

Marco Seidman, CPA PC

**MASSACHUSETTS INTERSCHOLASTIC
ATHLETIC ASSOCIATION, INC.**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED
JUNE 30, 2018 AND 2017**

Marco Seidman, CPA PC

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.

JUNE 30, 2018 AND 2017

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Marco Seidman, CPA PC

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October 29, 2018

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, 2018 and June 30, 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2018 and 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 20 through 22 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2018, on our consideration of Massachusetts Interscholastic Athletic Association, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Massachusetts Interscholastic Athletic Association, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Massachusetts Interscholastic Athletic Association, Inc.'s internal control over financial reporting and compliance.



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MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 380,583	\$ 359,693
Investments available for sale (Cost of \$546,306 as of June 30, 2018 and \$796,893 as of June 30, 2017) (Notes 1 and 3)	651,427	940,437
Accounts receivable (Note 1)		
Association receivables, net of allowance for doubtful accounts of \$12,258 for June 30, 2018 and \$13,670 for June 30, 2017	209,785	171,714
Tournament income receivable	4,858	5,463
Prepaid expenses	96,179	140,932
Due from related party (Note 9)	14,020	10,039
Loans and advances	-	606
TOTAL CURRENT ASSETS	<u>1,356,852</u>	<u>1,628,884</u>
Property and equipment, net (Notes 1 and 4)	1,858,270	1,926,977
Other assets:		
Designated Investments (Note 3)	136,350	135,942
Cash surrender value life insurance (Note 5)	<u>29,741</u>	<u>27,981</u>
Total Assets	<u>\$ 3,381,213</u>	<u>\$ 3,719,784</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 374,620	\$ 430,715
Deferred revenue	127,925	127,375
Capital lease obligations, current portion (Note 8)	21,967	21,567
Postretirement obligations, current portion (Notes 1 and 6)	<u>7,716</u>	<u>31,867</u>
TOTAL CURRENT LIABILITES	532,228	611,524
Noncurrent Liabilities:		
Accrued postretirement benefits, net of current portion	709,157	749,314
Deferred compensation (Note 7)	69,910	69,001
Capital lease obligations, net of current portion	<u>1,849</u>	<u>23,816</u>
TOTAL NONCURRENT LIABILITES	780,916	842,131
Total Liabilities – balance carried forward	1,313,144	1,453,655

See accompanying notes to financial statements

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MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Total Liabilities brought forward	1,313,144	1,453,655
Net Assets:		
Unrestricted		
Undesignated	1,933,988	2,088,518
Board designated for endowment fund	<u>55,661</u>	<u>124,900</u>
Total unrestricted	1,989,649	2,213,418
Temporarily restricted	<u>78,420</u>	<u>52,711</u>
Total net assets	<u>2,068,069</u>	<u>2,266,129</u>
Total Liabilities and Net Assets	<u>\$ 3,381,213</u>	<u>\$ 3,719,784</u>

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>UNRESTRICTED NET ASSETS</u>		
<u>Unrestricted Revenue and Support</u>		
Athletic events	\$ 3,281,145	\$ 3,444,302
Membership dues	1,055,080	1,047,689
Service charges	380,000	380,000
Educational Athletics	369,599	325,260
Ball agreements	242,000	183,500
Grant Income	196,029	48,326
Tournament souvenirs	122,350	118,000
Officials enrollment	103,100	115,420
Corporate Sponsorships	97,400	71,800
Conferences and workshops	48,585	45,230
Miscellaneous income	<u>14,996</u>	<u>35,870</u>
Total unrestricted revenue and support	5,910,284	5,815,397
<u>Expenses</u>		
Program services:		
Athletic events	2,966,298	2,958,616
Educational Athletics	453,693	453,146
Game officials	51,295	54,935
Conferences and workshops	<u>27,707</u>	<u>22,416</u>
	3,498,993	3,489,113
General and administrative:		
Personnel costs:		
Salaries	1,300,507	1,274,683
Insurance and employee benefits	513,443	533,390
Payroll taxes and administration	107,508	109,864
Other general and administrative expenses	<u>934,307</u>	<u>884,401</u>
Total general and administrative expense	2,855,765	2,802,338
Fundraising	<u>-</u>	<u>-</u>
Total expenses	<u>6,354,758</u>	<u>6,291,451</u>
Change in net assets from operations (balance forward)	\$ (444,474)	\$ (476,054)

