

**SOUTH DAKOTA  
HIGH SCHOOL ACTIVITIES ASSOCIATION**

**AUDIT REPORT**

**June 30, 2014**



**State of South Dakota  
Department of Legislative Audit  
427 South Chapelle  
% 500 East Capitol  
Pierre, SD 57501-5070**

SOUTH DAKOTA HIGH SCHOOL ACTIVITIES ASSOCIATION  
ASSOCIATION OFFICIALS  
June 30, 2014

Board of Directors:

Darren Paulson – Chairperson  
Rick Weber – Vice Chair  
Eldon Marshall  
Todd Trask  
Jason Uttermark  
Dan Whalen

Executive Director:

Wayne Carney

Comptroller:

Jeannie Davis

SOUTH DAKOTA HIGH SCHOOL ACTIVITIES ASSOCIATION  
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MARTIN L. GUINDON, CPA  
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors  
South Dakota High School Activities Association

We have audited, in accordance with the 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, the financial statements of the South Dakota High School Activities Association as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the South Dakota High School Activities Association's basic financial statements, and have issued our report thereon dated March 20, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the South Dakota High School Activities Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Dakota High School Activities Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Dakota High School Activities Association's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Current Audit Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Current Audit Findings as item No. 2014-001 to be a material weakness.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Current Audit Findings as item No. 2014-002 to be a significant deficiency.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Dakota High School Activities Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Current Audit Findings as items No. 2014-003 and 2014-004.

### South Dakota High School Activities Association's Response to Findings

The South Dakota High School Activities Association's responses to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings. The South Dakota High School Activities Association's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.



Martin L. Guindon, CPA  
Auditor General

March 20, 2015

SOUTH DAKOTA HIGH SCHOOL ACTIVITIES ASSOCIATION  
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**Prior Audit Findings:**

The prior audit report contained no written audit findings.

**SCHEDULE OF CURRENT AUDIT FINDINGS**

Financial Statement Audit Finding:

**Finding No. 2014-001:**

Controls were not adequate to ensure the accuracy of amounts reported in the South Dakota High School Activities Association's (Association) Statement of Cash Flows including the identification and correction of reporting errors and omissions.

*Type of Finding:* Material Weakness

Analysis:

GASB Codification section 2450.124 - 125 requires the Statement of Cash Flows reflect cash inflows and outflows from investing activities including but not limited to receipts from sales of equity instruments and payments to acquire equity instruments.

We noted that the Association failed to report significant investment activity in the Statement of Cash Flows. On September 30, 2013 the Association withdrew \$150,000.00 in investments and on October 23, 2013 withdrew another \$100,000.00 in investments. These monies were deposited into their regular checking account on the same dates. On May 1, 2014 \$250,000.00 was reinvested in a new investment. This investment activity was not reported on the Statement of Cash Flows resulting in a material adjustment to the financial statements.

We also noted that the footnotes to the financial statements did not properly disclose the correct names of the investments held as of June 30, 2014.

We were able to correct the material reporting errors and therefore have issued an unmodified auditor's opinion on the financial statements contained in this audit report.

**RECOMMENDATION:**

1. We recommend the Association implement internal control procedures to identify and correct reporting errors and omissions and ensure the accuracy of amounts reported in the financial statements.

Auditee's Corrective Action Plan:

Investment information shall be provided to Amanda at Stulken, Petersen, Lingle, Walti & Jones, LLP on either a monthly or quarterly basis so accurate financial amounts are reported in the financial statements.

**Finding No. 2014-002:**

Controls were not adequate to ensure the accuracy of amounts reported as accounts receivable in the financial statements.

*Type of Finding:* Significant Deficiency

Analysis:

Accounts receivable subsidiary records were not maintained for corporate partners under contract to make payments to the Association. Subsidiary records for each contract would enable the Association to track outstanding receivables and determine the proper amounts due at fiscal year-end. There was also no accounts receivable control account on the accounting system for the posting of receipts, which would allow for the comparison of the control account to subsidiary records.

Our testing of contract amounts due to the Association indicated a corporate partner owed the Association \$10,500.00 as of June 30, 2014 on a five year, \$210,000.00 contract entered into in January of 2009. The contract required quarterly payments of \$10,500.00, or \$42,000.00 annually. Because no receivable records were maintained, the Association was unaware of the amount that remained receivable on the contract. This corporate partner began making quarterly payments of \$12,500.00 in FY15 on a new contract, but was not contacted regarding the outstanding amount on the previous contract.

RECOMMENDATION:

2. We recommend the Association develop and maintain adequate receivable records for corporate partner accounts.

Auditee's Corrective Action Plan:

A receivable records spreadsheet shall be developed which accurately reflects the total dollar value of each corporate contract as well as the amount and date to be invoiced to each partner as per their current contract.

**Finding No. 2014-003:**

The Association Executive Staff did not comply with Section XI, B. of the Association's policy manual which addresses reimbursing employees for the cost of meals while traveling.

The Association did not comply with Article II and Article VII of the Association's Constitution by purchasing twenty-four tickets to a professional baseball game.

*Type of Finding:* Noncompliance

Analysis:

Section XI, B. of the Association's policy manual addresses reimbursing employees for the cost of meals while traveling. For in-State travel, the policy manual states that employees are allowed \$5.00 for breakfast, \$9.00 for lunch, and \$12.00 for dinner, depending on their leave and return times. Out-of-State rates are based on IRS rates. The policy manual also states that meals reimbursed without an overnight stay shall be reported as taxable income, which complies with IRS regulations.

Staff used an Association credit card to pay for the actual cost of their meals in violation of policy. Our review of voucher #79487 dated June 6, 2014 and voucher #79544 dated June 30, 2014 to the credit card company revealed the Association incurred in-State meal expenses totaling approximately \$833 between April 17, 2014 and June 18, 2014. Out-of-State meal expenses totaled \$238 for the same

period. No executive staff travel vouchers were prepared listing leave and return times, so we were not able to determine whether or not the employee was entitled to meal reimbursement under the policy. Also, instances were noted where the cost of the meal exceeded the \$5.00 for breakfast, \$9.00 for lunch, and \$12.00 for dinner rates set forth in policy. In addition, meals without an overnight stay were not treated as taxable income in accordance with IRS regulations.

