

**Massachusetts Interscholastic
Athletic Association, Inc.**

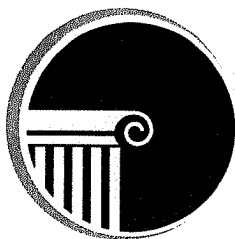
Financial Statements

Years Ended June 30, 2022 and 2021

**Massachusetts Interscholastic
Athletic Association, Inc.**
June 30, 2022 and 2021

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HALKIADAKIS & CO

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To The Board of Directors
Massachusetts Interscholastic
Athletic Association, Inc.
Franklin, Massachusetts

Opinion

We have audited the accompanying financial statements of Massachusetts Interscholastic Athletic Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position of Massachusetts Interscholastic Athletic Association, Inc. as of June 30, 2022 and 2021, and the changes in it's net assets and it's cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Massachusetts Interscholastic Athletic Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Massachusetts Interscholastic Athletic Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted accounting standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted accounting standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Massachusetts Interscholastic Athletic Association, Inc.'s internal control. Accordingly, no opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Massachusetts Interscholastic Athletic Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on 2021 Financial Statements

The financial statements of Massachusetts Interscholastic Athletic Association, Inc as of June 30, 2021, were audited by other accountants who have ceased operations and whose report dated October 21, 2021, stated that, based on their opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Massachusetts Interscholastic Athletic Association, Inc. as of June 30, 2021 and are not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with the accounting principles generally accepted in the United States of America

Halkiadakis & Co. PC

Wellesley, MA
October 6, 2022

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets:		
Cash and cash Equivalents	\$ 1,544,465	\$ 597,389
Investments	537,442	744,833
Accounts receivable	391,316	607,915
Prepaid expenses	6,215	53,773
Due from related party	196	5,908
Total Current Assets	2,479,634	2,009,818
Property and equipment, net	1,222,225	1,356,898
Other assets:		
Designated investments	151,495	167,429
Cash surrender value life insurance	36,779	35,023
Postretirement benefits-over funded	867,011	877,830
Total Assets	\$ 4,757,144	\$ 4,446,998

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable and accrued expenses	430,767	\$ 441,917
Deferred revenue	12,850	45,790
EIDL SBA Loan	150,000	150,000
Postretirement obligations, current portion	10,832	15,442
Total Current Liabilities	604,449	653,149
Noncurrent Liabilities:		
Accrued pension benefits	144,372	230,503
Accrued vacation and sick pay	181,757	223,318
Deferred compensation	-	17,066
Total Noncurrent Liabilities	326,129	470,887
Total Liabilities – balance carried forward	930,578	1,124,036

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Total Liabilities brought forward	\$ 930,578	\$1,124,036
Net Assets:		
Without donor restrictions		
Undesignated	3,638,030	3,146,996
Board designated for endowment fund	<u>56,511</u>	<u>56,511</u>
Total without donor restrictions	3,694,541	3,203,507
With donor restrictions	<u>132,025</u>	<u>119,455</u>
Total Net Assets	<u>3,826,566</u>	<u>3,322,962</u>
Total Liabilities and Net Assets	<u>\$ 4,757,144</u>	<u>\$ 4,446,998</u>

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

<u>Changes in Net Assets Without Donor Restrictions</u>	<u>2022</u>	<u>2021</u>
<u>Revenue and Support</u>		
Athletic events	\$ 3,795,590	\$ 112,500
Membership dues	1,041,560	1,025,780
Corporate partnerships	696,001	297,679
Grant income	198,998	549,268
Officials' enrollment	186,058	74,835
Employee retention credits	182,827	472,312
Educational athletics	127,805	56,653
Conferences and workshops	45,645	42,080
Rules publication	35,514	19,407
Miscellaneous income	8,571	9,116
PPP forgiveness	-	414,954
	6,318,569	3,074,584
<u>Expenses</u>		
Program services:		
Athletic events	3,371,936	1,272,528
Educational athletics	592,776	509,875
Other programs	346,169	202,945
	4,310,881	1,985,348
General and administrative	1,311,230	1,162,554
Fundraising	22,926	22,886
	5,645,037	3,170,788
Increase (Decrease) in net assets from operations (balance forward)	673,532	\$ (96,204)

