

REPORT OF
MISSOURI STATE HIGH SCHOOL
ACTIVITIES ASSOCIATION
JUNE 30, 2022 AND 2021

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Missouri State High School Activities Association

Opinion

We have audited the accompanying financial statements of the Missouri State High School Activities Association (the Association), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

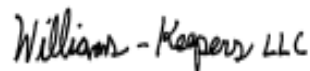
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Williams-Keepers LLC
Jefferson City, Missouri



March 24, 2026

MISSOURI STATE HIGH SCHOOL ACTIVITIES ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,524,705	\$ 1,717,824
Certificates of deposit	135,717	135,685
Accounts receivable	1,544,796	1,206,962
Prepaid expenses	264,661	210,424
Total current assets	<u>3,469,879</u>	<u>3,270,895</u>
PROPERTY, BUILDING AND EQUIPMENT		
Land	429,806	429,806
Building	4,764,239	4,681,520
Vehicles, furniture and equipment	1,351,267	1,096,580
Computer software and web page	1,724,970	1,659,158
Total property, building and equipment	<u>8,270,282</u>	<u>7,867,064</u>
Less: accumulated depreciation	<u>4,572,869</u>	<u>4,251,999</u>
Net property, building and equipment	<u>3,697,413</u>	<u>3,615,065</u>
Total assets	<u>\$ 7,167,292</u>	<u>\$ 6,885,960</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 577,814	\$ 433,421
Deferred revenue	698,753	814,632
Accrued leave liability	120,960	81,237
Current portion of capital lease obligation	35,598	35,456
Total current liabilities	<u>1,433,125</u>	<u>1,364,746</u>
Long-term portion of capital lease obligation	<u>143,821</u>	<u>179,419</u>
Total liabilities	<u>1,576,946</u>	<u>1,544,165</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>5,590,346</u>	<u>5,341,795</u>
Total liabilities and net assets	<u>\$ 7,167,292</u>	<u>\$ 6,885,960</u>

The notes to financial statements are an integral part of these statements.

MISSOURI STATE HIGH SCHOOL ACTIVITIES ASSOCIATION

STATEMENTS OF ACTIVITIES Years Ended June 30, 2022 and 2021

	2022	2021
REVENUES		
Tournaments	\$ 5,815,065	\$ 4,289,731
Activity and tournament registration fees	1,114,670	1,101,690
Officials registration fees and penalties	435,266	415,421
Royalties and rights fees	332,445	220,098
Sponsorships, net of expenses of \$14,328 for 2022 and \$579 for 2021	501,912	421,771
Sales of rule books, officials emblems, etc.	97,452	62,172
Streaming revenue	283,175	274,358
Other programs	77,130	56,922
Penalties	99,510	77,802
Catastrophic insurance premiums, net of expenses	(17,566)	6,953
Rent	11,200	13,067
Interest revenue	991	85
Other	55,831	36,463
Paycheck Protection Program loan forgiveness	-	471,900
Total revenues	8,807,081	7,448,433
FUNCTIONAL EXPENSES		
Activity administration	4,979,180	3,991,463
General administration	2,345,533	2,088,149
Other programs	736,162	640,815
Eligibility interpretations	497,655	455,100
Total expenses	8,558,530	7,175,527
Increase in net assets	248,551	272,906
Net assets, beginning of year	5,341,795	5,068,889
Net assets, end of year	\$ 5,590,346	\$ 5,341,795

The notes to financial statements are an integral part of these statements.

MISSOURI STATE HIGH SCHOOL ACTIVITIES ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

(with comparative totals for the year ended June 30, 2021)

	Activity Administration	General Administration	Other Programs	Eligibility Interpretations	Total 2022	Total 2021
Tournaments	\$ 3,813,323	\$ -	\$ -	\$ -	\$ 3,813,323	\$ 2,903,833
Salaries and benefits	858,140	1,340,845	268,169	214,535	2,681,689	2,671,839
Association administration	48,132	284,777	52,142	16,044	401,095	227,340
Depreciation and amortization	102,679	160,436	32,087	25,670	320,872	285,770
General and liability insurance	-	255,901	-	-	255,901	186,560
Professional services	-	25,224	-	227,015	252,239	218,906
National Federation materials	-	-	171,143	-	171,143	132,360
Officials administration	-	-	155,183	-	155,183	158,863
Postage and shipping	56,622	18,874	14,156	4,719	94,371	72,090
Utilities	23,734	37,085	7,417	5,934	74,170	62,658
Equipment lease, repair and maintenance	-	70,187	-	-	70,187	77,448
Building and grounds	-	55,990	-	-	55,990	49,874
Other	-	55,143	-	-	55,143	32,135
Music materials and awards	50,408	-	-	-	50,408	24,165
Telephone	9,356	14,620	2,924	2,339	29,239	29,226
Other programs	-	-	28,744	-	28,744	-
Printing and publications	16,786	5,595	4,197	1,399	27,977	28,492
Office supplies	-	18,546	-	-	18,546	10,769
Dues and subscriptions	-	1,450	-	-	1,450	2,198
Interest expense	-	860	-	-	860	1,001
Total expenses	\$ 4,979,180	\$ 2,345,533	\$ 736,162	\$ 497,655	\$ 8,558,530	\$ 7,175,527