Several instances were noted where supporting documentation for credit card payments was lacking. Although there were credit card receipts for support, review of several credit card payments revealed there was no detailed, itemized receipt allowing us to determine what was paid for, or how many meals were purchased. We were also unable to determine whose meal was paid for based on documentation available.

Several instances were also noted where executive staff used the Association credit card for food claimed as a meeting expense, but there is no policy on what constitutes allowable meeting expenses paid with a credit card.

Article II of the Constitution of the South Dakota High School Activities Association states, in part: "The purpose of this Association is to direct and coordinate interscholastic activities carried on by the member high schools of South Dakota." In addition, Article VII, section I. A. states: "The Board of Directors shall determine all necessary expenditures of Association funds."

Testing of voucher #79544 dated June 30, 2014 to the credit card company revealed three credit card payments were made on May 22, 2014 totaling \$1,866.80 to Stub Hub Inc. Documentation revealed the payments were for the purchase of twenty-four Boston Red Sox baseball tickets for a professional baseball game held on June 30, 2014 in Boston, MA.

On January 27, 2015 we asked if the Association was reimbursed by the individuals who received the tickets and we were told: "The reimbursements for those tickets were in the 2014-2015 year, after they returned from the summer meeting."

On January 28, 2015 we asked for a listing of Association receipts from the individuals receiving the tickets to verify reimbursement had been made. We learned that there were no payments or receipts as of the date of our initial inquiry on January 27, 2015, and it was on that date that the Association first contacted the individuals receiving the tickets asking for reimbursement as a result of our inquiry.

Neither voucher #79544 nor #79487 contained evidence of review and approval by the Board of Directors in accordance with Article VII, Section I. A.

No documentation was provided to support how the purchase of professional baseball tickets fulfills the purpose of the Association as stated in Article II or was considered a necessary expenditure required by Article VII Section I. A. of the Constitution.

#### RECOMMENDATIONS:

3. We recommend the Association follow its policy for reimbursing employees for the cost of meals, including reporting non-overnight meals as taxable income, and adopt a policy for credit card use.
4. We recommend the Association only incur expenditures serving the constituency and the purpose of the Association and document Board approval of expenditures.

#### Auditee's Corrective Action Plan:

The Association will review and update their current policy manual regarding allowable uses of the corporate credit card. The newly proposed policy will more accurately reflect which staff travel related and Association related meeting expenses are allowed on the Association credit card.

**Finding No. 2014-004:**

The Association failed to remit to the South Dakota State Treasurer unclaimed property in the form of outstanding checks in the amount of \$8,890.32, in violation of the South Dakota Codified Law (SDCL) 43-41B.

*Type of Finding:* Noncompliance

**Analysis:**

**SDCL 43-41B-18 states:**

43-41B-2. Property presumed abandoned--General rule.

(a) Except as otherwise provided by this chapter, all intangible property, including any income or increment derived therefrom, less any lawful charges, that is held, issued, or owing in the ordinary course of a holder's business and has remained unclaimed by the owner for more than three years after it became payable or distributable is presumed abandoned.

(b) Property is payable or distributable for the purpose of this chapter notwithstanding the owner's failure to make demand or to present any instrument or document required to receive payment.

**SDCL 43-41B-18 states:**

(a) A person holding property tangible or intangible, presumed abandoned and subject to custody as unclaimed property under this chapter shall report to the administrator concerning the property as provided in this section...

The holder of unclaimed property shall, before filing the annual report required by this section, communicate with the owner and take necessary steps to prevent abandonment from being presumed by exercising due diligence to ascertain the whereabouts of the owner. This shall include, but is not limited to, the mailing of notice to each person having an address if said person is entitled to property of the value of fifty dollars or more presumed abandoned under this chapter...

(b) The report must be verified and must include:

(1) ....The name, if known, and last known address, if any, of each person appearing from the records of the holder to be the owner of property of the value of fifty dollars or more presumed abandoned under this chapter;....

(4) The nature and identifying number, if any, or description of the property and the amount appearing from the records to be due, but items of value under fifty dollars each may be reported in the aggregate;....

(d) The report must be filed before November first of each year as of June thirtieth, next preceding....

**SDCL 43-41B-20 states:**

(a) ....a person who is required to file a report under this chapter shall, at the same time as the final date for filing the report as required, pay or deliver to the administrator all abandoned property required to be reported....

At June 30, 2014, the Association held thirty-six outstanding checks, dated as far back as December 16, 2005, totaling \$8,890.32, which fell under the definition of abandoned property under SDCL 43-41B-18. The Association failed to report the abandoned property by November 1, 2014, and did not pay or deliver the abandoned property to the State Treasurer as required by SDCL 43-41B-20.

RECOMMENDATION:

5. We recommend the Association exercise due diligence to ascertain the whereabouts of the owners of outstanding checks, and if necessary, report and deliver the unclaimed property to the State Treasurer in a timely manner in accordance with SDCL Chapter 43-41B.

Auditee's Corrective Action Plan:

The Association will make every effort to follow up and take corrective action related to unclaimed property in the form of outstanding checks, property, tangible or intangible, presumed abandoned, to be in compliance with SDCL 43-41B-20.



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MARTIN L. GUINDON, CPA  
AUDITOR GENERAL

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
South Dakota High School Activities Association

### Report on the Financial Statements

We have audited the accompanying financial statements of the South Dakota High School Activities Association, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the South Dakota High School Activities Association's basic financial statements as listed in the Table of Contents.

