

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

Columbus, Ohio

Financial Statements
and Supplementary Financial Information
For the years ended July 31, 2014 and 2013

and Independent Auditors' Report Thereon



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OHIO HIGH SCHOOL ATHLETIC ASSOCIATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JULY 31, 2014

Introduction and Background

The Ohio High School Athletic Association (OHSAA or Association) has served Ohio's citizens and educational community since 1907 as the governing body for interscholastic athletics. Annually, hundreds of thousands of students receive the benefits of interscholastic athletics, by the provision of learning through participation and developing positive traits of citizenship to serve students throughout the remainder of their lives.

The OHSAA is not a state agency or instrumentality of the state. Therefore, it does not receive taxpayer dollars to fund the operations of the Association. All funds are generated through the activities of the OHSAA.

On an annual basis, the OHSAA serves approximately 350,000 student-athletes, which ranks fifth nationally in number of students participating.¹ These students represent over 800 member high schools, which ranks third nationally in the number of high schools participating, and nearly 800 member junior high and middle schools.

The governance of the OHSAA is centered on the Board of Directors, who set the policies and direction of the Association. Members of the Board of Directors are elected by the membership based on the provisions of the Constitution. Each of the six athletic districts in the state is represented by one or two members, based on an established rotation provided in the Constitution. There are six voting members representing member schools based on size of school, one voting member representing ethnic minority participants, one voting member representing female participants and one voting member representing middle school students, all of which are elected based on geographic locations set by the Constitution. These nine persons are joined by two non-voting members representing the State Superintendent of Public Instruction and the Ohio Interscholastic Athletic Administrators Association (OIAAA). The Board is assisted in operating sectional and district tournaments by six district athletic boards made up of nine elected volunteer members each. The daily operations of the OHSAA are administered by the Commissioner as the Chief Executive Officer and the professional and clerical staff of the Association.

To better understand and analyze the work of the OHSAA, it is incumbent upon management to draw attention to and review financial activities of the Association and highlight conclusions regarding this data. This Management's Discussion and Analysis (MD&A) will serve as the OHSAA's communication to member schools and the general public and as a supplement to the financial statements of the Association.

It is important to note the MD&A covers the entire OHSAA operation, which includes the Columbus office and each of the six district athletic boards located in local areas around the state.

¹ Numbers of participants are typically reported as unduplicated and duplicated in national publications. For example, in a duplicated count, a student who participates in football, basketball and baseball counts as three for each time participating. In an unduplicated count, a student is just counted once. The duplicated count for Ohio, as reported by the National Federation of State High School Associations is 598,000, which ranks fourth nationally.

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Brief History

The OHSAA was founded in 1907 as an outgrowth of superintendent meetings held around Ohio to discuss interscholastic competition. At that time, there were significant concerns among school administrators about school athletic programs competing on an equal basis. Meetings of the Western Ohio Superintendent's Roundtable and the Round Table of the Central Ohio Teacher's Association occurred and plans were adopted to establish standards for eligibility and govern the relations between schools. The result of those meetings was the founding of the OHSAA. On November 9, 1907, the first meeting of the OHSAA Board of Control was held with George R. Eastman of Dayton Steele High School, a business and commerce teacher, being elected president of the Board of Control.² For much of the next 20 years, Eastman served as president and *de facto* commissioner of the OHSAA, handling much of the administrative and logistical concerns of the member schools across Ohio, despite having no formal training in athletics.

The first championship of the OHSAA was held on May 23, 1908, at Beaver Field on the campus of Denison University in Granville, Ohio. The inaugural track championship of the OHSAA included over 100 athletes representing 23 of the 30 member schools. Columbus North High School won the first championship sponsored by the OHSAA.

Since that time, the OHSAA has expanded to offer opportunities in 24 total sports for both boys and girls. Table 1 illustrates the sports sponsored by the OHSAA for championships and the year the sport first had a state tournament or was officially recognized by the Association.

Table 1 - List of Sports Historically and Currently Recognized by the OHSAA

Boys Sport (Year Tournament Recognized)	Girls Sport (Year Tournament Recognized)
Baseball (1928)	
Basketball (1923)	Basketball (1976)
Bowling (2007)	Bowling (2007)
Cross Country (1928)	Cross Country (1978)
	Field Hockey (1979)
Football (1972)	
Golf (1927)	Golf (1993)
Gymnastics (1926-1937; 1965-1994)³	Gymnastics (1977)
Ice Hockey (1978)	
Soccer (1976)	Soccer (1985)
	Softball (1978)
Swimming & Diving (1928)	Swimming & Diving (1977)
Tennis (1920)	Tennis (1976)
Track & Field (1908)	Track & Field (1975)
	Volleyball (1975)
Wrestling (1938, 2013)⁴	

² The Board of Control was renamed as the Board of Directors starting in the 2008-09 school year to reflect a more contemporary view of the role of the governing board in the operations of the Association.

³ Boys Gymnastics is not currently recognized by the Board of Directors as an OHSAA state championship event.

⁴ Wrestling is made up of the individual tournament, which was started in 1938, and the team tournament, which started in 2013.