The notes to financial statements are an integral part of these statements.

MISSOURI STATE HIGH SCHOOL ACTIVITIES ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

	Activity Administration	General Administration	Other Programs	Eligibility Interpretations	Total 2021
Tournaments	\$ 2,903,833	\$ -	\$ -	\$ -	\$ 2,903,833
Salaries and benefits	854,988	1,335,920	267,184	213,747	2,671,839
Depreciation and amortization	91,446	142,885	28,577	22,862	285,770
Association administration	27,281	161,411	29,554	9,094	227,340
Professional services	-	21,891	-	197,015	218,906
General and liability insurance	-	186,560	-	-	186,560
Officials administration	-	-	158,863	-	158,863
National Federation materials	-	-	132,360	-	132,360
Equipment lease, repair and maintenance	-	77,448	-	-	77,448
Postage and shipping	43,253	14,418	10,814	3,605	72,090
Utilities	20,051	31,328	6,266	5,013	62,658
Building and grounds	-	49,874	-	-	49,874
Other	-	32,135	-	-	32,135
Telephone	9,351	14,613	2,923	2,339	29,226
Printing and publications	17,095	5,698	4,274	1,425	28,492
Music materials and awards	24,165	-	-	-	24,165
Office supplies	-	10,769	-	-	10,769
Dues and subscriptions	-	2,198	-	-	2,198
Interest expense	-	1,001	-	-	1,001
Total expenses	\$ 3,991,463	\$ 2,088,149	\$ 640,815	\$ 455,100	\$ 7,175,527

The notes to financial statements are an integral part of these statements.

MISSOURI STATE HIGH SCHOOL ACTIVITIES ASSOCIATION

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets without restrictions	\$ 248,551	\$ 272,906
Adjustments to reconcile change in net assets without restrictions to net cash provided by operating activities:		
Depreciation and amortization	320,872	285,770
Changes in operating assets and operating liabilities:		
Accounts receivable	(337,834)	(453,260)
Prepaid expenses	(54,237)	229,956
Accounts payable	144,393	126,495
Deferred revenue	(115,879)	76,834
Accrued leave liability	39,723	(20,286)
Net cash provided by operating activities	245,589	518,415
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in certificates of deposits	(32)	(35)
Purchase of and additions to building and equipment	(403,220)	(118,020)
Net cash used by investing activities	(403,252)	(118,055)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligation	(35,456)	(35,315)
Net cash used by financing activities	(35,456)	(35,315)
Net change in cash and cash equivalents	(193,119)	365,045
Cash and cash equivalents, beginning of year	1,717,824	1,352,779
Cash and cash equivalents, end of year	\$ 1,524,705	\$ 1,717,824
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Equipment acquired under capital lease	\$ -	\$ 250,190

The notes to financial statements are an integral part of these statements.

MISSOURI STATE HIGH SCHOOL ACTIVITIES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities: Missouri State High School Activities Association (the Association) is a voluntary non-profit, educational association of secondary schools established for the purpose of working collaboratively to develop and adopt standards of supervision and administration to regulate the diverse interscholastic activities and contests which are developed by the member schools to the jurisdiction of the Association. The Association's major revenue sources include ticket sales from tournaments and festivals as well as activity participation and tournament registration fees.

Basis of accounting: The financial statements of the Association have been prepared on the accrual basis of accounting; therefore, revenues are recognized when performance obligations are satisfied and expenses are recognized when incurred.

Financial statement presentation: Not-for-profit organizations are required to report information regarding financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Restrictions refer to stipulations placed on contributions to a not-for-profit organization by donors. The Association generally does not receive contributions and, accordingly, its net assets and changes in net assets are without donor restrictions.

