



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

ANNUAL FINANCIAL REPORT

2015-2016

YEAR ENDED JULY 31, 2016





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

ANNUAL FINANCIAL REPORT

YEAR ENDED JULY 31, 2016

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MINNESOTA STATE HIGH SCHOOL LEAGUE
BROOKLYN CENTER, MINNESOTA

**ORGANIZATION
2016**

Term Expires

BOARD OF DIRECTORS

Erich Martens, President.....	2016
Tom Graupmann, Vice President.....	2017
Bob Grey, Treasurer	2016
Kristen Amundson*.....	2019
Betsy Anderson	2019
Craig Anderson.....	2019
Steven Beals*	2017
Eric Christensen.....	2019
Brian Hegseth.....	2019
Shelly Hotzler	2016
Wade Johnson	2018
Emmett Keenan.....	2017
Chris McDonald.....	2016
Paul McDonald*.....	2018
Lea B. Olsen*	2016
Mike Olson	2016
Deborah Pauly	2017
Chad Stoskopf.....	2018
Dave Swanberg	2019
Troy Urdahl.....	2018

EXECUTIVE STAFF

David Stead, Executive Director	Indefinite
Lisa Lissimore, Associate Director	Indefinite
Kevin Merkle, Associate Director.....	Indefinite
Craig Perry, Associate Director.....	Indefinite
Jody Redman, Associate Director	Indefinite

** Appointed by the Governor*

FINANCIAL SECTION



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Minnesota State High School League (MSHSL) as of and for the year ended July 31, 2016, and the related notes to the financial statements, which collectively comprise the MSHSL's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Regions 2A, 3A, 6A, 7A, 8A, 2AA, 7AA, and 8AA, which represent approximately 15 percent, 13 percent, and 22 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

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evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit and the reports of 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, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

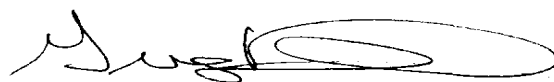
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the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

Supplemental Information

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



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

January 11, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS JULY 31, 2016

(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, 2016. The discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes.

Financial Statements

The MSHSL's Management's Discussion and Analysis (MD&A) report serves as an introduction to the basic financial statements. The basic financial statements consist of two parts: the financial statements and notes to the financial statements. The MD&A (this section) is required to accompany the basic financial statements and, therefore, is included as required supplementary information.

The MSHSL presents three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. These financial statements provide information about activities of the MSHSL as a whole and present a longer-term view of the League's finances.

Statement of Net Position

The Statement of Net Position presents the financial position of the League at the end of the fiscal year, under a classified balance sheet format that reflects current and noncurrent assets and liabilities, and reports net position under the following classifications:

- **Investment in capital assets.** This category includes property and equipment, net of accumulated depreciation.
- **Unrestricted.** Includes assets that are not subject to limitations or stipulations imposed by external entities and that have not been set aside for capital purposes. These assets are available for any purpose of the League and include resources that may be reserved for specific purposes as determined by management, financial, or Board of Directors policies.

The League's assets, liabilities, and net position at July 31, 2016 and 2015, are summarized below.

	2016	2015	Percentage Change
Current assets	\$ 5,382,007	\$ 4,862,405	10.7%
Noncurrent assets	791,241	604,429	30.9%
Capital assets	901,303	948,082	(4.9%)
Total assets	<u>\$ 7,074,551</u>	<u>\$ 6,414,916</u>	10.3%
Current liabilities	\$ 1,943,133	\$ 1,171,260	65.9%
Noncurrent liabilities	968,036	768,337	26.0%
Total liabilities	<u>\$ 2,911,169</u>	<u>\$ 1,939,597</u>	50.1%
Investment in capital assets	\$ 901,303	\$ 948,082	(4.9%)
Unrestricted	3,262,079	3,527,237	(7.5%)
Total net position	<u>\$ 4,163,382</u>	<u>\$ 4,475,319</u>	(7.0%)

Current assets at July 31, 2016, totaled \$5,382,007, an increase of 10.7% or \$519,602. 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 2016.

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Capital assets, net of accumulated depreciation, totaled \$901,303. There were no capital assets purchased in 2016. A \$46,779 decrease in capital assets is due to the depreciation recorded in 2016. The noncurrent assets consist of deferred compensation under section 457(b) of the Internal Revenue Code for the executive staff and investments held for retirement benefits payable to employees who have met certain eligibility criteria for payment of sick leave balances.

Current liabilities totaled \$1,943,133 at July 31, 2016, a 65.9% increase or \$771,873. Current liabilities consist primarily of school expense reimbursement payable. The school expense reimbursement liability increased \$810,018. There is no retirement benefits payable in current liabilities in 2016. Noncurrent liabilities totaled \$968,036 at July 31, 2016, an increase of 26.0% or \$199,699. Noncurrent liabilities consist of retirement benefits payable, other post employment benefits and deferred compensation.

