

*Marco Seidman, CPA PC*

**MASSACHUSETTS INTERSCHOLASTIC  
ATHLETIC ASSOCIATION, INC.**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED  
JUNE 30, 2017 AND 2016**

*Marco Seidman, CPA PC*

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**

**JUNE 30, 2017 AND 2016**

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# *Marco Seidman, CPA, PC*

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November 2, 2017

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## Independent Auditors' Report

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

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, 2017, and the related statements of activities and cash flows for the year 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**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 auditors' 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **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, 2017, 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.

## **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information 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 our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The financial statements of Massachusetts Interscholastic Athletic Association, Inc. as of June 30, 2016 were audited by other auditors who expressed an unmodified audit opinion on those audited financial statements in a report dated November 2, 2016.



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**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b><u>ASSETS</u></b>		
<b>Current Assets:</b>		
Cash	\$ 359,693	\$ 701,769
Investments available for sale (Cost of \$ 796,893 as of June 30, 2017 and \$745,621 as of June 30, 2016) (Notes 1 and 3)	940,437	828,391
Accounts receivable (Note 1)		
Association receivables, net of allowance for doubtful accounts of \$ 13,670 for June 30, 2017 and \$12,895 for June 30, 2016	171,714	204,096
Tournament income receivable	5,463	11,138
Prepaid expenses	140,932	114,398
Due from related party (Note 9)	10,039	12,306
Loans and advances	606	1,272
<b>TOTAL CURRENT ASSETS</b>	<b>1,628,884</b>	<b>1,873,370</b>
<b>Property and equipment, net</b> (Notes 1 and 4)	1,926,977	2,102,073
<b>Other assets:</b>		
Designated Investments (Note 3)	135,942	121,721
Cash surrender value life insurance (Note 5)	27,981	26,220
<b>Total Assets</b>	<b>\$ 3,719,784</b>	<b>\$ 4,123,384</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$ 430,715	\$ 502,635
Deferred revenue	127,375	176,860
Capital lease obligations, current portion (Note 8)	21,567	23,963
Postretirement obligations, current portion (Notes 1 and 6)	31,867	19,870
<b>TOTAL CURRENT LIABILITES</b>	<b>611,524</b>	<b>723,328</b>
<b>Noncurrent Liabilities:</b>		
Accrued postretirement benefits, net of current portion	749,314	832,033
Deferred compensation (Note 7)	69,001	85,112
Capital lease obligations, net of current portion	23,816	45,383
<b>TOTAL NONCURRENT LIABILITES</b>	<b>842,131</b>	<b>962,528</b>
<b>Total Liabilities – balance carried forward</b>	<b>1,453,655</b>	<b>1,685,856</b>

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>Total Liabilities</b> brought forward	1,453,655	1,685,856
<b>Net Assets:</b>		
Unrestricted		
Undesignated	2,088,518	2,315,807
Board designated for endowment fund	124,900	100,000
Total unrestricted	2,213,418	2,415,807
Temporarily restricted	52,711	21,721
Total net assets	2,266,129	2,437,528
<b>Total Liabilities and Net Assets</b>	<u>\$ 3,719,784</u>	<u>\$ 4,123,384</u>

