UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

With

INDEPENDENT AUDITOR'S REPORT

June 30, 2017 and 2016

EDWARD J. WORTHINGTON
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Utah High School Activities Association, Inc.
Salt Lake City, Utah

I have audited the accompanying financial statements of the Utah High School Activities Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, 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 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Utah High School Activities Association, Inc. as of June 30, 2017 and 2016 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

My audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The schedule of revenues and expenses from sponsored activities shown as additional information following the footnotes 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 audit 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Edward J. Worthington CPA

July 27, 2017

UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

	June 30, 2017	June 30, 2016
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents (Note 1-e)	$ 159,346	$ 133,100
Investment Fund (Note 2)	1,779,664	1,709,447
Accounts Receivable	8,032	27,407
Prepaid Expenses (Note 3)	0	5,784
Inventory of books (Note 1-b)	13,539	14,680
Total Current Assets	1,960,581	1,890,418
FIXED ASSETS		
Property & Equipment (Note 1-d)		
Land and Improvements	9,633	9,633
Building and Improvements	1,183,500	1,183,500
Furniture and equipment	256,319	237,489
	1,449,452	1,430,622
Less: Accumulated Depreciation	(707,289)	(668,750)
Total Fixed Assets	742,163	761,872
TOTAL ASSETS	$ 2,702,744	$ 2,652,290
LIABILITIES & NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 16,119	$ 28,679
Accrued Taxes & Expenses	347	171
Total Current Liabilities	16,466	28,850
Total Liabilities	16,466	28,850
NET ASSETS		
Unrestricted	2,686,278	2,623,440
Total Net Assets	2,686,278	2,623,440
TOTAL LIABILITIES AND NET ASSETS	$ 2,702,744	$ 2,652,290

See accompanying notes to financial statements

UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2017 and 2016

	June 30, 2017	June 30, 2016
UNRESTRICTED NET ASSETS		
Revenues, Gains and Other Support		
Sponsored activities	$ 1,506,950	$ 1,547,959
Activity Fees	104,560	101,840
Annual Dues	37,250	36,500
Athletic Passes	123,380	118,835
Official Arbiting	81,310	77,440
Officials' Fees	53,747	67,777
Books and Supplies	9,320	4,950
Interest	20,232	11,987
Corporate Sponsorship (Note 4)	460,960	370,065
Foundation Games Revenue	115,312	139,607
Coaches & Officials Training	26,945	25,650
Wrestling Weight Management	23,975	25,340
Other	28,772	49,016
Licensing	47,000	47,000
Vendors	1,575	14,072
Total Revenues, Gains and Other Support	2,641,288	2,638,038
Expenses and Losses		
Sponsored Activities	864,323	863,505
General and Administrative	1,397,202	1,364,435
Official Arbiting	47,750	34,850
National Federation	80,323	68,639
Litigation Settlement (Note 5)	35,000	0
Charitable Donation –UHSA Foundation (Note 7)	115,312	139,607
Depreciation	38,540	37,164
Total Expenses	2,578,450	2,508,200
CHANGE IN UNRESTRICTED NET ASSETS	62,838	129,838
CHANGE IN NET ASSETS	62,838	129,838
NET ASSETS AT BEGINNING OF YEAR	2,623,440	2,493,602
NET ASSETS AT END OF YEAR	$ 2,686,278	$ 2,623,440

See accompanying notes to financial statements

UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

a. Nature of Activities - Utah High School Activities Association, Inc., is a non-profit corporation, Incorporated under the laws of the State of Utah, to plan, supervise and administer all Interscholastic activities in which its member schools participate on an inter-district basis. The majority of the Association's revenue is from admissions to the various sponsored activities.

b. Inventory of Books – Inventory of books consists of books purchased as of June 30, 2017 for the 2017-18 year. The Inventory of Books is recorded at cost using the first-in, first-out method.

c. Income Taxes – The Association has qualified as a tax-exempt organization under the provisions of section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been made.

d. Property and Equipment – Property and equipment are recorded at cost. Depreciation is charged to operations over the estimated useful lives of the assets using the straight-line method for the building and building improvements, and accelerated methods for furniture and equipment. Estimated useful lives of the assets are 39 years for the building and improvements, and 5-7 years for furniture and equipment. Expenditures for maintenance and repairs are charged to expense as incurred, whereas expenditures for renewals and improvements are capitalized.

e. Cash & Cash Equivalents – Cash equivalents consist of cash, savings, and time certificates of Deposit with original maturities to the Association of 90 days or less. As of June 30, 2017, and at various times throughout the year, cash balances at a financial institution exceeded federally insured limits.

f. Management Estimates – The preparation of financial statements in conformity with generally Accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

g. Financial Statement Presentation – The Association has adopted Statement of Financial Accounting Standards (SFAS)) No. 117, " Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Association had no temporarily restricted or permanently restricted net assets during 2016 and 2017. In addition, the Association is required to present a statement of cash flows.

h. Investment – The Association has adopted SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Associations." Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONT.)

i. Revenue Recognition – The Association, as a non-profit organization, has elected to report on the accrual basis of accounting.

NOTE 2 – INVESTMENT FUND

Discretionary funds have been deposited with the State Treasurers office, where funds earn a market rate of interest. During the years ended June 30, 2017 and 2016, the investment earned $20,218 and $11,973 respectively.

