

**UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**With**

**INDEPENDENT AUDITOR'S REPORT**

**June 30, 2019 and 2018**

**EDWARD J. WORTHINGTON**  
Certified Public Accountant

# 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, 2019 and 2018, 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, 2019 and 2018 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

August 6, 2019

**UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2019 and 2018**

|   | <b>June 30,</b>     |                     |
|---|---------------------|---------------------|
|   | <b>2019</b>         | <b>2018</b>         |
| <b>ASSETS</b>                           |                     |                     |
| <b>CURRENT ASSETS</b>                   |                     |                     |
| Cash and Cash Equivalents (Note 1-e)    | \$ 2,019,822        | \$ 2,125,622        |
| Accounts Receivable                     | 6,713               | 25,013              |
| Prepaid Expenses (Note 3)               | 0                   | 11,848              |
| Inventory of books (Note 1-b)           | 15,459              | 17,219              |
| Total Current Assets                    | 2,041,994           | 2,179,702           |
| <b>FIXED ASSETS</b>                     |                     |                     |
| Property & Equipment (Note 1-d)         |                     |                     |
| Land and Improvements                   | 9,633               | 9,633               |
| Building and Improvements               | 1,183,500           | 1,183,500           |
| Furniture and equipment                 | 275,556             | 269,999             |
|   | 1,468,689           | 1,463,132           |
| Less: Accumulated Depreciation          | (790,289)           | (748,975)           |
| Total Fixed Assets                      | 678,400             | 714,157             |
| <b>TOTAL ASSETS</b>                     | <b>\$ 2,720,394</b> | <b>\$ 2,893,859</b> |
| <b>LIABILITIES &amp; NET ASSETS</b>     |                     |                     |
| <b>CURRENT LIABILITIES</b>              |                     |                     |
| Accounts Payable                        | \$ 85,506           | \$ 150,183          |
| Accrued Taxes & Expenses                | 92                  | 2,047               |
| Deferred Revenue (Note 4)               | 0                   | 2,135               |
| Total Current Liabilities               | 85,598              | 154,365             |
| Total Liabilities                       | 85,598              | 154,365             |
| <b>NET ASSETS</b>                       |                     |                     |
| Unrestricted                            | 2,634,796           | 2,739,494           |
| Total Net Assets                        | 2,634,796           | 2,739,494           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <b>\$ 2,720,394</b> | <b>\$ 2,893,859</b> |

See accompanying notes to financial statements

**UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
For the Years Ended June 30, 2019 and 2018

|   | June 30,            |                     |
|---|---------------------|---------------------|
|   | 2019                | 2018                |
| <b>CHANGES IN UNRESTRICTED NET ASSETS</b>             |                     |                     |
| <b>Revenues, Gains and Other Support</b>              |                     |                     |
| Sponsored activities                                  | \$ , 1,783,236      | \$ 1,596,635        |
| Activity Fees   | 109,000             | 106,560             |
| Annual Dues   | 38,250              | 37,250              |
| Athletic Passes                                       | 131,070             | 127,170             |
| Official Arbiting                                     | 84,240              | 82,490              |
| Officials' Fees                                       | 78,821              | 57,413              |
| Books and Supplies                                    | 6,395               | 6,049               |
| Interest  | 52,550              | 33,751              |
| Corporate Sponsorship (Note 5)                        | 354,000             | 482,920             |
| Foundation Games Revenue                              | 116,293             | 121,738             |
| Coaches & Officials Training                          | 41,447              | 46,805              |
| Wrestling Weight Management                           | 24,510              | 24,455              |
| Other   | 72,422              | 56,551              |
| Licensing   | 60,316              | 56,000              |
| Vendors   | 700                 | 2,200               |
| <b>Total Revenues, Gains and Other Support</b>        | <b>2,953,250</b>    | <b>2,837,987</b>    |
| <b>Expenses</b>                                       |                     |                     |
| Sponsored Activities                                  | 1,048,560           | 976,164             |
| General and Administrative                            | 1,710,641           | 1,506,064           |
| Official Arbiting                                     | 70,025              | 60,530              |
| National Federation                                   | 71,115              | 78,589              |
| Charitable Donation –UHSA Foundation (Note 7)         | 116,293             | 121,738             |
| Depreciation  | 41,314              | 41,686              |
| <b>Total Expenses</b>                                 | <b>3,057,948</b>    | <b>2,784,771</b>    |
| <b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b> | <b>(104,698)</b>    | <b>53,216</b>       |
| <b>INCREASE (DECREASE) IN NET ASSETS</b>              | <b>(104,698)</b>    | <b>53,216</b>       |
| <b>NET ASSETS AT BEGINNING OF YEAR</b>                | <b>2,739,494</b>    | <b>2,686,278</b>    |
| <b>NET ASSETS AT END OF YEAR</b>                      | <b>\$ 2,634,796</b> | <b>\$ 2,739,494</b> |