Marco Seidman, CPA PC

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

<b><u>UNRESTRICTED NET ASSETS</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
<b><u>Unrestricted Revenue and Support</u></b>		
Athletic events	\$ 3,444,302	\$ 3,602,889
Membership dues	1,047,689	1,042,790
Service charges	380,000	380,000
Educational Athletics	325,260	341,030
Ball agreements	183,500	180,500
Tournament souvenirs	118,000	105,031
Officials enrollment	115,420	329,999
Corporate Sponsorships	71,800	82,800
Grant Income	48,326	200,000
Conferences and workshops	45,230	45,105
Miscellaneous income	<u>35,870</u>	<u>28,355</u>
Total unrestricted revenue and support	5,815,397	6,338,499
<b><u>Expenses</u></b>		
Program services:		
Athletic events	2,958,616	2,979,413
Educational Athletics	453,146	473,914
Game officials	54,935	236,120
Conferences and workshops	<u>22,416</u>	<u>30,045</u>
	3,489,113	3,719,492
General and administrative:		
Personnel costs:		
Salaries	1,274,683	1,197,272
Insurance and employee benefits	533,390	462,714
Payroll taxes and administration	109,864	106,284
Other general and administrative expenses	<u>884,401</u>	<u>935,215</u>
Total general and administrative expense	2,802,338	2,701,485
Fundraising	<u>-</u>	<u>20,436</u>
Total expenses	<u>6,291,451</u>	<u>6,441,413</u>
Change in net assets from operations (balance forward)	\$ (476,054 )	\$ (102,914 )

See accompanying notes to financial statements

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**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**STATEMENTS OF ACTIVITIES (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Balance brought forward	\$ (476,054 )	\$ (102,914 )
<b><u>Other Unrestricted Revenue (Expenses)</u></b>		
Realized gains on investments	29,096	33,242
Unrealized gains (losses) on investments	60,442	(55,241)
Rental income	46,500	45,000
Investment income	20,427	22,898
Interest expense	(858)	(1,653)
Investment expense	<u>(3,184)</u>	<u>(6,770)</u>
Total other unrestricted revenue (expenses)	<u>152,423</u>	<u>37,476</u>
<b><u>Increase (Decrease) In Unrestricted Net Assets From Operating Activities</u></b>	(323,631)	(65,438)
<b><u>Postretirement Benefit Changes Other Than Net Periodic Pension Costs</u></b>	<u>121,242</u>	<u>(804,470)</u>
<b><u>Increase (Decrease) In Unrestricted Net Assets</u></b>	<u>(202,389)</u>	<u>(869,908)</u>
<b><u>TEMPORARILY RESTRICTED NET ASSETS</u></b>		
Contributions – Endowment Fund	4,565	5,875
Special Events – Endowment Fund	30,675	7,246
Scholarships Granted	<u>(4,250)</u>	<u>-</u>
Increase in temporarily restricted net assets	30,990	13,121
Increase (decrease) in net assets	(171,399)	(856,787)
<b><u>NET ASSETS AT THE BEGINNING OF THE YEAR</u></b>	<u>2,437,528</u>	<u>3,294,315</u>
<b><u>NET ASSETS AT THE END OF THE YEAR</u></b>	<u>\$ 2,266,129</u>	<u>\$ 2,437,528</u>



**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b><u>Cash Flows From Operating Activities</u></b>		
Change in net assets	\$ (171,399)	\$ (856,787)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	188,521	178,261
Unrealized (gain) loss on investments	(60,442)	55,241
(Increase) decrease in assets:		
Accounts receivable	38,057	(85,584)
Prepaid expenses	(26,534)	31,097
Due from related party	2,267	(8,530)
Endowment funds	(14,221)	(113,121)
Cash surrender value life insurance	(1,721)	(1,756)
Employee loan	1,121	679
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(71,920)	215,462
Accrued postretirement benefits	(70,722)	580,157
Deferred revenue	(49,485)	(88,082)
Deferred compensation	(16,111)	(32,603)
Net cash provided (used) by operating activities	<u>(252,589)</u>	<u>(125,566)</u>
<b><u>Cash Flows From Investing Activities</u></b>		
Proceeds from sales of investments	457,145	964,174
Purchase of investments	(509,243)	(760,674)
Acquisition of property and equipment	(13,426)	(78,477)
Net cash provided (used) by investing activities	<u>(65,524)</u>	<u>125,023</u>
<b><u>Cash Flows From Financing Activities</u></b>		
Principal payments of capital lease obligations	<u>(23,963)</u>	<u>(23,689)</u>
Net cash provided (used) by financing activities	<u>(23,963)</u>	<u>(23,689)</u>