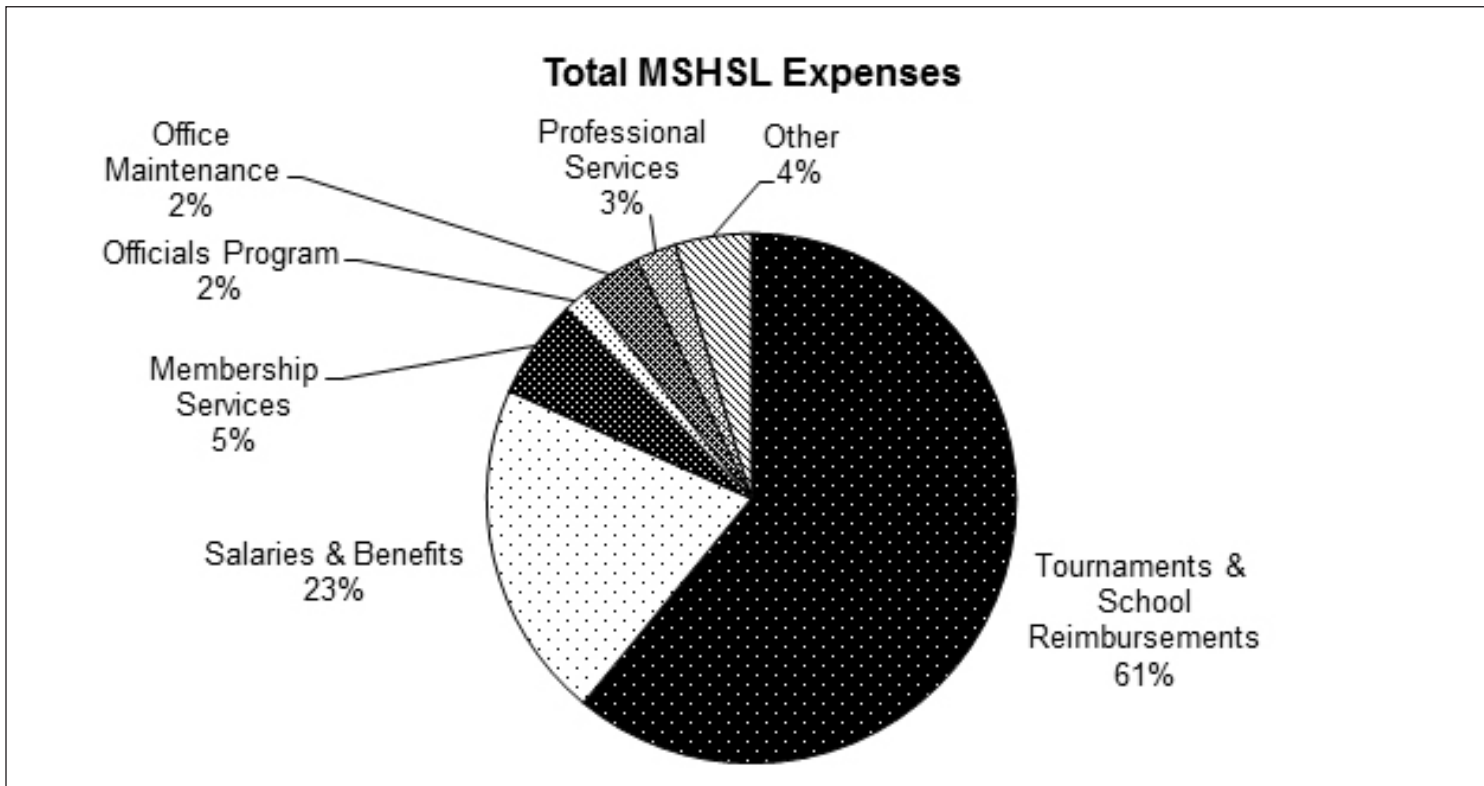
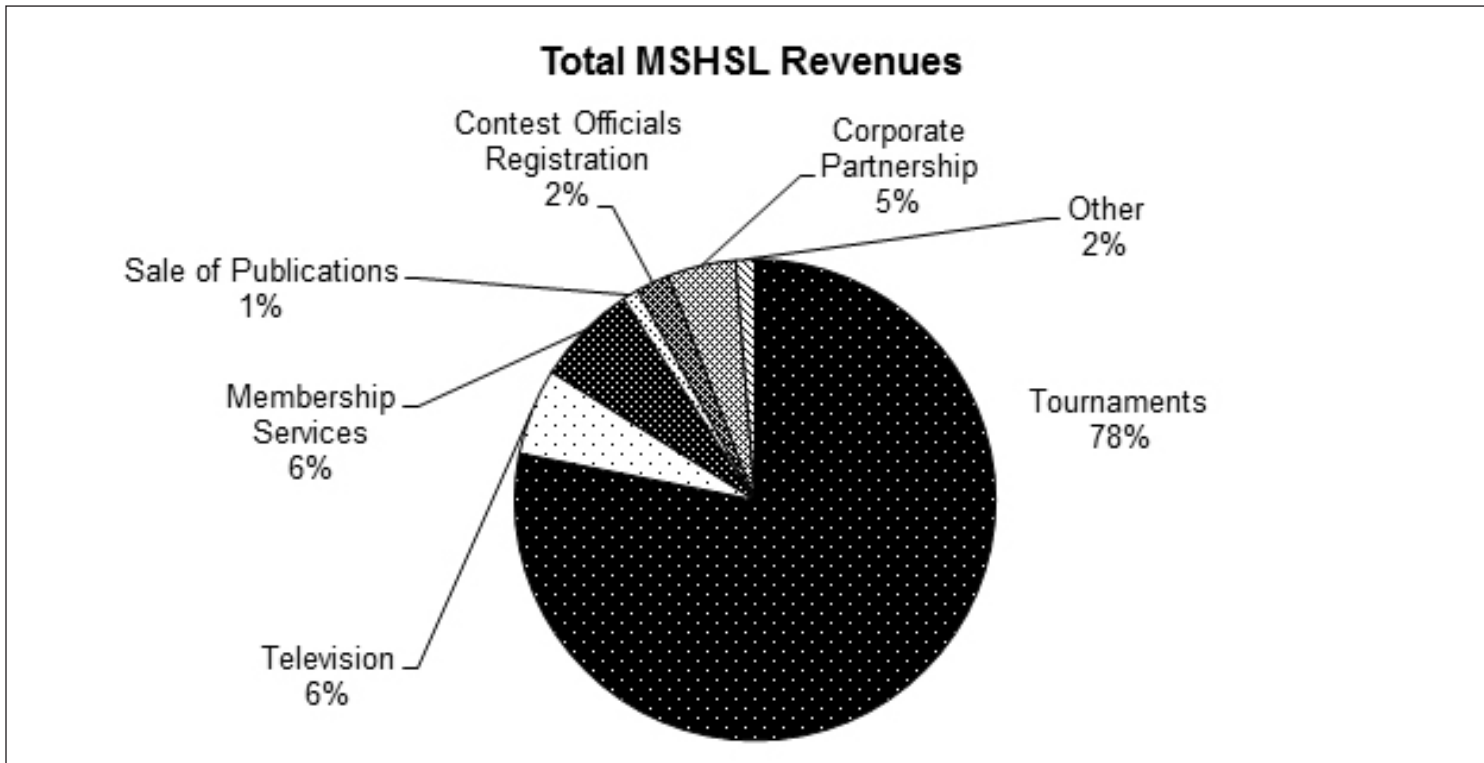
Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the League's operating and nonoperating financial activity during the year. This statement displays the net income or loss from operations. Operating revenues are those generated by the League's principal ongoing operations such as tournaments, membership fees, official's registrations, and sale of publications. Corporate partnerships are considered nonoperating revenue because the League does not give equal value in exchange for the resources received.

The League's revenues, expenses and changes in net position for the years ended July 31, 2016 and 2015, are summarized below.

	2016	2015	Percentage Change
Operating revenues			
Tournaments	\$ 13,264,552	\$ 12,646,646	4.9%
Television	964,139	932,902	3.3%
Membership services	991,240	967,140	2.5%
Contest officials registration	314,990	343,242	(8.2%)
Sale of publications	196,445	150,667	30.4%
Other	257,579	300,706	(14.3%)
Total operating revenues	<u>\$ 15,988,945</u>	<u>\$ 15,341,303</u>	4.2%
Operating expenses			
Tournaments and school reimbursements	\$ 10,557,775	\$ 9,577,561	10.2%
Membership services	825,731	803,405	2.8%
Officials program	289,642	238,874	21.3%
Salaries and benefits	3,944,406	3,790,354	4.1%
Professional services	460,505	381,666	20.7%
Office maintenance	392,339	422,184	(7.1%)
Other	778,051	821,093	(5.2%)
Total operating expenses	<u>\$ 17,248,449</u>	<u>\$ 16,035,137</u>	7.6%
Operating income (loss)	<u>\$ (1,259,504)</u>	<u>\$ (693,834)</u>	(81.5%)
Non-operating revenues (expenses)			
Corporate partnership	\$ 833,889	\$ 829,978	0.5%
Interest	113,678	16,323	596.4%
Total non-operating revenues (expenses)	<u>\$ 947,567</u>	<u>\$ 846,301</u>	12.0%
Change in net position	\$ (311,937)	\$ 152,467	(304.6%)
Net position, August 1	<u>4,475,319</u>	<u>4,322,852</u>	3.5%
Net position, July 31	<u>\$ 4,163,382</u>	<u>\$ 4,475,319</u>	(7.0%)

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For the year ended July 31, 2016, tournament revenue totaled \$13,264,552, an increase of \$617,906 or 4.9%. The major portion of this tournament revenue was the sale of tickets for admission to the events. More people attended the tournaments in 2016 than in 2015. Other tournament revenue consists of program sales, t-shirt and souvenir sales, advertising and sponsorships.