See accompanying notes to financial statements

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Balance brought forward	\$ 673,532	\$ (96,204)
<u>Other Revenue (Expenses) without Donor Restrictions</u>		
Rental income	58,000	58,000
Investment return, net	<u>(73,063)</u>	<u>191,307</u>
Total other unrestricted revenue (expenses)	<u>(15,063)</u>	<u>249,307</u>
<u>Increase (Decrease) In Net Assets without Donor Restrictions from Operating Activities</u>	658,469	153,103
<u>Postretirement Benefit Changes Other Than Net Periodic Pension Costs</u>	<u>(167,435)</u>	<u>(133,943)</u>
<u>Increase (Decrease) In Net Assets without Donor Restrictions</u>	<u>491,034</u>	<u>19,160</u>
<u>Change in Net Assets With Donor Restrictions</u>		
Contributions – Endowment Fund	<u>12,570</u>	<u>50</u>
Increase in net assets with donor restrictions	12,570	50
Increase (decrease) in net assets	503,604	19,210
Net Assets, Beginning of Year	<u>3,322,962</u>	<u>3,303,752</u>
<u>Net Asset, End of Year</u>	<u>\$ 3,826,565</u>	<u>\$ 3,322,962</u>

See accompanying notes to financial statements

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services		Supporting Services			
	-----June 30, 2022-----					
	<u>Athletic Events</u>	<u>Educational Athletics</u>	<u>Other Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Athletic events	\$ 3,035,550	\$	\$	\$ 23,000	\$	\$ 3,058,550
Educational athletics		381,034			3,849	384,883
Game officials			138,792			138,792
Conferences and workshops			28,216			28,216
Salaries	162,247	108,455	99,546	615,949	15,060	1,001,257
Insurance and employee benefits	46,977	27,863	9,608	59,448	1,453	145,349
Payroll taxes and administration	41,738	24,756	8,536	52,819	1,291	129,140
Depreciation	43,526	25,817	8,902	56,428		134,673
Office operations				126,070	1,273	127,343
Buildings and grounds	41,898	24,851	8,569	54,317		129,635
Other professional fees				106,449		106,449
Legal and accounting				176,208		176,208
Committee meetings				11,216		11,216
National meetings				7,770		7,770
Miscellaneous				19,117		19,117
MIAA handbooks				2,439		2,439
Bad debts			44,000			44,000
Total	<u>\$ 3,371,936</u>	<u>\$ 592,776</u>	<u>\$ 346,169</u>	<u>\$ 1,311,230</u>	<u>\$ 22,926</u>	<u>\$ 5,645,037</u>

See accompanying notes to financial statements

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services			Supporting Services		Total
	<u>Athletic Events</u>	<u>Educational Athletics</u>	<u>Other Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	
	-----June 30, 2021-----					
Athletic events	\$ 894,399	\$	\$	\$ 29,500	\$	\$ 923,899
Educational athletics		265,973			2,687	268,660
Game officials			57,884			57,884
Conferences and workshops			1,897			1,897
Salaries	177,798	125,080	102,193	632,327	15,460	1,052,858
Insurance and employee benefits	68,415	40,579	13,992	86,577	2,117	211,680
Payroll taxes and administration	45,321	26,881	9,269	57,352	1,403	140,226
Depreciation	52,527	31,155	10,743	68,096		162,521
Office operations				120,702	1,219	121,921
Buildings and grounds	34,068	20,207	6,967	44,165		105,407
Other professional fees				69,213		69,213
Legal and accounting				46,122		46,122
Committee meetings				1,150		1,150
National meetings				2,500		2,500
Miscellaneous				3,295		3,295
MIAA handbooks				1,555		1,555
Total	<u>\$ 1,272,528</u>	<u>\$ 509,875</u>	<u>\$ 202,945</u>	<u>\$ 1,162,554</u>	<u>\$ 22,886</u>	<u>\$3,170,788</u>

