

Stone and Paul, P.C.

**MASSACHUSETTS INTERSCHOLASTIC
ATHLETIC ASSOCIATION, INC.**

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2011 AND 2010**

Stone and Paul, P.C.

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.

JUNE 30, 2011 AND 2010

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September 28, 2011

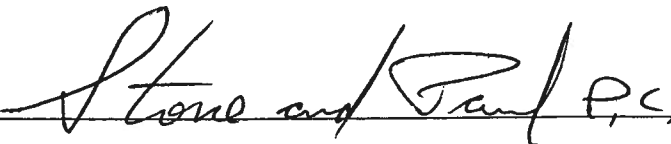
Independent Auditors' Report

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

We have audited the accompanying statements of financial position of Massachusetts Interscholastic Athletic Association, Inc. (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our 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, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Current Assets:		
Cash (Notes 1 and 10)	\$ 1,645,593	\$ 1,754,207
Accounts receivable (Note 1)		
Association receivables, net of allowance for doubtful accounts of \$4,649 for June 30, 2011 and \$3,622 for June 30, 2010	98,663	15,262
Tournament income receivable	705	21,314
Prepaid expenses	104,545	83,802
Due from related party (Note 9)	6,955	2,219
TOTAL CURRENT ASSETS	1,856,461	1,876,804
Property and equipment, net (Notes 1 and 2)	2,027,865	2,116,549
Other assets:		
Board restricted cash (Note 3)	165,733	162,997
Cash surrender value life insurance (Note 4)	119,702	117,883
Total Assets	\$ 4,169,761	\$ 4,274,233
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accrued liabilities	\$ 47,266	\$ 75,586
Deferred revenue	112,768	86,920
Capital lease obligations, current portion (Note 8)	11,343	10,578
Long-term debt, current portion (Note 7)	70,688	70,688
Postretirement obligations, current portion (Note 5)	15,498	24,212
TOTAL CURRENT LIABILITES	257,563	267,984
Noncurrent Liabilities:		
Accrued postretirement benefits net of current portion	949,481	1,380,185
Deferred compensation (Notes 3 and 6)	165,733	162,997
Capital lease obligations, net of current portion	20,152	31,494
Long-term debt, net of current portion	211,952	282,639
TOTAL NONCURRENT LIABILITES	1,347,318	1,857,315
Total Liabilities	1,604,881	2,125,299
Net Assets:		
Unrestricted net assets (as restated in 2010)	2,564,880	2,148,934
Total net assets	2,564,880	2,148,934
Total Liabilities and Net Assets	\$ 4,169,761	\$ 4,274,233

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>Revenue and Support</u>		
Athletic events	\$ 3,717,314	\$ 3,717,570
Membership dues	681,777	665,687
Service charges	330,000	330,000
Student services	243,072	255,460
Ball agreements	144,250	144,250
Tournament souvenirs	80,030	45,050
Officials enrollment	68,339	66,669
Conferences and workshops	51,390	50,275
Corporate sponsorship	36,750	16,750
Miscellaneous income	17,750	11,514
	<hr/>	<hr/>
Total revenue and support	5,370,672	5,303,225
<u>Expenses</u>		
Athletic events	2,838,057	2,758,470
Salaries	957,024	865,190
Insurance and employee benefits	600,807	623,683
Student services	269,572	372,338
Tournament administration	180,606	148,704
Depreciation	110,513	108,727
Building and grounds	109,410	97,435
Office operations	87,903	82,345
Payroll taxes and administration	76,224	77,973
Other professional fees	71,700	73,628
Legal and accounting	49,815	23,413
Conferences and workshops	34,689	43,554
Public information	25,720	21,903
Miscellaneous	21,551	14,672
Committee meetings	19,802	20,858
Game officials	17,418	17,457
National Federation	13,450	12,313
MIAA Handbooks	3,379	3,041
	<hr/>	<hr/>
Total expenses	5,487,640	5,365,704
Balance forward	\$ (116,968)	\$ (62,479)

