

*Marco Seidman, CPA PC*

**MASSACHUSETTS INTERSCHOLASTIC  
ATHLETIC ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
JUNE 30, 2021 AND 2020**

*Marco Seidman, CPA PC*

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**

**JUNE 30, 2021 AND 2020**

**TABLE OF CONTENTS**

INDEPENDENT AUDITORS' REPORT .....	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position June 30, 2021 and 2020 .....	3-4
Statements of Activities for the Years Ended June 30, 2021 and 2020.....	5-6
Statements of Cash Flows for the Years Ended June 30, 2021 and 2020 .....	7-8
Notes to Financial Statements for the Years Ended June 30, 2021 and 2020 .....	9-23

October 21, 2021

## 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, 2021 and June 30, 2020, 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. Those standards require that we plan and perform the audits 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, 2021 and June 30, 2020, 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.



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**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b><u>ASSETS</u></b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents (Notes 1 and 3)	\$ 597,389	\$ 524,399
Investments (Notes 1 and 4)	744,833	586,868
Other receivables (Notes 1 and 5)	607,915	220,406
Tournament income receivable	-	1,631
Prepaid expenses	53,773	30,036
Due from related party (Note 11)	5,908	7,452
<b>TOTAL CURRENT ASSETS</b>	<u>2,009,818</u>	<u>1,370,792</u>
<b>Property and equipment, net</b> (Notes 1 and 6)	1,356,898	1,513,469
<b>Other assets:</b>		
Designated Investments (Note 4)	167,429	137,149
Cash surrender value life insurance (Note 7)	35,023	33,263
Postretirement benefits-over funded (Notes 1 and 8)	877,830	631,805
<b>Total Assets</b>	<u>\$ 4,446,998</u>	<u>\$ 3,686,478</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$ 441,917	\$ 39,752
Deferred revenue (Note 1)	45,790	43,420
Loan Payable (Note 10)	150,000	52,927
Postretirement obligations, current portion (Notes 1 and 8)	15,442	14,599
<b>TOTAL CURRENT LIABILITES</b>	<u>653,149</u>	<u>150,698</u>
<b>Noncurrent Liabilities:</b>		
Accrued pension benefits (Notes 1 and 8)	230,503	12,907
Accrued vacation and sick pay (Note 8)	223,318	183,340
Deferred compensation (Note 9)	17,066	35,781
<b>TOTAL NONCURRENT LIABILITES</b>	<u>470,887</u>	<u>232,028</u>
<b>Total Liabilities – balance carried forward</b>	1,124,036	382,726

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Total Liabilities</b> brought forward	\$1,124,036	382,726
<b>Net Assets:</b>		
Without donor restrictions		
Undesignated	3,146,996	3,127,836
Board designated for endowment fund (Note 2)	<u>56,511</u>	<u>56,511</u>
Total without donor restrictions	3,203,507	3,184,347
With donor restrictions (Note 2)	<u>119,455</u>	<u>119,405</u>
Total net assets	<u>3,322,962</u>	<u>3,303,752</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 4,446,998</u>	<u>\$ 3,686,478</u>

Marco Seidman, CPA PC

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b><u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u></b>		
<b><u>Revenue and Support</u></b>		
Membership dues	\$ 1,138,280	\$ 1,149,600
Grant Income	549,268	193,725
Employee Retention Credits	472,312	-
PPP Forgiveness	414,954	291,340
Ball agreements	209,000	234,000
Officials' enrollment	74,835	98,141
Corporate Sponsorships	63,679	266,524
Educational Athletics	56,653	273,187
Conferences and workshops	42,080	2,760
Tournament souvenirs	25,000	117,000
Rules Publication	19,407	34,580
Miscellaneous income	9,116	9,817
Athletic events	-	2,683,671
	<u>3,074,584</u>	<u>5,354,345</u>
<b><u>Expenses (Note 15)</u></b>		
Program services:		
Athletic events	1,272,528	2,952,510
Educational Athletics	512,562	802,269
Other Programs	202,945	193,847
	<u>1,988,035</u>	<u>3,948,626</u>
General and administrative	<u>1,182,753</u>	<u>1,064,778</u>
	<u>3,170,788</u>	<u>5,013,404</u>
Increase (Decrease) in net assets from operations (balance forward)	\$ (96,204 )	\$ 340,941

