

**REPORT OF**  
**MISSOURI STATE HIGH SCHOOL**  
**ACTIVITIES ASSOCIATION**  
**JUNE 30, 2011 and 2010**

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of the Missouri State High School Activities Association (the Association) as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Missouri State High School Activities Association as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 8 through 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Williams-Keepers LLC*

September 7, 2011

**MISSOURI STATE HIGH SCHOOL ACTIVITIES ASSOCIATION**

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2011 and 2010**

	2011	2010
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 306,401	\$ 741,299
Certificates of deposit	433,971	633,697
Accounts receivable	648,375	393,540
Prepaid expenses	129,734	102,104
Total current assets	1,518,481	1,870,640
<b>PROPERTY, BUILDING AND EQUIPMENT</b>		
Land	429,806	429,806
Building	3,740,748	3,674,500
Vehicles, furniture and equipment	792,175	951,455
Computer software and web page	1,192,293	1,004,865
Total property, building and equipment	6,155,022	6,060,626
Less: accumulated depreciation	2,088,356	1,877,525
Net property, building and equipment	4,066,666	4,183,101
Total assets	\$ 5,585,147	\$ 6,053,741
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 214,175	\$ 305,654
Deferred revenue	354,547	299,299
Accrued leave liability	63,206	63,304
Total current liabilities	631,928	668,257
<b>NET ASSETS</b>		
Total liabilities and net assets	\$ 5,585,147	\$ 6,053,741

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, 2011 and 2010**

	2011	2010
<b>REVENUES</b>		
Tournaments	\$ 4,850,782	\$ 4,606,721
Activity and tournament registration fees	654,178	658,610
Officials registration fees and penalties	437,043	361,590
Royalties and rights fees	196,137	207,685
Sponsorships and contributions, net of expenses of \$85,309 for 2011 and \$84,808 for 2010	420,941	325,642
Sales of rule books, officials emblems, etc.	89,988	87,979
Other programs	70,470	119,417
Preseason scrimmages	-	22,183
Penalties	47,501	10,705
Catastrophic insurance premiums, net of expenses	(4,569)	(59,854)
Rent	8,050	8,050
Interest revenue	3,900	12,248
Other	8,308	47,634
Total revenues	6,782,729	6,408,610
<b>FUNCTIONAL EXPENSES</b>		
Activity administration	4,413,445	4,435,621
General administration	1,730,601	1,647,441
Other programs	697,642	743,876
Eligibility interpretations	373,306	332,896
Total expenses	7,214,994	7,159,834
Decrease in net assets	(432,265)	(751,224)
Net assets, beginning of year	5,385,484	6,136,708
Net assets, end of year	\$ 4,953,219	\$ 5,385,484

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, 2011 and 2010**

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Decrease) in net assets	\$ (432,265)	\$ (751,224)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	386,195	310,324
(Increase) decrease in operating assets and increase (decrease) in operating liabilities:		
Accounts receivable	(254,837)	174,342
Prepaid expenses	(27,630)	117,973
Accounts payable	(91,478)	152,862
Deferred revenue	55,248	80,937
Accrued leave liability	(98)	(18,599)
Net cash provided (used) by operating activities	(364,865)	66,615
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Change in certificates of deposits	199,726	1,140,698
Purchase of and additions to building and equipment	(269,759)	(493,334)
Net cash provided (used) by investing activities	(70,033)	647,364
Net increase (decrease) in cash and cash equivalents	(434,898)	713,979
Cash and cash equivalents, beginning of year	741,299	27,320
Cash and cash equivalents, end of year	\$ 306,401	\$ 741,299

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 earned 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 three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The term restricted refers 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 unrestricted.

*Management estimates:* Management uses estimates and assumptions in preparing these financial statements in accordance with U.S. generally accepted accounting principles. 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 allowance for uncollectible accounts receivable and the useful lives of building and equipment.

*Functional classifications:* Expenses are grouped in the statement of activities according to the purpose for which costs are incurred. Accordingly, certain costs have been allocated among the programs and supporting activities 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 at June 30, 2011 and 2010 to be fully collectible and has not recorded an allowance for doubtful accounts. Interest is not charged on past due accounts.

*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 and equipment:

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.

*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. The Association's tax returns are subject to examination by the Internal Revenue Service (IRS). Open tax years subject to IRS examination as of June 30, 2011, are 2008 through 2011. Any interest or penalties incurred related to income tax filings are reported within activity administration in the statements of activities.

*Subsequent Events:* As part of considering whether events that occurred after June 30, 2011 should be accounted for and disclosed in the financial statements, the Association's management has reviewed subsequent events up until the issuance of the accompanying financial statements, which occurred on September 7, 2011.

## 2. CATASTROPHIC INSURANCE PREMIUMS

Member schools are billed for catastrophic medical and rehabilitation insurance. Member schools paid \$5.03 and \$4.99 per student athlete for insurance in 2011 and 2010, respectively. The following are total revenues and expenses:

	2011	2010
Catastrophic insurance premiums	\$ 716,488	\$ 659,016
Catastrophic medical and rehabilitation insurance expense	721,057	718,870
Net expense	<u>\$ (4,569)</u>	<u>\$ (59,854)</u>

## 3. 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 2011 and 2010 were \$101,352 and \$85,093, 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 \$77,133 and \$49,574 for 2011 and 2010, 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.

