

REPORT OF
MISSOURI STATE HIGH SCHOOL
ACTIVITIES ASSOCIATION
JUNE 30, 2020 AND 2019



2005 West Broadway, Suite 100
Columbia, MO 65203 | (573) 442-6171

3220 West Edgewood, Suite E
Jefferson City, MO 65109 | (573) 635-6196

www.williamskeepers.com

INDEPENDENT AUDITOR'S REPORT

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

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, 2020 and 2019, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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, 2020 and 2019, 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.

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 the purpose 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Williams-Keepers LLC
Jefferson City, Missouri

Williams - Keepers LLC

December 3, 2025

MISSOURI STATE HIGH SCHOOL ACTIVITIES ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,352,779	\$ 752,813
Certificates of deposit	135,650	135,499
Accounts receivable	753,702	1,384,328
Prepaid expenses	440,380	687,989
Total current assets	<u>2,682,511</u>	<u>2,960,629</u>
PROPERTY, BUILDING AND EQUIPMENT		
Land	429,806	429,806
Building	4,623,261	4,452,477
Vehicles, furniture and equipment	825,792	772,275
Computer software and web page	1,619,994	1,559,971
Total property, building and equipment	<u>7,498,853</u>	<u>7,214,529</u>
Less: accumulated depreciation	<u>3,966,228</u>	<u>3,742,077</u>
Net property, building and equipment	<u>3,532,625</u>	<u>3,472,452</u>
Total assets	<u><u>\$ 6,215,136</u></u>	<u><u>\$ 6,433,081</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 306,926	\$ 427,519
Deferred revenue	737,798	634,068
Accrued leave liability	101,523	85,012
Total current liabilities	<u>1,146,247</u>	<u>1,146,599</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Total liabilities and net assets	<u><u>\$ 6,215,136</u></u>	<u><u>\$ 6,433,081</u></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, 2020 and 2019

	2020	2019
REVENUES		
Tournaments	\$ 3,727,307	\$ 5,363,140
Activity and tournament registration fees	1,103,950	1,096,130
Officials registration fees and penalties	431,670	464,042
Royalties and rights fees	168,175	280,160
Sponsorships, net of expenses of \$8 for 2020 and \$5,568 for 2019	380,492	515,460
Sales of rule books, officials emblems, etc.	29,601	111,938
Streaming revenue	85,000	109,760
Other programs	55,100	87,976
Penalties	48,728	81,593
Catastrophic insurance premiums, net of expenses	36,215	357
Rent	11,200	11,200
Interest revenue	1,718	1,268
Paycheck Protection Program loan forgiveness	492,700	-
Other	27,666	45,094
Total revenues	6,599,522	8,168,118
FUNCTIONAL EXPENSES		
Activity administration	3,476,910	4,708,696
General administration	2,140,109	2,178,688
Other programs	717,503	709,324
Eligibility interpretations	482,593	516,884
Total expenses	6,817,115	8,113,592
(Decrease) increase in net assets	(217,593)	54,526
Net assets, beginning of year	5,286,482	5,231,956
Net assets, end of year	\$ 5,068,889	\$ 5,286,482

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, 2020

(with comparative totals for the year ended June 30, 2019)

	Activity Administration	General		Eligibility		Total 2020	Total 2019
		Administration	Other Programs	Interpretations			
Salaries and benefits	\$ 857,711	\$ 1,340,173	\$ 268,035	\$ 214,428	\$ 2,680,347	\$ 2,474,657	
Tournaments	2,410,939	-	-	-	2,410,939	3,633,824	
Professional services	-	25,050	-	225,445	250,495	302,235	
Association administration	29,684	175,626	32,157	9,894	247,361	307,452	
Depreciation and amortization	77,299	120,779	24,155	19,325	241,558	230,079	
Officials administration	-	-	178,555	-	178,555	186,868	
National Federation materials	-	-	172,628	-	172,628	173,169	
General and liability insurance	-	157,814	-	-	157,814	161,106	
Equipment lease, repair and maintenance	-	110,193	-	-	110,193	109,889	
Postage and shipping	50,066	16,689	12,517	4,172	83,444	98,743	
Utilities	22,515	35,179	7,036	5,629	70,359	79,468	
Other	-	67,161	-	-	67,161	40,239	
Building and grounds	-	48,207	-	-	48,207	64,961	
Telephone	9,116	14,245	2,849	2,280	28,490	39,453	
Printing and publications	17,035	5,678	4,258	1,420	28,391	34,904	
Office supplies	-	19,958	-	-	19,958	17,118	
Other programs	-	-	15,313	-	15,313	6,905	
Dues and subscriptions	-	3,357	-	-	3,357	4,551	
Music materials and awards	2,545	-	-	-	2,545	54,221	
Bad debts expense	-	-	-	-	-	93,750	
Total expenses	\$ 3,476,910	\$ 2,140,109	\$ 717,503	\$ 482,593	\$ 6,817,115	\$ 8,113,592	