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**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b><u>Increase (Decrease) In Cash</u></b>	\$ (342,076 )	\$ (24,232.)
<b><u>Cash and Cash Equivalents At Beginning of Year</u></b>	<u>701,769</u>	<u>726,001</u>
<b><u>Cash and Cash Equivalents At End of Year</u></b>	<u>\$ 359,693</u>	<u>\$ 701,769</u>

**Supplemental Information**

Cash paid for:		
Interest	<u>\$ 858</u>	<u>\$ 1,653</u>

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

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 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 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 2017 and 2016. 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, 2017 AND 2016

Note 1. Summary of Significant Accounting Policies (Continued)

Income Tax Status (Continued)

As of June 30, 2017, the Association has no uncertain tax positions that qualify for disclosure in the financial statements. Tax years still open under federal and state statute of limitations remain subject to review and change.

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. These are all Level One measurements. Unrealized gains and losses are included in the change in net assets.

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. The Association capitalizes property and equipment with costs greater than \$500 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	Five – Ten Years
Building and improvements	Ten - 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.

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017 AND 2016**

Note 1. Summary of Significant Accounting Policies (Continued)

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 (Level 1 measurements).

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.

Note 2. Restrictions on Net Assets

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 for distribution annually for the coming year.

Endowment Funds are made up of:

Donor Funds – Temporarily Restricted	\$ 52,711
Board Designated Funds	<u>124,900</u>
Endowment Funds	<u>\$ 177,611</u>

Note 3. Investments

Investments are reported at aggregate fair value based on quoted market prices for those investments. 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.

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017 AND 2016**

Note 3. Investments (Continued)

The Association held the following investments at June 30, 2017 and 2016:

	June 30, 2017		
	Cost	Unrealized Gain or (Loss)	Market Value
Equity and Debt Securities	\$ 708,180	\$ 146,220	\$ 854,400
Money Market Funds	221,979	-	221,979
	\$ 930,159	\$ 146,220	\$ 1,076,379
Designated to Endowment Fund	(133,266)	(2,676)	(135,942)
Investments available for sale	\$ 796,893	\$ 143,544	\$ 940,437
	June 30, 2016		
	Cost	Unrealized Gain or (Loss)	Market Value
Equity and Debt Securities	\$ 813,830	\$ 82,770	\$ 896,600
Money Market Funds	53,512	-	53,512
	\$ 867,342	\$ 82,770	\$ 950,112
Designated to Endowment Fund	(121,721)	-	(121,721)
Investments available for sale	\$ 745,621	\$ 82,770	\$ 828,391

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017 AND 2016**

Note 3. Investments (Continued)

Components of investment return are as follows:

	<u>2017</u>	<u>2016</u>
Unrealized gains (losses)	\$ 60,442	\$ (55,241)
Realized gains (losses)	29,096	33,242
Interest and dividends (reinvested)	20,427	22,898
Total unrestricted investment income (loss)	<u>\$ 109,965</u>	<u>\$ 899</u>

Note 4. Property and Equipment

Property and equipment consists of the following:

	<u>2017</u>	<u>2016</u>
Land	\$ 350,000	\$ 350,000
Building and improvements	2,468,481	2,462,664
Furniture & equipment	949,495	941,887
	<u>3,767,976</u>	<u>3,754,551</u>
Less: Accumulated depreciation	<u>(1,840,999)</u>	<u>(1,652,478)</u>
	<u>\$ 1,926,977</u>	<u>\$ 2,102,073</u>

Depreciation charged to operations totaled \$188,521 and \$178,261 for the years ended June 30, 2017 and 2016, respectively.

Note 5. 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.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017 AND 2016**

Note 6. Pension and Other Postretirement Plans

The Association maintains a 403(b) Plan, the MIAA/MSSAA 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), a percentage of Plan Compensation from 7% to 12.6% based on Months of Service regardless of whether or not a Participant makes pre-tax contributions to the Plan. The Association's contribution is subject to a six-year graded vesting schedule. Participant contributions are fully vested.

