

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

**FINANCIAL STATEMENTS**

**With**

**INDEPENDENT AUDITOR'S REPORT**

**June 30, 2020 and 2019**

**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, 2020 and 2019, and 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

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, 2020 and 2019 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 5, 2020

**UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2020 and 2019**

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents (Note 1-e)	\$ 1,998,384	\$ 2,019,822
Accounts Receivable	7,634	6,713
Prepaid Expenses (Note 3)	27,102	0
Inventory of books (Note 1-b)	<u>15,325</u>	<u>15,459</u>
Total Current Assets	2,048,445	2,041,994
<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	<u>281,584</u>	<u>275,556</u>
	1,474,717	1,468,689
Less: Accumulated Depreciation	<u>(829,309)</u>	<u>(790,289)</u>
Total Fixed Assets	<u>645,408</u>	<u>678,400</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,693,853</u></u>	<u><u>\$ 2,720,394</u></u>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 59,625	\$ 85,506
Accrued Taxes & Expenses	97	92
Current portion of long-term debt	<u>44,199</u>	<u>0</u>
Total Current Liabilities	103,921	85,598
<b>LONG-TERM DEBT, less current portion (Note 4)</b>	<u>56,301</u>	<u>0</u>
Total Liabilities	160,222	85,598
<b>NET ASSETS</b>		
Unrestricted	<u>2,533,631</u>	<u>2,634,796</u>
Total Net Assets	<u>2,533,631</u>	<u>2,634,796</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 2,693,853</u></u>	<u><u>\$ 2,720,394</u></u>

See accompanying notes to financial statements

**UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
For the Years Ended June 30, 2020 and 2019

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>Revenues, Gains and Other Support</b>		
Sponsored activities	\$ 1,432,469	\$ 1,783,236
Activity Fees	114,720	109,000
Annual Dues	38,500	38,250
Athletic Passes	136,880	131,070
Official Arbiting	92,770	84,240
Officials' Fees	109,267	78,821
Books and Supplies	3,179	6,395
Interest	38,356	52,550
Corporate Sponsorship (Note 5)	364,578	354,000
Foundation Games Revenue	136,337	116,293
Coaches & Officials Training	59,400	41,447
Wrestling Weight Management	26,700	24,510
Other	30,159	72,422
Licensing	50,749	60,316
Vendors	<u>700</u>	<u>700</u>
<b>Total Revenues, Gains and Other Support</b>	2,634,764	2,953,250
<b>Expenses</b>		
Sponsored Activities	766,189	1,048,560
General and Administrative	1,833,403	1,893,095
Charitable Donation –UHSA Foundation (Note 7)	<u>136,337</u>	<u>116,293</u>
<b>Total Expenses</b>	2,735,929	3,057,948
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	<u>(101,165)</u>	<u>(104,698)</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(101,165)	(104,698)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>2,634,796</u>	<u>2,739,494</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 2,533,631</u>	<u>\$ 2,634,796</u>