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Balance brought forward	\$ (444,474)	\$ (476,054)
<u>Other Unrestricted Revenue (Expenses)</u>		
Realized gains on investments	97,509	29,096
Special Events	(73,939)	-
Unrealized gains (losses) on investments	(41,456)	60,442
Rental income	50,000	46,500
Investment income	20,128	20,427
Interest expense	(654)	(858)
Investment expense	<u>(5,333)</u>	<u>(3,184)</u>
Total other unrestricted revenue (expenses)	<u>46,255</u>	<u>152,423</u>
<u>Increase (Decrease) In Unrestricted Net Assets From Operating Activities</u>	(398,219)	(323,631)
<u>Postretirement Benefit Changes Other Than Net Periodic Pension Costs</u>	<u>174,450</u>	<u>121,242</u>
<u>Increase (Decrease) In Unrestricted Net Assets</u>	<u>(223,769)</u>	<u>(202,389)</u>
<u>TEMPORARILY RESTRICTED NET ASSETS</u>		
Contributions – Endowment Fund	15,535	4,565
Special Events – Endowment Fund	15,376	30,675
Scholarships Granted	<u>(5,202)</u>	<u>(4,250)</u>
Increase in temporarily restricted net assets	25,709	30,990
Increase (decrease) in net assets	(198,060)	(171,399)
<u>NET ASSETS AT THE BEGINNING OF THE YEAR</u>	<u>2,266,129</u>	<u>2,437,528</u>
<u>NET ASSETS AT THE END OF THE YEAR</u>	<u>\$ 2,068,069</u>	<u>\$ 2,266,129</u>

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ (198,060)	\$ (171,399)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	192,790	188,521
Unrealized (gain) loss on investments	41,456	(60,442)
(Increase) decrease in assets:		
Accounts receivable	(37,466)	38,057
Prepaid expenses	44,753	(26,534)
Due from related party	(3,981)	2,267
Endowment funds	(408)	(14,221)
Cash surrender value life insurance	(1,760)	(1,721)
Employee loan	606	1,121
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(56,096)	(71,920)
Accrued postretirement benefits	(64,308)	(70,722)
Deferred revenue	550	(49,485)
Deferred compensation	909	(16,111)
Net cash provided (used) by operating activities	<u>(81,015)</u>	<u>(252,589)</u>
<u>Cash Flows From Investing Activities</u>		
Proceeds from sales of investments	512,136	457,145
Purchase of investments	(264,582)	(509,243)
Acquisition of property and equipment	<u>(124,082)</u>	<u>(13,426)</u>
Net cash provided (used) by investing activities	123,472	(65,524)
<u>Cash Flows From Financing Activities</u>		
Principal payments of capital lease obligations	<u>(21,567)</u>	<u>(23,963)</u>
Net cash provided (used) by financing activities	<u>(21,567)</u>	<u>(23,963)</u>

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MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Increase (Decrease) In Cash</u>	\$ 20,890	\$ (342,076)
<u>Cash and Cash Equivalents At Beginning of Year</u>	<u>359,693</u>	<u>701,769</u>
<u>Cash and Cash Equivalents At End of Year</u>	<u>\$ 380,583</u>	<u>\$ 359,693</u>

Supplemental Information

Cash paid for:		
Interest	<u>\$ 654</u>	<u>\$ 858</u>

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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 2018 and 2017. 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, 2018 AND 2017

Note 1. Summary of Significant Accounting Policies (Continued)

Income Tax Status (Continued)

As of June 30, 2018, 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 \$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	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, 2018 AND 2017

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 scholarships annually for the coming year.