Effective July 1, 2008, the Association established the MIAA/MSSAA 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 contributions. 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, (ii) a calculation (as defined in the Plan) based on the Participant's "Mandatory Employee Contributions" of 4.8% of salary with interest, in accordance with Plan terms or (iii) a minimum benefit of \$120.00 times a Participant's Years of Service. The Normal Retirement Benefit is subject to a seven-year graded vesting schedule.

The Association also maintains the MIAA/MSSAA 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.



**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017 AND 2016**

Note 6. Pension and Other Postretirement Plans (Continued)

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

	2017	2016
Accrued pension benefits (overfunded)	\$ ( 148,577 )	\$ 236,585
Accrued postretirement health benefits	788,670	511,487
Accrued vacation and sick pay	141,088	103,831
	781,181	851,903
Less: Current portion	(31,867)	( 19,870 )
Portion due in excess of one year	\$ 749,314	\$ 832,033

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, 2017 and 2016.

	Pension Benefits		Postretirement Health Benefits	
	2017	2016	2017	2016
Postretirement benefit obligation	\$2,296,831	\$2,314,438	\$1,672,951	\$1,307,995
Plan assets at fair value	(2,445,408 )	(2,077,853 )	(884,281 )	(796,508 )
Postretirement benefit obligation in excess of plan assets included in the Statements of Financial Position	\$ (148,577 )	\$ 236,585	\$788,670	\$ 511,487

The expected postretirement health benefit obligation at June 30, 2017 and 2016 was \$1,702,640 and \$2,009,352. 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.

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017 AND 2016**

Note 6. Pension and Other Postretirement Plans (Continued)

Included in the Statement of Activities under Insurance and Employee Benefits are the following pension and postretirement health plan expenses.

	<u>2017</u>	<u>2016</u>
Pension Plan	\$ ( 13,583 )	\$ ( 43,633 )
403(b) Plan	119,565	105,731
Postretirement health benefits	<u>126,846</u>	<u>128,713</u>
	<u>\$ 232,828</u>	<u>\$ 190,811</u>

Net periodic postretirement benefit costs for June 30, 2017 and 2016 included the following components:

	<u>Pension Benefits</u>		<u>Postretirement Health Benefits</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Service cost – benefits attributed to service during the period	\$ -	\$ -	\$ 76,785	\$ 83,645
Interest cost on accumulated postretirement benefit obligation	72,505	88,131	60,081	47,055
Expected return on plan assets	(163,571 )	(152,080 )	(26,198 )	(23,692 )
Amortization of transition obligation	-	-	21,705	21,705
Prior Service Cost	-	-	(10,696 )	-
Recognition of (gains)/losses	<u>77,483</u>	<u>20,316</u>	<u>5,169</u>	<u>-</u>
Net periodic postretirement benefit cost deducted under administrative operations in the Statements of Activities	<u>\$ (13,583 )</u>	<u>\$ (43,633 )</u>	<u>\$ 126,846</u>	<u>\$128,713</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:

Weighted-average assumptions	<u>Pension Benefits</u>		<u>Postretirement Health Benefits</u>	
Discount rate (beginning of period)	3.25%	4.375%	3.625%	4.500%
Discount rate (end of period)	3.625%	3.250%	3.875%	3.625%
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	-	-	5.50%	5.50%
Medicare	-	-	2.50%	2.50%

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017 AND 2016

Note 7. 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 is frozen and exists to pay benefits to the one participant.

Note 8. Capital Leases

The Association leases certain office equipment under capital leases. The economic substance of the 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.

