

**REPORT OF**  
**MISSOURI STATE HIGH SCHOOL**  
**ACTIVITIES ASSOCIATION**  
**JUNE 30, 2013 and 2012**



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2005 West Broadway, Suite 100, Columbia, MO 65203  
OFFICE (573) 442-6171 FAX (573) 777-7800

3220 West Edgewood, Suite E, Jefferson City, MO 65109  
OFFICE (573) 635-6196 FAX (573) 644-7240

[www.williamskeepers.com](http://www.williamskeepers.com)

## INDEPENDENT AUDITORS' REPORT

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

We have audited the financial statements of the Missouri State High School Activities Association (the Association), which comprise the accompanying statements of financial position as of June 30, 2013 and 2012, and the related statements of activities 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 U.S. generally accepted accounting principles; 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.

### *Auditors' Responsibility*

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 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 Missouri State High School Activities Association as of June 30, 2013 and 2012, 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.

*Other Matter*

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 9 through 11 is presented for the purpose of additional analysis and is not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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 financial statements themselves, and other procedures in accordance with U.S. generally accepted accounting principles. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Williams - Keenan LLC*

September 12, 2013

**MISSOURI STATE HIGH SCHOOL ACTIVITIES ASSOCIATION**

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 221,193	\$ 176,996
Certificates of deposit	134,636	234,322
Accounts receivable	710,672	512,238
Prepaid expenses	140,298	210,437
Total current assets	<u>1,206,799</u>	<u>1,133,993</u>
<b>PROPERTY, BUILDING AND EQUIPMENT</b>		
Land	429,806	429,806
Building	3,740,748	3,740,748
Vehicles, furniture and equipment	808,702	788,127
Computer software and web page	1,289,780	1,277,056
Total property, building and equipment	<u>6,269,036</u>	<u>6,235,737</u>
Less: accumulated depreciation	<u>2,812,211</u>	<u>2,471,820</u>
Net property, building and equipment	<u>3,456,825</u>	<u>3,763,917</u>
Total assets	<u>\$ 4,663,624</u>	<u>\$ 4,897,910</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 148,178	\$ 207,737
Deferred revenue	371,883	356,131
Accrued leave liability	66,603	56,067
Total current liabilities	<u>586,664</u>	<u>619,935</u>
<b>NET ASSETS</b>	<u>4,076,960</u>	<u>4,277,975</u>
Total liabilities and net assets	<u>\$ 4,663,624</u>	<u>\$ 4,897,910</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, 2013 and 2012**

	2013	2012
<b>REVENUES</b>		
Tournaments	\$ 4,797,926	\$ 4,548,670
Activity and tournament registration fees	673,780	668,025
Officials registration fees and penalties	421,649	421,983
Royalties and rights fees	214,749	206,410
Sponsorships and contributions, net of expenses of \$78,422 for 2013 and \$69,319 for 2012	491,878	393,121
Sales of rule books, officials emblems, etc.	90,203	84,893
Other programs	61,267	80,412
Penalties	40,747	47,059
Catastrophic insurance premiums, net of expenses	(10,043)	(2,965)
Rent	8,900	8,050
Interest revenue	315	1,669
Other	5,500	1,422
Total revenues	6,796,871	6,458,749
<b>FUNCTIONAL EXPENSES</b>		
Activity administration	4,165,147	4,383,807
General administration	1,772,134	1,713,993
Other programs	659,060	650,114
Eligibility interpretations	401,545	386,079
Total expenses	6,997,886	7,133,993
Decrease in net assets	(201,015)	(675,244)
Net assets, beginning of year	4,277,975	4,953,219
Net assets, end of year	\$ 4,076,960	\$ 4,277,975

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, 2013 and 2012**

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Decrease) in net assets	\$ (201,015)	\$ (675,244)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	340,390	406,886
Loss on disposal of property and equipment	-	4,166
(Increase) decrease in operating assets and increase (decrease) in operating liabilities:		
Accounts receivable	(198,434)	136,137
Prepaid expenses	70,139	(80,703)
Accounts payable	(59,559)	(6,439)
Deferred revenue	15,752	1,584
Accrued leave liability	10,536	(7,139)
Net cash (used) by operating activities	(22,191)	(220,752)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Change in certificates of deposits	99,686	199,649
Purchase of and additions to building and equipment	(33,298)	(108,302)
Net cash provided by investing activities	66,388	91,347
Net increase (decrease) in cash and cash equivalents	44,197	(129,405)
Cash and cash equivalents, beginning of year	176,996	306,401
Cash and cash equivalents, end of year	\$ 221,193	\$ 176,996

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 net realizable amount of 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, 2013 and 2012 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, 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.

*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, 2013, are 2010 through 2013. Any interest or penalties incurred related to income tax filings are reported within activity administration in the Statement of Activities.

*Subsequent Events:* Events that have occurred subsequent to June 30, 2013 have been evaluated for purposes of disclosure and accounting in the financial statements through September 12, 2013.

## 2. CATASTROPHIC INSURANCE PREMIUMS

Member schools are billed for catastrophic medical and rehabilitation insurance. Member schools paid \$5.08 and \$4.95 per student athlete for insurance in 2013 and 2012, respectively. The following are total revenues and expenses:

	<u>2013</u>	<u>2012</u>
Catastrophic insurance premiums	\$ 719,642	\$ 720,103
Catastrophic medical and rehabilitation insurance expense	<u>729,685</u>	<u>723,068</u>
Net expense	<u>\$ (10,043)</u>	<u>\$ (2,965)</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 2013 and 2012 were \$114,019 and \$111,681, 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 \$88,683 and \$97,363 for 2013 and 2012, 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. LEASE COMMITMENT

The Association leases equipment under a long-term operating lease. The existing lease requires monthly lease payments of \$3,557 through November 2017. This lease results in the following commitment:

Year ending June 30,	
2014	\$ 42,684
2015	42,684
2016	42,684
2017	42,684
2018	<u>14,228</u>
	<u>\$ 184,964</u>

Lease expense under the above lease was \$30,562 and \$25,260 for the years ended June 30, 2013, and 2012, respectively.

