

REPORT OF
MISSOURI STATE HIGH SCHOOL
ACTIVITIES ASSOCIATION
JUNE 30, 2021 AND 2020

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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,717,824	\$ 1,352,779
Certificates of deposit	135,685	135,650
Accounts receivable	1,206,962	753,702
Prepaid expenses	210,424	440,380
Total current assets	3,270,895	2,682,511
PROPERTY, BUILDING AND EQUIPMENT		
Land	429,806	429,806
Building	4,681,520	4,623,261
Vehicles, furniture and equipment	1,096,580	825,792
Computer software and web page	1,659,158	1,619,994
Total property, building and equipment	7,867,064	7,498,853
Less: accumulated depreciation	4,251,999	3,966,228
Net property, building and equipment	3,615,065	3,532,625
Total assets	\$ 6,885,960	\$ 6,215,136
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 433,421	\$ 306,926
Deferred revenue	814,632	737,798
Accrued leave liability	81,237	101,523
Current portion of capital lease obligation	35,456	-
Total current liabilities	1,364,746	1,146,247
Long-term portion of capital lease obligation	179,419	-
Total liabilities	1,544,165	1,146,247
NET ASSETS WITHOUT DONOR RESTRICTIONS	5,341,795	5,068,889
Total liabilities and net assets	\$ 6,885,960	\$ 6,215,136

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, 2021 and 2020

	2021	2020
REVENUES		
Tournaments	\$ 4,289,731	\$ 3,727,307
Activity and tournament registration fees	1,101,690	1,103,950
Officials registration fees and penalties	415,421	431,670
Royalties and rights fees	220,098	168,175
Sponsorships, net of expenses of \$579 for 2021 and \$8 for 2020	421,771	380,492
Sales of rule books, officials emblems, etc.	62,172	29,601
Streaming revenue	274,358	85,000
Other programs	56,922	55,100
Penalties	77,802	48,728
Catastrophic insurance premiums, net of expenses	6,953	36,215
Rent	13,067	11,200
Interest revenue	85	1,718
Paycheck Protection Program loan forgiveness	471,900	492,700
Other	36,463	27,666
Total revenues	7,448,433	6,599,522
FUNCTIONAL EXPENSES		
Activity administration	3,991,463	3,476,910
General administration	2,088,149	2,140,109
Other programs	640,815	717,503
Eligibility interpretations	455,100	482,593
Total expenses	7,175,527	6,817,115
Increase (decrease) in net assets	272,906	(217,593)
Net assets, beginning of year	5,068,889	5,286,482
Net assets, end of year	\$ 5,341,795	\$ 5,068,889

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

(with comparative totals for the year ended June 30, 2020)

	Activity Administration	General Administration	Other Programs	Eligibility Interpretations	Total 2021	Total 2020
Tournaments	\$ 2,903,833	\$ -	\$ -	\$ -	\$ 2,903,833	\$ 2,410,939
Salaries and benefits	854,988	1,335,920	267,184	213,747	2,671,839	2,680,347
Depreciation and amortization	91,446	142,885	28,577	22,862	285,770	241,558
Association administration	27,281	161,411	29,554	9,094	227,340	247,361
Professional services	-	21,891	-	197,015	218,906	250,495
General and liability insurance	-	186,560	-	-	186,560	157,814
Officials administration	-	-	158,863	-	158,863	178,555
National Federation materials	-	-	132,360	-	132,360	172,628
Equipment lease, repair and maintenance	-	77,448	-	-	77,448	110,193
Postage and shipping	43,253	14,418	10,814	3,605	72,090	83,444
Utilities	20,051	31,328	6,266	5,013	62,658	70,359
Building and grounds	-	49,874	-	-	49,874	48,207
Other	-	32,135	-	-	32,135	67,161
Telephone	9,351	14,613	2,923	2,339	29,226	28,490
Printing and publications	17,095	5,698	4,274	1,425	28,492	28,391
Music materials and awards	24,165	-	-	-	24,165	2,545
Office supplies	-	10,769	-	-	10,769	19,958
Dues and subscriptions	-	2,198	-	-	2,198	3,357
Interest expense	-	1,001	-	-	1,001	-
Other programs	-	-	-	-	-	15,313
Total expenses	<u>\$ 3,991,463</u>	<u>\$ 2,088,149</u>	<u>\$ 640,815</u>	<u>\$ 455,100</u>	<u>\$ 7,175,527</u>	<u>\$ 6,817,115</u>