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MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Balance brought forward	\$ (116,968)	\$ (62,479)
<u>Other Revenue (Expenses)</u>		
Rental income	40,000	40,000
Interest income	8,121	10,926
Interest expense	<u>(24,261)</u>	<u>(29,767)</u>
Total other revenue (expenses)	<u>23,860</u>	<u>21,159</u>
<u>Increase (Decrease) In Unrestricted Net Assets From Operating Activities</u>	(93,108)	(41,320)
<u>Postretirement Benefit Changes Other Than Net Periodic Pension Costs</u>	<u>509,054</u>	<u>(184,855)</u>
<u>Increase (Decrease) In Unrestricted Net Assets (as restated in 2010)</u>	<u>415,946</u>	<u>(226,175)</u>
<u>Unrestricted Net Assets At Beginning Of Year (as restated)</u>	<u>2,148,934</u>	<u>2,375,109</u>
<u>Unrestricted Net Assets At End Of Year</u>	<u>\$ 2,564,880</u>	<u>\$ 2,148,934</u>

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets (as restated for 2010)	\$ 415,946	\$ (226,175)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	110,513	108,727
(Increase) decrease in assets:		
Accounts receivable	(62,792)	89,302
Prepaid expenses	(20,743)	(36,965)
Due from related party	(4,736)	25,524
Board restricted cash	(2,736)	(4,323)
Deposits	-	750
Cash surrender value life insurance (as restated for 2010)	(1,819)	(1,819)
Increase (decrease) in liabilities:		
Accrued liabilities	(28,320)	(8,964)
Accrued postretirement benefits	(439,418)	414,915
Deferred revenue	25,848	50,489
Deferred compensation	2,736	4,323
Net cash provided (used) by operating activities	<u>(5,521)</u>	<u>415,784</u>
<u>Cash Flows From Investing Activities</u>		
Acquisition of property and equipment	(21,829)	(31,063)
Net cash provided (used) by investing activities	<u>(21,829)</u>	<u>(31,063)</u>
<u>Cash Flows From Financing Activities</u>		
Principal payments on long-term debt	(70,687)	(70,688)
Principal payments of capital lease obligations	(10,577)	(9,865)
Net cash provided (used) by financing activities	<u>(81,264)</u>	<u>(80,553)</u>

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MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>Increase (Decrease) In Cash</u>	(108,614)	304,168
<u>Cash And Cash Equivalents At Beginning of Year</u>	<u>1,754,207</u>	<u>1,450,039</u>
<u>Cash and Cash Equivalents At End of Year</u>	<u>\$ 1,645,593</u>	<u>\$ 1,754,207</u>

Supplemental Information

Cash paid for:		
Interest	<u>\$ 24,261</u>	<u>\$ 29,767</u>

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

Note 1. Summary of Significant Accounting Policies

A summary of significant accounting policies employed by the Association is as follows:

Nature of Activities

Massachusetts Interscholastic Athletic Association, Inc., (the Association) is a voluntary, nonprofit association organized by its member high 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 student services the Association provides extensive programming in the areas of wellness, sportsmanship, citizenship, leadership and coaches' education.

The Association's revenue comes primarily from the conduct of sports tournaments, programs, activities and member dues.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards FASB ASC 958, *Financial Statements of Not-for-Profit Organizations*. Under SFAS ASC 958, the Association 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.

Grants which are restricted to the use of various Association programs are reflected as unrestricted revenue if these funds are received and spent during the same year and if they support the activities of the Association within the limits of the Association's Articles of Organization.

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 in 2011 and 2010. Therefore, the Association has made no provision for federal income and state excise tax in the accompanying financial statements.

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011 AND 2010

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Association considers all highly liquid investments with a maturity of twelve months or less when purchased to be cash equivalents.

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 credit to accounts receivable.

Property and Equipment

Property and equipment are recorded at cost. 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	Five Years
Automobiles	Five Years
Building	Thirty-three Years

Postretirement Benefits

The Association has adopted Financial Accounting Standard Board Codification FASB ASC 715 *Employers' Accounting for Postretirement Benefits*. FASB ASC 715 requires an employer 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 unrestricted net assets.

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.