### 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 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 auditor's 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 the South Dakota High School Activities Association as of June 30, 2014, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

The South Dakota High School Activities Association has omitted the Management's Discussion and Analysis (MD&A), that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

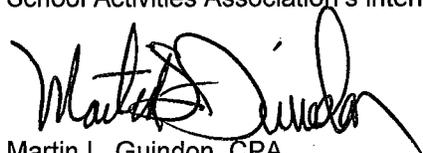
### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the South Dakota High School Activities Association's basic financial statements. The Schedule of Budgeted and Actual Revenue – Cash Basis and Schedule of Budgeted and Actual Expenditures – Cash Basis listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Budgeted and Actual Revenue – Cash Basis and Schedule of Budgeted and Actual Expenditures – Cash Basis are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Budgeted and Actual Revenue – Cash Basis and Schedule of Budgeted and Actual Expenditures – Cash Basis are fairly stated, in all material respects, in relation to the basic 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 March 20, 2015 on our consideration of the South Dakota High School Activities Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is 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 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 South Dakota High School Activities Association's internal control over financial reporting and compliance.



Martin L. Guindon, CPA  
Auditor General

March 20, 2015

SOUTH DAKOTA HIGH SCHOOL ACTIVITIES ASSOCIATION  
STATEMENT OF NET POSITION  
JUNE 30, 2014

Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 514,874.73
Investments	1,274,335.40
Accounts Receivable	10,495.68
Total Current Assets	<u>1,799,705.81</u>
Non-Current Assets:	
Land	163,870.75
Land Improvements	48,027.26
Less: Accumulated Depreciation-Land Improvements	(47,626.84)
Building	787,943.97
Less: Accumulated Depreciation-Building	(152,877.12)
Equipment, Furniture and Fixtures	219,359.48
Less: Accumulated Depreciation-Equipment, Furniture and Fixtures	(158,224.70)
Beneficial Interest in Assets Held by SD Community Foundation	154,590.51
Total Non-Current Assets	<u>1,015,063.31</u>
Total Assets	<u>\$ 2,814,769.12</u>
Liabilities:	
Current Liabilities:	
Vouchers Payable	\$ 59.94
Accrued Vacation	32,557.32
Accrued Sick Pay	11,993.14
Post Employment Benefit	4,800.00
Total Current Liabilities	<u>49,410.40</u>
Non-Current Liabilities:	
Accrued Vacation	20,493.06
Accrued Sick Pay	20,476.06
Post Employment Benefit	15,872.77
Total Non-Current Liabilities	<u>56,841.89</u>
Total Liabilities	<u>106,252.29</u>
Net Position:	
Net Investment in Capital Assets	860,472.80
Restricted for Nonexpendable Interest in SD Community Foundation	154,590.51
Unrestricted	1,693,453.52
Total Net Position	<u>\$ 2,708,516.83</u>

The notes to the financial statements are an integral part of this statement.

SOUTH DAKOTA HIGH SCHOOL ACTIVITIES ASSOCIATION  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Operating Revenue:		
Basketball:		
State Tournament - Boys	\$ 410,315.73	
State Tournament - Girls	176,336.25	
Sub-State Events		
Elimination Tournaments	<u>655,301.00</u>	
Total Basketball Receipts		\$ 1,241,952.98
Wrestling:		
State Tournament	134,660.75	
Sub-State Events	<u>30,508.00</u>	
Total Wrestling Receipts		165,168.75
Volleyball:		
State Tournament	100,751.00	
Sub-State Events	<u>203,500.00</u>	
Total Volleyball Receipts		304,251.00
Football:		
State Tournament	217,002.01	
Sub-State Events	<u>253,231.60</u>	
Total Football Receipts		470,233.61
Cross Country		13,585.00
State Track and Field Meet		106,712.00
State Gymnastics Meet		11,092.00
Cheer and Dance		19,500.00
Soccer		11,246.00
All-State Chorus and Orchestra		57,039.00
All-State Band		7,105.00
All-State Jazz Band		1,756.00
Television Contract		88,223.50
Ball Bids		42,000.00
Corporate Partner		291,250.00
Coaches Education		5,805.00
Fine Arts Fees		151,792.00
Subscription/Postage		1,080.00
Ballots/Publications		100.25
Sale of Medals		1,821.60
Coaches Clinic		1,000.00
Rule Books/Publications		28,631.00
Recruitment of Officials		4,000.00
Registration of Officials		92,645.49
Officials/Coaches Penalties		6,955.00
Speech Ad Revenue		5,791.00
Miscellaneous		<u>26,972.10</u>
Total Operating Revenue		<u>3,157,708.28</u>
Operating Expenses:		
General and Administrative		1,522,837.67
Activities		1,523,611.12
Depreciation Expense		<u>30,507.00</u>
Total Operating Expenses		<u>3,076,955.79</u>
Operating Income		<u>80,752.49</u>
Non-operating Revenue (Expense):		
Earnings on Deposits and Investments		1,517.27
Unrealized Gain (Loss) on Investments		89,037.11
Unrealized Gain (Loss) on Beneficial Interest in Assets Held by SD Community Foundation		16,497.31
Contributions and Donations		29,231.00
Investment Expense		(1,756.87)
Loss on Disposal of Equipment		<u>(1,077.00)</u>
Total Non-operating Revenue (Expense)		<u>133,448.82</u>
Change in Net Position		214,201.31
Net Position, July 1, 2013		<u>2,494,315.52</u>
Net Position, June 30, 2014		<u>\$ 2,708,516.83</u>

The notes to the financial statements are an integral part of this statement.