Revenue recognition: The Association recognizes revenue in accordance with ASC 606. Revenue is recognized when control of the promised goods or services is transferred to customers in an amount that reflects the consideration the Association expects to be entitled to in exchange for those goods or services.

The Association generates revenue primarily from administering interscholastic athletic and activity programs, including tournaments, participation and registration fees, sponsorship agreements, and licensing and media rights. The performance obligations are generally satisfied when the related events occur or when the associated promotional or licensing benefits are delivered. Amounts received in advance for events or activities occurring subsequent to year end are recorded as deferred revenue until the performance obligation is satisfied.

Variable consideration, such as refunds, discounts, or other adjustments, is estimated based on historical experience and current trends. Management has concluded that such amounts are immaterial and are included in the transaction price only to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur.

Substantially all of the Association's revenues are recognized at a point in time when the related events occur or when the associated promotional benefits are delivered.

Management estimates: Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Significant estimates used by management include the net realizable amount of accounts receivable and the useful lives of building and equipment for calculating depreciation expense.

Functional allocation of expenses: The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cash and cash equivalents: Cash and cash equivalents consist of interest-bearing demand deposit accounts and other overnight bank investment accounts. These accounts are held at established financial institutions and are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The account balances frequently exceed the FDIC insurance limits.

Accounts receivable: Accounts receivable are carried at original invoice amount less an estimate for doubtful collections. The Association estimates an allowance for doubtful accounts based on a specific review of account balances and consideration of historical write-offs. The Association considers all receivables to be fully collectible and, accordingly, has not recorded an allowance for doubtful accounts. Interest is not charged on past due accounts. The balances of accounts receivable totaled \$1,544,796, \$1,206,962, and \$753,702 at June 30, 2022, 2021, and 2020, respectively.

Property, building and equipment: Property, building and equipment, which includes computer software, are stated at cost. Depreciation of building and equipment and amortization of computer software are computed on a straight-line basis over the estimated useful lives of the assets. Maintenance and repairs are expensed when incurred. Expenditures which significantly increase asset values or extend useful lives are capitalized.

The following are the estimated lives of the building, equipment and other capital assets:

Building	40 years
Vehicles	5 years
Computer equipment and software	3-5 years
Office furniture and equipment	5-7 years
Printing equipment	7 years
Tournament equipment	5-7 years

Deferred revenue: Membership dues, official fees, activity tournament entry fees and activity participation fees are recognized as revenue in the year in which the respective event is held. Fees received in advance are recorded as deferred revenue. The balances of deferred revenue totaled \$698,753, \$814,632, and \$737,798 at June 30, 2022, 2021, and 2020, respectively.

Income taxes: The Association is a not-for-profit association organized under Internal Revenue Code Section 501(c)(3) and, as such, is not subject to federal or state income tax.

Subsequent events: Events that have occurred subsequent to June 30, 2022, have been evaluated by management through March 24, 2026, which represents the date the Association's financial statements were approved by management and, therefore, were available to be issued.

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Association's financial assets were comprised of the following at June 30, 2022:

Cash and cash equivalents	\$ 1,524,705
Certificates of deposit	135,717
Accounts receivable	<u>1,544,796</u>
Total	<u>\$ 3,205,218</u>

Such financial assets were not subject to donor or other restrictions and could readily be made available within one year of the balance sheet date to meet cash needs for general expenditures. The Association structures its financial assets to be available as its general expenditures and other obligations come due.

3. CATASTROPHIC INSURANCE PREMIUMS

Member schools are billed for catastrophic medical and rehabilitation insurance. Member schools paid \$5.03 per student athlete for insurance for both of the years ended June 30, 2022 and 2021. The following are total revenues and expenses:

	<u>2022</u>	<u>2021</u>
Catastrophic insurance premiums	\$ 759,040	\$ 833,407
Catastrophic medical and rehabilitation insurance expense	<u>776,606</u>	<u>826,454</u>
Net revenue (expense)	<u>\$ (17,566)</u>	<u>\$ 6,953</u>

4. EMPLOYEE BENEFIT PLANS

Retirement plan: Some of the Association's employees are covered by a defined benefit retirement plan created by Missouri Statute to provide a retirement benefit for certified teachers. The Association's contributions to this retirement plan for 2022 and 2021 were \$151,259 and \$158,376, respectively.

The Association offers participation in a 401(k) plan to all fulltime employees age 21 and over, effective with their hire date. A participating employee must work a minimum of 1,000 hours annually to receive employer matching contributions and to earn a year of service for vesting purposes. The Association's contributions to participating employees' accounts totaled \$124,340 and \$119,033 for 2022 and 2021, respectively.