Endowment Funds are made up of:

Donor Funds – Temporarily Restricted	\$ 78,420
Board Designated Funds	
Endowment Funds	\$ 55,661

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, 2018 AND 2017

Note 3. Investments (Continued)

The Association held the following investments at June 30, 2018 and 2017:

	June 30, 2018		
	Cost	Unrealized Gain or (Loss)	Market Value
Equity and Debt Securities	\$ 661,373	\$ 104,763	\$ 766,136
Money Market Funds	21,641	-	21,641
	\$ 683,014	\$ 104,763	\$ 787,777
Designated to Endowment Fund	(136,708)	358	(136,350)
Investments available for sale	<u>\$ 546,306</u>	<u>\$ 105,121</u>	<u>\$ 651,427</u>
	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	<u>\$ 796,893</u>	<u>\$ 143,544</u>	<u>\$ 940,437</u>

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

Note 3. Investments (Continued)

Components of investment return are as follows:

	<u>2018</u>	<u>2017</u>
Unrealized gains (losses)	\$ (41,456)	\$ 60,442
Realized gains (losses)	97,509	29,096
Interest and dividends (reinvested)	<u>20,128</u>	<u>20,427</u>
Total unrestricted investment income (loss)	<u>\$ 76,181</u>	<u>\$ 109,965</u>

Note 4. Property and Equipment

Property and equipment consists of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 350,000	\$ 350,000
Building and improvements	2,487,278	2,468,481
Furniture & equipment	<u>1,054,781</u>	<u>949,495</u>
	3,892,059	3,767,976
Less: Accumulated depreciation	<u>(2,033,789)</u>	<u>(1,840,999)</u>
	<u>\$ 1,858,270</u>	<u>\$ 1,926,977</u>

Depreciation charged to operations totaled \$192,790 and \$188,521 for the years ended June 30, 2018 and 2017, 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, 2018 AND 2017

Note 6. 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), 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/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 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/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.

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

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:

	2018	2017
Accrued pension benefits (overfunded)	\$ 86,437	\$ (148,577)
Accrued postretirement health benefits	481,713	788,670
Accrued vacation and sick pay	148,723	141,088
	716,873	781,181
Less: Current portion	(7,716)	(31,867)
Portion due in excess of one year	\$ 709,157	\$ 749,314

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, 2018 and 2017.

	Pension Benefits		Postretirement Health Benefits	
	2018	2017	2018	2017
Postretirement benefit obligation	\$2,685,232	\$2,296,831	\$1,440,207	\$1,672,951
Plan assets at fair value	(2,598,795)	(2,445,408)	(958,494)	(884,281)
Postretirement benefit obligation in excess of plan assets included in the Statements of Financial Position	\$ 86,437	\$ (148,577)	\$ 481,713	\$ 788,670

The expected postretirement health benefit obligation at June 30, 2018 and 2017 was \$2,013,163 and \$1,702,640. 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, 2018 AND 2017

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>2018</u>	<u>2017</u>
Pension Plan	\$ (10,345)	\$ (13,583)
403(b) Plan	128,248	119,565
Postretirement health benefits	112,852	126,846
	<u>\$ 230,755</u>	<u>\$ 232,828</u>

Net periodic postretirement benefit costs for June 30, 2018 and 2017 included the following components:

	<u>Pension Benefits</u>		<u>Postretirement Health Benefits</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Service cost – benefits attributed to service during the period	\$ -	\$ -	\$ 71,487	\$ 76,785
Interest cost on accumulated postretirement benefit obligation	94,176	72,505	58,861	60,081
Expected return on plan assets	(192,672)	(163,571)	(28,505)	(26,198)
Amortization of transition obligation	-	-	21,705	21,705
Prior Service Cost	-	-	(10,696)	(10,696)
Recognition of (gains)/losses	88,151	77,483	-	5,169
Net periodic postretirement benefit cost deducted under administrative operations in the Statements of Activities	<u>\$ (10,345)</u>	<u>\$ (13,583)</u>	<u>\$ 112,852</u>	<u>\$ 126,846</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:

	<u>Pension Benefits</u>		<u>Postretirement Health Benefits</u>	
Weighted-average assumptions				
Discount rate (beginning of period)	3.625%	3.25%	3.875%	3.625%
Discount rate (end of period)	3.875%	3.625%	4.125%	3.875%
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, 2018 AND 2017