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The day-to-day administration of the OHSAA was handled by the officers and members of the Board of Directors until 1925, when a full-time commissioner was hired. The first commissioner, Horace Raymond (H.R.) Townsend, principal of Hamilton High School in Butler County, was charged with overseeing the activities of the OHSAA, establishing rules and regulations with Board approval and handling student eligibility rulings. Known during his time as Commissioner as “Judge” for his fair disposition and even handed rulings, Townsend shaped much of the early history of the organization and put the OHSAA on a firm footing to become a nationally respected service organization. Since 1925, only nine people have held the position of Commissioner as detailed in Table 2.

Table 2 - Commissioners of the OHSAA

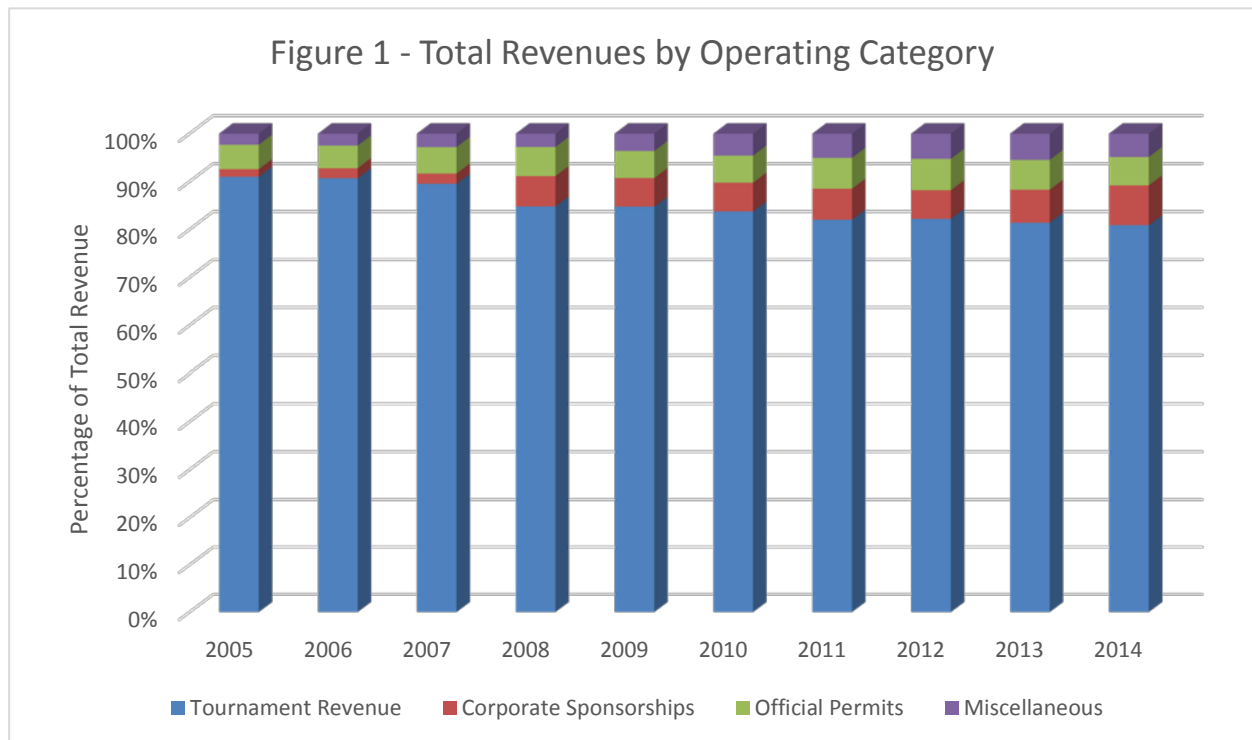
Commissioner	Years of Service
Horace Raymond (H.R.) Townsend	1925-1944
Harold Emsweiler	1944-1958
William J. McConnell	1958-1963
Paul E. Landis	1963-1969
Harold A. Meyer	1969-1977
George D. Bates	1977-1980
Richard L. Armstrong	1980-1989
Clair Muscaro	1990-2004
Daniel B. Ross, Ph.D.	2004-present

General Financial Information

The OHSAA receives no taxpayer funding to fund programs for the benefit of member schools or student-athletes. The primary funding sources, shown in Figure 1 for the past 10 years as a percentage of total revenue, are ticket revenues from tournament events, officiating permit fees, corporate sponsorships and miscellaneous revenues.