#### **4. 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.



**SUPPLEMENTARY INFORMATION**

**MISSOURI STATE HIGH SCHOOL ACTIVITIES ASSOCIATION**

**SCHEDULE OF TOURNAMENT REVENUES AND EXPENSES**

**Years Ended June 30, 2011 and 2010**

	2011		2010	
	Revenues	Expenses	Revenues	Expenses
Academic Competition	\$ 18,171	\$ 31,013	\$ 19,797	\$ 26,466
Baseball	234,894	169,310	200,215	162,384
Basketball, Boys and Girls	1,604,557	988,098	1,562,860	1,085,362
Cross Country, Boys and Girls	2,327	53,410	2,250	42,427
Cheerleading	15,225	13,565	17,285	14,172
Football	1,436,695	764,149	1,441,974	741,455
Golf, Boys	16,784	10,917	15,950	8,126
Golf, Girls	8,996	5,473	6,675	4,860
Music	221,854	317,179	229,250	322,434
Softball	225,069	153,027	136,737	145,831
Soccer, Boys	274,818	149,192	225,308	137,600
Soccer, Girls	159,536	115,345	122,790	103,949
Speech and Debate	28,714	34,774	31,446	34,185
Swimming, Boys	17,484	12,519	16,320	12,115
Swimming, Girls	15,175	13,755	15,496	14,909
Tennis, Boys	6,065	12,928	6,427	11,981
Tennis, Girls	6,511	12,756	5,134	9,875
Track, Boys and Girls	135,917	184,635	149,675	189,083
Volleyball	182,843	206,711	163,083	227,174
Wrestling	239,147	199,511	238,049	194,419
Total tournament revenue	<u>\$ 4,850,782</u>	<u>\$ 3,448,267</u>	<u>\$ 4,606,721</u>	<u>\$ 3,488,807</u>

**MISSOURI STATE HIGH SCHOOL ACTIVITIES ASSOCIATION**

**SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION**

Year Ended June 30, 2011

	Activity		General		Other Programs	Eligibility Interpretations	Total 2011	Total 2010
	Administration		Administration					
Association administration	\$ 28,236	\$ -	\$ 167,063	\$ -	\$ 30,589	\$ 9,412	\$ 235,300	\$ 248,103
Officials administration	-	-	-	-	179,282	-	179,282	162,114
Tournaments	3,448,267	-	-	-	-	-	3,448,267	3,488,807
Other programs	-	-	-	-	38,978	-	38,978	91,472
National Federation materials	-	-	-	-	172,446	-	172,446	197,767
Printing and publications	25,229	-	8,410	-	6,307	2,102	42,048	65,069
Salaries and benefits	664,973	-	1,039,021	-	207,804	166,243	2,078,041	1,958,129
Depreciation and amortization	123,582	-	193,097	-	38,619	30,896	386,194	310,324
Building and grounds	-	-	35,098	-	-	-	35,098	30,773
Sport first aid	-	-	-	-	-	-	-	29,111
Utilities	17,611	-	27,517	-	5,503	4,403	55,034	51,286
Telephone	12,562	-	19,628	-	3,926	3,140	39,256	38,951
Postage and shipping	56,751	-	18,917	-	14,188	4,729	94,585	97,604
Office supplies	-	-	11,062	-	-	-	11,062	15,574
Equipment repair and maintenance	-	-	84,756	-	-	-	84,756	42,158
Professional services	-	-	16,931	-	-	152,381	169,312	140,160
General and liability insurance	-	-	78,860	-	-	-	78,860	86,522
Music materials and awards	36,234	-	-	-	-	-	36,234	35,546
Dues and subscriptions	-	-	1,636	-	-	-	1,636	2,343
Other	-	-	28,605	-	-	-	28,605	68,021
<b>Total expenses</b>	<b>\$ 4,413,445</b>	<b>\$ -</b>	<b>\$ 1,730,601</b>	<b>\$ -</b>	<b>\$ 697,642</b>	<b>\$ 373,306</b>	<b>\$ 7,214,994</b>	<b>\$ 7,159,834</b>

**MISSOURI STATE HIGH SCHOOL ACTIVITIES ASSOCIATION**

**SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION**

Year Ended June 30, 2010

	Activity Administration	General Administration	Other Programs	Eligibility Interpretations	Total 2010
Association administration	\$ 29,773	\$ 176,153	\$ 32,253	\$ 9,924	\$ 248,103
Officials administration	-	-	162,114	-	162,114
Tournaments	3,488,807	-	-	-	3,488,807
Other programs	-	-	91,472	-	91,472
National Federation materials	-	-	197,767	-	197,767
Printing and publications	39,042	13,014	9,760	3,253	65,069
Salaries and benefits	626,601	979,065	195,813	156,650	1,958,129
Depreciation and amortization	99,304	155,162	31,032	24,826	310,324
Building and grounds	-	30,773	-	-	30,773
Sport first aid	29,111	-	-	-	29,111
Utilities	16,411	25,643	5,129	4,103	51,286
Telephone	12,464	19,476	3,896	3,116	38,951
Postage and shipping	58,562	19,521	14,641	4,880	97,604
Office supplies	-	15,574	-	-	15,574
Equipment repair and maintenance	-	42,158	-	-	42,158
Professional services	-	14,016	-	126,144	140,160
General and liability insurance	-	86,522	-	-	86,522
Music materials and awards	35,546	-	-	-	35,546
Dues and subscriptions	-	2,343	-	-	2,343
Other	-	68,021	-	-	68,021
Total expenses	<u>\$ 4,435,621</u>	<u>\$ 1,647,441</u>	<u>\$ 743,876</u>	<u>\$ 332,896</u>	<u>\$ 7,159,834</u>