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>2018</u>	<u>2017</u>
Equipment under capital lease	\$ 119,843	\$ 119,843
Less: Accumulated depreciation	<u>(98,330)</u>	<u>(77,117)</u>
	<u>\$ 21,513</u>	<u>\$ 42,726</u>

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

Note 8. Capital Leases (Continued)

Future minimum lease payments under capital leases as of June 30, 2018 for each of the remaining years and in the aggregate are as follows:

<u>Year Ended June 30,</u>	
2019	22,221
2020	1,852
2021	-
2022	-
Total future minimum capital lease payments	<u>\$ 24,073</u>
Less: Amount representing interest	<u>257</u>
Present value of minimum lease payments	23,816
Less: current maturities	<u>21,967</u>
Portion due in excess of one year	<u><u>\$ 1,849</u></u>

Note 9. 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 \$50,000 and \$46,500 each year for the years ended June 30, 2018 and 2017, 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 \$713,049 and \$714,530 were allocated to MSAA for the years ended June 30, 2018 and 2017, respectively. MSAA reimburses the Association monthly. The Association was owed \$14,020 and \$10,039 by MSAA at June 30, 2018 and 2017, respectively.

Note 10. Concentration of Credit Risk and Revenue Source

As of June 30, 2018 and 2017 balances of cash which consisted of demand accounts and certificates of deposit exceeded the federally insured limits by \$ 199,023 and \$ 191,695 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, 2018 AND 2017

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, 2018, only one of the two executives remains under contract.

Note 12. Evaluation of Subsequent Events

The Association has evaluated subsequent events through October 29, 2018 the date which the financial statements were available to be issued.

Marco Seidman, CPA PC

SUPPLEMENTARY INFORMATION

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
SCHEDULES OF ATHLETIC EVENT REVENUE AND EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Revenue</u>		
Gate receipts	\$ 3,231,805	\$ 3,404,692
Other	34,640	34,785
Radio-media fees	<u>14,700</u>	<u>4,825</u>
Total revenue	3,281,145	3,444,302
<u>Expenses</u>		
Tournament personnel expenses:		
Game officials	342,205	331,196
Directors and site managers	319,214	327,168
Auxiliary officials	234,480	213,943
Ticket sellers and takers	187,657	191,636
Medical/trainers/fire	<u>87,605</u>	<u>80,749</u>
Total tournament personnel expenses	1,171,161	1,144,692
Tournament site expenses:		
Facility rentals	796,044	812,004
Police and security	114,374	109,073
Foxboro user charge	72,674	54,828
Custodial matron	67,712	56,382
Equipment rental	36,773	30,824
Site preparation	<u>27,031</u>	<u>32,633</u>
Total tournament site expenses	1,114,608	1,095,744
Tournament supply expenses:		
Other expenses	97,049	134,771
Trophies and awards	76,218	76,194
Program printing	23,242	19,083
Secretary/format preparation	<u>5,600</u>	<u>5,400</u>
Total tournament supply expenses	202,109	235,448

Marco Seidman, CPA PC

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
SCHEDULES OF ATHLETIC EVENT REVENUE AND EXPENSES (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Service charge-MIAA	\$ 380,000	\$ 380,000
Tournament administration expenses:		
Committee meetings	73,878	78,767
Mail/telephone	<u>24,542</u>	<u>23,965</u>
Total tournament administration expenses	<u>98,420</u>	<u>102,732</u>
Total expenses	<u>2,966,298</u>	<u>2,958,616</u>
Excess of athletic event revenue and expenses	<u>\$ 314,847</u>	<u>\$ 485,686</u>

MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.
SCHEDULES OF OTHER GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Other general and administrative		
Depreciation	\$ 192,790	\$ 188,521
Office operations	163,025	146,153
Building and grounds	158,398	144,737
Tournament administration	158,235	191,126
Other professional fees	100,763	79,801
Legal and accounting	74,562	56,147
Committee meetings	26,433	23,444
National Meetings	25,462	28,916
Miscellaneous	18,016	16,375
Public information	14,350	7,287
MIAA Handbooks	2,273	1,894
	<u> </u>	<u> </u>
Total other general and administrative expenses	<u>\$ 934,307</u>	<u>\$ 884,401</u>