See accompanying notes to financial statements

**UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2019 and 2018**

|   | <b>June 30,</b> |              |
|---|-----------------|--------------|
|   | <b>2019</b>     | <b>2018</b>  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                 |              |
| Increase (Decrease) in Net Assets   | \$ (104,698)    | \$ 53,216    |
| Adjustments to reconcile Change in Net Assets to Cash and Cash Equivalents provided (used) by operating activities: |                 |              |
| Depreciation  | 41,314          | 41,686       |
| (Increase) decrease in accounts receivable  | 18,300          | (16,981)     |
| (Increase) decrease in prepaid expenses   | 11,848          | (11,848)     |
| (Increase) decrease in books inventory  | 1,760           | (3,680)      |
| Increase (decrease) in accounts payable   | (64,677)        | 134,064      |
| Increase (decrease) in accrued taxes and expenses   | (1,955)         | 1,700        |
| Increase (decrease) in deferred revenue   | (2,135)         | 2,135        |
| NET CASH AND CASH EQUIVALENTS PROVIDED (USED) BY OPERATING ACTIVITIES   | (100,243)       | 200,292      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                 |              |
| Purchase of building and equipment  | (5,557)         | (13,680)     |
| NET CASH AND CASH EQUIVALENTS PROVIDED (USED) BY INVESTING ACTIVITIES   | (5,557)         | (13,680)     |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVILANTS</b>   | (105,800)       | 186,612      |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>   | 2,125,622       | 1,939,010    |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>   | \$ 2,019,822    | \$ 2,125,622 |

See accompanying notes to financial statements

**UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

**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, 2019 for the 2019-20 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 and classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for federal or state income taxes has been made.
- d. Property and Equipment – The Organization Capitalizes property and equipment over \$500. Purchased property and equipment are capitalized 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 – For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. As of June 30, 2019, 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. Revenue Recognition – The Association, as a non-profit organization, has elected to report on the accrual basis of accounting.

**NOTE 2 – FUNDS DEPOSITED WITH UTAH PUBLIC TREASURER'S 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, 2019 and 2018, the investment earned \$52,461 and \$33,751 respectively.

**UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

**NOTE 3 – PREPAID EXPENSES**

Prepaid expenses consist of liability insurance premiums of \$11,848 paid in June 2018 for the 2018-19 fiscal year.

**NOTE 4 – DEFERRED REVENUE**

Deferred revenue consists of registration fees for a September 2018 regional meeting collected during the 2017-18 year that is revenue for 2018-19. During the fiscal years ended June 30, 2019 and 2018, the Association collected \$0 and \$2,135 of deferred revenue, respectively.

**NOTE 5 – 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, 2019 and 2018, the Association raised \$354,000 and \$482,920, respectively.

**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 administered 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.



**UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

**NOTE 6 – EMPLOYEE RETIREMENT PLAN – STATE AND SCHOOL – COST SHARING  
(CONTINUED)**

In the State and School Noncontributory Retirement System the Association is required to contribute 22.19% for their annual covered salary for the 2018-2019 year and 22.19% for the 2017-2018 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, 2019 and 2018 were \$130,738 and \$119,209 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, 2019 and June 30, 2018 totaling \$8,744 and \$8,274 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 2018-19 and 2017-18 fiscal years the Association donated \$116,293 and \$121,738 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.



**UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

**NOTE 8-EVALUATION OF SUBSEQUENT EVENTS**

The Organization's subsequent events have been evaluated through August 6, 2019, the date which the financial statements were available to be issued.

**NOTE 9-LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization's financial assets as of June 30, 2019 and June 30, 2018 are available for general use and have no restrictions. As part of the Organization's liquidity management, it invests cash in excess of daily requirements in short-term investments with the Utah Public Treasurer's Investment Fund.

**ADDITIONAL INFORMATION**

**UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.**  
**SUMMARY OF REVENUES AND EXPENSES FROM SPONSORED ACTIVITIES**  
 Years Ended June 30, 2019 and 2018

|                | REVENUES            |                     | EXPENSES            |                   | EXCESS            |                   |
|----------------|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|
|                | 2019                | 2018                | 2019                | 2018              | 2019              | 2018              |
| Basketball     | \$ 476,030          | \$ 433,448          | \$ 266,128          | \$ 247,558        | \$ 209,902        | \$ 185,890        |
| Football       | 498,502             | 438,391             | 182,483             | 195,443           | 316,019           | 242,948           |
| Wrestling      | 110,141             | 107,988             | 89,745              | 73,771            | 20,396            | 34,217            |
| Baseball       | 121,628             | 128,482             | 63,558              | 70,599            | 58,070            | 57,883            |
| Volleyball     | 120,685             | 113,184             | 80,508              | 72,132            | 40,177            | 41,052            |
| Swimming       | 44,465              | 28,210              | 21,750              | 23,450            | 22,715            | 4,760             |
| Track          | 83,080              | 65,325              | 59,773              | 58,169            | 23,307            | 7,156             |
| Drill Team     | 137,473             | 109,590             | 77,864              | 57,570            | 59,609            | 52,020            |
| Boys Soccer    | 50,945              | 59,972              | 19,695              | 16,913            | 31,250            | 43,059            |
| Girls Soccer   | 62,008              | 62,005              | 19,355              | 19,134            | 42,653            | 42,871            |
| Softball       | 54,589              | 50,040              | 33,937              | 23,449            | 20,652            | 26,591            |
| Forensics      | 0                   | 0                   | 30,107              | 26,807            | (30,107)          | (26,807)          |
| Music          | 0                   | 0                   | 20,610              | 21,484            | (20,610)          | (21,484)          |
| Speech & Drama | 0                   | 0                   | 28,540              | 25,306            | (28,540)          | (25,306)          |
| Golf           | 0                   | 0                   | 8,854               | 8,863             | (8,854)           | (8,863)           |
| Cross Country  | 0                   | 0                   | 15,150              | 9,069             | (15,150)          | (9,069)           |
| Tennis         | 23,690              | 0                   | 30,503              | 26,447            | (6,813)           | (26,447)          |
|                | <u>\$ 1,783,236</u> | <u>\$ 1,596,635</u> | <u>\$ 1,048,560</u> | <u>\$ 976,164</u> | <u>\$ 734,676</u> | <u>\$ 620,471</u> |

See accompanying accountant's report