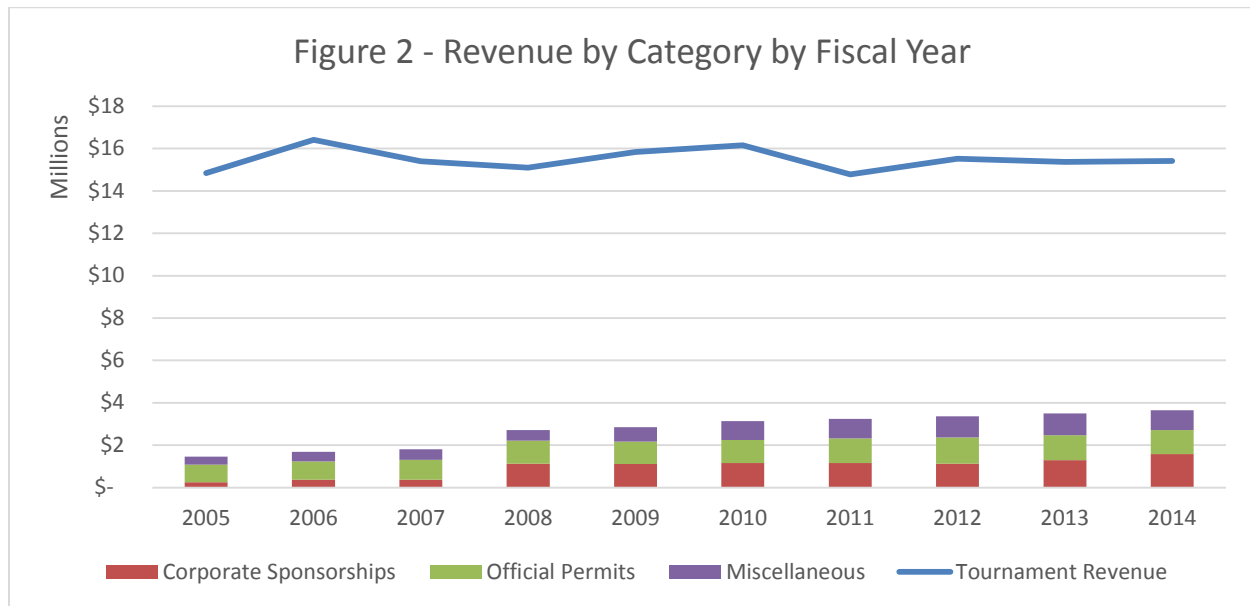
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As indicated in Figure 1, the percentage of revenue attributable to tournament competition has slowly decreased over the last 10-year period. As societal demographics have shifted, high school activities are competing with numerous other entertainment options and limited finances for those who would otherwise attend events. Generally, this has caused a decrease in tournament revenues for not only the OHSAA but also other state associations across the country. Nationally, state associations have been forced to either cut back on activity offerings or restructure business to address the new operational reality. The OHSAA has chosen, in part, to work with corporate sponsors to ensure programs continue at the same levels even as tournament revenue, as a percentage of the total, decreases. During the decade shown, corporate sponsorship revenue has increased significantly to offset the lost revenue from tournaments. This is due to increased partnerships outside of the traditional ball contract agreements, which existed as the primary corporate sponsorship mechanism prior to 2008. Core partners, such as Farmers Insurance, the American Dairy Association, SportsTime Ohio and Marathon, have driven significant dollars to the OHSAA to reflect their support of the inherent value of high school athletics and its importance to the citizens of the state. The percentage of revenue attributable to official permits has remained fairly constant during the 10-year period. This is largely due to a stable officiating pool in all sports.



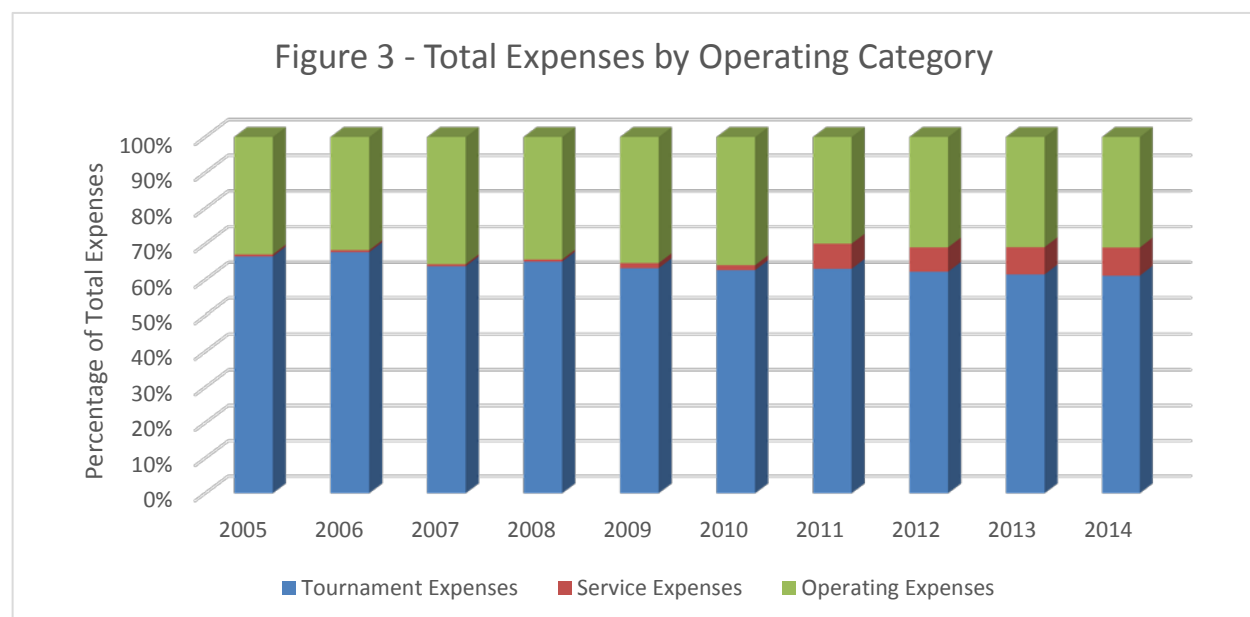
From a revenue only standpoint, Figure 2 illustrates the total revenues of the association by major category during the last decade. This figure indicates a generally flat gross revenue generated by tournament activities for the OHSAA. During the period, periodic adjustments to ticket prices to accommodate changing economic realities have occurred but have not increased the gross revenue into the OHSAA. Additionally, it illustrates the increasing reliance the OHSAA has placed on corporate sponsorships.