See accompanying notes to financial statements

**UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years Ended June 30, 2020 and 2019**

	June 30, 2020			June 30, 2019		
	<u>Sponsored Activities</u>	<u>General &amp; Administrative</u>	<u>Total</u>	<u>Sponsored Activities</u>	<u>General &amp; Administrative</u>	<u>Total</u>
School Expense	\$ 54,960		\$ 54,960	\$ 83,343		\$ 83,343
Operating/Rental	511,649		511,649	626,749		626,749
Misc Expense	15,196		15,196	35,529		35,529
Security Expense	17,639		17,639	42,821		42,821
Judges/Adjudicators	35,800		35,800	81,771		81,771
Official Fees	103,588		103,588	128,992		128,992
Official Expenses	27,357		27,357	49,355		49,355
Salaries		663,864	663,864		656,605	656,605
Employer FICA		48,507	48,507		47,853	47,853
Retirement		140,910	140,910		139,481	139,481
Workers Comp		5,292	5,292		5,201	5,201
Unemployment		277	277		268	268
Bank Fees		8,006	8,006		7,011	7,011
Audit		5,690	5,690		5,475	5,475
Auto Expense		10,654	10,654		15,764	15,764
Awards		68,192	68,192		79,475	79,475
Exec Committee		18,380	18,380		20,606	20,606
Depreciation		39,020	39,020		41,314	41,314
Health Insurance		141,206	141,206		137,305	137,305
Janitorial		6,420	6,420		7,725	7,725
Legal Expense		310,077	310,077		303,938	303,938
Board of Trustees		2,933	2,933		8,612	8,612
Repairs & Maint		4,960	4,960		3,505	3,505
Misc Meetings		6,204	6,204		5,013	5,013
Misc Expense		3,577	3,577		1,206	1,206
Nat'l Federation		47,672	47,672		71,115	71,115
Postage		12,672	12,672		10,691	10,691
Rules Clinics		3,689	3,689		1,278	1,278
Staff Expense		6,974	6,974		10,103	10,103
Supplies Expense		4,329	4,329		4,323	4,323
Telephone		15,597	15,597		13,836	13,836
Utilities		10,775	10,775		12,744	12,744
Contract Services		8,170	8,170		8,352	8,352
Sponsorship Exp		1,716	1,716		2,026	2,026
Catastrophic Ins		30,148	30,148		40,089	40,089
Internet Expense		20,258	20,258		17,735	17,735
Liability Insurance		36,122	36,122		37,194	37,194
Arbiting Expense		67,875	67,875		70,025	70,025
Section 7 & 8 Mtgs		6,887	6,887		31,986	31,986
Coaches Training		2,372	2,372		0	0
Student Leadership		23	23		8,238	8,238
Wrestling Weight Mgt		23,010	23,010		23,907	23,907
Professional Fees		28,800	28,800		28,800	28,800
Officials Camp		4,686	4,686		3,942	3,942
Sportsmanship		7,023	7,023		5,381	5,381
UHSAA Summit		5,606	5,606		0	0
Unified Sports		0	0		272	272
Drill Practicum		4,218	4,218		4,701	4,701
Appeals Panel	0	612	612	0	0	0
	<u>\$ 766,189</u>	<u>\$ 1,833,403</u>	<u>\$ 2,599,592</u>	<u>\$ 1,048,560</u>	<u>\$ 1,893,095</u>	<u>\$ 2,941,655</u>

See accompanying notes to financial statements

**UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2020 and 2019**

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in Net Assets	\$ (101,165)	\$ (104,698)
Adjustments to reconcile Change in Net Assets to Cash and Cash Equivalents provided (used) by operating activities:		
Depreciation	39,020	41,314
(Increase) decrease in accounts receivable	(921)	18,300
(Increase) decrease in prepaid expenses	(27,102)	11,848
(Increase) decrease in books inventory	134	1,760
Increase (decrease) in accounts payable	(25,881)	(64,677)
Increase (decrease) in accrued taxes and expenses	5	(1,955)
Increase (decrease) in deferred revenue	<u>0</u>	<u>(2,135)</u>
 NET CASH AND CASH EQUIVALENTS PROVIDED (USED) BY OPERATING ACTIVITIES	 (115,910)	 (100,243)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of building and equipment	<u>(6,028)</u>	<u>(5,557)</u>
 NET CASH AND CASH EQUIVALENTS PROVIDED (USED) BY INVESTING ACTIVITIES	 (6,028)	 (5,557)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from payroll protection loan	<u>100,500</u>	<u>0</u>
 NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	 <u>100,500</u>	 <u>0</u>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVILANTS</b>	 (21,438 )	 (105,800)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>2,019,822</u>	<u>2,125,622</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 1,998,384</u></u>	<u><u>\$ 2,019,822</u></u>

See accompanying notes to financial statements

**UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020 and 2019**

**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, 2020 for the 2020-21 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, 2020, 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, 2020 and 2019, the investment earned \$38,291 and \$52,461 respectively.