Television revenues increased in 2016 and are expected to increase by approximately 3% for the next 5 years. The League’s Board of Directors signed a 10-year, \$9.7 million contract with a local television station in 2005. In 2009, the League signed an agreement with the television station extending the contract to 2021.

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Membership services revenue consist of a membership fee and an activity registration fee for each activity the school sponsors at the high school level. For the year ended July 31, 2016, membership service revenue increased by \$24,100.

Contest officials register annually with the League and attend online rules meetings and must pass a test to officiate League sponsored games. These registrations decreased by 8.2% in fiscal year 2016. The League continues to train registered officials in League sponsored activities

Publications are sold to member schools, officials, and the general public. Publications include the League membership directory, Official Handbook and sports rules books. The sale of these publications increased by 30.4% in fiscal year 2016. This sharp increase in revenues was anticipated due to the League implementing an every other year rulebook requirement for schools and officials.

Operating expenses consist of tournament expenses, school reimbursements as well as general and administrative expenses. Tournament and school reimbursements increased by 10.2% in fiscal year 2016. Membership services increased 2.8%. The majority of this increase related to the purchase of additional publications. The official's program expenses increased by 21.3%. This increase was anticipated with additional training and background checks for officials. For fiscal year ended July 31, 2016, total operating expenses increased by 7.6%.

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, 2016 and 2015, are summarized below.

	2016	2015	Percentage Change
Cash provided by (used in)			
Operating activities	\$ (462,965)	\$ (452,769)	(2.3%)
Non-capital and related financing activities	833,889	830,228	0.4%
Investing activities	(856,557)	945,027	(190.6%)
Net increase (decrease) in cash	\$ (485,633)	\$ 1,322,486	(136.7%)
Cash and cash equivalents - August 1	2,981,465	1,658,979	79.7%
Cash and cash equivalents - July 31	\$ 2,495,832	\$ 2,981,465	(16.3%)

Capital Assets

Investment in capital assets includes land, building and building improvements, furniture and equipment, and computer equipment. Total depreciation expense for the year was \$46,779. There were no capital additions in 2016.

Economic Factors That Will Affect the Future

Looking toward the future, management believes that the League is well positioned to continue its strong financial position and level of excellence in service to the students, administrators, schools, and citizens of the state of Minnesota. The League's revenues are largely dependent on the weather and school match-ups at the various state tournaments. Corporate sponsorships and the television rights fee help to alleviate the up and down swings in tournament revenues.

Contacting the League's Financial Management

This financial report is designed to provide our member schools, administrators, board members, and the citizens of Minnesota a general overview of the League's finances and to demonstrate the League's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Richard Matter, Assistant Director, or David Stead, Executive Director, at (763) 560-2262.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
JULY 31, 2016ASSETS

	<u>2016</u>
Current Assets	
Cash and cash equivalents (Note 2)	\$ 2,495,832
Investments (Note 2)	2,463,666
Accounts receivable	400,717
Accrued interest receivable	2,110
Prepaid items	<u>19,682</u>
Total current assets	<u>\$ 5,382,007</u>
Noncurrent Assets	
Restricted assets	
Deferred compensation (Note 10)	<u>\$ 311,178</u>
Capital assets	
Non-depreciable	\$ 318,564
Depreciable-net of accumulated depreciation	<u>582,739</u>
Net capital assets (Note 3)	<u>\$ 901,303</u>
Other assets	
Investments held for retirement benefits (Note 7)	<u>\$ 480,063</u>
Total noncurrent assets	<u>\$ 1,692,544</u>
Total Assets	<u>\$ 7,074,551</u>

Liabilities and Net Position

Current Liabilities	
Salaries payable	\$ 116,213
Accounts payable	137,153
School expense reimbursement payable	1,500,014
Accrued employee benefits payable (Note 6)	163,118
Unearned income (Note 5)	<u>26,635</u>
Total current liabilities	<u>\$ 1,943,133</u>
Noncurrent Liabilities	
Retirement benefits payable (Note 7)	\$ 421,183
Net other post-employment benefits payable (Note 13)	235,675
Deferred compensation (Note 10)	<u>311,178</u>
Total noncurrent liabilities	<u>\$ 968,036</u>
Total Liabilities	<u>\$ 2,911,169</u>
Net Position (Note 8)	
Investment in capital assets	\$ 901,303
Unrestricted	<u>3,262,079</u>
Total Net Position	<u>\$ 4,163,382</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, 2016

	<u>2016</u>
Operating Revenues	
Tournaments	\$ 13,264,552
Television	964,139
Membership services	991,240
Contest officials registration	314,990
Sales of handbooks, rule books, and supplies	196,445
Other	<u>257,579</u>
Total Operating Revenues	<u>\$ 15,988,945</u>
Operating Expenses	
Tournaments	\$ 9,033,621
School expense reimbursement	1,524,154
Membership services	
Insurance	577,957
Handbooks, rule books, and supplies	159,900
Other	87,874
Fine arts programs	8,053
Officials program	289,642
Committees	112,269
Board of directors	100,689
Salaries	2,660,026
Employee benefits	1,284,380
Insurance	16,385
Legal	117,971
Other professional services	342,534
Maintenance	60,217
Utilities	39,935
Postage	75,366
Supplies	83,666
Data processing and office equipment	69,991
Public relations	148,036
Corporate sponsor commission	60,212
Television consulting	14,867
Depreciation	46,779
Other	<u>333,925</u>
Total Operating Expenses	<u>\$ 17,248,449</u>
Operating Income (Loss)	<u>\$ (1,259,504)</u>
Nonoperating Revenues (Expenses)	
Corporate partnership	\$ 833,889
Interest	<u>113,678</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 947,567</u>
Change in Net Position	\$ (311,937)
Total Net Position - August 1	<u>4,475,319</u>
Total Net Position - July 31	<u>\$ 4,163,382</u>

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JULY 31, 2016

	<u>2016</u>
Cash Flows from Operating Activities	
Cash received from customers	\$ 13,458,666
Cash received from schools	991,240
Payments to suppliers for goods and services	(10,479,114)
Payments to employees for services	(2,650,073)
Payments for fringe benefits	(1,094,548)
Payments to schools	<u>(689,136)</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ (462,965)</u>
Cash Flows from Non-Capital and Related Financing Activities	
Corporate partnership	\$ 833,889
Operating transfers in	930,380
Operating transfers out	<u>(930,380)</u>
Net Cash Provided by (Used In) Non-Capital and Related Financing Activities	<u>\$ 833,889</u>
Cash Flows from Investing Activities	
Interest on investments	\$ 113,027
Proceeds from sales and maturities of investments	804,687
Purchases of investments	<u>(1,774,271)</u>
Net Cash Provided by (Used In) Investing Activities	<u>\$ (856,557)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (485,633)
Cash and Cash Equivalents - August 1	<u>2,981,465</u>
Cash and Cash Equivalents - July 31	<u><u>\$ 2,495,832</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities	
Operating Income (Loss)	<u>\$ (1,259,504)</u>
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities	
Depreciation	\$ 46,779
(Increase) Decrease in accounts receivable	(192,031)
(Increase) Decrease in prepaid expenses	(5,292)
Increase (Decrease) in salaries payable	16,925
Increase (Decrease) in accounts payable	(67,614)
Increase (Decrease) in school expense reimbursement payable	810,018
Increase (Decrease) in short-term accrued employee benefits payable	8,091
Increase (Decrease) in unearned income	4,453
Increase (Decrease) net other post-employment benefits payable	38,475
Increase (Decrease) in retirement benefits payable	<u>136,735</u>
Total adjustments	<u>\$ 796,539</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (462,965)</u>