SOUTH DAKOTA HIGH SCHOOL ACTIVITIES ASSOCIATION  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 2,373,638.60	
Cash Payments to Suppliers for Goods and Services	(1,324,307.23)	
Cash Payments to Employees for Services	<u>(909,773.33)</u>	
Net Cash Provided by Operating Activities		\$ <u>139,558.04</u>
Cash Flows from Noncapital Financing Activities		
Contribution to SD Community Foundation	<u>(83,628.00)</u>	
Net Cash Used by Noncapital Financing Activities		<u>(83,628.00)</u>
Cash Flows from Investing Activities:		
Interest Received on Investments	295.20	
Sale of Investments	(250,000.00)	
Purchase of Investments	<u>250,000.00</u>	
Net Cash Provided by Investing Activities		<u>295.20</u>
Net Increase in Cash and Cash Equivalents During the Fiscal Year		56,225.24
Cash and Cash Equivalents at Beginning of Year, as restated		<u>458,649.49</u>
Cash and Cash Equivalents at End of Year		<u>\$ 514,874.73</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income		\$ 80,752.49
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Activities Expense - Value of Donated Automobiles	29,231.00	
Depreciation Expense	30,507.00	
Increase in Accounts Receivable	(8,972.68)	
Increase in Accrued Vacation Liability	4,435.94	
Decrease in Accrued Sick Leave Liability	(327.70)	
Increase in Accrued Payroll Taxes	8,731.99	
Decrease in Accrued Post Employment Benefit Liability	<u>(4,800.00)</u>	
Total Adjustments		<u>58,805.55</u>
Net Cash Provided by Operating Activities		<u>\$ 139,558.04</u>
Non-cash Investing, Capital and Financing Activities:		
Value of Donated Automobiles		\$ 29,231.00
Increase in Fair Value of Investments		89,037.11
Beneficial Interest in Assets Held by SD Community Foundation		16,497.31
Loss on Disposal of Equipment		(1,077.00)

The notes to the financial statements are an integral part of this statement.

SOUTH DAKOTA HIGH SCHOOL ACTIVITIES ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

a. Nature of Activities:

The school districts of the State of South Dakota, acting by and through their duly elected school board members, associated together in the creation and development of a voluntary, nonprofit association, the South Dakota High School Activities Association (Association), to direct and coordinate interscholastic activities carried on by member high schools of South Dakota.

b. Significant Accounting Policies:

Date of Management's Review:

Management has evaluated subsequent events through March 20, 2015, the date the financial statements were available to be issued.

Estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

c. Basis of Presentation:

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

Proprietary Funds:

Enterprise Funds – Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the constituency on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Association has one enterprise fund.

d. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

**Measurement Focus:**

The "economic resources" measurement focus and the accrual basis of accounting are applied to proprietary fund types.

**Basis of Accounting:**

The financial statements are presented on the accrual basis of accounting; revenues are recorded when earned and expenses are recorded when the obligation is incurred.

e. **Capital Assets:**

On July 1, 2004, the Association and Delta Dental Plan of South Dakota entered into an agreement of joint venture for the construction of an office building together with related improvements. The Association's undivided interest is 63% and Delta Dental Plan of South Dakota's is 37%. Each entity was liable for their share of the construction costs of the building and related improvements, in proportion to their undivided interest. Buildings and land improvements are valued at historical cost. The value reported by the Association reflects their undivided interest of 63% in the building and land improvements. All non-structural and routine repairs are at the expense of the applicable owner.

Land was valued at estimated fair value at the time the joint venture agreement was executed. This value was arrived at by Delta Dental Plan of South Dakota, who prior to entering into an agreement of joint venture with the Association was the sole owner of the property. The value assigned to the property was arrived at by analyzing similar commercial property values. The property is currently held jointly between the Association and Delta Dental Plan of South Dakota as tenants in common. The value reported by the Association represents their undivided interest of 63% in the property.

Equipment, furniture, and fixtures are valued at historical cost. Construction period interest is capitalized in accordance with US GAAP.

Capital assets acquired after July 1, 2007 are capitalized, based on the criteria of a useful life of one year or more, tangible in nature, and a unit cost of \$2,500 or more. Capital assets acquired prior to July 1, 2007 were capitalized at a cost of \$300 or more.

Buildings, equipment and furniture, and land improvements are depreciated over their estimated useful life using the straight-line method of depreciation. The estimated useful life for buildings is 45 years. The estimated useful life for land improvements is 10 years. The estimated useful life for equipment and furniture varies from 3 to 50 years.

f. **Budget:**

The Association follows these procedures in establishing the budget:

1. At the meeting just prior to the fiscal year end, the Executive Director submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. The Board of Directors approves the budget at this meeting.
3. The Board of Directors must approve any revisions to the budget. The budget is developed and approved using the cash basis of accounting. Therefore, the schedule of budget and actual revenue and expenditures in the supplementary information is presented on the cash basis of accounting.

g. Employee Fringe Benefits:

The Association pays the cost of single health insurance coverage for those employees who enroll in the Association's group health plan with Dakotacare.

Payments made during fiscal year 2014 amounted to \$143,086.99. The Association paid for health insurance for the spouse of the executive director.

The Association pays dental insurance for all employees. Family coverage is optional at the employee's expense. Payments made during fiscal year 2014 amounted to \$4,458.00.

h. Accumulated Unpaid Vacation and Sick Leave:

Sick Leave:

Executive staff, the technology director, and office support personnel earn sick leave at the rate of 12 days per fiscal year and this can be accumulated without limit.

Board action on April 15-16, 2008 changed the reimbursement of unused sick leave. Only employees employed before June 30, 2008 will be eligible for reimbursement of unused sick leave upon termination. The amount is determined by multiplying current base pay times a maximum of 50 days of unused sick leave. Base pay is computed by dividing the current annual salary by 260 days.

Vacation Leave:

Vacation leave is earned by the executive staff and the technology director at a rate of 12 working days after 1 year of service, 15 working days after 2 years, and 20 working days after 7 years. The full-time office support staff are eligible for 12 working days of paid vacation per year. Office support staff having 7 years of continuous service are granted 18 working days. Vacation leave is accrued monthly, with a maximum amount of accrual equal to twice the annual rate.

Executive staff and the technology director are eligible for reimbursement of unused vacation leave up to a maximum of 40 days. The office support staff are eligible up to a maximum of 36 days. The amount is determined by multiplying current base pay times the number of unused vacation days up to the limits set forth in the policy. Base pay is computed by dividing the current annual salary by 260 days.

The financial statements give effect to these liabilities.

i. Investments:

Investments of the Association are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than a forced or liquidation sale. Unrealized gains and losses due to fluctuations in market value are included in investment income.

j. Cash Flows:

For purposes of the Statement of Cash Flows, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

k. Revenue and Expense Classifications:

In the Statement of Revenues, Expenses and Changes in Fund Net Position, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

l. Net Position:

Net Position is classified in the following three components.

1. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt that is attributable to the acquisition, construction, or improvement of those assets.
2. Restricted – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation; or (c) contractual constraints.
3. Unrestricted – Consists of net position that does not meet the definition of restricted or net investment in capital assets.

m. Application of Net Position:

It is the Association's policy to first use restricted resources, prior to the use of unrestricted resources, when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

n. Long-Term Liabilities:

The accounting for proprietary fund long-term debt is on the accrual basis. The long-term liabilities consist of compensated absences and a post-employment benefit.

o. Restatement:

The beginning cash and cash equivalents balance was decreased for contributions made in the previous year to the South Dakota Community Foundation in the amount of \$55,000.00.

2. **DEPOSITS AND INVESTMENTS AND CREDIT RISK, CONCENTRATIONS OF CREDIT RISK, AND INTEREST RATE RISK:**

State law does not limit the Association's deposit and investment choices. The Association does not have a formal custodial credit risk deposit policy.

Credit Risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Association's mutual fund investments are susceptible to credit risk because mutual funds are not rated nor does the U.S. Government guarantee them. The Association does not have a formal credit risk investment policy.

Concentration of Credit Risk – The Association places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk – The Association does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2014, the Association had the following investments:

Mutual Funds:	<u>Fair Value</u>
Corporate Contributed Funds – Brokerage Account	\$ 480,394.29
Asset Mark Active Return Opportunities	617,416.31
Asset Mark Stadion Profile 5	176,524.80
Federated Prime Management Obligation Fund	<u>487,177.41</u>
Total	<u>\$ 1,761,512.81</u>

### 3. RECEIVABLES:

Receivables are not aggregated in the financial statements.

The Association expects all accounts receivable to be collected within one year. Appropriate allowances for estimated uncollectibles have not been established due to the fact that prior receivables have been collected.

### 4. CHANGES IN CAPITAL ASSETS:

	<u>Balance 7/01/13</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/14</u>
Capital Assets, not being depreciated:				
Land	\$ 163,870.55	\$	\$	\$ 163,870.55
Capital Assets, being depreciated:				
Land Improvements	48,027.26			48,027.26
Building	787,943.97			787,943.97
Equipment, Furniture and Fixtures	240,411.48		21,052.00	219,359.48
Totals	<u>1,076,382.71</u>		<u>21,052.00</u>	<u>1,055,330.71</u>
Less Accumulated Depreciation for:				
Land Improvements	43,224.84	4,402.00		47,626.84
Building	137,589.12	15,288.00		152,877.12
Equipment, Furniture and Fixtures	167,382.70	10,817.00	19,975.00	158,224.70
Total Accumulated Depreciation	<u>348,196.66</u>	<u>30,507.00</u>	<u>19,975.00</u>	<u>358,728.66</u>
Total Capital Assets, being Depreciated, Net	<u>728,186.05</u>	<u>(30,507.00)</u>	<u>(1,077.00)</u>	<u>696,602.05</u>
Capital Assets, Net	<u>\$ 892,056.80</u>	<u>\$ (30,507.00)</u>	<u>\$ (1,077.00)</u>	<u>\$ 860,472.80</u>

5. LONG-TERM LIABILITIES:

Long-term obligations at June 30, 2014 and changes to long-term liabilities during the fiscal year ended are as follows:

	Balance 7/01/13	Increases	Decreases	Balance 6/30/14	Due Within One Year
Accrued Vacation	\$ 39,882.45	\$ 46,677.77	\$ 33,509.84	\$ 53,050.38	\$ 32,557.32
Accrued Sick Pay	\$ 32,796.90	\$ 11,665.44	\$ 11,993.14	\$ 32,469.20	\$ 11,993.14

6. INCOME TAXES:

The Association is exempt from federal income taxes pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. Contributions to the organization are deductible for income tax purposes.

Accounting standards prescribe a recognition threshold of more likely than not, and a measurement attribute for all tax positions taken or expected to be taken on a tax return, in order for those tax positions to be recognized in the financial statements. At June 30, 2014, the Association believes that there are no uncertain tax positions or liabilities, or interest and penalties associated with uncertain tax positions. If the Association had interest and penalties related to uncertain tax positions, it would be accounted for as a component of income tax expense. In accordance with the applicable statute of limitations, the Association's tax returns could be audited by the Internal Revenue Service for the years ended June 30, 2011 to 2014.

7. POST EMPLOYMENT BENEFIT:

The Association adopted a policy to provide past Executive Director Marlyn Goldhammer \$400.00 a month, for the rest of his life, to purchase supplemental medical insurance. This benefit went into effect July 1, 2001. Marlyn Goldhammer is the only retiree eligible to receive this benefit.

During fiscal year 2014, a budgeted expense of \$4,800.00 was incurred for this benefit. Future payments have been estimated to total approximately \$20,672.77. No monies have been set-aside for future payments.

8. SEVERANCE PAY BENEFIT:

The Association has a policy where a retirement/severance benefit is available to any qualifying employee. The employee must be at least 55 years of age and no older than 68 years of age. An employee who has been employed by the Association for at least fifteen (15) years will be eligible for 60% of their final salary payable over a three (3) year period. Payment will be made during the month of June each fiscal year. An employee who has been employed by the Association for at least twenty (20) years will be eligible for 80% of their final salary payable over a three (3) year period. Payment will be made during the month of June each fiscal year. An employee who has been employed by the Association for at least twenty-five (25) years will be eligible for 100% of their final salary payable over a three (3) year period. Payment will be made during the month of June each fiscal year. A maximum of one new recipient may become eligible per budget year. Notice of retirement must be submitted in writing a minimum of 180 days prior to the actual retirement date. In the event the employee entitled to the separation pay policy benefit hereunder shall die while all or part of such benefit remains unpaid, such unpaid benefit or part thereof shall be paid to the beneficiary designated in writing by the employee prescribed by the comptroller. In the event no beneficiary has been designated, such unpaid benefit shall be paid to the estate of the deceased.