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, 2019

	Activity	General		Eligibility	Total
	Administration	Administration	Other Programs	Interpretations	2019
Tournaments	\$ 3,633,824	\$ -	\$ -	\$ -	\$ 3,633,824
Salaries and benefits	791,890	1,237,328	247,466	197,973	2,474,657
Association administration	36,894	218,291	39,969	12,298	307,452
Professional services	-	30,224	-	272,011	302,235
Depreciation and amortization	73,625	115,040	23,008	18,406	230,079
Officials administration	-	-	186,868	-	186,868
National Federation materials	-	-	173,169	-	173,169
General and liability insurance	-	161,106	-	-	161,106
Equipment lease, repair and maintenance	-	109,889	-	-	109,889
Postage and shipping	59,246	19,749	14,811	4,937	98,743
Bad debts expense	-	93,750	-	-	93,750
Utilities	25,430	39,734	7,947	6,357	79,468
Building and grounds	-	64,961	-	-	64,961
Music materials and awards	54,221	-	-	-	54,221
Other	-	40,239	-	-	40,239
Telephone	12,624	19,727	3,945	3,157	39,453
Printing and publications	20,942	6,981	5,236	1,745	34,904
Office supplies	-	17,118	-	-	17,118
Other programs	-	-	6,905	-	6,905
Dues and subscriptions	-	4,551	-	-	4,551
Total expenses	<u>\$ 4,708,696</u>	<u>\$ 2,178,688</u>	<u>\$ 709,324</u>	<u>\$ 516,884</u>	<u>\$ 8,113,592</u>

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, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets without restrictions	\$ (217,593)	\$ 54,526
Adjustments to reconcile change in net assets without restrictions to net cash provided (used) by operating activities:		
Depreciation and amortization	241,558	230,079
Write-off of accounts receivable to bad debts expense	-	93,750
Changes in operating assets and operating liabilities:		
Accounts receivable	630,626	(257,917)
Prepaid expenses	247,609	(312,591)
Accounts payable	(120,593)	86,461
Deferred revenue	103,730	21,028
Accrued leave liability	16,511	(12,491)
Net cash provided (used) by operating activities	<u>901,848</u>	<u>(97,155)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in certificates of deposits	(151)	(153)
Purchase of and additions to building and equipment	<u>(301,731)</u>	<u>(151,848)</u>
Net cash used by investing activities	<u>(301,882)</u>	<u>(152,001)</u>
Net increase (decrease) in cash and cash equivalents	599,966	(249,156)
Cash and cash equivalents, beginning of year	<u>752,813</u>	<u>1,001,969</u>
Cash and cash equivalents, end of year	<u>\$ 1,352,779</u>	<u>\$ 752,813</u>

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: Sponsorship revenues are recognized when promised goods or services are transferred to sponsors in an amount that reflects the consideration to which the Association expects to be entitled in exchange for those goods or services. Revenue for tournaments and activities are recognized at a point in time when the performance obligation is satisfied, which is the date the event occurs. Amounts received for registration for events occurring subsequent to fiscal year end are reported as deferred revenue. Revenues from sales of goods and services are recognized at a point in time when the good or service is delivered to the customer.

Variable consideration, such as refunds and discounts, are considered to be immaterial based upon historical experience and known trends. Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur.

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 \$753,702, \$1,384,328, and \$1,220,161 at June 30, 2020, 2019, and 2018, 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 \$737,798, \$634,068, and \$613,040 at June 30, 2020, 2019, and 2018, 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.

Reclassifications: Certain amounts reported in the fiscal year 2019 financial statements have been reclassified to conform with the current year presentation.