Non-cash Operating Activities

The MSHSL has \$1,372,095 of non-monetary exchange revenues and expenses.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JULY 31, 2016

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, 2016. 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, 2016, financial statements of the MSHSL include the financial information of all 16 Administrative Regions.

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

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

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

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

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

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

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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, 2016, reported at fair value, are shown below.

	<u>Maturities</u>	<u>Fair Value</u>
Deposits:		
Checking and savings	-	\$ 2,563,679
Cash with broker	-	1,978
Total Deposits		\$ 2,565,657
Investments:		
Negotiable certificates of deposit		
Wells Fargo	Various	\$ 1,249,673
Wells Fargo	Various	410,034
Equities	-	1,213,993
Total Investments		\$ 2,873,700
Total Deposits and Investments		\$ 5,439,357
Add:		
Petty Cash	-	204
Deferred compensation	-	311,178
Total Cash, Cash Equivalents, and Investments		\$ 5,750,739
Reconciliation to the Statement of Net Position:		
Cash and cash equivalents		\$ 2,495,832
Investments		2,463,666
Deferred compensation		311,178
Investments held for retirement benefits		480,063
Total Cash, Cash Equivalents, and Investments		\$ 5,750,739

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BROOKLYN CENTER, MINNESOTA**

2. Deposits and Investments (Continued)

Custodial Credit Risk - As of July 31, 2016, deposits in financial institutions, reported as components of cash, cash equivalents, and investments, had a carrying value of \$2,565,657. Bank balances were \$2,885,034, of which \$81,516 was not covered by federal depository insurance.

Except as noted below, all investments, evidenced by individual securities, are registered in the name of the MSHSL or one of its administrative regions. As of July 31, 2016, negotiable certificates of deposit in the amount of \$1,659,707 were unregistered and held by the MSHSL or its agent, but not in the MSHSL's name.

Investment Interest Rate Risk - The MSHSL has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk - The MSHSL has a formal investment policy that limits its investment choices.

Concentration of Investment Credit Risk - The MSHSL investment policy limits the amount it may invest in any one issuer. At July 31, 2016, the MSHSL did not have more than 5% of total investments invested in any one issuer.

3. Capital Assets

Capital assets comprise the following at July 31, 2016:

	08/01/2015	Additions	Deductions/ Adjustments	07/31/2016
Capital asset, not being depreciated:				
Land and land improvements	\$ 318,564	\$ -	\$ -	\$ 318,564
Capital assets, being depreciated:				
Building and building improvements	\$ 1,606,791	\$ -	\$ -	\$ 1,606,791
Furniture and equipment	223,830	-	-	223,830
Computer equipment	4,454	-	-	4,454
Total capital assets being depreciated	\$ 1,835,075	\$ -	\$ -	\$ 1,835,075
Less: accumulated depreciation				
Building and building improvements	\$ (996,746)	\$ (43,875)	\$ -	\$ (1,040,621)
Furniture and equipment	(204,357)	(2,904)	-	(207,261)
Computer equipment	(4,454)	-	-	(4,454)
Total accumulated depreciation	\$ (1,205,557)	\$ (46,779)	\$ -	\$ (1,252,336)
Total capital assets being depreciated, net	\$ 629,518	\$ (46,779)	\$ -	\$ 582,739
Net Capital Assets	\$ 948,082	\$ (46,779)	\$ -	\$ 901,303

Depreciation expense totaling \$46,779 was charged for the year ended July 31, 2016.

4. Operating Leases

The MSHSL is obligated under operating leases for mailing equipment and photocopying equipment. Expenses associated with these leases were \$17,647 for the year ended July 31, 2016. Future minimum lease payments at July 31, 2016, are as follows:

2017	\$ 16,326
2018	9,659
2019	8,255
2020	7,593
2021	6,961
Total	<u>\$ 48,794</u>

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

5. Unearned Income

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

6. Accrued Employee Benefits Payable

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

Accrued employee benefits payable at July 31, 2016:

Current Liabilities	
Vacation leave	\$ <u>163,118</u>

7. Retirement Benefits Payable

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

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

Retirement benefits payable at July 31, 2016, is \$421,183. 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 \$58,880 for the year ended July 31, 2016.

Retirement benefits activity for the year ended July 31, 2016:

	08/01/2015	Additions	Deductions	07/31/2016	Due Within One Year
Retirement benefits payable	\$ <u>284,448</u>	\$ <u>136,735</u>	\$ -	\$ <u>421,183</u>	\$ -

8. Equity Classifications

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

- A. Investment in capital assets – Consists of capital assets, net of accumulated depreciation.
- B. Unrestricted – All other net 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 \$339,203 for the year ended July 31, 2016

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

10. Deferred Compensation

The MSHSL established in the year ending July 31, 2008, a deferred compensation plan under Section 457(b) of the Internal Revenue Code for two members of the executive staff. Under the provisions of the plan, the MSHSL contributes four percent or seven percent of the executive staff's salary to the plan. Based on the Executive Director's contract an additional contribution may be made on an annual basis.

The assets in the plan are held by the MSHSL, subject to the claims of its general creditors, until the employee becomes eligible for withdrawals as provided in the plan agreement. The assets (held in investment options in accordance with the employee's selection) and the related liability are shown on the MSHSL's balance sheet at July 31, 2016.

11. Risk Management

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

12. Long Term Contracts

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

13. Other Post-Employment Benefits

In 2009, the MSHSL implemented the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. This pronouncement required the MSHSL to calculate and record a net other post-employment benefits (OPEB) payable at July 31, 2016. The net OPEB payable is, in general, the cumulative difference between the actuarial required contribution and the actual contribution since August 1, 2008.

Plan Description

Following retirement, if the employee has reached the age of 58 or 60 depending on the employee's classification and has been employed by the MSHSL for 20 years, payment of medical, hospitalization, dental, and term life insurance premiums for the employee will be made by the MSHSL as if the individual were still on staff until the conclusion of the fiscal year the employee reaches age 65, subject to the approval of the insurance carriers.

Participants

Participants of the plan consisted of the following at August 1, 2014, the date of the latest actuarial valuation:

Active employees	24
Retired employees	1
Dependents of retirees	<u>0</u>
Total plan participants	<u>25</u>

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

13. Other Post-Employment Benefits (Continued)

Funding Policy

The contribution requirements of the plan members and the MSHSL are established and may be amended by the MSHSL Board of Directors. The MSHSL finances the plan on a “pay-as-you-go” basis. During 2016, the MSHSL had \$21,557 in expenses for these benefits.