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011 AND 2010

Note 2. Property and Equipment

Property and equipment consists of the following:

	<u>2011</u>	<u>2010</u>
Land	\$ 350,000	\$ 350,000
Building	2,373,291	2,373,291
Furniture & equipment	373,672	351,843
Automobiles	40,428	40,428
	<u>3,137,391</u>	<u>3,115,562</u>
Less: Accumulated depreciation	<u>(1,109,526)</u>	<u>(999,013)</u>
	<u>\$ 2,027,865</u>	<u>\$ 2,116,549</u>

Depreciation charged to operations totaled \$110,513 and \$108,727 for the years ended June 30, 2011 and 2010, respectively.

Note 3. Board Restricted Cash

The Association Board of Directors has designated two certificates of deposit to fund the deferred compensation liability (as disclosed in note 6). Restricted cash at June 30, 2011 and 2010 consist of the following:

	<u>2011</u>	<u>2010</u>
Certificates of Deposit	\$ 165,733	\$ 162,997
Total	<u>\$ 165,733</u>	<u>\$ 162,997</u>

Note 4. Cash Surrender Value Life Insurance

Cash surrender value life insurance represents the Association's assigned interest in three split dollar life insurance policies on three key employees. The cash value amounts represent premiums paid by the Association under a split dollar arrangement. The Board of Directors has voted to transfer the Association's interest in two policies, totaling \$102,592, to two of the executives upon the earlier of retirement or death.

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011 AND 2010

Note 5. Pension and Other Postretirement Plans

As of July 1, 2008 the Association adopted a contributory defined benefit pension plan which covers substantially all of its employees. Employees contribute 4.8% of salary to this plan in addition to current social security contributions. The Association also has a contributory 403(b) plan to which it contributes a percentage of salaries based on years of service. The pension plan is modeled after the Massachusetts teachers' retirement system plan benefits. Calculated benefits are reduced for the employer-only portion of the participant's 403(b) plan and social security benefits.

The pension plan has a retirement age of 65 with eligibility after one year of service. The benefit value at normal retirement is 2.5% of three year final average salary, times years of service (max 32) minus 403(b) benefits converted to an annuity and projected social security benefits.

The employer provides certain health insurance benefits for its retired employees, their beneficiaries and covered dependents. The health care plan is non-contributory and covers 50 to 80% of premium costs. Substantially all of the Association's employees may become eligible to receive postretirement health insurance benefits if they retire after age 62 with at least twenty years of service.

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

	<u>2011</u>	<u>2010</u>
Accrued pension benefits	\$ 617,214	\$ 843,986
Accrued postretirement health benefits	246,671	459,317
Accrued vacation and sick pay	101,094	101,094
	<u>964,979</u>	<u>1,404,397</u>
Less: Current portion	<u>(15,498)</u>	<u>(24,212)</u>
Portion due in excess of one year	<u>\$ 949,481</u>	<u>\$ 1,380,185</u>

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011 AND 2010

Note 5. Pension and Other Postretirement Plans (Continued)

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, 2011 and 2010.

	<u>Pension Benefits</u>		<u>Postretirement Health Benefits</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Postretirement benefit obligation	\$1,166,257	\$1,094,462	\$ 701,436	\$ 785,810
Plan assets at fair value	(549,043)	(250,476)	(454,765)	(326,493)
Postretirement benefit obligation in excess of plan assets included in the Statements of Financial Position	<u>\$ 617,214</u>	<u>\$ 843,986</u>	<u>\$ 246,671</u>	<u>\$ 459,317</u>

The expected postretirement health benefit obligation at June 30, 2011 and 2010 was \$774,882 and \$786,573. This represents the actuarial present value of the total future obligation for the current workforce. The accumulated postretirement 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 in the Statement of Activities under Insurance and Employee Benefits are the following pension and postretirement health plan expenses.

	<u>2011</u>	<u>2010</u>
Pension Plan	\$ 221,141	\$ 205,581
403(b) Plan	98,781	107,390
Postretirement health benefits	<u>68,528</u>	<u>85,076</u>
	<u>\$ 388,450</u>	<u>\$ 398,047</u>

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011 AND 2010

Note 5. Pension and Other Postretirement Plans (Continued)

Net periodic postretirement benefit costs for June 30, 2011 and 2010 included the following components:

	Pension Benefits		Postretirement Health Benefits	
	2011	2010	2011	2010
Service cost – benefits attributed to service during the period	\$ 35,465	\$ 23,663	\$ 32,395	\$ 32,273
Interest cost on accumulated postretirement benefit obligation	64,780	60,901	41,051	47,040
Expected return on plan assets	(28,468)	(14,440)	(15,463)	(14,916)
Amortization of transition obligation	102,669	102,669	21,705	21,705
Recognition of (gains)/losses	46,695	32,788	(11,160)	(1,026)
Net periodic postretirement benefit cost deducted under employee benefits in the Statements of Activities	<u>\$ 221,141</u>	<u>\$ 205,581</u>	<u>\$ 68,528</u>	<u>\$ 85,076</u>

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:

	Pension Benefits		Postretirement Health Benefits	
	2011	2010	2011	2010
Weighted-average assumptions				
Discount rate (beginning of period)	6.00%	6.00%	6.00%	6.00%
Discount rate (end of period)	5.75%	6.00%	5.875%	6.00%
Rate of increase in compensation levels (beginning of period)	2.50%	2.50%	-	-
Rate of increase in compensation levels (end of period)	2.50%	2.50%	-	-
Expected return on plan assets	8.00%	8.00%	3.00%	3.00%
Health care cost trend rates	-	-	8.00%	8.50%
Ultimate health care cost trend rate after gradual decrease until 2016	-	-	5.50%	5.50%

Note 6. 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.

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011 AND 2010

Note 6. Deferred Compensation Liability (Continued)

The plan has one participant, William N. Gaine, Jr. The Association has reflected the liability at June 30, 2011 and 2010, for the deferral in the statements of financial position. The certificates of deposit discussed in Note 3 have been designated by the Association as a means of funding this liability. Income from the certificates are treated as additional compensation and added to the liability.

Note 7. Long-Term Debt

Long-term debt at June 30, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Mortgage loan payable in monthly principal installments of \$5,891, plus interest at LIBOR plus 1.5%, due January 2014, collateralized by land and building	\$ 282,640	\$ 353,327
Current portion	<u>70,688</u>	<u>70,688</u>
Portion due in excess of one year	<u>\$ 211,952</u>	<u>\$ 282,639</u>

Mortgage debt maturing in the next five years is as follows:

Year ending June 30, 2012	\$ 70,688
2013	70,688
2014	70,688
2015	70,576
2016	<u>-</u>
Five year total	<u>\$ 282,640</u>

Note 8. Capital Leases

The Association leases certain office equipment under two capital leases. The economic substance of these leases is that the Association is financing the acquisition of the equipment through the leases and accordingly, the equipment is recorded as an asset and the leases are recorded as a liability. Amortization of the leases is included in depreciation.

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011 AND 2010

Note 8. Capital Leases (Continued)

The following is an analysis of the leased asset included in property and equipment.

	<u>2011</u>	<u>2010</u>
Equipment under capital lease	\$ 55,501	\$ 55,501
Less: Accumulated depreciation	<u>(26,825)</u>	<u>(15,725)</u>
	<u>\$ 28,676</u>	<u>\$ 39,776</u>

Future minimum lease payments under capital leases as of June 30, 2011 for each of the remaining years and in the aggregate are as follows:

<u>Year Ended June 30,</u>	
2012	\$ 13,188
2013	13,188
2014	8,188
2015	-
2016	-
Total future minimum capital lease payments	<u>\$ 34,564</u>
Less: Amount representing interest	<u>3,069</u>
Present value of minimum lease payments	\$ 31,495
Less: current maturities	<u>11,343</u>
Portion due in excess of one year	<u>\$ 20,152</u>

Note 9. Related Party Transactions

The Association shares its building and employees with the Massachusetts Secondary School Administrators' Association, Inc. (MSSAA). Rent payments to Massachusetts Interscholastic Athletic Association, Inc. total \$40,000 each year for the years ended June 30, 2011 and 2010, respectively. Several employees including executive staff perform services for the Association and MSSAA. The salaries of individuals working for both organizations, occupancy costs (including rent), and other mutual expenses totaling \$427,205 and \$412,196 were allocated to MSSAA for the years ended June 30, 2011 and 2010, respectively. MSSAA reimburses the Association periodically. The Association was owed \$6,955 and \$2,219 by MSSAA at June 30, 2011 and 2010, respectively.