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**STATEMENTS OF ACTIVITIES (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Balance brought forward	\$ (96,204)	\$ 340,941
<b><u>Other Revenue (Expenses) without Donor Restrictions</u></b>		
Rental income	58,000	58,000
Investment Return, net	<u>191,307</u>	<u>(45,012)</u>
Total other unrestricted revenue (expenses)	<u>249,307</u>	<u>12,988</u>
<b><u>Increase (Decrease) In Net Assets without Donor Restrictions from Operating Activities</u></b>	153,103	353,929
<b><u>Postretirement Benefit Changes Other Than Net Periodic Pension Costs (Note 8)</u></b>	<u>(133,943)</u>	<u>(646,883)</u>
<b><u>Increase (Decrease) In Net Assets without Donor Restrictions</u></b>	<u>19,160</u>	<u>(292,954)</u>
<b><u>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</u></b>		
Contributions – Endowment Fund	50	9,450
Special Events – Endowment Fund	<u>-</u>	<u>11,078</u>
Increase in net assets with donor restrictions	50	20,528
Increase (decrease) in net assets	19,210	(272,426)
<b><u>NET ASSETS AT THE BEGINNING OF THE YEAR</u></b>	<u>3,303,752</u>	<u>3,576,178</u>
<b><u>NET ASSETS AT THE END OF THE YEAR</u></b>	<u>\$ 3,322,962</u>	<u>\$ 3,303,752</u>



**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b><u>Cash Flows From Operating Activities</u></b>		
Change in net assets	\$ 19,210	\$ (272,426)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	162,521	162,226
Unrealized (gain) loss on investments	(148,180)	132,136
PPP Loan Forgiveness	(414,954)	(291,340)
(Increase) decrease in assets:		
Accounts receivable	(385,878)	(34,883)
Prepaid expenses	(23,737)	31,606
Due from related party	1,544	1,376
Cash surrender value life insurance	(1,760)	(1,761)
Postretirement benefits-over funded	(246,025)	386,040
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	402,165	(250,749)
Accrued postretirement benefits	258,417	43,195
Deferred revenue	2,370	(39,505)
Deferred compensation	(18,715)	(17,314)
Net cash provided (used) by operating activities	<u>(393,022)</u>	<u>(151,399)</u>
<b><u>Cash Flows From Investing Activities</u></b>		
Proceeds from sales of investments	129,676	407,895
Purchase of investments	(169,741)	(420,015)
Acquisition of property and equipment	(5,950)	-
Net cash provided (used) by investing activities	<u>(46,015)</u>	<u>(12,120)</u>
<b><u>Cash Flows From Financing Activities</u></b>		
EIDL loan proceeds	150,000	-
PPP loan proceeds	362,027	344,267
Principal payments of capital lease obligations	-	(1,849)
Net cash provided (used) by financing activities	<u>512,027</u>	<u>342,418</u>

*Marco Seidman, CPA PC*

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b><u>Increase (Decrease) In Cash</u></b>	\$ 72,990	\$ 178,899
<b><u>Cash and Cash Equivalents At Beginning of Year</u></b>	<u>524,399</u>	<u>345,500</u>
<b><u>Cash and Cash Equivalents At End of Year</u></b>	<u>\$ 597,389</u>	<u>\$ 524,399</u>

**Supplemental Information**

Cash paid for:		
Interest	<u>\$ 0</u>	<u>\$ 0</u>

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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 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, educational athletic programs, and member dues.