For those qualified retirees that meet the criteria for a full medical, dental, and life insurance benefit, the MSHSL contributes 100% of the benefit cost.

Annual OPEB Cost and Net OPEB Obligation

The MSHSL’s annual (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the MSHSL’s OPEB cost for 2016, the amount actuarially contributed to the plan, and changes in the MSHSL’s net OPEB obligation.

Annual required contribution (ARC)	\$ 62,211
Interest on net OPEB obligation	7,888
Adjustment to ARC	(11,183)
Annual OPEB cost	58,916
Contributions during the year	(20,441)
Increase (Decrease) in net OPEB obligation	38,475
Net OPEB – Beginning of the year	197,200
Net OPEB – End of the year	\$ 235,675

The MSHSL’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB payable for fiscal year 2016 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contribution	Net OPEB Obligation
July 31, 2014	\$ 57,273	\$ -	-%	\$ 144,961
July 31, 2015	59,639	7,400	12.4%	197,200
July 31, 2016	58,916	20,441	34.7%	235,675

Funded Status

The MSHSL currently has no assets that have been irrevocably deposited in a trust for future health benefits. Therefore, the actuarial value of plan assets is zero.

Actuarial accrued liability (AAL)	\$ 576,099
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 576,099
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered Payroll (active plan members)	\$ 1,978,340
UAAL as a percentage of covered payroll	29.1%

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

13. Other Post-Employment Benefits (Continued)

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets, consistent with the long-term perspective of the calculations.

In the August 1, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0 percent investment rate of return and an annual health care cost trend rate of 7.5 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after ten years. The actuarial value of plan assets was set equal to the market value of assets. The unfunded actuarial accrued liability is being amortized over 30 years on a closed group basis.

REQUIRED SUPPLEMENTARY INFORMATION

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

**SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS
JULY 31, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
August 1, 2008	\$ -	\$ 417,915	\$ 417,915	0.0%	\$1,589,332	26.3%
August 1, 2011	-	523,059	523,059	0.0%	1,819,443	28.7%
August 1, 2014	-	576,099	576,099	0.0%	1,978,340	29.1%

Beginning in 2009, the MSHSL implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

SUPPLEMENTAL INFORMATION

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

**STATEMENT OF NET POSITION BY LOCATION
JULY 31, 2016**

	MSHSL OFFICE	1A	2A	3A	4A	5A	6A
<u>Assets</u>							
Current Assets							
Cash and cash equivalents (Note 2)	\$ 513,254	123,723	170,368	143,405	6,893	178,055	110,441
Investments (Note 2)	2,463,666	-	-	-	-	-	-
Accounts receivable	388,061	-	-	-	-	-	-
Accrued interest receivable	2,079	-	-	-	-	31	-
Prepaid items	19,682	-	-	-	-	-	-
Total current assets	\$ 3,386,742	123,723	170,368	143,405	6,893	178,086	110,441
Noncurrent Assets							
Restricted assets							
Deferred compensation (Note 10)	\$ 311,178	-	-	-	-	-	-
Capital assets							
Non-depreciable	\$ 318,564	-	-	-	-	-	-
Depreciable-net of accumulated depreciation	582,739	-	-	-	-	-	-
Net capital assets (Note 3)	\$ 901,303	-	-	-	-	-	-
Other assets							
Investments held for retirement benefits (Note 7)	\$ 480,063	-	-	-	-	-	-
Total noncurrent assets	\$ 1,692,544	-	-	-	-	-	-
Total Assets	\$ 5,079,286	123,723	170,368	143,405	6,893	178,086	110,441
<u>Liabilities and Net Position</u>							
Current Liabilities							
Salaries payable	\$ 103,171	-	-	-	-	-	-
Accounts payable	111,250	-	39	-	-	1,501	2,642
School expense reimbursement payable	554,824	73,921	140,000	65,742	-	89,286	13,000
Accrued employee benefits payable (Note 6)	163,118	-	-	-	-	-	-
Unearned income (Note 5)	23,785	-	2,850	-	-	-	-
Total current liabilities	\$ 956,148	73,921	142,889	65,742	-	90,787	15,642
Noncurrent Liabilities							
Retirement benefits payable (Note 7)	\$ 421,183	-	-	-	-	-	-
Net other post-employment benefits payable (Note 13)	235,675	-	-	-	-	-	-
Deferred compensation (Note 10)	311,178	-	-	-	-	-	-
Total noncurrent liabilities	\$ 968,036	-	-	-	-	-	-
Total Liabilities	\$ 1,924,184	73,921	142,889	65,742	-	90,787	15,642
Net Position (Note 8)							
Investment in capital assets	\$ 901,303	-	-	-	-	-	-
Unrestricted	2,253,799	49,802	27,479	77,663	6,893	87,299	94,799
Total Net Position	\$ 3,155,102	49,802	27,479	77,663	6,893	87,299	94,799

SCHEDULE 1

ADMINISTRATIVE REGIONS										TOTAL ADMINISTRATIVE REGIONS	COMBINED TOTAL	
7A	8A	1AA	2AA	3AA	4AA	5AA	6AA	7AA	8AA			
150,340	134,912	158,629	139,620	83,727	126,985	135,212	96,519	145,222	78,527	\$	1,982,578 \$	2,495,832
-	-	-	-	-	-	-	-	-	-		-	2,463,666
974	4,191	-	520	-	-	-	5,601	1,370	-		12,656	400,717
-	-	-	-	-	-	-	-	-	-		31	2,110
-	-	-	-	-	-	-	-	-	-		-	19,682
<u>151,314</u>	<u>139,103</u>	<u>158,629</u>	<u>140,140</u>	<u>83,727</u>	<u>126,985</u>	<u>135,212</u>	<u>102,120</u>	<u>146,592</u>	<u>78,527</u>	\$	<u>1,995,265</u> \$	<u>5,382,007</u>
-	-	-	-	-	-	-	-	-	-	\$	-	311,178
-	-	-	-	-	-	-	-	-	-	\$	-	318,564
-	-	-	-	-	-	-	-	-	-		-	582,739
-	-	-	-	-	-	-	-	-	-	\$	-	901,303
-	-	-	-	-	-	-	-	-	-	\$	-	480,063
-	-	-	-	-	-	-	-	-	-	\$	-	1,692,544
<u>151,314</u>	<u>139,103</u>	<u>158,629</u>	<u>140,140</u>	<u>83,727</u>	<u>126,985</u>	<u>135,212</u>	<u>102,120</u>	<u>146,592</u>	<u>78,527</u>	\$	<u>1,995,265</u> \$	<u>7,074,551</u>
12,251	-	-	791	-	-	-	-	-	-	\$	13,042 \$	116,213
19,816	-	-	-	699	-	150	678	378	-		25,903	137,153
69,125	68,525	87,850	70,764	14,001	60,621	77,366	32,621	82,368	-		945,190	1,500,014
-	-	-	-	-	-	-	-	-	-		-	163,118
-	-	-	-	-	-	-	-	-	-		2,850	26,635
<u>101,192</u>	<u>68,525</u>	<u>87,850</u>	<u>71,555</u>	<u>14,700</u>	<u>60,621</u>	<u>77,516</u>	<u>33,299</u>	<u>82,746</u>	<u>-</u>	\$	<u>986,985</u> \$	<u>1,943,133</u>
-	-	-	-	-	-	-	-	-	-	\$	-	421,183
-	-	-	-	-	-	-	-	-	-		-	235,675
-	-	-	-	-	-	-	-	-	-		-	311,178
-	-	-	-	-	-	-	-	-	-	\$	-	968,036
<u>101,192</u>	<u>68,525</u>	<u>87,850</u>	<u>71,555</u>	<u>14,700</u>	<u>60,621</u>	<u>77,516</u>	<u>33,299</u>	<u>82,746</u>	<u>-</u>	\$	<u>986,985</u> \$	<u>2,911,169</u>
-	-	-	-	-	-	-	-	-	-	\$	-	901,303
50,122	70,578	70,779	68,585	69,027	66,364	57,696	68,821	63,846	78,527		1,008,280	3,262,079
<u>50,122</u>	<u>70,578</u>	<u>70,779</u>	<u>68,585</u>	<u>69,027</u>	<u>66,364</u>	<u>57,696</u>	<u>68,821</u>	<u>63,846</u>	<u>78,527</u>	\$	<u>1,008,280</u> \$	<u>4,163,382</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, 2016**