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It is interesting to note the OHSA does not charge member schools tournament entry fees or membership fees to sustain operations. In fact, Ohio is one of the very few states that does not charge a tournament entry fee or a membership fee. Many other youth sports programs, including the Amateur Athletic Union (AAU) and other recreational and travel leagues, charge individuals and/or teams a sometimes significant fee to participate in the tournaments and activities of those entities. This is a tremendous economic advantage to the students and parents who participate in the OHSA's programs.

From an expense viewpoint, the vast majority of outlays from the OHSA relate to the provision of tournaments as indicated in Figure 3.



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Tournament expenses as a percentage of the total have fallen over the last decade from 66.5% to 61.7% of the total expenses of the OHSAA. This is attributable, in part, to changes in reimbursements paid for individual sports that do not have a net positive financial balance at the end of the tournament. These reimbursements were eliminated in 2008 for an initial five-year period with that reimbursement elimination continued by the Board of Directors for an additional five-year period through 2019. Additionally, in 2007, meal allowances for first round football games hosted by member schools were eliminated for the hosting school. This change alone saved the OHSAA approximately \$100,000 annually.

Beginning in 2011, the OHSAA evaluated the expenses paid by the Association and elected to provide additional information to readers of the financial statements by presenting service expenses to those outside the Association. In Figure 3, the information provided for fiscal years 2005 to 2011 have not been restated from the audited financial statements despite the change in accounting presentation and reporting undertaken by the OHSAA. The change in reporting more accurately reflects the provision of services to member schools and other interested persons. Expenses presented as Service Expenses include, but are not limited to, catastrophic and tournament insurance for student-athletes, scholarships, rule books for member schools and officiating department expenses.