Basis of Presentation

The Association reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

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

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

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

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

Income Tax Status

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

Investments

The Association follows ASC 958-320, *Not-for-Profit Entities – Investments – Debt and Equity Securities*. Under ASC 958-320 investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Accounts Receivable

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

Property and Equipment

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

Furniture and equipment	Five – Ten Years
Building and improvements	Ten - Thirty-three Years

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred Revenue

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

Postretirement Benefits

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

Fair Values of Financial Instruments

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

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

Use of Estimates

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

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

Note 1. Summary of Significant Accounting Policies (Continued)

Expense Allocation

The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses (Note 15) presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis. Personnel costs, professional services, office expense, information technology, insurance, and other expenses are allocated on the basis of estimates of time, effort and/or usage.

Note 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 to the membership annually for the coming year.

Endowment Funds are comprised of:

Donor Funds – With Donor Restrictions	\$119,455
Board Designated Funds-Without Donor Restrictions	\$ 56,511

Note 3. Cash and Cash Equivalents

The following table provides a reconciliation of cash and cash equivalents reported within The Statement of Financial Position that sums to the amounts shown in The Statement of Cash Flows:

		<u>2021</u>		<u>2020</u>
Cash	\$	580,322	\$	488,618
Short Term Investments		<u>17,067</u>		<u>35,781</u>
	\$	<u>597,389</u>	\$	<u>524,399</u>

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

Note 4. Investments

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

The Association held the following investments at June 30, 2021 and 2020:

	June 30, 2021		
	Cost	Unrealized Gain or (Loss)	Market Value
Equity and Debt Securities	\$ 749,997	\$ 148,671	\$ 898,668
Money Market Funds	13,594	-	13,594
	\$ 763,591	\$ 148,671	\$ 912,262
Designated to Endowment Fund	(152,876)	(14,553)	(167,429)
Investments available for sale	\$ 610,715	\$ 134,118	\$ 744,833
	June 30, 2020		
	Cost	Unrealized Gain or (Loss)	Market Value
Equity and Debt Securities	\$ 716,321	\$ 491	\$ 716,812
Money Market Funds	7,205	-	7,205
	\$ 723,526	\$ 491	\$ 724,017
Designated to Endowment Fund	(143,178)	6,029	(137,149)
Investments available for sale	\$580,348	\$ 6,520	\$ 586,868

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

Note 4. Investments (Continued)

Components of investment return are as follows:

	2021	2020
Unrealized gains (losses)	\$ 148,180	\$ (132,136)
Realized gains (losses)	23,753	62,672
Dividends and interest	24,609	25,731
Total unrestricted return on investment	\$ 196,542	\$ (43,733)
Investment Expense	(5,235)	(1,279)
Investment Return, net	\$ 191,307	\$ (45,012)

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

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

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

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

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

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



**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

Note 5. Other Receivables

Other receivables are comprised of the following at June 30, 2021 and 2020:

	2021		2020
Grant Revenue Receivable	\$ 439,928	\$	24,643
Employee Retention Credits Receivable	154,526		-
Miscellaneous Receivables	23,122		208,347
Allowance for doubtful accounts	<u>(9,661)</u>		<u>(12,584)</u>
	<u>\$ 607,915</u>	\$	<u>220,406</u>

Note 6. Property and Equipment

Property and equipment consist of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 350,000	\$ 350,000
Building and improvements	2,487,278	2,487,278
Furniture & equipment	<u>1,072,062</u>	<u>1,066,112</u>
	3,909,340	3,903,390
Less: Accumulated depreciation	<u>(2,552,442)</u>	<u>(2,389,921)</u>
	<u>\$ 1,356,898</u>	<u>\$ 1,513,469</u>

Depreciation charged to operations totaled \$162,521 and \$162,226 for the years ended June 30, 2021 and 2020, respectively.

Note 7. 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.