	MSHSL OFFICE	1A	2A	3A	4A	5A	6A
Operating Revenues							
Tournaments	\$ 6,489,676	555,569	483,667	461,871	262,882	506,068	530,730
Television	962,539	-	-	-	-	-	-
Membership services	991,240	-	-	-	-	-	-
Contest officials registration	314,990	-	-	-	-	-	-
Sales of handbooks, rule books, and supplies	196,445	-	-	-	-	-	-
Other	202,701	1,628	2,250	-	-	3,023	-
Total Operating Revenues	\$ 9,157,591	557,197	485,917	461,871	262,882	509,091	530,730
Operating Expenses							
Tournaments	\$ 4,440,838	372,286	251,534	289,035	185,942	332,295	362,153
School expense reimbursement	554,824	73,921	140,000	66,434	-	89,286	13,000
Membership services							
Insurance	562,434	450	868	1,732	1,732	1,732	964
Handbooks, rule books, and supplies	159,900	-	-	-	-	-	-
Other	87,874	-	-	-	-	-	-
Fine arts programs	8,053	-	-	-	-	-	-
Officials program	289,642	-	-	-	-	-	-
Committees	15,312	5,666	4,876	11,418	1,751	3,877	13,416
Board of directors	100,689	-	-	-	-	-	-
Salaries	2,012,350	40,140	43,500	68,700	34,778	32,500	53,078
Employee benefits	1,154,630	8,289	8,983	9,546	7,182	6,711	13,974
Insurance	16,385	-	-	-	-	-	-
Legal	117,971	-	-	-	-	-	-
Other professional services	108,764	69,157	5,321	3,640	35,359	49,729	4,875
Maintenance	60,217	-	-	-	-	-	-
Utilities	39,935	-	-	-	-	-	-
Postage	75,366	-	-	-	-	-	-
Supplies	28,731	50	1,210	4,249	1,496	1,981	11,633
Data processing and office equipment	69,991	-	-	-	-	-	-
Public relations	96,376	5,009	2,540	-	-	11,849	-
Corporate sponsor commission	60,212	-	-	-	-	-	-
Television consulting	14,867	-	-	-	-	-	-
Depreciation	46,779	-	-	-	-	-	-
Other	286,114	1,535	2,873	-	102	3,328	14,567
Total Operating Expenses	\$ 10,408,254	576,503	461,705	454,754	268,342	533,288	487,660
Operating Income (Loss)	\$ (1,250,663)	(19,306)	24,212	7,117	(5,460)	(24,197)	43,070
Nonoperating Revenues (Expenses)							
Corporate partnership	\$ 827,689	3,200	-	-	-	-	-
Interest	112,387	-	15	30	-	214	5
Total Nonoperating Revenues (Expenses)	\$ 940,076	3,200	15	30	-	214	5
Income Before Transfers	\$ (310,587)	(16,106)	24,227	7,147	(5,460)	(23,983)	43,075
Operating Transfers In	-	33,020	35,355	45,854	55,927	90,020	54,746
Operating Transfers Out	(20,000)	(14,170)	(62,702)	(54,978)	(52,648)	(66,498)	(80,615)
Change in Net Position	\$ (330,587)	2,744	(3,120)	(1,977)	(2,181)	(461)	17,206
Total Net Position - August 1	3,485,689	47,058	30,599	79,640	9,074	87,760	77,593
Total Net Position - July 31	\$ 3,155,102	49,802	27,479	77,663	6,893	87,299	94,799