See accompanying notes to financial statements

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ 503,604	\$ 19,210
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	134,673	162,521
Unrealized (gain) loss on investments	141,038	(148,180)
PPP forgiveness	-	(414,954)
(Increase) decrease in assets:		
Accounts receivable	216,599	(385,878)
Prepaid expenses	47,558	(23,737)
Due from related party	5,712	1,544
Cash surrender value life insurance	(1,756)	(1,760)
Postretirement benefits-over funded	10,819	(246,025)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(11,150)	402,165
Accrued postretirement benefits	(132,302)	258,417
Deferred revenue	(32,940)	2,370
Deferred compensation	(17,066)	(18,715)
Net cash provided (used) by operating activities	864,789	(393,022)
<u>Cash Flows from Investing Activities</u>		
Proceeds from sales of investments	525,278	129,676
Purchase of investments	(442,991)	(169,741)
Acquisition of property and equipment	-	(5,950)
Net cash provided (used) by investing activities	82,287	(46,015)
<u>Cash Flows from Financing Activities</u>		
EIDL SBA loan proceeds	-	150,000
PPP loan proceeds	-	362,027
Net cash provided (used) by financing activities	-	512,027

See accompanying notes to financial statements

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
<u>Increase (Decrease) In Cash</u>	\$ 947,076	\$ 72,990
<u>Cash and Cash Equivalents, Beginning of Year</u>	597,389	524,399
<u>Cash and Cash Equivalents, End of Year</u>	\$ 1,544,465	\$ 597,389

Supplemental Information

Cash paid for:		
Interest	\$ -	\$ -

**Massachusetts Interscholastic
Athletic Association, Inc.
June 30, 2022 and 2021**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization and Purpose

Massachusetts Interscholastic Athletic Association, Inc. (the "Association") is a voluntary, nonprofit association organized by its member schools to provide leadership and support for the conduct of education-based athletics and activities designed to impart life lessons, and convey or reinforce values that will ensure an enhanced quality of life for all student participants.

Through its commitment to educational athletics the Association provides extensive programming in the areas of wellness, sportsmanship, citizenship, leadership and coaches' education.

The Association's revenue comes primarily from athletic events, corporate partnerships, and membership dues.

Basis of Presentation

The Association prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), using the accrual method of accounting. Under this method expenses are recorded when incurred and revenues are recorded when earned. The Association reports information regarding its financial position and activities according to two classes of net assets based on the presence or absence of donor-imposed restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Cash and Cash Equivalents

For purposes of these financial statements, the Association considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

The Association follows ASC 958-320, *Not-for-Profit Entities – Investments – Debt and Equity Securities*. Under ASC 958-320 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.

**Massachusetts Interscholastic
Athletic Association, Inc.
June 30, 2022 and 2021**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable are reported at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the year in which those differences are determined. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction to accounts receivable.

Property and Equipment

Property and equipment are recorded at cost. The Association capitalizes property and equipment with costs greater than \$1,000 and with useful lives in excess of one year. Depreciation is recorded using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives are as follows:

Furniture and equipment	5 - 10 years
Building and improvements	10 - 33 years

Revenue Recognition

The Association's primary sources of income are athletic events, membership fees, corporate sponsorships, officials' enrollment fees, educational athletics, conferences and workshops, under either short-term receivable arrangements or prepayment of fees. Services are provided to high school athletic programs around the state of Massachusetts.

Revenue from contracts is recognized when control of the goods and services provided is transferred to the Association's customers and in an amount that reflects the consideration the Association expects to be entitled to in exchange for those goods and services using the following steps:

- 1) identification of the contract, or contracts with a customer
- 2) identification of performance obligation in the contract
- 3) determination of the transaction price
- 4) allocation of the transaction price to the performance obligations in the contract
- 5) recognition of revenue when or as the Association satisfies the performance obligations

**Massachusetts Interscholastic
Athletic Association, Inc.
June 30, 2022 and 2021**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Deferred Revenue

Income from membership dues and program fees received in advance is deferred, and recognized over the periods to which the dues and fees relate.

Postretirement Benefits

FASB ASC 715 requires the Association to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in the statement of financial position and to recognize changes in funded status in the year in which the changes occur through changes in net assets without donor restrictions.