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

	Activity Administration	General Administration	Other Programs	Eligibility Interpretations	Total 2020
Salaries and benefits	\$ 857,711	\$ 1,340,173	\$ 268,035	\$ 214,428	\$ 2,680,347
Tournaments	2,410,939	-	-	-	2,410,939
Professional services	-	25,050	-	225,445	250,495
Association administration	29,683	175,626	32,157	9,894	247,361
Depreciation and amortization	77,299	120,779	24,155	19,325	241,558
Officials administration	-	-	178,555	-	178,555
National Federation materials	-	-	172,628	-	172,628
General and liability insurance	-	157,814	-	-	157,814
Equipment lease, repair and maintenance	-	110,193	-	-	110,193
Postage and shipping	50,066	16,689	12,517	4,172	83,444
Utilities	22,515	35,179	7,036	5,629	70,359
Other	-	67,161	-	-	67,161
Building and grounds	-	48,207	-	-	48,207
Telephone	9,117	14,245	2,849	2,280	28,490
Printing and publications	17,035	5,678	4,258	1,420	28,391
Office supplies	-	19,958	-	-	19,958
Other programs	-	-	15,313	-	15,313
Dues and subscriptions	-	3,357	-	-	3,357
Music materials and awards	2,545	-	-	-	2,545
Total expenses	<u>\$ 3,476,910</u>	<u>\$ 2,140,109</u>	<u>\$ 717,503</u>	<u>\$ 482,593</u>	<u>\$ 6,817,115</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, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets without restrictions	\$ 272,906	\$ (217,593)
Adjustments to reconcile change in net assets without restrictions to net cash provided by operating activities:		
Depreciation and amortization	285,770	241,558
Changes in operating assets and operating liabilities:		
Accounts receivable	(453,260)	630,626
Prepaid expenses	229,956	247,609
Accounts payable	126,495	(120,593)
Deferred revenue	76,834	103,730
Accrued leave liability	(20,286)	16,511
Net cash provided by operating activities	<u>518,415</u>	<u>901,848</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in certificates of deposits	(35)	(151)
Purchase of and additions to building and equipment	(118,020)	(301,731)
Net cash used by investing activities	<u>(118,055)</u>	<u>(301,882)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligation	(35,315)	-
Net cash used by financing activities	<u>(35,315)</u>	<u>-</u>
Net increase in cash and cash equivalents	365,045	599,966
Cash and cash equivalents, beginning of year	<u>1,352,779</u>	<u>752,813</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,717,824</u></u>	<u><u>\$ 1,352,779</u></u>
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Equipment acquired under capital lease	<u><u>\$ 250,190</u></u>	<u><u>\$ -</u></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 \$1,206,962, \$753,702, and \$1,384,328 at June 30, 2021, 2020, and 2019, 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 \$814,632, \$737,798, and \$634,068 at June 30, 2021, 2020, and 2019, 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, 2021, 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, 2021:

Cash and cash equivalents	\$ 1,717,824
Certificates of deposit	135,685
Accounts receivable	1,206,962
Total	<u><u>\$ 3,060,471</u></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 and \$5.08 per student athlete for insurance for the years ended June 30, 2021 and 2020, respectively. The following are total revenues and expenses:

	2021	2020
Catastrophic insurance premiums	\$ 833,407	\$ 832,838
Catastrophic medical and rehabilitation insurance expense	826,454	796,623
Net revenue	<u>\$ 6,953</u>	<u>\$ 36,215</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 2021 and 2020 were \$158,376 and \$149,720, 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 \$119,033 and \$122,642 for 2021 and 2020, 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, 2021 and 2020 were \$44,315 and \$50,874, respectively.

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

Year ending June 30,	
2022	\$ 32,856
2023	32,856
2024	32,856
2025	16,428
	<u>\$ 114,996</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 expense and totaled \$32,763 and \$0 for the years ended June 30, 2021 and 2020, 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,	
2022	\$ 36,316
2023	36,316
2024	36,316
2025	36,316
2026	36,316
Thereafter	<u>36,316</u>
Total minimum capital lease payments	217,893
Less: amount representing interest	<u>(3,018)</u>
Present value of minimum lease payments	<u>\$ 214,875</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, 2021.

In April 2020, the Association qualified for and received a loan pursuant to the PPP from a qualified lender for an aggregate principal amount of \$492,700. Forgiveness for this loan was granted in January 2021 and this was recorded as Paycheck Protection Program loan forgiveness income in the accompanying financial statements for the year ended June 30, 2020.

MISSOURI STATE HIGH SCHOOL ACTIVITIES ASSOCIATION

SCHEDULE OF TOURNAMENT REVENUES AND EXPENSES

Years Ended June 30, 2021 and 2020

	2021		2020	
	Revenues	Expenses	Revenues	Expenses
Baseball	\$ 435,723	\$ 213,447	\$ -	\$ -
Basketball, Boys and Girls	1,438,392	793,247	1,360,197	800,195
Cheerleading	51,275	33,773	-	-
Cross Country, Boys and Girls	75,041	103,202	111,707	82,500
Football	569,881	311,387	936,292	508,160
Golf, Boys	45,425	31,195	-	-
Golf, Girls	39,053	34,513	25,157	16,594
Music	113,238	58,176	74,889	144,654
Scholar Bowl	24,475	56,714	-	500
Soccer, Boys	171,310	104,937	303,737	158,475
Soccer, Girls	272,667	142,944	-	-
Softball, Fall	189,899	118,391	237,587	142,773
Softball, Spring	68,981	39,713	-	474
Speech and Debate	25,257	18,040	25,160	19,135
Swimming, Boys	16	16,867	25,742	27,180
Swimming, Girls	-	16,549	23,316	26,016
Tennis, Boys	12,009	19,185	-	-
Tennis, Girls	7,676	18,243	5,545	12,621
Tournaments General Expenses	-	35,658	-	21,925
Track, Boys and Girls	304,734	284,616	3	841
Volleyball	227,606	217,459	264,078	203,535
Wrestling	217,073	235,577	333,897	245,361
Total	<u>\$ 4,289,731</u>	<u>\$ 2,903,833</u>	<u>\$ 3,727,307</u>	<u>\$ 2,410,939</u>