**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				
469,201	390,638	431,802	475,049	326,765	374,609	314,130	327,628	375,015	489,252	\$	6,774,876	\$	13,264,552
-	-	-	-	-	-	1,600	-	-	-		1,600		964,139
-	-	-	-	-	-	-	-	-	-		-		991,240
-	-	-	-	-	-	-	-	-	-		-		314,990
-	-	-	-	-	-	-	-	-	-		-		196,445
144	4,935	5,110	14,975	10,686	2,074	4,505	5,548	-	-		54,878		257,579
<u>469,345</u>	<u>395,573</u>	<u>436,912</u>	<u>490,024</u>	<u>337,451</u>	<u>376,683</u>	<u>320,235</u>	<u>333,176</u>	<u>375,015</u>	<u>489,252</u>	\$	<u>6,831,354</u>	\$	<u>15,988,945</u>
318,619	267,631	295,605	266,667	273,860	280,101	236,443	291,911	250,491	318,210	\$	4,592,783	\$	9,033,621
69,125	68,525	87,850	70,764	14,001	32,220	77,205	32,621	82,368	52,010		969,330		1,524,154
514	868	450	868	875	860	1,424	868	868	450		15,523		577,957
-	-	-	-	-	-	-	-	-	-		-		159,900
-	-	-	-	-	-	-	-	-	-		-		87,874
-	-	-	-	-	-	-	-	-	-		-		8,053
-	-	-	-	-	-	-	-	-	-		-		289,642
14,047	10,308	5,979	3,158	2,080	4,059	-	111	7,997	8,214		96,957		112,269
-	-	-	-	-	-	-	-	-	-		-		100,689
49,662	39,000	32,500	34,143	36,000	34,500	35,075	34,500	38,000	41,600		647,676		2,660,026
9,392	8,054	6,711	7,041	7,434	7,124	5,748	7,124	7,847	8,590		129,750		1,284,380
-	-	-	-	-	-	-	-	-	-		-		16,385
-	-	-	-	-	-	-	-	-	-		-		117,971
3,400	2,625	5,876	33,608	3,417	2,848	3,456	4,909	3,400	2,150		233,770		342,534
-	-	-	-	-	-	-	-	-	-		-		60,217
-	-	-	-	-	-	-	-	-	-		-		39,935
-	-	-	-	-	-	-	-	-	-		-		75,366
5,804	3,963	1,193	2,187	2,243	2,327	2,274	4,589	5,511	4,225		54,935		83,666
-	-	-	-	-	-	-	-	-	-		-		69,991
-	17,082	-	-	13,597	-	-	-	-	1,583		51,660		148,036
-	-	-	-	-	-	-	-	-	-		-		60,212
-	-	-	-	-	-	-	-	-	-		-		14,867
-	-	-	-	-	-	-	-	-	-		-		46,779
4,632	3,360	5,582	1,911	5,632	-	4,060	95	134	-		47,811		333,925
<u>475,195</u>	<u>421,416</u>	<u>441,746</u>	<u>420,347</u>	<u>359,139</u>	<u>364,039</u>	<u>365,685</u>	<u>376,728</u>	<u>396,616</u>	<u>437,032</u>	\$	<u>6,840,195</u>	\$	<u>17,248,449</u>
(5,850)	(25,843)	(4,834)	69,677	(21,688)	12,644	(45,450)	(43,552)	(21,601)	52,220	\$	(8,841)	\$	(1,259,504)
-	3,000	-	-	-	-	-	-	-	-	\$	6,200	\$	833,889
45	105	351	-	-	14	332	103	66	11		1,291		113,678
<u>45</u>	<u>3,105</u>	<u>351</u>	<u>-</u>	<u>-</u>	<u>14</u>	<u>332</u>	<u>103</u>	<u>66</u>	<u>11</u>	\$	<u>7,491</u>	\$	<u>947,567</u>
(5,805)	(22,738)	(4,483)	69,677	(21,688)	12,658	(45,118)	(43,449)	(21,535)	52,231	\$	(1,350)	\$	(311,937)
17,714	53,893	38,423	63,627	74,041	64,443	94,044	104,637	65,349	39,287		930,380		930,380
(39,929)	(26,326)	(29,789)	(128,118)	(58,840)	(64,974)	(53,356)	(59,229)	(36,827)	(81,381)		(910,380)		(930,380)
(28,020)	4,829	4,151	5,186	(6,487)	12,127	(4,430)	1,959	6,987	10,137	\$	18,650	\$	(311,937)
78,142	65,749	66,628	63,399	75,514	54,237	62,126	66,862	56,859	68,390		989,630		4,475,319
<u>50,122</u>	<u>70,578</u>	<u>70,779</u>	<u>68,585</u>	<u>69,027</u>	<u>66,364</u>	<u>57,696</u>	<u>68,821</u>	<u>63,846</u>	<u>78,527</u>	\$	<u>1,008,280</u>	\$	<u>4,163,382</u>

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

**STATEMENT OF CASH FLOWS BY LOCATION
FOR THE YEAR ENDED JULY 31, 2016**

	MSHSL OFFICE	1A	2A	3A	4A	5A	6A
Cash Flows from Operating Activities							
Cash received from customers	\$ 6,606,546	557,197	486,517	461,871	262,882	509,091	530,730
Cash received from schools	991,240	-	-	-	-	-	-
Payments to suppliers for goods and services	(5,356,065)	(454,153)	(269,183)	(310,075)	(226,382)	(403,290)	(425,091)
Payments to employees for services	(2,007,719)	(40,140)	(43,500)	(68,700)	(34,778)	(32,500)	(57,953)
Payments for fringe benefits	(971,329)	(8,289)	(8,983)	(9,545)	(7,182)	(6,711)	(13,974)
Payments to schools	-	(53,028)	(119,000)	(20,525)	-	(53,708)	-
Net Cash Provided By (Used In) Operating Activities	\$ (737,327)	1,587	45,851	53,026	(5,460)	12,882	33,712
Cash Flows from Non-Capital and Related Financing Activities							
Corporate partnership	\$ 827,689	3,200	-	-	-	-	-
Operating transfers in	-	33,020	35,355	45,854	55,927	90,020	54,746
Operating transfers out	(20,000)	(14,170)	(62,702)	(54,978)	(52,648)	(66,498)	(80,615)
Net Cash Provided By (Used In) Non-Capital and Related Financing Activities	\$ 807,689	22,050	(27,347)	(9,124)	3,279	23,522	(25,869)
Cash Flows from Investing Activities							
Interest on investments	\$ 111,736	-	15	30	-	214	5
Proceeds from sales and maturities of investments	804,687	-	-	-	-	-	-
Purchases of investments	(1,774,271)	-	-	-	-	-	-
Net Cash Provided By (Used In) Investing Activities	\$ (857,848)	-	15	30	-	214	5
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (787,486)	23,637	18,519	43,932	(2,181)	36,618	7,848
Cash and Cash Equivalents - August 1	1,300,740	100,086	151,849	99,473	9,074	141,437	102,593
Cash and Cash Equivalents - July 31	\$ 513,254	123,723	170,368	143,405	6,893	178,055	110,441
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities							
Operating Income (Loss)	\$ (1,250,663)	(19,306)	24,212	7,117	(5,460)	(24,197)	43,070
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities							
Depreciation	\$ 46,779	-	-	-	-	-	-
(Increase) Decrease in accounts receivable	(182,418)	-	-	-	-	-	-
(Increase) Decrease in prepaid expenses	(5,292)	-	-	-	-	-	-
Increase (Decrease) in salaries payable	4,631	-	-	-	-	-	-
Increase (Decrease) in accounts payable	(92,342)	-	39	-	-	1,501	2,642
Increase (Decrease) in school expense reimbursement payable	554,824	20,893	21,000	45,909	-	35,578	(12,000)
Increase (Decrease) in short-term accrued employee benefits payable	8,091	-	-	-	-	-	-
Increase (Decrease) in unearned income	3,853	-	600	-	-	-	-
Increase (Decrease) in net other post-employment benefits payable	38,475	-	-	-	-	-	-
Increase (Decrease) in retirement benefits payable	136,735	-	-	-	-	-	-
Total adjustments	\$ 513,336	20,893	21,639	45,909	-	37,079	(9,358)
Net Cash Provided By (Used In) Operating Activities	\$ (737,327)	1,587	45,851	53,026	(5,460)	12,882	33,712
Non-cash Operating Activities							
The MSHSL has \$1,372,095 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				
468,371	391,382	436,912	490,765	337,451	378,465	320,235	327,575	403,424	489,252	\$	6,852,120	\$	13,458,666
-	-	-	-	-	-	-	-	-	-		-		991,240
(327,200)	(305,837)	(314,685)	(312,832)	(301,407)	(290,968)	(247,507)	(301,805)	(297,802)	(334,832)		(5,123,049)		(10,479,114)
(39,508)	(39,000)	(32,500)	(34,100)	(36,000)	(34,500)	(35,075)	(34,500)	(38,000)	(41,600)		(642,354)		(2,650,073)
(7,295)	(8,054)	(6,711)	(2,608)	(7,434)	(7,124)	(5,748)	(7,124)	(7,847)	(8,590)		(123,219)		(1,094,548)
(55,700)	(62,542)	-	(52,113)	(26,882)	(32,894)	(81,600)	(12,679)	(66,455)	(52,010)		(689,136)		(689,136)
38,668	(24,051)	83,016	89,112	(34,272)	12,979	(49,695)	(28,533)	(6,680)	52,220	\$	274,362	\$	(462,965)
-	3,000	-	-	-	-	-	-	-	-	\$	6,200	\$	833,889
17,714	53,893	38,423	63,627	74,041	64,443	94,044	104,637	65,349	39,287		930,380		930,380
(39,929)	(26,326)	(29,789)	(128,118)	(58,840)	(64,974)	(53,356)	(59,229)	(36,827)	(81,381)		(910,380)		(930,380)
(22,215)	30,567	8,634	(64,491)	15,201	(531)	40,688	45,408	28,522	(42,094)	\$	26,200	\$	833,889
45	105	351	-	-	14	332	103	66	11	\$	1,291	\$	113,027
-	-	-	-	-	-	-	-	-	-		-		804,687
-	-	-	-	-	-	-	-	-	-		-		(1,774,271)
45	105	351	-	-	14	332	103	66	11	\$	1,291	\$	(856,557)
16,498	6,621	92,001	24,621	(19,071)	12,462	(8,675)	16,978	21,908	10,137	\$	301,853	\$	(485,633)
133,842	128,291	66,628	114,999	102,798	114,523	143,887	79,541	123,314	68,390		1,680,725		2,981,465
150,340	134,912	158,629	139,620	83,727	126,985	135,212	96,519	145,222	78,527	\$	1,982,578	\$	2,495,832
(5,850)	(25,843)	(4,834)	69,677	(21,688)	12,644	(45,450)	(43,552)	(21,601)	52,220	\$	(8,841)	\$	(1,259,504)
-	-	-	-	-	-	-	-	-	-	\$	-	\$	46,779
(974)	(4,191)	-	741	-	1,782	-	(5,601)	(1,370)	-		(9,613)		(192,031)
-	-	-	-	-	-	-	-	-	-		-		(5,292)
12,251	-	-	43	-	-	-	-	-	-		12,294		16,925
19,816	-	-	-	297	(773)	150	678	378	-		24,728		(67,614)
13,425	5,983	87,850	18,651	(12,881)	(674)	(4,395)	19,942	15,913	-		255,194		810,018
-	-	-	-	-	-	-	-	-	-		-		8,091
-	-	-	-	-	-	-	-	-	-		600		4,453
-	-	-	-	-	-	-	-	-	-		-		38,475
-	-	-	-	-	-	-	-	-	-		-		136,735
44,518	1,792	87,850	19,435	(12,584)	335	(4,245)	15,019	14,921	-	\$	283,203	\$	796,539
38,668	(24,051)	83,016	89,112	(34,272)	12,979	(49,695)	(28,533)	(6,680)	52,220	\$	274,362	\$	(462,965)