NOTE 3 – PREPAID EXPENSES

Prepaid expenses consists of liability insurance premiums of $5,784 paid in June 2016 for the 2016-17 fiscal year.

NOTE 4 – CORPORATE SPONSORSHIP

The Association has received donations from companies in a program of corporate sponsorships wherein funds are used to help support high school activities. These numbers also include fees charged for broadcasting rights. During the fiscal years ended June 30, 2017 and 2016, the Association raised $460,960 and $370,065, respectively.

NOTE 5 – LITIGATION SETTLEMENT

On November 13, 2016 a suit was filed by Ticket Biscuit LLC alleging a breach of contract against the Utah High School Activities Association. The Association subsequently filed an answer and counterclaim. After exchanges between the parties involved it was agreed the Association would pay Ticket Biscuit LLC the amount of $35,000 and both parties would dismiss their respective claims. The Association paid the agreed upon amount prior to the end of the June 30, 2017 fiscal year.

NOTE 6 – EMPLOYEE RETIREMENT PLAN – STATE AND SCHOOL – COST SHARING

The Association contributes to the State and School Noncontributory Retirement System, cost-sharing multiple-employer defined benefit pension plans administrated by the Utah Retirement Systems. Utah Retirement Systems provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the State and School Contributory Retirement System and State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

In the State and School Noncontributory Retirement System the Association is required to contribute 22.19% for their annual covered salary for the 2016-2017 year and 22.19% for the 2015-2016 year. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The Association contributions to the State and School Noncontributory Retirement System for the years ending June 30, 2017 and 2016 were $123,428 and $118,670 respectively. The contributions were equal to the required contributions for each year. The Association also made contributions to participants' 401k plans for the years ending June 30, 2017 and June 30, 2016 totaling $8,343 and $8,022 respectively.

NOTE 7-CHARITABLE DONATIONS

For the past several years the Association has collected funds from designated football and basketball games played by each of the high schools known as foundation games. The schools and the Association would share the proceeds from ticket sales of these games and the intent of the Association was to use these funds for some type of charitable purpose to benefit the students of Utah high schools. A goal was established and monies were accumulated as they were collected and set aside in a separate bank account until the goal was achieved. Up to that point no specific plan for the use of the funds had been designated Although many options were discussed. When the goal was finally reached it was determined by the board of trustees that a charitable foundation should be established to accommodate the charitable purposes for which these funds had been collected. IRS approval for the foundation was finally granted late in the June 2010 fiscal year and shortly thereafter, at the beginning of the 2010-11 fiscal year the board of trustees approved using the funds collected to fund the foundation. The Utah High School Activities Foundation is a separate legal entity with a separate governing board, unrelated to the Activities Association. All decisions regarding the use of the funds within the Foundation are made by its governing board and are outside of the control of the Activities Association. During the 2016-17 and 2015-16 fiscal years the Association donated $115,312 and $139,607 respectively to the Foundation, which represents the monies received from the respective year's foundation games. These amounts have been reflected as a current expense in their respective years.

NOTE 8-EVALUATION OF SUBSEQUENT EVENTS

The Organization's subsequent events have been evaluated through July 27, 2017, the date which the financial statements were available to be issued.

ADDITIONAL INFORMATION

UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.
SUMMARY OF REVENUES AND EXPENSES FROM SPONSORED ACTIVITIES
Years Ended June 30, 2017 and 2016

	REVENUES		EXPENSES		EXCESS REVENUES (EXPENSES)	
	2017	2016	2017	2016	2017	2016
Basketball						
5A-4A Boys Basketball	$ 159,453	$ 187,537	$ 85,393	$ 87,324	$ 74,060	$ 100,213
5A-4A Girls Basketball	73,412	84,867	34,233	32,863	39,179	52,004
3A-1A Basketball	167,526	176,921	98,641	97,104	68,885	79,817
Football	422,172	413,355	177,889	170,690	244,283	242,665
Wrestling	100,989	106,461	77,086	84,703	23,903	21,758
Baseball	122,640	120,732	47,787	46,593	74,853	74,139
Volleyball	109,802	108,757	61,241	61,062	48,561	47,695
Swimming	34,400	33,695	22,129	23,658	12,271	10,037
Track	70,933	71,499	54,764	53,565	16,169	17,934
Drill Team	100,468	102,120	47,817	50,600	52,651	51,520
Boys Soccer	49,193	39,743	14,871	13,512	34,322	26,231
Girls Soccer	52,764	51,411	15,213	14,712	37,551	36,699
Softball	43,198	50,861	21,710	23,550	21,488	27,311
Forensics	0	0	21,862	23,704	(21,862)	(23,704)
Music	0	0	22,705	21,015	(22,705)	(21,015)
Speech & Drama	0	0	18,856	20,493	(18,856)	(20,493)
Golf	0	0	7,764	3,114	(7,764)	(3,114)
Cross Country	0	0	9,823	9,045	(9,823)	(9,045)
Tennis	0	0	24,539	26,198	(24,539)	(26,198)
	$ 1,506,950	$ 1,547,959	$ 864,323	$ 863,505	$ 642,627	$ 684,454

See accompanying accountant's report