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011 AND 2010

Note 10. Concentrations of Credit Risk and Revenue Source

As of June 30, 2011 and 2010 balances of cash which consisted of demand accounts and certificates of deposit exceeded the federally insured limits by \$12,182 and \$1,206,804, respectively. This decrease in credit risk is due to an increase in federal insurance limits for the year ended June 30, 2011.

The major portion of the Association's revenue comes from the conduct of high school post season athletic tournaments held in Massachusetts.

Note 11. Contingencies

A student eligibility suit was brought against the Association in October 2005. The trial was conducted on May 12, 2006. The judge issued a judgment for the plaintiff on February 12, 2007. A final judgment was issued on May 20, 2008 awarding the plaintiff legal fees and expenses in the amount of \$19,110.20. The case is under appeal and the Association is vigorously defending against this claim. No provision has been made in these financial statements for possible loss in relation to this matter.

On or about February 2009, a scoreboard and time clock operator at a soccer tournament venue filed Form SS-8 with the Internal Revenue Service (IRS) seeking employment tax treatment as an employee of the MIAA. On February 25, 2010 the IRS issued its determination that the individual was in fact an employee of the MIAA. It should be noted that this examination was not conducted by field audit. However, no additional assessment of tax, interest or penalty was made. On April 29, 2010 the MIAA, through counsel, filed an Appeal vigorously challenging and appealing the original determination by the IRS, by asserting numerous defenses. As of the date of these financial statements the IRS has not opined on the Appeal.

However, if the MIAA loses the Appeal counsel believes that the "Safe Haven" provided in Section 530 of the 1978 Revenue Act will mitigate retroactive application of any negative determination. Relief is available pursuant to Section 530 to employers showing that they had a reasonable basis for treating the workers as independent contractors, if they meet certain criteria. The MIAA takes the position that it satisfies the relevant criteria for such protection. No provision has been made in these financial statements for possible additional employment taxes.

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011 AND 2010

Note 12. Commitments

On December 2, 2009 the Board of Directors voted and the Association agreed 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.

The Internal Revenue Service generally requires a new pension plan to reach 80% funding of its ERISA liabilities in five years. This requirement applies to the pension plan adopted July 1, 2008 (Note 5). The ERISA liability is similar to the postretirement benefit obligation detailed in Note 5.

Note 13. Prior Period Adjustment

In prior years, the Association expensed all life insurance premiums on the life of one of its executives. The Association has an assigned interest in the policy under a split dollar arrangement detailed in Note 4. During the year ended June 30, 2011 the Association began reflecting the claim to the cash surrender value of the policy as an asset as required by generally accepted accounting principles. This resulted in a restatement of the June 30, 2010 beginning fund balance by \$13,472. Net income for the year ended June 30, 2010 was increased by \$1,819 representing previously expensed life insurance premiums and the June 30, 2010 ending cash surrender value reflected in the statement of financial position was increased by \$15,291.

Note 14. Evaluation of Subsequent Events

The Association has evaluated subsequent events through September 28, 2011, the date which the financial statements were available to be issued.

September 28, 2011

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

**INDEPENDENT AUDITORS' REPORT
ON ADDITIONAL INFORMATION**

We have audited the financial statements of Massachusetts Interscholastic Athletic Association, Inc., as of and for the years ended June 30, 2011 and 2010, and have issued our report thereon dated September 28, 2011, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of athletic event revenue and expenses are presented for the purposes of additional analysis and are 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 our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Stone and Paul, P.C.
Natick, Massachusetts 01760

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
SCHEDULES OF ATHLETIC EVENT REVENUE AND EXPENSES
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>Revenue</u>		
Gate receipts	\$ 3,660,546	\$ 3,613,654
Other	36,796	40,836
Radio-media fees	17,782	60,625
Entry fees	<u>2,190</u>	<u>2,455</u>
Total revenue	3,717,314	3,717,570
<u>Expenses</u>		
Tournament personnel expenses:		
Directors and site managers	329,959	325,856
Game officials	319,882	315,039
Ticket sellers and takers	188,927	187,046
Auxiliary officials	<u>138,314</u>	<u>124,485</u>
Total tournament personnel expenses	977,082	952,426
Tournament site expenses:		
Facility rentals	866,741	818,809
Police and security	235,432	223,435
Medical/trainers/fire	83,577	77,267
Custodial matron	56,181	50,042
Site preparation	<u>37,454</u>	<u>48,086</u>
Total tournament site expenses	1,279,385	1,217,639
Tournament supply expenses:		
Other expenses	61,609	86,760
Trophies and awards	57,939	45,008
Equipment rental	21,379	19,864
Program printing	16,402	13,115
Secretary/format preparation	<u>13,715</u>	<u>13,000</u>
Total tournament supply expenses	171,044	177,747

Stone and Paul, P.C.