Note 8. Pension and Other Postretirement Plans

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

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

Note 8. Pension and Other Postretirement Plans (Continued)

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

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

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

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

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

Note 8. Pension and Other Postretirement Plans (Continued)

	2021	2020
Accrued postretirement health benefits (overfunded)	\$ (862,388)	\$ (617,206)
Add: Current portion	(15,442)	(14,599)
Postretirement benefits overfunded	\$ (877,830)	\$ (631,805)
	2021	2020
Accrued pension benefits underfunded	\$ 230,503	\$ 12,907
Accrued vacation and sick pay	\$ 223,318	\$ 183,340
Post retirement obligations, current portion	\$ (15,442)	\$ (14,599)

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, 2021 and 2020.

	Pension Benefits		Postretirement Health Benefits	
	2021	2020	2021	2020
Postretirement benefit obligation	\$3,328,136	\$2,462,685	\$ 351,965	\$ 332,325
Plan assets at fair value	(3,097,633 )	(2,449,778 )	(1,214,353 )	(949,531 )
Postretirement benefit obligation in excess of plan assets included in the Statements of Financial Position	\$ 230,503	\$ 12,907	\$ (862,388 )	\$ (617,206 )

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

Note 8. Pension and Other Postretirement Plans (Continued)

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

Included under Insurance and Employee Benefits are the following pension and postretirement health plan expenses.

	<u>2021</u>	<u>2020</u>
Pension Plan	\$ (27,194 )	\$ (140,414 )
403(b) Plan	124,813	115,359
Postretirement health benefits	<u>(134,335 )</u>	<u>(117,076 )</u>
	<u>\$ ( 36,716 )</u>	<u>\$ (142,131 )</u>

Net periodic postretirement benefit costs for June 30, 2021 and 2020 included the following components:

	<u>Pension Benefits</u>		<u>Postretirement Health Benefits</u>	
	2021	2020	2021	2020
Service cost – benefits attributed to service during the period	\$ 19,311	\$ -	\$9,034	\$ 11,757
Interest cost on accumulated postretirement benefit obligation	56,647	69,825	8,126	15,317
Expected return on plan assets	(191,205 )	(210,239)	(28,430 )	(30,384)
Amortization of transition obligation	-	-	21,705	21,705
Prior Service Cost	-	-	(134,843 )	(134,843)
Recognition of (gains)/losses	<u>88,053</u>	<u>-</u>	<u>(9,927 )</u>	<u>(628)</u>
Net periodic postretirement benefit cost deducted under administrative operations in the Statements of Activities	<u>\$ (27,194)</u>	<u>\$ (140,414)</u>	<u>\$ (134,355 )</u>	<u>\$ (117,076)</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:

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

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**Note 8. Pension and Other Postretirement Plans (Continued)**

The fair values of the Association's plan assets at June 30, 2021 by asset class are as follows:

Asset Class	Pension Benefits	Postretirement Health Benefits
Cash	\$ 133,083	\$ 20,591
Equity Securities	1,453,622	701,906
Mutual Funds	478,025	157,176
Equity Trusts	<u>1,032,903</u>	<u>334,680</u>
All level one measurements	\$ <u>3,097,633</u>	\$ <u>1,214,353</u>

The following benefits are expected to be paid:

	Pension Benefits	Postretirement Health Benefits
2021	\$ 80,818	\$ 15,442
2022	214,005	16,332
2023	230,454	16,576
2024	223,783	16,596
2025	216,101	18,396

**Note 9. 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. Final payment was made to the one participant in July of 2021.

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**Note 10. Loan Payable**

In response to the Covid-19 pandemic in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In February of 2021, the Association obtained a PPP loan for \$362,027. The Association met all criteria for forgiveness and has recognized a gain of \$362,027 for the year ended June 30, 2021.

For the year ended June 30, 2020, the Association received a PPP loan in the amount of \$344,267 of which \$291,340 gain was recognized in the year ended June 30, 2020 and \$52,927 gain was recognized in the year ended June 30, 2021.

During the year ended June 30, 2021 the Association obtained a Small Business Association (SBA) loan in the amount of \$150,000 which is included in the Association's note payable balance at June 30, 2021. This loan is for a term of 30 years and has an interest rate of 2.75%. Payment on the note has been deferred until April 2022.