Subsequent events: Events that have occurred subsequent to June 30, 2020, have been evaluated by management through December 3, 2025, 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, 2020:

Cash and cash equivalents	\$ 1,352,779
Certificates of deposit	135,650
Accounts receivable	<u>753,702</u>
 Total	 <u>\$ 2,242,131</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 \$5.08 and \$4.93 per student athlete for insurance for the years ended June 30, 2020 and 2019, respectively. The following are total revenues and expenses:

	2020	2019
Catastrophic insurance premiums	\$ 832,838	\$ 796,264
Catastrophic medical and rehabilitation insurance expense	796,623	795,907
Net revenue	\$ 36,215	\$ 357

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 2020 and 2019 were \$149,720 and \$145,880, 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 \$122,642 and \$107,999 for 2020 and 2019, 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 COMMITMENT

The Association leases equipment under a long-term operating lease. The existing lease requires monthly lease payments of \$4,170, plus overages, through January 2021. This lease resulted in a remaining commitment of \$25,020, which will be paid during the ending June 30, 2021.

Lease expense under the above lease totaled \$50,874 and \$46,287 for the years ended June 30, 2020 and 2019, respectively.

In April 2020, the Association entered into a lease agreement for new program equipment to be delivered in August 2020. The agreement meets the criteria for classification as a capital lease under ASC 840. Future minimum lease payments total approximately \$254,000 over the seven-year term. The related asset and liability will be recorded during the year ended June 30, 2021, upon delivery of the equipment.

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 April 2020, 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 \$492,700. 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 January 2021, with inclusion of compliance substantiation and certification therein. Notice of forgiveness was received from the lender in January 2021. This forgiveness is recorded as Paycheck Protection Program loan forgiveness income in the accompanying financial statements for the year ended June 30, 2020.

8. ADOPTION OF NEW ACCOUNTING STANDARD

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). ASC 606 supersedes the previous revenue recognition requirements in U.S. GAAP, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

The Association adopted the requirements of the new guidance in ASC 606 as of July 1, 2019, utilizing the modified retrospective method of transition. The Association applied the new guidance using the following practical expedients provided in ASC 606: i) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining transaction price, and allocating the transaction price have been reflected in the aggregate; and ii) all contracts completed at the initial date of application were not considered. Therefore, the comparative information in the financial statements has not been adjusted and continues to be reported under previous revenue guidance. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

The adoption of this ASU did not have a material impact on the Association's financial statements. Based on the Association's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. Therefore, no changes were required to previously reported revenues as a result of the adoption.

MISSOURI STATE HIGH SCHOOL ACTIVITIES ASSOCIATION

SCHEDULE OF TOURNAMENT REVENUES AND EXPENSES

Years Ended June 30, 2020 and 2019

	2020		2019	
	Revenues	Expenses	Revenues	Expenses
Baseball	\$ -	\$ -	\$ 392,062	\$ 211,360
Basketball, Boys and Girls	1,360,197	800,195	1,668,697	907,111
Cheerleading	-	-	34,705	31,133
Cross Country, Boys and Girls	111,707	82,500	94,515	107,680
Football	936,292	508,160	1,087,569	542,442
Golf, Boys	-	-	46,539	32,268
Golf, Girls	25,157	16,594	26,648	20,807
Music	74,889	144,654	331,572	437,166
Scholar Bowl	-	500	29,640	38,295
Soccer, Boys	303,737	158,475	272,952	150,951
Soccer, Girls	-	-	192,941	127,569
Softball, Fall	237,587	142,773	244,238	140,682
Softball, Spring	-	474	57,732	39,898
Speech and Debate	25,160	19,135	42,940	42,568
Swimming, Boys	25,742	27,180	24,450	25,844
Swimming, Girls	23,316	26,016	22,952	25,313
Tennis, Boys	-	-	6,102	15,113
Tennis, Girls	5,545	12,621	7,275	11,568
Track, Boys and Girls	3	841	249,132	276,014
Volleyball	264,078	203,535	242,681	190,240
Wrestling	333,897	245,361	287,798	233,199
Tournaments General Expenses	-	21,925	-	26,603
Total	\$ 3,727,307	\$ 2,410,939	\$ 5,363,140	\$ 3,633,824