Fair Values of Financial Instruments

FASB ASC 825-10 requires the Association to disclose estimated fair values for its financial instruments. Fair value estimates, methods, and assumptions are set forth below for the Association's financial instruments:

The carrying amounts of cash, receivables, and accrued liabilities approximate fair value because of the relatively short maturity of those instruments. Marketable securities are valued at quoted prices in active markets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassification

Certain reclassifications were made to the 2021 financial statements to conform to 2022 presentation.

**Massachusetts Interscholastic
Athletic Association, Inc.
June 30, 2022 and 2021**

Notes to Financial Statements

Note 2. Adoption of Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued new authoritative guidance on revenue recognition. The Association adopted the standard as of July 1, 2021, including all updates made to the standard since original issuance, using the modified retrospective method. The guidance includes a five-step framework to determine the timing and amount of revenue to recognize related to contracts with customers. Additionally, the guidance requires new and expanded disclosures related to the amounts of revenue and judgments made when following the framework. The Association utilized various practical expedients offered by the guidance during implementation. The adoption did not result in any reclassifications or restatements to net assets or changes in net assets.

Note 3. Concentration of Credit Risk

The Association maintains its cash accounts at a commercial bank and an investment company, which at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts. Management believes the Association is not exposed to any significant credit risk related to cash.

Note 4. Cash and Cash Equivalents

The following table provides a reconciliation of cash and cash equivalents reported within The statement of financial position that sums to the amounts shown in the statement of cash flows:

	<u>2022</u>	<u>2021</u>
Cash	\$ 1,544,465	\$ 580,322
Short Term Investments	-	<u>17,067</u>
	<u>\$ 1,544,465</u>	<u>\$ 597,389</u>

**Massachusetts Interscholastic
Athletic Association, Inc.
June 30, 2022 and 2021**

Notes to Financial Statements

Note 5. Investments

Investments are reported at aggregate fair value based on quoted market prices for those investments (Level 1 measurement). Unrealized gains and losses are included in earnings and reported in the statement of activities. The specific identification cost basis is used to determine realized gain or loss of securities. All securities are considered available for sale. Money market funds held within the brokerage accounts are treated as investments.

The Association held the following investments at June 30, 2022 and 2021:

	June 30, 2022		
	Cost	Unrealized Gain or (Loss)	Market Value
Equity and debt securities	\$ 619,111	7,633	\$ 626,744
Money market funds	62,193	-	62,193
	\$ 681,304	7,633	\$ 688,937
Designated to endowment fund	(151,876)	381	(151,495)
Investments available for sale	\$ 529,428	\$ 8,014	\$ 537,442
	June 30, 2021		
	Cost	Unrealized Gain or (Loss)	Market Value
Equity and debt securities	\$ 749,997	\$ 148,671	\$ 898,668
Money market funds	13,594	-	13,594
	\$ 763,591	\$ 148,671	\$ 912,262
Designated to endowment fund	(152,876)	(14,553)	(167,429)
Investments available for sale	\$ 610,715	\$ 134,118	\$ 744,833

**Massachusetts Interscholastic
Athletic Association, Inc.
June 30, 2022 and 2021**

Notes to Financial Statements

Note 5. Investments (continued)

Components of investment return are as follows:

	2022	2021
Unrealized gains (losses)	\$ (141,038)	\$ 148,180
Realized gains (losses)	39,543	23,753
Dividends and interest	30,736	24,609
Total unrestricted return on investment	\$ (70,759)	\$ 196,542
Investment expense	(2,304)	(5,235)
Investment return, net	<u>\$ (73,063)</u>	<u>\$ 191,307</u>

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair market value hierarchy are described below:

(i) Level 1-Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

(ii) Level 2-Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

(iii) Level 3-Inputs to the valuation methodology are unobservable with asset values based on models. Assumptions from market participants are used when pricing the asset or liability, given there is no readily available market information on them. Level 3 assets are not actively traded, and their values can only be estimated using a combination of complex market prices, mathematical models, and subjective assumptions.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