Severance pay benefits totaling \$5,926.82 were paid to one retiree in fiscal year 2014. As of June 30, 2014, there is no additional liability.

9. RETIREMENT PLAN:

All employees participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer defined benefit pension plan established to provide retirement, disability, and survivor benefits for employees of the State of South Dakota and its political subdivisions. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Employees are required by state statute to contribute 6 percent of their salary to the plan. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security. The right to receive retirement benefits vests after three years of credited service. The Association's share of contributions to the SDRS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$41,130.43, \$38,076.03, and \$35,756.45, respectively, equal to the required contributions each year.

10. RISK MANAGEMENT:

The Association is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ended June 30, 2014, the Association managed its risks as follows:

Employee Health & Dental Insurance:

See note 1 g.

Liability Insurance:

The Association purchases liability insurance for risks related to torts; theft or damage to property; and errors and omissions of staff members from a commercial insurance carrier.

Board of Directors coverage includes:

- a) Bodily injury liability, including participant and spectator bodily injury at events under the Association's jurisdiction, sponsorship or control;
- b) Property damage liability at events under the Association's jurisdiction, sponsorship and control;
- c) Auto liability insurance of secondary coverage in the amount of \$1,000,000 when driving a personal car for Association business; and
- d) Accidental Death/Trip Insurance \$250,000.

Staff member coverage includes any suit brought by a third party for:

- a) Bodily injury liability, including participant and spectator bodily injury at events under the Association's jurisdiction, sponsorship of Directors;
- b) Property damage liability at events under the Association's jurisdiction, sponsorship and control;
- c) Advertising injury liability; and
- d) Libel or slander.

Coverage for errors and omissions of staff members is \$1,000,000.

Automobile:

Automobile liability insurance, which covers all staff members, is secondary coverage in the amount of \$1,000,000 when driving personal car for Association business. The insurance coverage is through a commercial carrier.

Property and Building:

Coverage is through a commercial carrier.

Worker's Compensation:

The Association purchases liability insurance for workmen's compensation from a commercial carrier.

Unemployment Benefits:

The Association has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

During the fiscal year ended June 30, 2014, no claims for unemployment benefits were paid. At June 30, 2014, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

11. SIGNIFICANT CONTINGENCIES—LITIGATION:

At June 30, 2014, the Association was not involved in any litigation.

12. INTEREST IN SOUTH DAKOTA COMMUNITY FOUNDATION:

Permanent, irrevocable transfers have been made from the Association to the endowment fund maintained by the South Dakota Community Foundation (Foundation). The Association retains no rights to the principal. The endowment was established on April 22, 2013. The expectation is the earnings from the endowment will be distributed to the Association. Distributed income from the fund will be made available for distribution not less often than annually, which may be on an annualized basis, or calendar year basis, or a portion of either, as determined by the Directors of the Foundation. The total amount contributed for the fiscal year 2014 was \$83,628.00. The Association received no distribution from the fund in fiscal year 2014.

The activity of the Foundation's Association Fund for fiscal year 2014 is as follows:

Beginning Balance as of July 1, 2013	\$ 55,000.00
Additions:	
Contributions – Nonspendable	83,628.00
Dividend & Interest Income (Undistributed)	1,222.07
Capital Gain/Loss – Unrealized	16,497.31
Subtractions:	
Administrative Fees	<u>(1,756.87)</u>
Ending Balance as of June 30, 2014	<u>\$ 154,590.51</u>

SOUTH DAKOTA HIGH SCHOOL ACTIVITIES ASSOCIATION  
SCHEDULE OF BUDGETED AND ACTUAL REVENUES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Revenue	Actual Revenue	Variance Favorable/ (Unfavorable)
<b>Activities:</b>			
Boys' "B" Basketball	\$ 105,000.00	\$ 129,564.00	\$ 24,564.00
Boys' "A" Basketball	160,000.00	159,895.32	(104.68)
Boys' "AA" Basketball	120,000.00	120,856.41	856.41
Girls' "B" Basketball	60,000.00	74,770.25	14,770.25
Girls' "A" Basketball	60,000.00	50,794.00	(9,206.00)
Girls' "AA" Basketball	50,000.00	50,772.00	772.00
Boys' "B" Wrestling	85,000.00	78,216.00	(6,784.00)
Boys' "A" Wrestling	55,000.00	56,444.75	1,444.75
Football Finals in the Dome	175,000.00	217,002.01	42,002.01
Gymnastics Tournament	8,000.00	11,092.00	3,092.00
State Track and Field Meet	90,000.00	106,712.00	16,712.00
Cross Country	15,000.00	13,585.00	(1,415.00)
Volleyball Tournament "AA", "A" & "B"	100,000.00	100,751.00	751.00
Soccer	10,000.00	11,246.00	1,246.00
All-State Chorus and Orchestra	40,000.00	57,039.00	17,039.00
All-State Band	7,000.00	7,105.00	105.00
Cheer and Dance	15,000.00	19,500.00	4,500.00
All-State Jazz Band	3,000.00	1,756.00	(1,244.00)
<b>Total Activities</b>	<u>1,158,000.00</u>	<u>1,267,100.74</u>	<u>109,100.74</u>
TV Contract - FB/BB/VB/WR	85,000.00	88,223.50	3,223.50
Ball Bids	42,000.00	42,000.00	0.00
Corporate Partner	295,000.00	291,250.00	(3,750.00)
<b>Total</b>	<u>422,000.00</u>	<u>421,473.50</u>	<u>(526.50)</u>
<b>Sub-State Events</b>			
Girls' Basketball	75,000.00	88,069.70	13,069.70
Boys' Basketball	115,000.00	138,597.50	23,597.50
Football Play-offs	75,000.00	70,900.20	(4,099.80)
Wrestling	16,000.00	12,203.20	(3,796.80)
Volleyball	52,000.00	58,750.00	6,750.00
<b>Total Sub-State Events</b>	<u>333,000.00</u>	<u>368,520.60</u>	<u>35,520.60</u>
<b>Fees</b>			
Fine Arts	125,000.00	151,792.00	26,792.00
Subscription/Postage Fee	1,000.00	1,080.00	80.00
Coaches Education	750.00	5,805.00	5,055.00
<b>Total Fees</b>	<u>126,750.00</u>	<u>158,677.00</u>	<u>31,927.00</u>
<b>General</b>			
Music	350.00	0.00	(350.00)
Coaches Clinic	1,500.00	1,000.00	(500.00)
Rule Books/Publications	30,000.00	28,631.00	(1,369.00)
Registration of Officials	50,000.00	83,672.81	33,672.81
Penalties and Fines	8,000.00	6,955.00	(1,045.00)
Earnings on Deposits and Investments	750.00	1,517.27	767.27
Miscellaneous	15,000.00	26,972.10	11,972.10
Tennis Court Rental	0.00	0.00	0.00
Ballots/Publications	600.00	100.25	(499.75)
Sale of Medals	1,500.00	1,821.60	321.60
SDSCA Operations	0.00	0.00	0.00
Speech Ad Revenue	2,500.00	5,791.00	3,291.00
Recruitment of Officials	15,000.00	4,000.00	(11,000.00)
Contributions and Donations	30,000.00	0.00	(30,000.00)
<b>Total General</b>	<u>155,200.00</u>	<u>160,461.03</u>	<u>5,261.03</u>
<b>GRAND TOTAL</b>	<u>\$ 2,194,950.00</u>	<u>\$ 2,376,232.87</u>	<u>\$ 181,282.87</u>