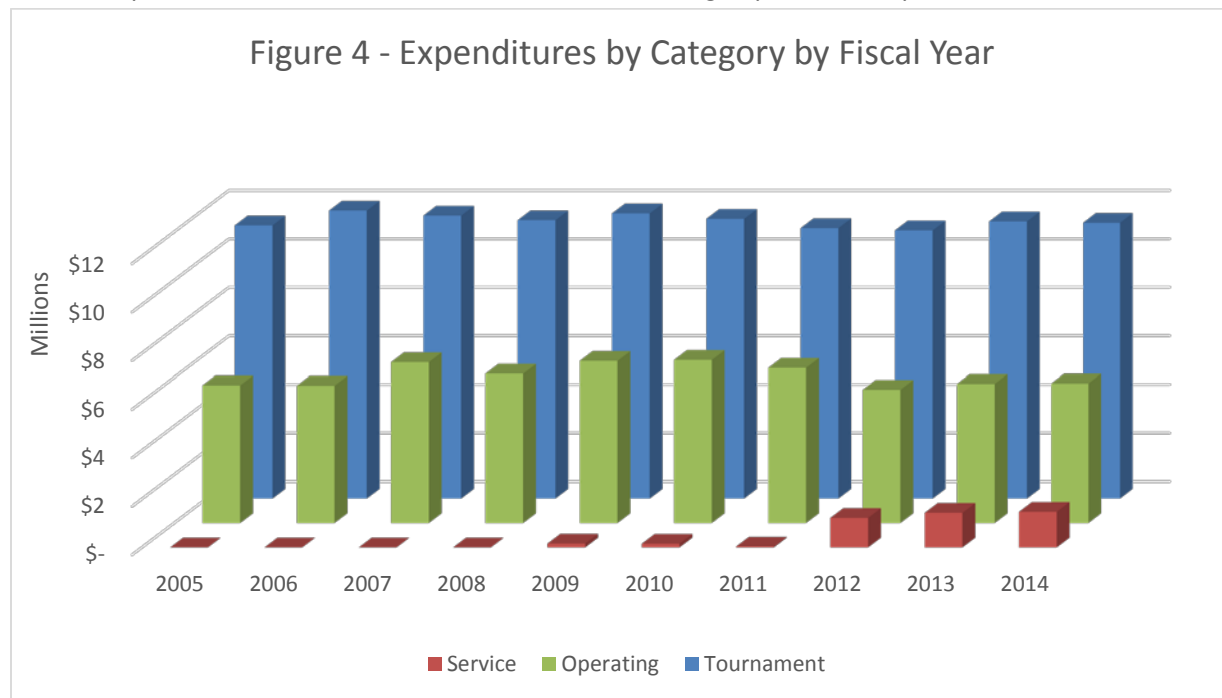
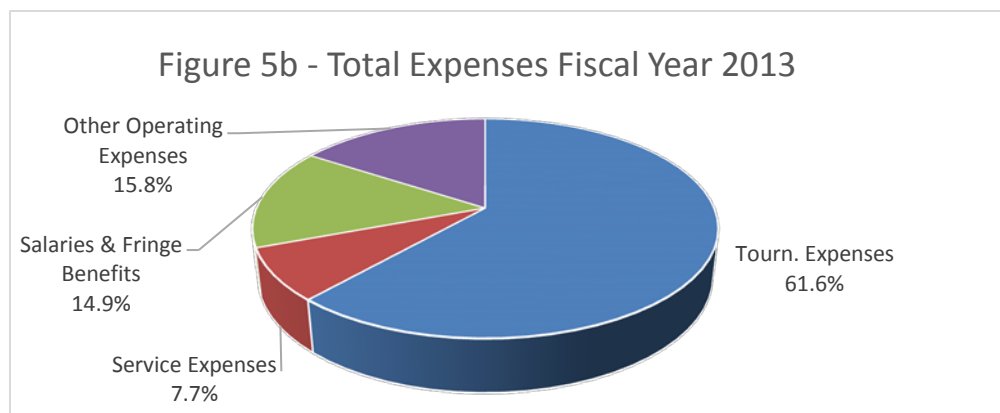
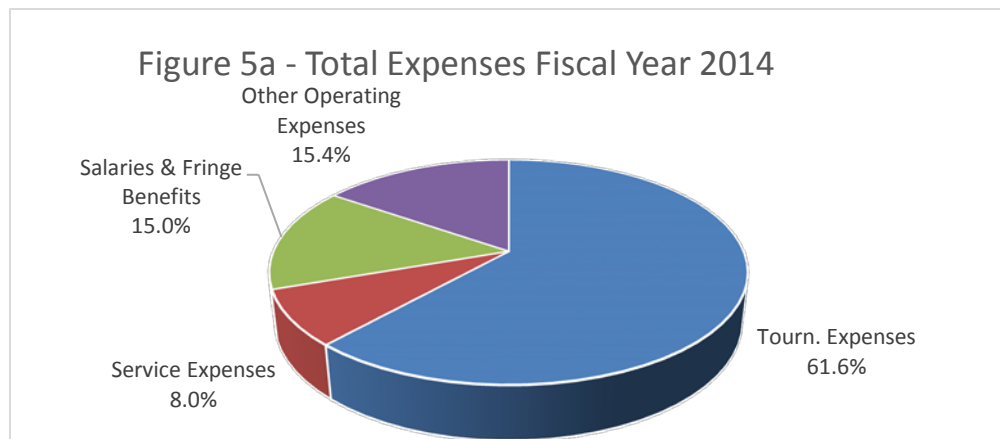


Figure 4 shows the trend for expenditures by category over the last decade. Again, the expenses for periods 2005 to 2011 have not been restated to reflect the change in accounting presentation by the OHSAA. The OHSAA has continued to evaluate and cut expenses in its operating and tournament activities. However, those cuts have been nearly offset by the increases in costs to operate the activity noted. This has resulted in a fairly flat trend for both the tournament and operating expense.

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In Figures 5a and 5b, total expenses by category for the OHSAA are broken down into greater detail for both 2014 and 2013, respectively.

Clearly, the primary expense category is tournament expenses, which make up approximately 62 cents out of each dollar of OHSAA spends in both 2014 and 2013. These expenses include rental of facilities from member schools and other site owners, payments to event locations for staffing, team expense reimbursements, event security and game officials. An additional eight cents of each dollar in 2014 and nearly eight cents out of each dollar in 2013 is spent on service activities supporting the work of the OHSAA with member schools and sports officials, which as mentioned previously, includes items such as catastrophic and tournament insurance, scholarships, rule books and other related costs to member schools and sports officials.