**Massachusetts Interscholastic
Athletic Association, Inc.
June 30, 2022 and 2021**

Notes to Financial Statements

Note 6. Accounts Receivable

Accounts receivable are comprised of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Trade	\$ 33,712	\$ 13,244
Grant	122,972	439,928
Corporate partnership	202,995	-
Tournament	58,480	-
Miscellaneous	23,858	9,878
Employee retention credits	-	154,526
Allowance for doubtful accounts	<u>(50,701)</u>	<u>(9,661)</u>
	<u>\$ 391,316</u>	<u>\$ 607,915</u>

Note 7. Property and Equipment

Property and equipment consist of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 350,000	\$ 350,000
Building and improvements	2,487,278	2,487,278
Furniture & equipment	<u>1,072,062</u>	<u>1,072,062</u>
	3,909,340	3,909,340
Less: Accumulated depreciation	<u>(2,687,115)</u>	<u>(2,552,442)</u>
	<u>\$ 1,222,225</u>	<u>\$ 1,356,898</u>

Depreciation charged to operations totaled \$134,673 and \$162,521 for the years ended June 30, 2022 and 2021, respectively.

**Massachusetts Interscholastic
Athletic Association, Inc.
June 30, 2022 and 2021**

Notes to Financial Statements

Note 8. Liquidity

The following reflects the Association's financial assets (cash, investments and receivables) as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,544,465	\$ 597,389
Investments	537,442	744,833
Accounts receivable	391,316	607,915
Due from related party	196	5,908
Designated investments	<u>151,495</u>	<u>167,429</u>
	2,624,914	2,123,474
Less those unavailable for general Expenditures within one year due to:		
Donor restricted endowment fund	132,025	119,455
Board restricted endowment fund	<u>56,511</u>	<u>56,511</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,436,378</u>	<u>\$ 1,947,508</u>

As part of the Association's liquidity management, it invests cash in excess of daily requirements in investments.

Note 9. Cash Surrender Value Life Insurance

Cash surrender value life insurance represents the Association's assigned interest in a split dollar life insurance policy on a key employee. The cash value amounts represent premiums paid by the Association under a split dollar arrangement.

**Massachusetts Interscholastic
Athletic Association, Inc.
June 30, 2022 and 2021**

Notes to Financial Statements

Note 10. Pension and Other Postretirement Plans

The Association maintains a 403(b) Plan, the MIAA/MSAA Pension Plan (the "Pension Plan"), which was originally effective July 1, 1996. The Association contributes to the Plan on behalf of eligible employees (as defined in the Plan), based on years of service.

Effective July 1, 2008, the Association established the MIAA/MSAA Retirement Plan (the "Retirement Plan"), a contributory defined benefit pension plan for its eligible employees (as defined in the Plan). The Retirement Plan benefit formula is generally based on the Massachusetts Teacher's Retirement System Plan. The Plan's benefit formula considers age, years of service (up to a maximum of 32 years) and applies a percentage factor to Plan defined compensation. The resulting amount is offset by a calculation (as specified in the Plan) that annuitizes the "Theoretical Employer Account Balance" attributable to the Association's contribution to the MIAA/MSAA pension 403(b) plan. The benefit amount is then further offset by the Participant's annual Social Security Benefit (as defined in the Plan) payable at their "Social Security Retirement Age". This figure ("Benefit 1") is then grossed up for the applicable Massachusetts state Income Tax Rate. The Participant's annual Normal Retirement benefit is then determined to be the greater of (i) Benefit 1 or (ii) a minimum annual benefit of \$120.00 times a participant's years of service. The normal retirement benefit is subject to a seven-year graded vesting schedule. Participants are guaranteed of receiving at a minimum, a return of the participant's "Mandatory Employee Contributions" of 4.8% of salary with interest, in accordance with Plan terms.

As of June 30, 2022 and 2021 eight and six participants, respectively, were active in the retirement plan.