SCHEDULE 4

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

**SCHEDULE OF TOURNAMENT REVENUES AND DIRECT EXPENSES
FOR THE YEAR ENDED JULY 31, 2016**

	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	\$ 117,328	\$ 87,977	\$ 29,351	\$ 393,786	\$ 333,371	\$ 60,415	\$ 511,114	\$ 421,348	\$ 89,766
Boys' basketball	565,885	264,223	301,662	1,135,284	376,911	758,373	1,701,169	641,134	1,060,035
Girls' basketball	312,720	262,908	49,812	767,932	360,212	407,720	1,080,652	623,120	457,532
Cross country running	18,150	37,614	(19,464)	20,163	53,170	(33,007)	38,313	90,784	(52,471)
Football	652,171	320,318	331,853	1,282,486	551,475	731,011	1,934,657	871,793	1,062,864
Golf	11,086	56,654	(45,568)	21,890	122,557	(100,667)	32,976	179,211	(146,235)
Girls' gymnastics	48,595	75,574	(26,979)	28,400	52,848	(24,448)	76,995	128,422	(51,427)
Boys' hockey	1,566,269	404,573	1,161,696	649,544	258,117	391,427	2,215,813	662,690	1,553,123
Nordic ski racing	4,703	26,485	(21,782)	1,920	30,711	(28,791)	6,623	57,196	(50,573)
Alpine skiing	4,365	25,099	(20,734)	500	36,901	(36,401)	4,865	62,000	(57,135)
Soccer	129,991	103,267	26,724	331,281	202,749	128,532	461,272	306,016	155,256
Girls' softball	80,187	62,105	18,082	232,850	244,163	(11,313)	313,037	306,268	6,769
Boys' swimming	50,563	51,916	(1,353)	55,683	55,599	84	106,246	107,515	(1,269)
Girls' swimming	47,304	47,816	(512)	74,155	64,653	9,502	121,459	112,469	8,990
Boys' tennis	4,672	36,791	(32,119)	5,950	50,194	(44,244)	10,622	86,985	(76,363)
Girls' tennis	7,274	40,766	(33,492)	6,790	71,132	(64,342)	14,064	111,898	(97,834)
Track and field	138,224	133,189	5,035	197,613	211,753	(14,140)	335,837	344,942	(9,105)
Girls' volleyball	235,552	164,704	70,848	613,198	291,360	321,838	848,750	456,064	392,686
Wrestling	508,789	241,797	266,992	283,920	259,089	24,831	792,709	500,886	291,823
Synchronized swimming	-	454	(454)	-	-	-	-	454	(454)
Adapted soccer	6,567	18,906	(12,339)	-	-	-	6,567	18,906	(12,339)
Adapted floor hockey	10,248	20,819	(10,571)	-	-	-	10,248	20,819	(10,571)
Adapted softball	6,705	17,582	(10,877)	-	-	-	6,705	17,582	(10,877)
Adapted bowling	4,441	16,462	(12,021)	-	-	-	4,441	16,462	(12,021)
Debate	-	23,327	(23,327)	11,202	27,595	(16,393)	11,202	50,922	(39,720)
Speech	7,976	50,802	(42,826)	54,514	220,688	(166,174)	62,490	271,490	(209,000)
One-act play	16,550	26,405	(9,855)	38,253	76,371	(38,118)	54,803	102,776	(47,973)
Girls' hockey	301,192	240,582	60,610	176,439	124,085	52,354	477,631	364,667	112,964
Music	-	-	-	148,835	323,417	(174,582)	148,835	323,417	(174,582)
Cheerleading	-	827	(827)	-	-	-	-	827	(827)
Girls' dance team	209,989	99,482	110,507	88,086	66,884	21,202	298,075	166,366	131,709
Lacrosse	43,266	45,211	(1,945)	132,826	92,954	39,872	176,092	138,165	37,927
Badminton	-	-	-	-	-	-	-	-	-
Visual arts	-	739	(739)	21,376	33,824	(12,448)	21,376	34,563	(13,187)
Robotics	3,421	46,786	(43,365)	-	-	-	3,421	46,786	(43,365)
Clay Target	3,398	16,583	(13,185)	-	-	-	3,398	16,583	(13,185)
Advertising	1,372,095	1,372,095	-	-	-	-	1,372,095	1,372,095	-
	<u>\$ 6,489,676</u>	<u>\$ 4,440,838</u>	<u>\$ 2,048,838</u>	<u>\$ 6,774,876</u>	<u>\$ 4,592,783</u>	<u>\$ 2,182,093</u>	<u>\$ 13,264,552</u>	<u>\$ 9,033,621</u>	<u>\$ 4,230,931</u>