The Notes to the Schedules of Budgeted and Actual Revenues and Expenditures are an integral part of this schedule.

SOUTH DAKOTA HIGH SCHOOL ACTIVITIES ASSOCIATION  
SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Expenditures	Actual Expenditures	Variance Favorable/ (Unfavorable)
Regular Salaries	\$ 610,500.00	\$ 606,309.11	\$ 4,190.89
Temporary Salaries	1,000.00	2,141.46	(1,141.46)
Meal Reimbursement	500.00	448.00	52.00
Corporate Contract Salary	39,450.00	40,619.24	(1,169.24)
Total Salaries	<u>651,450.00</u>	<u>649,517.81</u>	<u>1,932.19</u>
Social Security	46,700.00	45,977.05	722.95
Retirement	36,500.00	41,130.43	(4,630.43)
Hospital Insurance	121,750.00	143,086.99	(21,336.99)
Dental Insurance	4,400.00	4,458.00	(58.00)
Worker's Compensation	4,500.00	6,836.00	(2,336.00)
Severance Pay	0.00	5,926.82	(5,926.82)
Post Employment	4,800.00	4,800.00	0.00
Total Employee Benefits	<u>218,650.00</u>	<u>252,215.29</u>	<u>(33,565.29)</u>
Legal Costs and Fees/Lobbyist	4,500.00	25,299.49	(20,799.49)
Retirement/Investment Advisor	1,400.00	1,370.00	30.00
Audit	7,000.00	23,083.75	(16,083.75)
Clinicians-Coaches Clinic	3,500.00	4,873.91	(1,373.91)
Test Supervisor	150.00	168.00	(18.00)
Clinicians/Judges/Cheerleaders	2,200.00	0.00	2,200.00
Appeals Committees	300.00	551.60	(251.60)
Section V Meeting	3,000.00	815.77	2,184.23
Utilities	8,300.00	7,422.73	877.27
Maintenance and Repairs	10,000.00	4,250.55	5,749.45
Computer Programs	7,500.00	7,774.62	(274.62)
Staff Travel	60,000.00	26,615.11	33,384.89
Board of Control Travel	26,000.00	20,390.83	5,609.17
Advisory/Ad Hoc Com/Officials	10,000.00	15,342.92	(5,342.92)
Dues-Regional Wrestling Assoc.	800.00	740.00	60.00
Dues-Regional Basketball Assoc.	4,600.00	4,445.00	155.00
Dues-Regional Volleyball Assoc.	2,500.00	2,250.00	250.00
Dues-Football Assoc.	4,400.00	4,290.00	110.00
Dues-Gymnastics Assoc.	400.00	320.00	80.00
Website Development	0.00	0.00	0.00
NASO Travel	3,000.00	1,660.10	1,339.90
Telephone	9,000.00	7,836.62	1,163.38
Postage and Permit	16,000.00	16,113.92	(113.92)
United Parcel Service	12,000.00	5,256.26	6,743.74
Commercial Printing	25,000.00	20,230.97	4,769.03
Printing-Coaches Clinic	1,000.00	909.00	91.00
Printing-Officials	7,000.00	6,477.00	523.00
Catastrophic/Liability Insurance	162,000.00	157,909.79	4,090.21
Miscellaneous	14,000.00	9,751.02	4,248.98
Staff In-Service	500.00	0.00	500.00
State Officials Association	12,000.00	11,436.00	564.00
Rule Interpreter-Indianapolis	1,200.00	1,054.79	145.21
Internet	2,400.00	2,354.62	45.38
State Event Directors Reception	1,300.00	299.88	1,000.12
NFOA Membership	20,000.00	19,074.00	926.00
Media	2,400.00	1,421.14	978.86
Officials Gifts	2,000.00	1,672.60	327.40
State Event Directors/Corp Gifts	2,600.00	3,092.40	(492.40)
Midwest Officials Summit	1,200.00	295.91	904.09
FB Rules Meeting	1,200.00	845.74	354.26
SDIAAA	2,000.00	2,000.00	0.00
NIAAA Meeting	1,700.00	1,640.62	59.38
NF Summer Meeting	25,000.00	22,111.78	2,888.22
NF Winter Meeting	2,700.00	3,171.67	(471.67)
NF Legal Meeting	2,600.00	3,189.15	(589.15)
NFHS-Debate Topic Meeting	7,500.00	7,280.33	219.67
NFHS-Music/Speech Meeting	250.00	74.20	175.80
Recruitment of Officials	20,000.00	16,839.26	3,160.74
Snow Removal/Lawn	1,000.00	2,081.22	(1,081.22)
Accounting and Tax	4,000.00	4,543.16	(543.16)
Technology Conference	1,000.00	0.00	1,000.00
State Officials Coordinator	13,400.00	11,307.36	2,092.64
Total Purchased Services	<u>533,500.00</u>	<u>491,934.79</u>	<u>41,565.21</u>