The Association also maintains the MIAA/MSAA Post-Retirement Medical Insurance Premium Plan (the "Plan"), effective July 1, 2008, to subsidize the cost of post-retirement medical insurance premiums for the Association's post-retirement medical insurance policy then in effect for eligible retired employees and their "Immediate Family Members" ("Participants") (as defined in the Plan), based on Years of Service. In order to fund the Association's share of the cost, it established a Voluntary Employee Benefit Association or "VEBA" pursuant to Sections 501 (c) (9) and 512 of the Internal Revenue Code of 1986 as amended.

During 2019 the Association amended the post-retirement medical insurance plan to cap benefits to \$250 per month each, for the retiree and his/her spouse.

As of June 30, 2022 and 2021, three retirees (seven total participants with inclusion of spouses) were active in the Post-Retirement Medical Insurance Premium Plan.

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Notes to Financial Statements

Note 10. Pension and Other Postretirement Plans (continued)

The accrued unfunded (overfunded) postretirement benefits reflected in the statement of financial position is made up of the following:

	2022	2021
Accrued postretirement health benefits (overfunded)	\$ (856,179)	\$ (862,388)
Add: Current portion	(10,832)	(15,442)
Postretirement benefits overfunded	<u>\$ (867,011)</u>	<u>\$ (877,830)</u>
	2022	2021
Accrued pension benefits underfunded	<u>\$ 144,372</u>	<u>\$ 230,503</u>
Accrued vacation and sick pay	\$ 181,757	\$ 223,318
Post retirement obligations, current portion	<u>\$ (10,832)</u>	<u>\$ (15,442)</u>

The following table sets forth the funded status of both postretirement plans reconciled with the amount shown in the Association's statement of financial position at June 30, 2022 and 2021.

	Pension Benefits		Postretirement Health Benefits	
	2022	2021	2022	2021
Postretirement benefit obligation	\$2,846,561	\$3,328,136	\$ 223,568	\$ 351,965
Plan assets at fair value	(2,702,189)	(3,097,633)	(1,079,747)	(1,214,353)
Postretirement benefit obligation in excess of plan assets included in the Statements of Financial Position	<u>\$ 144,372</u>	<u>\$ 230,503</u>	<u>\$ (856,179)</u>	<u>\$ (862,388)</u>

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Notes to Financial Statements

Note 10. Pension and Other Postretirement Plans (continued)

The accumulated postretirement health benefit is the portion of the total obligation earned to date and is used as the postretirement health benefit obligation in these financial statements

Included under insurance and employee benefits are the following pension and postretirement health plan expenses.

	2022	2021
Pension plan	\$ (37,339)	\$ (27,194)
403(b) plan	127,819	124,813
Postretirement health benefits	(210,018)	(134,335)
	\$ (119,538)	\$ (36,716)

Net periodic postretirement benefit costs for June 30, 2022 and 2021 included the following components:

	Pension Benefits		Postretirement Health Benefits	
	2022	2021	2022	2021
Service cost – benefits attributed to service during the period	\$ 19,029	\$ 19,311	\$ 9,476	\$9,034
Interest cost on accumulated postretirement benefit obligation	76,290	56,647	9,036	8,126
Expected return on plan assets	(240,082)	(191,205)	(36,047)	(28,430)
Amortization of transition obligation	-	-	21,705	21,705
Prior Service Cost	-	-	(214,188)	(134,843)
Recognition of (gains)/losses	107,424	88,053	-	(9,927)
Net periodic postretirement benefit cost deducted under administrative operations in the Statements of Activities	\$ (37,339)	\$ (27,194)	\$ (210,018)	\$ (134,335)

Massachusetts Interscholastic Athletic Association, Inc. June 30, 2022 and 2021

Notes to Financial Statements

Note 10. Pension and Other Postretirement Plans (continued)

The assumptions at June 30, used by the Association to calculate the benefit obligations as of that date and to determine the benefit cost in the subsequent year are as follows:

Weighted-average assumptions	<u>Pension Benefits</u>		<u>Postretirement Health Benefits</u>	
Discount rate (beginning of period)	3.25%	3.25%	2.5%	2.5%
Discount rate (end of period)	2.375%	2.375%	2.65%	2.65%
Rate of increase in compensation levels (beginning of period)	5.00%	5.00%		
Rate of increase in compensation levels (end of period)	5.00%	5.00%		
Expected return on plan assets	8.00%	8.00%	3.00%	3.00%
Health care cost trend rates:				
Pre-Medicare	-	-	-	-
Medicare	-	-	-	-