#### 5. 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, 2013 and 2012**

	2013		2012	
	Revenues	Expenses	Revenues	Expenses
Academic Competition	\$ 27,420	\$ 41,057	\$ 17,524	\$ 31,543
Baseball	308,392	186,690	291,357	182,225
Basketball, Boys and Girls	1,512,280	825,171	1,475,753	979,459
Cross Country, Boys and Girls	37,221	58,445	41,326	60,730
Cheerleading	26,820	17,992	20,485	10,742
Football	1,248,202	653,404	1,206,937	702,392
Golf, Boys	41,205	33,875	41,911	35,114
Golf, Girls	23,791	20,952	19,405	16,149
Music	324,343	387,547	223,609	332,038
Softball	207,641	139,175	215,504	148,354
Soccer, Boys	202,104	105,669	170,841	120,670
Soccer, Girls	153,398	94,544	159,463	109,449
Speech and Debate	44,392	44,298	28,850	37,390
Swimming, Boys	16,430	14,837	17,412	14,254
Swimming, Girls	14,495	14,731	15,828	14,279
Tennis, Boys	6,235	15,352	5,951	14,701
Tennis, Girls	6,341	13,318	6,108	13,195
Track, Boys and Girls	169,225	176,014	165,574	184,577
Volleyball	181,949	168,813	184,805	216,360
Wrestling	246,042	192,549	240,027	200,445
Tournaments General Expenses	-	4,297	-	-
Total tournament revenue	<u>\$ 4,797,926</u>	<u>\$ 3,208,730</u>	<u>\$ 4,548,670</u>	<u>\$ 3,424,066</u>

**MISSOURI STATE HIGH SCHOOL ACTIVITIES ASSOCIATION**

**SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION**

Year Ended June 30, 2013

	Activity		General		Other Programs	Eligibility Interpretations	Total 2013	Total 2012
	Administration		Administration					
Association administration	\$ 29,441	\$	174,191	\$	31,894	\$ 9,814	\$ 245,340	\$ 209,108
Officials administration	-	-	-	-	176,721	-	176,721	161,735
Tournaments	3,208,730	-	-	-	-	-	3,208,730	3,424,066
Other programs	-	-	-	-	10,137	-	10,137	16,085
National Federation materials	-	-	-	-	167,430	-	167,430	168,581
Printing and publications	21,383	7,128	-	-	5,346	1,781	35,638	36,434
Salaries and benefits	676,586	1,057,166	-	-	211,433	169,146	2,114,331	2,087,024
Depreciation and amortization	108,925	170,195	-	-	34,039	27,231	340,390	406,886
Building and grounds	-	46,445	-	-	-	-	46,445	27,104
Utilities	17,146	26,790	-	-	5,358	4,286	53,580	51,756
Telephone	11,857	18,529	-	-	3,706	2,965	37,057	36,054
Postage and shipping	51,983	17,328	-	-	12,996	4,332	86,639	85,944
Office supplies	-	10,546	-	-	-	-	10,546	10,470
Equipment lease, repair and maintenance	-	94,077	-	-	-	-	94,077	92,813
Professional services	-	20,221	-	-	-	181,990	202,211	183,399
General and liability insurance	-	81,797	-	-	-	-	81,797	81,812
Music materials and awards	39,096	-	-	-	-	-	39,096	35,071
Dues and subscriptions	-	1,961	-	-	-	-	1,961	1,612
Other	-	45,760	-	-	-	-	45,760	18,039
<b>Total expenses</b>	<b>\$ 4,165,147</b>	<b>\$ 1,772,134</b>	<b>\$ 659,060</b>	<b>\$ 401,545</b>	<b>\$ 6,997,886</b>	<b>\$ 7,133,993</b>		

MISSOURI STATE HIGH SCHOOL ACTIVITIES ASSOCIATION

SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION

Year Ended June 30, 2012

	Activity Administration	General Administration	Other Programs	Eligibility Interpretations	Total 2012
Association administration	\$ 25,093	\$ 148,467	\$ 27,184	\$ 8,364	\$ 209,108
Officials administration	-	-	161,735	-	161,735
Tournaments	3,424,066	-	-	-	3,424,066
Other programs	-	-	16,085	-	16,085
National Federation materials	-	-	168,581	-	168,581
Printing and publications	21,860	7,287	5,465	1,822	36,434
Salaries and benefits	667,848	1,043,512	208,702	166,962	2,087,024
Depreciation and amortization	130,204	203,443	40,689	32,550	406,886
Building and grounds	-	27,104	-	-	27,104
Utilities	16,562	25,878	5,176	4,140	51,756
Telephone	11,537	18,027	3,605	2,884	36,054
Postage and shipping	51,566	17,189	12,892	4,297	85,944
Office supplies	-	10,470	-	-	10,470
Equipment repair and maintenance	-	92,813	-	-	92,813
Professional services	-	18,340	-	165,059	183,399
General and liability insurance	-	81,812	-	-	81,812
Music materials and awards	35,071	-	-	-	35,071
Dues and subscriptions	-	1,612	-	-	1,612
Other	-	18,039	-	-	18,039
<b>Total expenses</b>	<b>\$ 4,383,807</b>	<b>\$ 1,713,993</b>	<b>\$ 650,114</b>	<b>\$ 386,079</b>	<b>\$ 7,133,993</b>