Cafeteria plan: The Association maintains an Internal Revenue Code Section 125 Cafeteria Plan to allow its employees to realize tax savings on certain benefits as allowable by the law.

5. LEASE COMMITMENTS

The Association leases office equipment under a noncancelable, long-term operating lease. Lease expense is recognized on a straight-line basis over the lease term. The Association also leases equipment under a capital lease arrangement, which is included in property, building and equipment.

Operating leases: Total rent expense under operating leases for the years ended June 30, 2022 and 2021 were \$41,253 and \$44,315, respectively.

Future minimum lease payments under noncancelable operating leases having remaining terms in excess of one year are as follows:

Year ending June 30,		
2023	\$	32,856
2024		32,856
2025		16,428
		<u>82,140</u>
	\$	<u>82,140</u>

Capital leases: The Association is the lessee of certain equipment under a capital lease arrangement. The asset recorded under a capital lease is included within property, building and equipment. Amortization of this asset held under a capital lease is included within depreciation and amortization expense and totaled \$35,741 and \$32,763 for the years ended June 30, 2022 and 2021, respectively.

Future minimum payments under this capital lease and the present value of the net minimum lease payments are as follows:

Year ending June 30,		
2023	\$	36,316
2024		36,316
2025		36,316
2026		36,316
2027		36,316
Total minimum capital lease payments		<u>181,580</u>
Less: amount representing interest		<u>(2,161)</u>
Present value of minimum lease payments	\$	<u>179,419</u>

6. CONTINGENCIES

From time to time the Association may become involved in threatened or actual litigation, either as plaintiff or defendant. Costs involved in such actions are expensed as they are incurred. No provision for a possible loss relating to a legal issue is provided for in the financial statements unless a loss is probable and the amount can be reasonably estimated.

7. PAYCHECK PROTECTION PROGRAM

In February 2021, the Association qualified for and received a loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economy Securities Act, from a qualified lender, for an aggregate principal amount of \$471,900. The PPP loan bears interest at a fixed rate of 1.0%, has a term of two years, and is unsecured and guaranteed by the SBA. The principal amount of the loan is subject to forgiveness under the program upon the Association's request to the extent that proceeds are used to pay expenses as permitted by the SBA, which include payroll, covered rent and mortgage obligations, and covered utility payments incurred by the Association during the specified time frame per the SBA. Application for forgiveness of the loan was submitted in April 2022, with inclusion of compliance substantiation and certification therein. Notice of forgiveness was received from the lender in April 2022 and this was recorded as Paycheck Protection Program loan forgiveness income in the accompanying financial statements for the year ended June 30, 2022.

MISSOURI STATE HIGH SCHOOL ACTIVITIES ASSOCIATION

SCHEDULE OF TOURNAMENT REVENUES AND EXPENSES

Years Ended June 30, 2022 and 2021

	2022		2021	
	Revenues	Expenses	Revenues	Expenses
Baseball	\$ 484,044	\$ 228,380	\$ 435,723	\$ 213,447
Basketball, Boys and Girls	1,664,289	950,445	1,438,392	793,247
Cheerleading	51,765	25,051	51,275	33,773
Cross Country, Boys and Girls	116,271	75,940	75,041	103,202
Football	1,133,662	556,411	569,881	311,387
Golf, Boys	57,004	50,905	45,425	31,195
Golf, Girls	40,547	31,844	39,053	34,513
Music	246,975	383,477	113,238	58,176
Scholar Bowl	28,050	33,681	24,475	56,714
Soccer, Boys	284,294	145,669	171,310	104,937
Soccer, Girls	232,372	133,396	272,667	142,944
Softball, Fall	231,543	141,000	189,899	118,391
Softball, Spring	66,617	45,523	68,981	39,713
Speech and Debate	34,960	44,596	25,257	18,040
Swimming, Boys	24,871	33,928	16	16,867
Swimming, Girls	24,970	34,008	-	16,549
Tennis, Boys	8,447	19,884	12,009	19,185
Tennis, Girls	8,851	19,346	7,676	18,243
Tournaments General Expenses	-	22,244	-	35,658
Track, Boys and Girls	328,103	307,561	304,734	284,616
Volleyball	423,473	276,320	227,606	217,459
Wrestling	323,957	253,714	217,073	235,577
Total	\$ 5,815,065	\$ 3,813,323	\$ 4,289,731	\$ 2,903,833