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

	<u>2017</u>	<u>2016</u>
Equipment under capital lease	\$ 119,843	\$ 119,843
Less: Accumulated depreciation	<u>(77,117)</u>	<u>(53,378)</u>
	<u>\$ 42,726</u>	<u>\$ 66,465</u>

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017 AND 2016**

Note 8. Capital Leases (Continued)

Future minimum lease payments under capital leases as of June 30, 2017 for each of the remaining years and in the aggregate are as follows:

<u>Year Ended June 30,</u>	
2018	22,221
2019	22,221
2020	1,852
2021	-
2022	-
Total future minimum capital lease payments	<u>\$ 46,294</u>
Less: Amount representing interest	<u>911</u>
Present value of minimum lease payments	\$ 45,383
Less: current maturities	<u>(21,567)</u>
Portion due in excess of one year	<u>\$ 23,816</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 \$46,500 and \$45,000 each year for the years ended June 30, 2017 and 2016, 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 \$714,530 and \$659,920 were allocated to MSSAA for the years ended June 30, 2017 and 2016, respectively. MSSAA reimburses the Association monthly. The Association was owed \$10,039 and \$12,306 by MSSAA at June 30, 2017 and 2016, respectively.

Note 10. Concentration of Credit Risk and Revenue Source

As of June 30, 2017 and 2016 balances of cash which consisted of demand accounts and certificates of deposit exceeded the federally insured limits by \$ 191,695 and \$365,955 respectively.

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

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017 AND 2016**

Note 11. 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. As of June 30, 2017 only one of the two executives remains under contract.

Note 12. Evaluation of Subsequent Events

The Association has evaluated subsequent events through November 2, 2017 the date which the financial statements were available to be issued.

Note 13. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements. There was no effect on net assets.

*Marco Seidman, CPA PC*

SUPPLEMENTARY INFORMATION

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**SCHEDULES OF ATHLETIC EVENT REVENUE AND EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b><u>Revenue</u></b>		
Gate receipts	\$ 3,404,692	\$ 3,548,531
Other	34,785	43,758
Radio-media fees	<u>4,825</u>	<u>10,600</u>
Total revenue	3,444,302	3,602,889
<b><u>Expenses</u></b>		
Tournament personnel expenses:		
Game officials	331,196	319,550
Directors and site managers	327,168	330,784
Auxiliary officials	213,943	202,976
Ticket sellers and takers	191,636	189,349
Medical/trainers/fire	<u>80,749</u>	<u>79,845</u>
Total tournament personnel expenses	1,144,692	1,122,504
Tournament site expenses:		
Facility rentals	812,004	847,733
Police and security	109,073	132,246
Custodial matron	56,382	52,231
Foxboro user charge	54,828	52,655
Site preparation	32,633	24,254
Equipment rental	<u>30,824</u>	<u>33,581</u>
Total tournament site expenses	1,095,744	1,142,700
Tournament supply expenses:		
Other expenses	134,771	131,813
Trophies and awards	76,194	74,101
Program printing	19,083	20,690
Secretary/format preparation	<u>5,400</u>	<u>5,500</u>
Total tournament supply expenses	235,448	232,104

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**SCHEDULES OF ATHLETIC EVENT REVENUE AND EXPENSES (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Service charge-MIAA	\$ 380,000	\$ 380,000
Tournament administration expenses:		
Committee meetings	78,767	77,919
Mail/telephone	<u>23,965</u>	<u>24,186</u>
Total tournament administration expenses	<u>102,732</u>	<u>102,105</u>
Total expenses	<u>2,958,616</u>	<u>2,979,413</u>
Excess of athletic event revenue and expenses	<u>\$ 485,686</u>	<u>\$ 623,476</u>



Marco Seidman, CPA PC

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**SCHEDULES OF OTHER GENERAL AND ADMINISTRATIVE EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Other general and administrative		
Tournament administration	\$ 191,126	\$ 208,842
Depreciation	188,521	178,261
Office operations	146,153	180,299
Building and grounds	144,737	144,557
Other professional fees	79,801	77,848
Legal and accounting	56,147	15,024
National Meetings	28,916	38,749
Committee meetings	23,444	24,568
Miscellaneous	16,375	30,899
Public information	7,287	30,257
MIAA Handbooks	1,894	2,306
Grant expenses	<u>-</u>	<u>3,605</u>
Total other general and administrative expenses	<u>\$ 884,401</u>	<u>\$ 935,215</u>