$ 155,555</u>	<u>191.8 %</u>
\$ -	\$ -	\$ (517)	(100.0)	\$ 517	\$ -	\$ 13,973	\$ 7,618	\$ 7,101	1,373.5
-	-	(2,480)	(100.0) %	2,480	-	-	-	(2,480)	(100.0) %
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,997)</u>	<u>(100.0) %</u>	<u>\$ 2,997</u>	<u>\$ -</u>	<u>\$ 13,973</u>	<u>\$ 7,618</u>	<u>\$ 4,621</u>	<u>154.2 %</u>