**NOTE 3 – PREPAID EXPENSES**

Prepaid expenses consist of liability insurance premiums of \$9,628 paid in June 2020 for the 2020-21 fiscal year and \$17,474 for the trophies for spring 2020 activities that were not used due to Covid cancellations so they will be used for spring 2021 activities.



**UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020 and 2019**

**NOTE 4 – LONG-TERM NOTE PAYABLE**

During the 2019-20 year the Association received a government subsidized Payroll Protection Loan in the amount of \$100,500. The loan has specific terms for repayment but if certain conditions are met the loan may be partially or fully forgiven. The terms are listed below.

Long-Term notes payable consist of the following:

Note payable to a bank: due in monthly installments of \$5,656 including interest at 1.00%. The note is unsecured. The unpaid principal balance plus any accrued interest is due in full by April 29, 2022. The unpaid principal balance as of June 30, 2020 is \$100,500.

The following is a summary of principal maturities of long-term debt over the next five years:

<u>Year Ending June 30,</u>	
2021	\$ 44,199
2022	56,301

**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, 2020 and 2019, the Association raised \$364,578 and \$354,000, 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, 2020 and 2019**

**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 2019-2020 year and 22.19% for the 2018-2019 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, 2020 and 2019 were \$132,165 and \$130,738 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, 2020 and June 30, 2019 totaling \$8,745 and \$8,744 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 2019-20 and 2018-19 fiscal years the Association donated \$136,337 and \$116,293 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, 2020 and 2019**

**NOTE 8-EVALUATION OF SUBSEQUENT EVENTS**

The Organization's subsequent events have been evaluated through August 5, 2020, 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, 2020 and June 30, 2019 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.

**NOTE 10-FINANCIAL EFFECTS OF CORONA VIRUS (COVID 19)**

In March 2020 the spread of the Corona Virus caused government officials to limit the size of gatherings which caused the suspension and eventual cancellation of the Association's spring activities which resulted in the loss of all revenues from Spring activities but also resulted in the reduction of expenses related to those activities. The Association also saved money due to reduced travel and the change to virtual meetings and conferences from late March through June.

**ADDITIONAL INFORMATION**

**UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.**  
**SUMMARY OF REVENUES AND EXPENSES FROM SPONSORED ACTIVITIES**  
Years Ended June 30, 2020 and 2019

	<u>REVENUES</u>		<u>EXPENSES</u>		<u>EXCESS</u> <u>REVENUES (EXPENSES)</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Basketball	\$ 426,564	\$ 476,030	\$ 229,493	\$ 266,128	\$ 197,071	\$ 209,902
Football	477,825	498,502	171,041	182,483	306,784	316,019
Wrestling	115,095	110,141	85,097	89,745	29,998	20,396
Baseball	11,720	121,628	6,026	63,558	5,694	58,070
Volleyball	115,043	120,685	84,118	80,508	30,925	40,177
Swimming	53,080	44,465	29,667	21,750	23,413	22,715
Track	0	83,080	0	59,773	0	23,307
Drill Team	151,756	137,473	95,303	77,864	56,453	59,609
Boys Soccer	0	50,945	0	19,695	0	31,250
Girls Soccer	61,301	62,008	22,085	19,355	39,216	42,653
Softball	0	54,589	0	33,937	0	20,652
Forensics	0	0	5,534	30,107	(5,534)	(30,107)
Music	0	0	0	20,610	0	(20,610)
Speech & Drama	0	0	0	28,540	0	(28,540)
Golf	0	0	6,683	8,854	(6,683)	(8,854)
Cross Country	0	0	14,965	15,150	(14,965)	(15,150)
Lacrosse	0	0	0	0	0	0
Tennis	20,085	23,690	16,177	30,503	3,908	(6,813)
	<u>\$ 1,432,469</u>	<u>\$ 1,783,236</u>	<u>\$ 766,189</u>	<u>\$ 1,048,560</u>	<u>\$ 666,280</u>	<u>\$ 734,676</u>

See accompanying accountant's report