The fair values of the Association's plan assets at June 30, 2022 by asset class are as follows:

<u>Asset Class</u>	<u>Pension Benefits</u>	<u>Postretirement Health Benefits</u>
Cash	\$ 323,456	\$ 20,583
Equity securities	906,605	615,675
Mutual funds	568,347	148,521
Equity trusts	<u>903,781</u>	<u>294,968</u>
All level one measurements	\$ <u>2,702,189</u>	\$ <u>1,079,747</u>

The following benefits are expected to be paid:

	<u>Pension Benefits</u>	<u>Postretirement Health Benefits</u>
2023	197,967	11,190
2024	195,989	11,712
2025	193,054	12,073
2026	200,850	13,184
2027	197,347	13,057

Note 11. Deferred Compensation Liability

Effective February 1, 2001, the Association adopted an executive compensation plan that allows certain designated executives to defer payment of a portion of their current compensation until retirement or termination. The plan is a nonqualified deferred compensation arrangement which constitutes an unsecured promise to pay an employee in the future for services rendered today. The plan was frozen and existed to pay benefits to the one participant. Final payment was made to the one participant in July of 2021. At June 30, 2022 and 2021 the balance was \$0 and \$17,066, respectively.

**Massachusetts Interscholastic
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Notes to Financial Statements

Note 12. EIDL SBA Loan Payable

Due to the coronavirus pandemic, in October 2020 the Association obtained a Small Business Association (SBA) Economic Injury Disaster Loan (EIDL) in the amount of \$150,000. This loan is for a term of 30 years and has an interest rate of 2.75%. Payments on the note have been deferred until April 2023.

Note 13. Revenue Recognition

The Association's revenue disaggregated according to the timing of when revenue is recognized is as follows:

	June 30	
	<u>2022</u>	<u>2021</u>
Revenue recognized at a point in time		
Athletic events	\$3,795,590	\$ 112,500
Corporate partnerships	696,001	297,679
Grant income	198,998	549,268
Officials' enrollment	186,058	74,835
Educational athletics	129,830	56,653
Conferences and workshops	43,620	42,080
Rule publications	<u>35,514</u>	<u>19,407</u>
Total Revenue recognized at a point in time	\$5,085,611	\$1,152,422
Revenue recognized over time		
Membership dues	<u>1,041,560</u>	<u>1,025,780</u>
Total Revenue recognized over time	\$1,041,560	\$1,025,780
Other revenue not subject to ASC 606		
Employee retention credits	182,827	472,312
Miscellaneous income	8,571	9,116
Payroll protection program loan forgiveness	<u>-</u>	<u>414,954</u>
Total Other Revenue	<u>\$ 191,398</u>	<u>\$ 896,382</u>
Total Revenue	<u>\$6,318,569</u>	<u>\$3,074,584</u>

Note 14. Income Tax Status

The Association is exempt from federal income and state excise taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities during the years covered by these statements. Therefore, the Association has made no provision for federal income and state excise tax in the accompanying financial statements.

**Massachusetts Interscholastic
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June 30, 2022 and 2021**

Notes to Financial Statements

Note 15. Net Assets

The Association's financial statement presentation is in accordance with GAAP. Under this guidance, the Association has reported information regarding its financial position and activities according to two classes of net assets based on the presence or absence of donor-imposed restrictions:

- Net assets without donor restrictions, which are not subject to usage restrictions based on donor-imposed requirement. This class also includes assets previously restricted where restrictions have expired or been met.
- Net assets with donor restrictions, which are subject to usage limitations based on donor-imposed or grantor restrictions. Restrictions may be met by the passage of time or by actions of the Association. Certain restrictions may need to be maintained in perpetuity.

The Association receives donations to the MIAA Education Based Athletics Endowment Fund. The Endowment was established to fund educational programs for student-athletes. The board of directors approves the amount available to the membership annually for the coming year.