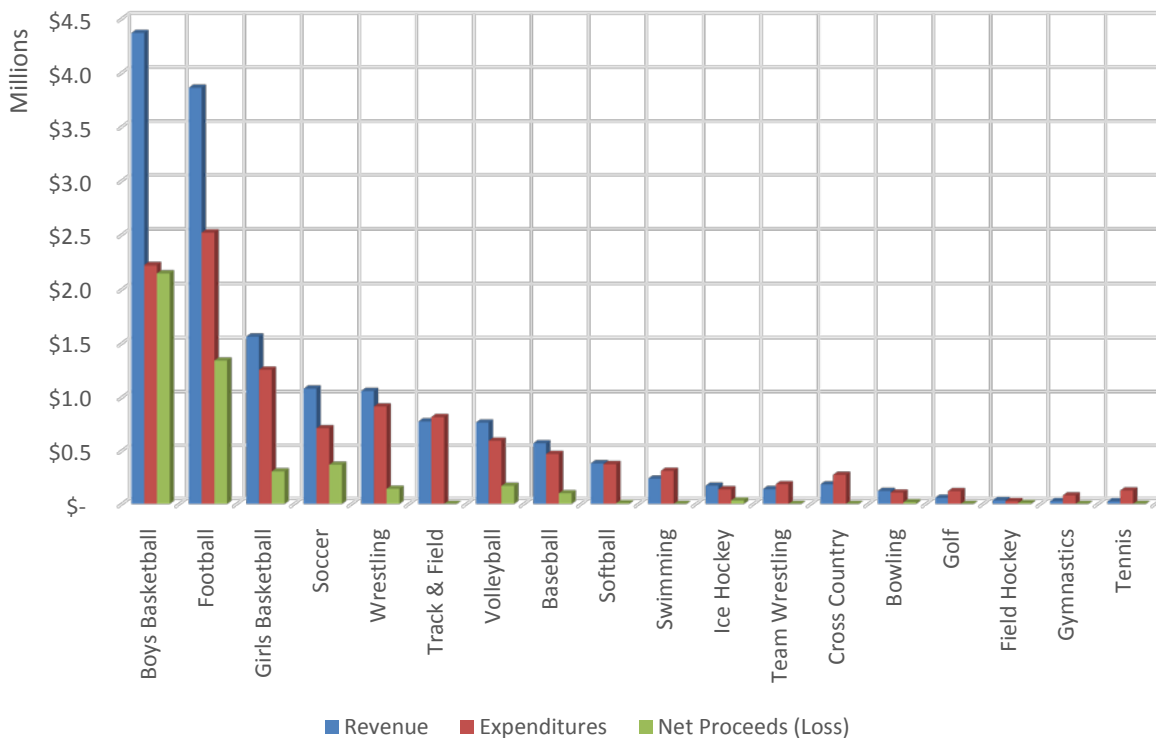


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Tournament Activities

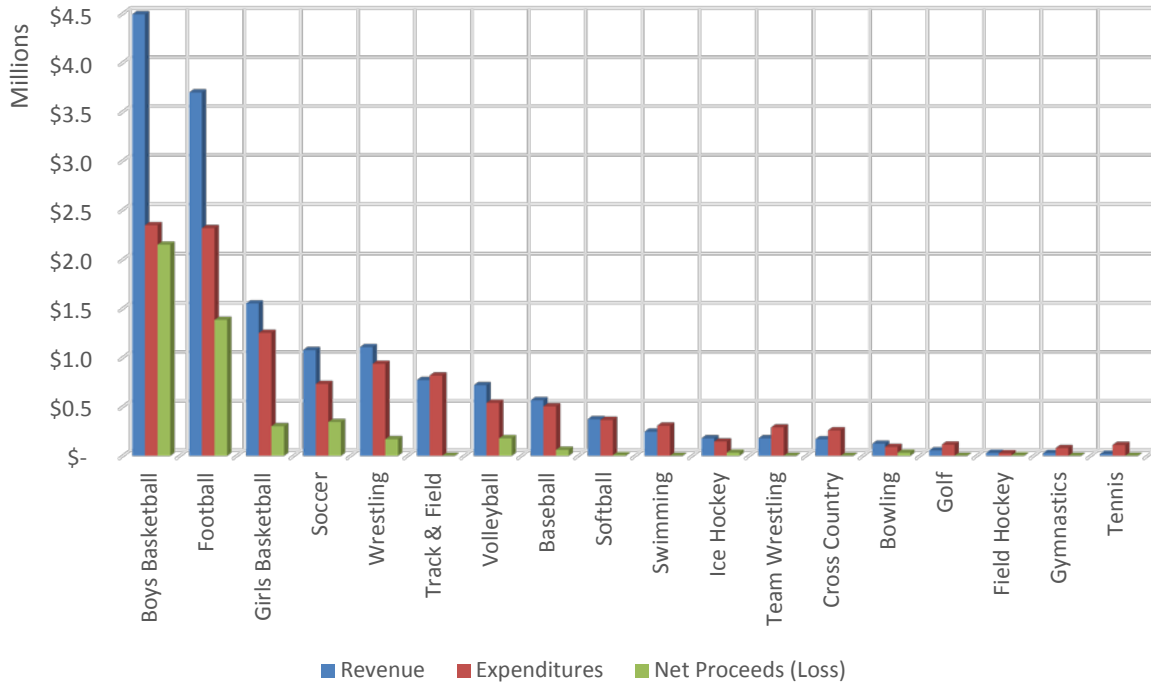
Tournament activities represent the bulk of the Association's business annually. With 24 different sporting events held in every corner of the state, sectional, district, regional and state championship events are a critical funding component for the Association's activities. Revenue and expenditures by sport for 2014 and 2013 are presented in Figures 6a and 6b, respectively, while the percentage each sport makes up of total OHSAA revenue and expenditures are shown in Figures 7a and 7b for 2014 and Figures 8a and 8b for 2013, respectively. Sporting events in Figures 6a and 6b are presented on a combined basis for boys and girls, with the exception of basketball.