SOUTH DAKOTA HIGH SCHOOL ACTIVITIES ASSOCIATION  
SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Expenditures	Actual Expenditures	Variance Favorable/ (Unfavorable)
Office Supplies	8,000.00	4,778.13	3,221.87
Custodial Supplies	4,500.00	1,451.67	3,048.33
Subscriptions	1,000.00	1,051.91	(51.91)
NF News/NIAAA Subscriptions	400.00	0.00	400.00
Rule Books and Exams	38,000.00	37,812.95	187.05
Transparencies/Films	0.00	0.00	0.00
Distinguished Service Awards	700.00	726.50	(26.50)
Inventory of Medals	750.00	753.81	(3.81)
<b>Total Supplies and Materials</b>	<b>53,350.00</b>	<b>46,574.97</b>	<b>6,775.03</b>
NF Dues/Foundation	2,500.00	2,500.00	0.00
General Liability/Participant Liability/Auto	13,620.00	13,612.00	8.00
Surety Bond	1,400.00	626.00	774.00
Insurance Office and Contents	3,500.00	4,225.11	(725.11)
Car Liability Insurance	6,410.00	6,406.00	4.00
CSIET	610.00	610.00	0.00
D&O Liability Insurance	3,800.00	3,795.00	5.00
Excess Liability Insurance	3,075.00	3,074.00	1.00
South Dakota Community Foundation	0.00	83,628.00	(83,628.00)
Travel Accident	1,000.00	1,000.00	0.00
Commercial Crime	300.00	300.00	0.00
Nonoperating Expenses	0.00	1,756.87	(1,756.87)
<b>Total Other Objects</b>	<b>36,215.00</b>	<b>121,532.98</b>	<b>(85,317.98)</b>
Classes for Cheer/Spirit Coaches	125.00	0.00	125.00
Classes for Cheer/Spirit Officials	125.00	145.63	(20.63)
<b>Total Coaches Education Program</b>	<b>250.00</b>	<b>145.63</b>	<b>104.37</b>
Officials Observation	9,000.00	9,029.84	(29.84)
Boys' "B" Basketball	48,000.00	44,478.12	3,521.88
Boys' "A" Basketball	102,950.00	82,739.44	20,210.56
Boys' "AA" Basketball	63,250.00	57,965.07	5,284.93
Girls' "B" Basketball	37,350.00	33,292.64	4,057.36
Girls' "A" Basketball	44,850.00	40,475.94	4,374.06
Girls' "AA" Basketball	54,050.00	38,758.40	15,291.60
"B" Wrestling	26,750.00	26,260.57	489.43
"A" Wrestling	54,300.00	34,881.93	19,418.07
Gymnastics	21,400.00	20,991.53	408.47
Track and Field	66,800.00	61,767.78	5,032.22
Golf	17,400.00	18,228.44	(828.44)
Tennis	11,220.00	10,281.58	938.42
Cross Country	10,025.00	10,105.91	(80.91)
Football Play-Offs	72,900.00	75,535.49	(2,635.49)
Volleyball AA, A & B	95,250.00	84,722.18	10,527.82
Cheer and Dance	19,500.00	18,183.92	1,316.08
Soccer	19,150.00	16,333.21	2,816.79
Student Council	5,000.00	4,283.07	716.93
Oral Interpretation	14,800.00	14,375.67	424.33
One Act Play	12,500.00	17,482.44	(4,982.44)
Debate	12,380.00	10,917.54	1,462.46
All-State Chorus and Orchestra	40,000.00	52,739.16	(12,739.16)
All-State Band	35,250.00	32,587.14	2,662.86
Music Miscellaneous	5,500.00	3,083.99	2,416.01
Journalism	2,425.00	1,800.00	625.00
All-State Jazz Band	12,650.00	10,947.96	1,702.04
<b>Total Events</b>	<b>905,650.00</b>	<b>823,219.12</b>	<b>82,430.88</b>
<b>GRAND TOTAL</b>	<b>\$ 2,408,065.00</b>	<b>\$ 2,394,170.43</b>	<b>\$ 13,894.57</b>

The Notes to the Schedules of Budgeted and Actual Revenues and Expenditures are an integral part of this schedule.

SOUTH DAKOTA HIGH SCHOOL ACTIVITIES ASSOCIATION  
NOTES TO THE SCHEDULES OF BUDGET AND ACTUAL REVENUES AND EXPENDITURES  
JUNE 30, 2014

Note 1: Purpose of the Schedule

Article IV of the South Dakota High School Activities Association's (Association) Constitution requires the Board of Directors to adopt a budget for each fiscal year.

Note 2: Significant Accounting Policies

- A. Reporting Entity – The accompanying schedules include primary activities, events, fees, and general areas administered by the Association for the fiscal year ended June 30, 2014.
- B. Basis of Accounting – The information presented in the Schedules of Budget and Actual Revenues and Expenditures are presented on the cash basis of accounting. The Association's basic financial statements are reported on the accrual basis of accounting and, therefore, the schedule's data may not be directly traceable to the basic financial statements.
- C. Sub-State Events – School Districts throughout the State host sub-state events. The School Districts collect the revenue and subtract from that revenue the expenditures applicable to hosting the sub-state events. The School Districts then remit payment to the Association for the Association's share of the sub-state proceeds. The payment received by the Association is reflected in the Schedule of Budget and Actual Revenues. Generally accepted accounting principles require the total revenue earned and the total expenditures incurred be reported on the accrual basis of accounting in the basic financial statements, therefore, the schedule's data may not be directly traceable to the basic financial statements.