Endowment Funds are comprised of:

Donor Funds – With Donor Restrictions	\$132,025
Board Designated Funds-Without Donor Restrictions	\$ 56,511

The governing board has designated an endowment from net assets without donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those the donor stipulates resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Association, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Massachusetts Interscholastic Athletic Association, Inc. June 30, 2022 and 2021

Notes to Financial Statements

Note 16. Related Party Transactions

The Association shares its building and employees with the Massachusetts School Administrators' Association, Inc. ("MSAA"). Rent payments to Massachusetts Interscholastic Athletic Association, Inc. total \$58,000 and \$58,000 each year for the years ended June 30, 2022 and 2021, respectively. Several employees including executive staff perform services for the Association and MSAA. The salaries of individuals working for both organizations, occupancy costs (including rent), and other mutual expenses totaling \$814,934 and \$762,676 were allocated to MSAA for the years ended June 30, 2022 and 2021, respectively. MSAA reimburses the Association monthly. The Association was owed \$196 and \$5,908 by MSAA at June 30, 2022 and 2021, respectively.

Note 17. Commitments

On December 2, 2009 the Board of Directors voted to continue the disability benefits for two executives beyond the point at which the Association disability policy stops coverage, for the duration of and to the extent of its obligation under their existing contracts. As of June 30, 2021, only one of the two executives remains under contract. The remaining executive retired effective September 1, 2021.

Note 18. Contractual Relations

Teall Properties Group

The Association and the Teall Properties Group ("TPG") entered into an agreement on January 16, 2020, whereby TPG will handle the multimedia and sponsorship rights through June 30, 2030. The Association received \$450,000 for the year ended June 30, 2022.

Future minimum revenue earned under this agreement is as follows:

<u>Year Ended June 30,</u>	<u>Total</u>
2023	\$ 455,000
2024	455,000
2025	460,000
2026	460,000
2027	465,000
Thereafter	1,405,000
	<u>\$ 3,700,000</u>

**Massachusetts Interscholastic
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Notes to Financial Statements

Note 18. Contractual Relations (Continued)

National Federation of State High School Associations

The Association and National Federation of State High School Associations ("NFHS") entered into an media rights fee agreement starting August 1, 2018 through July 31, 2028, whereby NFHS will pay the Associations for media rights. The Association received \$65,564 and \$63,654 for the years ended June 30, 2022 and 2021, respectively.

Future minimum revenue earned under this agreement is as follows:

Year Ended June 30,	Total
2023	\$ 67,531
2024	69,556
2025	71,643
2026	73,792
2027	76,006
Thereafter	78,286
	\$ 436,814

Note 19. Functional Allocation of Expenses

The cost of providing various programs along with management and general have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis. Personnel costs, professional services, office expense, information technology, insurance, and other expenses are allocated on the basis of estimates of time, effort and/or usage.

Note 20. Grants

The Association received one grant during the year ended June 30, 2022. The grant totaled \$198,998 and was from the Massachusetts Department of Health and Human Services for wellness programs.

The Association received two grants during the year ended June 30, 2021. The first grant totaled \$363,889 from the Massachusetts Department of Elementary and Secondary Education from the approved American Rescue Plan for After School Programs in order to fund tournament expenses for the year ended June 30, 2021. The second grant totaled \$185,379 and was from the Massachusetts Department of Health and Human Services for wellness programs.

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Notes to Financial Statements

Note 21. COVID-19

The COVID-19 pandemic had a significant effect on the Association's operations during the fiscal year ending June 30, 2021, as revenue from athletic events and activities was limited. The Association focused and moved towards a return to normalcy for the year ending June 30, 2022.

For June 30, 2022, The Association obtained employee retention credits of \$182,827 to supplement income during the COVID-19 period.

For June 30, 2021, The Association obtained additional revenue from other sources to supplement income during the COVID-19 period: grant income of \$363,883; employee retention credits of \$472,312; and paycheck protection loan forgiveness of \$414,954. As a result, the Association was able to cover its operating expenses during the COVID-19 affected period.

Note 22. Evaluation of Subsequent Events

The Association has evaluated subsequent events through October 6, 2022, the date which the financial statements were available to be issued.