Figure 6a - Revenue, Expenditure and
Net Proceeds by Sport - 2014



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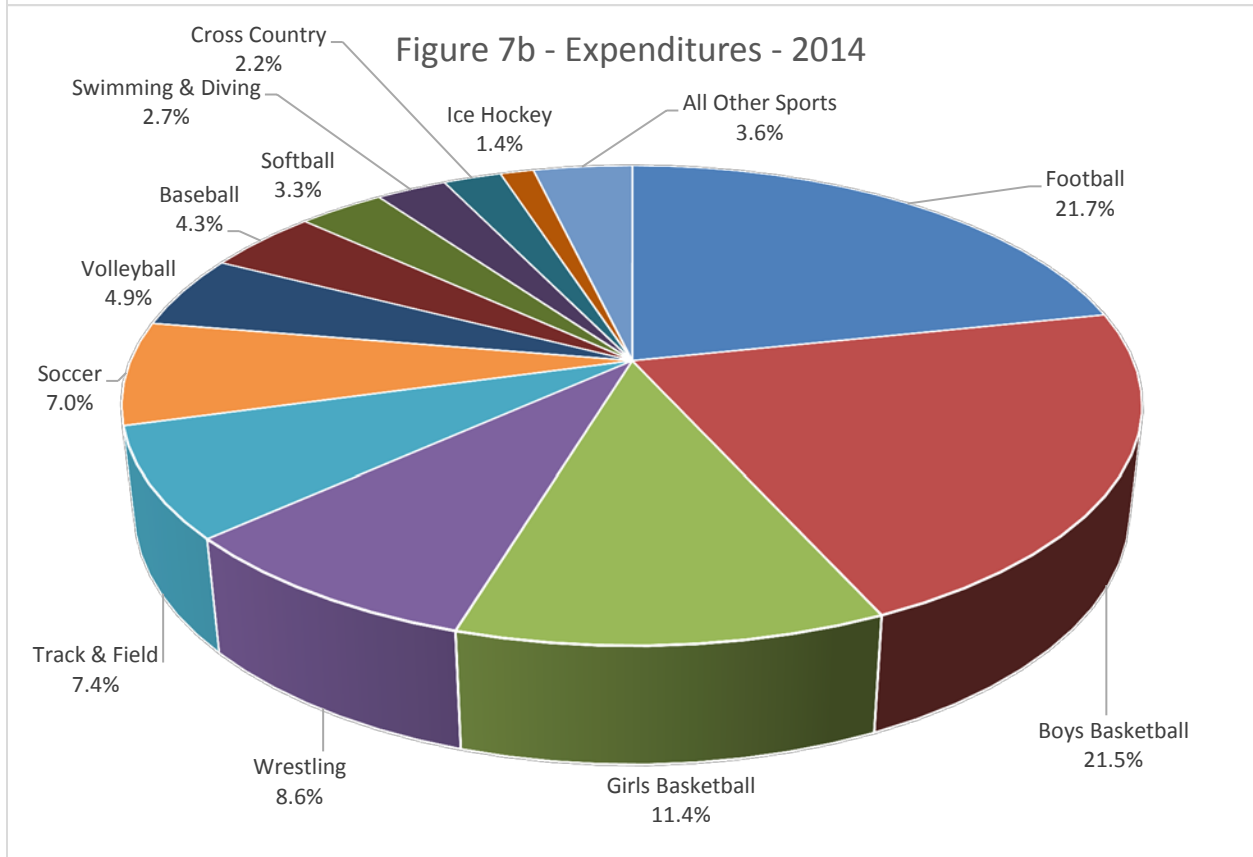
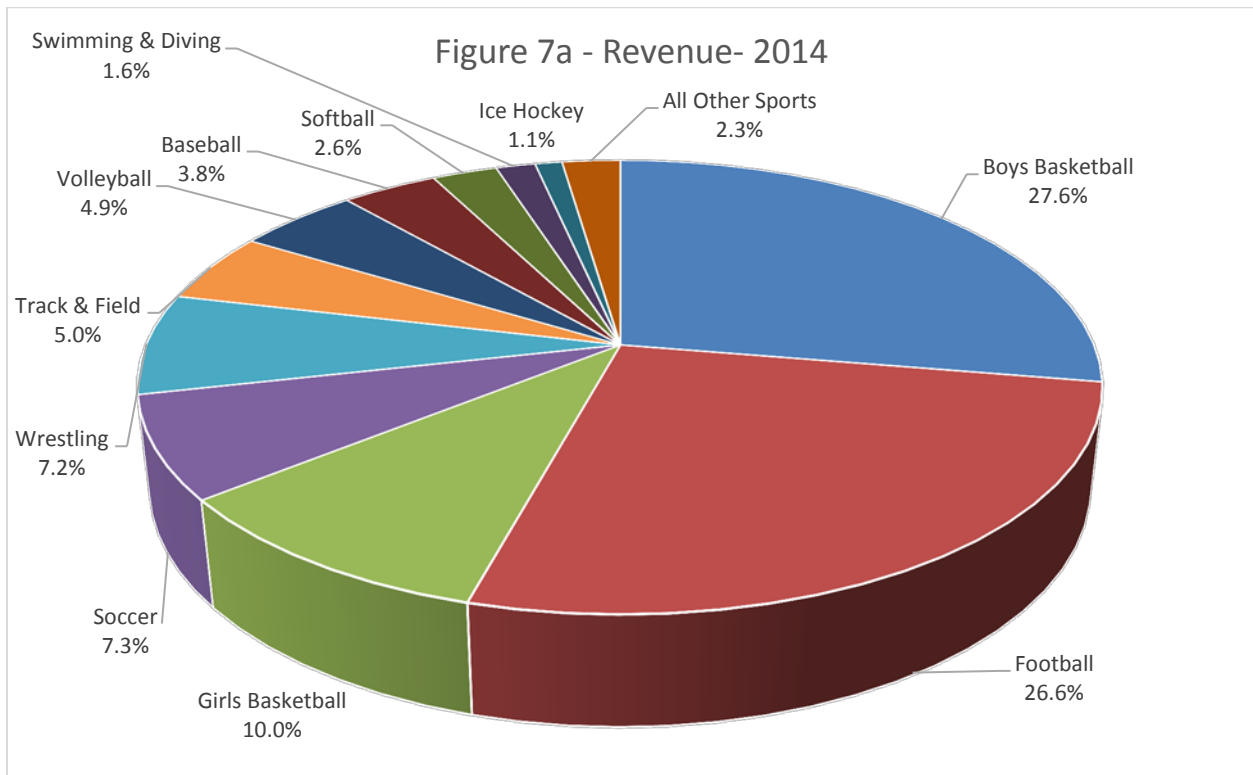
Figure 6b - Revenue, Expenditures and
Net Proceeds by Sport - 2013