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
SCHEDULES OF ATHLETIC EVENT REVENUE AND EXPENSES (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Service charge-MIAA	\$ 330,000	\$ 330,000
Tournament administration expenses:		
Committee meetings	55,732	57,556
Mail/telephone	<u>24,814</u>	<u>23,102</u>
Total tournament administration expenses	<u>80,546</u>	<u>80,658</u>
Total expenses	<u>2,838,057</u>	<u>2,758,470</u>
Excess of athletic event revenue and expenses	<u>\$ 879,257</u>	<u>\$ 959,100</u>

Stone and Paul, P.C.

**MASSACHUSETTS INTERSCHOLASTIC
ATHLETIC ASSOCIATION, INC.**

STATEMENTS OF ATHLETIC TOURNAMENTS

**FOR THE YEARS ENDED
JUNE 30, 2011 AND 2010**

Stone and Paul, P.C.

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.

JUNE 30, 2011 AND 2010

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Stone and Paul, P.C.

Certified Public Accountants

Robert J. Paul, C.P.A.

A Professional Accounting Corporation

September 28, 2011

Independent Accountants' Report
On Applying Agreed-Upon Procedures

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

We have performed the procedures below, which were agreed to by the Massachusetts Interscholastic Athletic Association, Inc., solely to assist you in evaluating the accompanying Statements of Athletic Tournaments of the Massachusetts Interscholastic Athletic Association, Inc., (MIAA) for the years ended June 30, 2011 and 2010. MIAA's management is responsible for the Statements of Athletic Tournaments. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures were as follows:

Compile and group tournament financial information for the years ended June 30, 2011 and 2010.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accompanying Statements of Athletic Tournaments. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Massachusetts Interscholastic Athletic Association, Inc., and is not intended to be and should not be used by anyone other than those specified parties.

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
STATEMENTS OF ATHLETIC TOURNAMENTS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	June 30, 2011			June 30, 2010		
	Receipts	Expenses	Excess (Deficiency)	Receipts	Expenses	Excess (Deficiency)
Cross Country						
East	\$ 270	\$ 17,121	\$ (16,851)	\$ 630	\$ 14,317	\$ (13,687)
State	200	12,457	(12,257)	-	10,957	(10,957)
Central	-	8,614	(8,614)	-	8,780	(8,780)
West	30	7,661	(7,631)	-	7,602	(7,602)
Total Cross Country	500	45,853	(45,353)	630	41,656	(41,026)
Field Hockey						
North	8,258	6,380	1,878	8,897	7,352	1,545
South	6,744	7,001	(257)	8,185	8,034	151
State	18,380	15,874	2,506	17,591	14,031	3,560
Central	7,242	9,772	(2,530)	8,112	9,789	(1,677)
West	14,964	12,371	2,593	12,934	11,282	1,652
Total Field Hockey	55,588	51,398	4,190	55,719	50,488	5,231
Football						
East	404,790	149,313	255,477	434,312	145,785	288,527
Central	114,038	64,357	49,681	113,680	58,259	55,421
West	52,043	41,425	10,618	64,080	42,581	21,499
Total Football	570,871	255,095	315,776	612,072	246,625	365,447