**Note 11. Related Party Transactions**

The Association shares its building and employees with the Massachusetts School Administrators' Association, Inc. ("MSAA"). Rent payments to Massachusetts Interscholastic Athletic Association, Inc. total \$58,000 and \$58,000 each year for the years ended June 30, 2021 and 2020, 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 \$762,676 and \$774,184 were allocated to MSAA for the years ended June 30, 2021 and 2020, respectively. MSAA reimburses the Association monthly. The Association was owed \$5,908 and \$7,452 by MSAA at June 30, 2021 and 2020, respectively.

**Note 12. Concentration of Credit Risk and Revenue Source**

As of June 30, 2021 and 2020 balances of cash which consisted of demand accounts and certificates of deposit exceeded the federally insured limits by \$346,096 and \$279,575 respectively.

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

**Note 13. Commitments**

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

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

Note 14. Liquidity

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

	<u>June 30, 2021</u>
Financial assets at year end	\$ 2,123,474
Less those unavailable for general Expenditures within one year due to:	
Donor restricted endowment fund	119,455
Board restricted endowment fund	<u>56,511</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,947,508</u>

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

**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

Note 15. Functional Classification of Expenses

As required by ASU 2016-14, all nonprofit organizations must present an analysis of expenses by their functional expense classification. The primary functional expense classifications are program services and supporting services. Expenses for the year ended June 30, 2021 and 2020 respectively, were allocated as follows:

	Program Services			Supporting Services		Total	Total June 30, 2020
	Athletic Events	Educational Athletics	Other Programs	Management and general			
	-----June 30, 2021-----						
Athletic events	\$ 894,399	\$	\$	\$ 29,500	\$ 923,899	\$2,445,764	
Educational athletics		268,660			268,660	480,943	
Game officials			57,884		57,884	76,590	
Conferences and workshops			1,897		1,897	6,460	
Salaries	177,798	125,080	102,193	647,787	1,052,858	1,082,765	
Insurance and employee benefits	68,415	40,579	13,992	88,694	211,680	191,029	
Payroll taxes and administration	45,321	26,881	9,269	58,755	140,226	127,079	
Depreciation	52,527	31,155	10,743	68,096	162,521	162,226	
Office operations				121,921	121,921	124,009	
Buildings and grounds	34,068	20,207	6,967	44,165	105,407	113,095	
Other professional fees				69,213	69,213	106,473	
Legal and accounting				46,122	46,122	41,840	
Committee meetings				1,150	1,150	25,221	
National Meetings				2,500	2,500	19,093	
Miscellaneous				3,295	3,295	7,074	
MIAA Handbooks				1,555	1,555	1,609	
Public Information					-	2,134	
Total	<u>\$ 1,272,528</u>	<u>\$ 512,562</u>	<u>\$ 202,945</u>	<u>\$ 1,182,753</u>	<u>\$3,170,788</u>	<u>\$5,013,404</u>	



**MASSACHUSETTS INTERSCHOLASTIC ATHLETIC ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

Note 16. Grants

The Association received two grants during the year ended June 30, 2021.

The first grant totaled \$363,889 from the Massachusetts Department of Elementary and Secondary Education from the approved American Rescue Plan for After School Programs in order to fund tournament expenses for the year ended June 30, 2021.

The second grant totaled \$185,379 and was from the Massachusetts Department of Health and Human Services for wellness programs.

Note 17. Evaluation of Subsequent Events

The Association has evaluated subsequent events through October 21, 2021, the date which the financial statements were available to be issued.

Note 18. COVID-19

The COVID-19 pandemic has had a significant effect on the Association's operations during the fiscal years ending June 30, 2021 and June 30, 2020, as revenue from athletic events and activities was limited. The Association is focused on moving toward a return to normalcy for the year ending June 30, 2022.

The Association has obtained additional revenue from other sources to supplement income during the COVID-19 period: grant income of \$549,268; employee retention credits of \$472,312; and paycheck protection loan forgiveness of \$414,954. As a result, the Association has been able to cover its operating expenses during the COVID-19 affected periods.