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
STATEMENTS OF ATHLETIC TOURNAMENTS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	June 30, 2011			June 30, 2010		
	Receipts	Expenses	Excess (Deficiency)	Receipts	Expenses	Excess (Deficiency)
Soccer						
North	\$ 44,429	\$ 35,450	\$ 8,979	\$ 38,726	\$ 33,445	\$ 5,281
South	35,911	34,289	1,622	38,658	34,370	4,288
State	76,834	47,827	29,007	81,764	41,143	40,621
Central	34,760	34,313	447	35,829	35,975	(146)
West	48,278	36,019	12,259	44,406	32,777	11,629
Total Soccer	240,212	187,898	52,314	239,383	177,710	61,673
Swimming						
North, girls (fall)	4,662	9,817	(5,155)	5,521	9,991	(4,470)
South, girls (fall)	4,277	9,588	(5,311)	4,124	10,142	(6,018)
State, girls (fall)	11,511	22,781	(11,270)	12,285	19,804	(7,519)
Central/South, girls (winter)	4,986	9,106	(4,120)	4,185	10,237	(6,052)
North, girls (winter)	4,522	9,231	(4,709)	4,769	11,272	(6,503)
North, boys (winter)	5,142	9,152	(4,010)	5,920	10,434	(4,514)
Central/South, boys	5,279	9,192	(3,913)	5,897	9,140	(3,243)
State, boys	16,645	24,612	(7,967)	13,969	23,329	(9,360)
State, girls (winter)	13,730	21,731	(8,001)	11,184	20,171	(8,987)
West, boys & girls	8,332	16,969	(8,637)	8,109	16,422	(8,313)
Total Swimming	79,086	142,179	(63,093)	75,963	140,942	(64,979)

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
STATEMENTS OF ATHLETIC TOURNAMENTS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	June 30, 2011			June 30, 2010		
	Receipts	Expenses	Excess (Deficiency)	Receipts	Expenses	Excess (Deficiency)
Volleyball						
North, girls	\$ 14,887	\$ 11,005	\$ 3,882	\$ 14,995	\$ 11,665	\$ 3,330
South, girls	13,380	10,606	2,774	14,846	10,494	4,352
State, girls (fall)	17,339	15,349	1,990	20,261	16,563	3,698
Central/East, girls	4,841	4,161	680	5,225	4,028	1,197
Central/West, girls	4,436	3,483	953	3,459	3,603	(144)
Central, girls	9,690	7,196	2,494	9,758	7,610	2,148
West, girls	12,441	8,463	3,978	11,585	7,949	3,636
South, boys	1,933	3,573	(1,640)	3,663	3,314	349
North, boys	3,767	3,764	3	2,658	3,348	(690)
State, boys (spring)	7,825	5,691	2,134	5,202	5,318	(116)
Central, boys	4,320	3,311	1,009	3,064	3,193	(129)
West, boys	5,372	4,935	437	5,414	3,997	1,417
Total Volleyball	100,231	81,537	18,694	100,130	81,082	19,048
Basketball						
North	311,044	205,990	105,054	319,167	192,755	126,412
South	392,436	246,021	146,415	399,796	247,526	152,270
State	274,437	230,232	44,205	330,596	231,035	99,561
Central	158,498	94,271	64,227	165,608	97,689	67,919
West	169,724	110,660	59,064	146,251	101,538	44,713
Total Basketball	1,306,139	887,174	418,965	1,361,418	870,543	490,875

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
STATEMENTS OF ATHLETIC TOURNAMENTS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	June 30, 2011			June 30, 2010		
	Receipts	Expenses	Excess (Deficiency)	Receipts	Expenses	Excess (Deficiency)
Gymnastics						
State, boys	\$ 1,341	\$ 2,909	\$ (1,568)	\$ 1,686	\$ 2,430	\$ (744)
North, girls	1,630	2,811	(1,181)	1,544	2,998	(1,454)
South, girls	2,193	2,817	(624)	2,334	3,049	(715)
West, girls	1,951	2,745	(794)	2,103	2,362	(259)
State, girls	3,293	4,108	(815)	11,569	11,114	455
Total Gymnastics	10,408	15,390	(4,982)	19,236	21,953	(2,717)
Ice Hockey						
State	133,024	88,693	44,331	101,062	68,129	32,933
North	163,206	94,215	68,991	143,607	88,041	55,566
South	164,515	88,050	76,465	124,931	78,066	46,865
Division 1A	234,349	110,226	124,123	200,470	120,259	80,211
Central	56,887	37,393	19,494	57,875	37,340	20,535
West	37,557	29,425	8,132	50,728	33,026	17,702
Girls	67,322	47,930	19,392	52,805	42,484	10,321
Total Ice Hockey	856,860	495,932	360,928	731,478	467,345	264,133
Wrestling						
Individual	64,158	92,627	(28,469)	73,124	93,724	(20,600)
Team	32,572	64,916	(32,344)	37,668	57,867	(20,199)
Total Wrestling	96,730	157,543	(60,813)	110,792	151,591	(40,799)
Alpine Skiing	-	15,647	(15,647)	-	11,399	(11,399)
Nordic Skiing	-	8,362	(8,362)	-	7,168	(7,168)

See independent accountants' report on applying agreed-upon procedures

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
STATEMENTS OF ATHLETIC TOURNAMENTS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	June 30, 2011		June 30, 2010		Excess
	Receipts	Expenses	Receipts	Expenses	(Deficiency)
Baseball					
North	\$ 12,846	\$ 23,134	\$ 18,272	\$ 22,644	\$ (4,372)
South	15,190	16,250	16,284	16,974	(690)
State	20,006	25,374	24,305	26,499	(2,194)
Central	10,524	14,464	16,034	14,499	1,535
West	13,556	15,577	13,768	15,740	(1,972)
Total Baseball	72,122	94,799	88,663	96,356	(7,693)
Golf					
Individual, girls	300	1,654	-	1,089	(1,089)
Team, girls	1,000	1,554	1,000	2,259	(1,259)
Boys-fall	-	39,542	-	33,691	(33,691)
Total Golf	1,300	42,750	1,000	37,039	(36,039)
Lacrosse					
East, boys	44,019	20,478	44,915	20,820	24,095
State, boys	8,789	6,939	2,828	6,107	(3,279)
North, girls	7,920	7,628	6,761	7,880	(1,119)
South, girls	9,852	8,637	7,141	7,926	(785)
State, girls	11,083	11,140	13,980	11,051	2,929
Central, boys	6,617	5,071	5,861	6,073	(212)
Central, girls	2,841	5,033	2,886	6,215	(3,329)
West, boys	8,726	6,836	15,412	3,826	11,586
West, girls	6,568	5,725	6,480	5,114	1,366
Total Lacrosse	106,415	77,487	106,264	75,012	31,252

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
STATEMENTS OF ATHLETIC TOURNAMENTS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>June 30, 2011</u>			<u>June 30, 2010</u>		
	<u>Receipts</u>	<u>Expenses</u>	<u>Excess (Deficiency)</u>	<u>Receipts</u>	<u>Expenses</u>	<u>Excess (Deficiency)</u>
Tennis						
Team	\$ -	\$ 20,659	\$ (20,659)	\$ -	\$ 23,202	\$ (23,202)
Individual	-	21,388	(21,388)	-	20,116	(20,116)
Total Tennis	-	42,047	(42,047)	-	43,318	(43,318)
Track						
State, indoor	15,156	17,056	(1,900)	16,599	18,578	(1,979)
East, outdoor boys & girls	25,892	44,678	(18,786)	26,724	38,566	(11,842)
Indoor Divisionals	42,999	55,613	(12,614)	43,516	54,341	(10,825)
State, outdoor boys & girls	20,275	22,442	(2,167)	15,718	19,116	(3,398)
Central, outdoor boys & girls	9,877	12,476	(2,599)	9,309	11,072	(1,763)
West, outdoor boys & girls	10,932	14,699	(3,767)	12,018	13,144	(1,126)
Total Track	125,131	166,964	(41,833)	123,884	154,817	(30,933)
Softball						
North	11,844	12,072	(228)	12,641	12,479	162
South	10,517	13,882	(3,365)	10,982	12,358	(1,376)
State	16,859	16,160	699	17,366	14,806	2,560
Central	8,020	11,931	(3,911)	8,963	11,529	(2,566)
West	15,519	14,689	830	9,000	12,291	(3,291)
Total Softball	62,759	68,734	(5,975)	58,952	63,463	(4,511)
Administration	32,962	1,268	31,694	31,986	19,963	12,023
Total All Athletic Tournaments	\$ 3,717,314	\$ 2,838,057	\$ 879,257	\$ 3,717,570	\$ 2,758,470	\$ 959,100