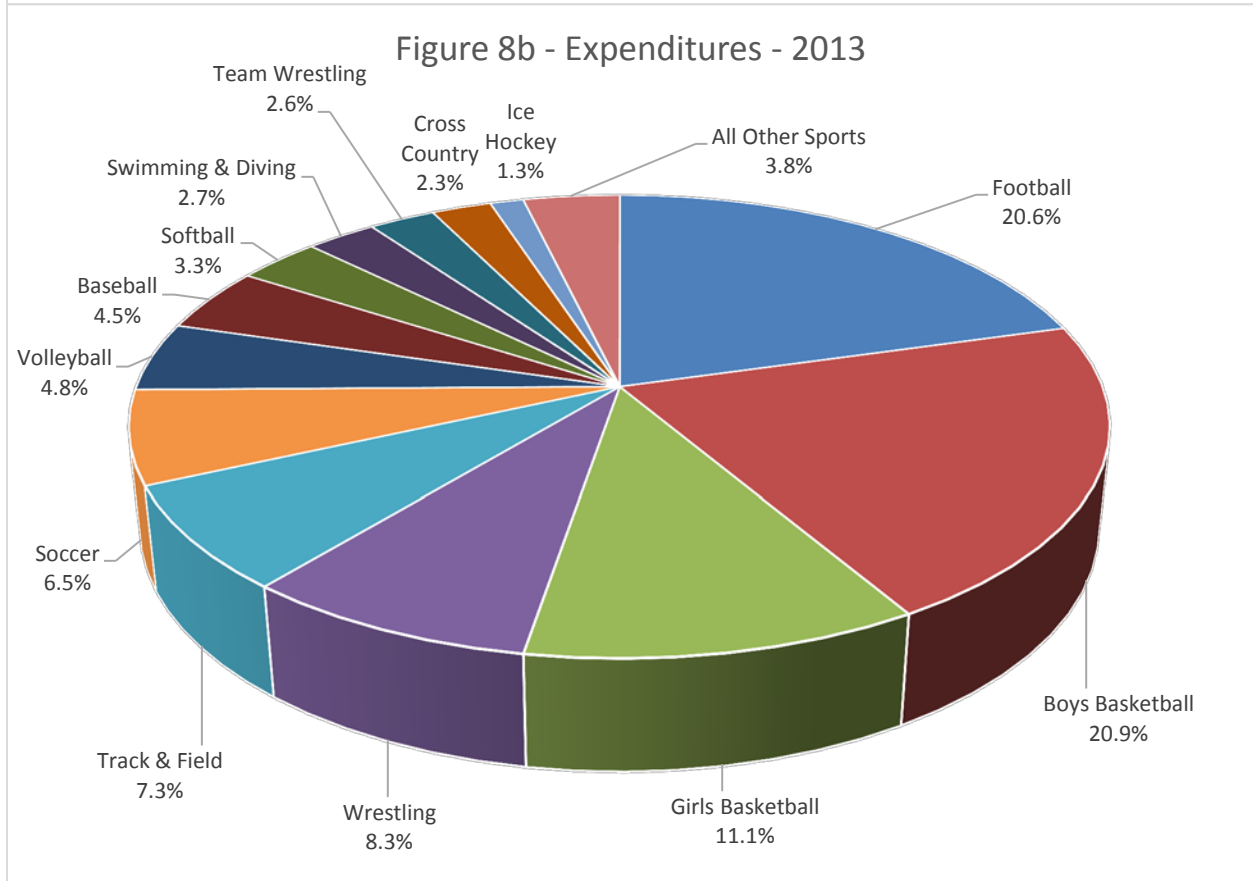
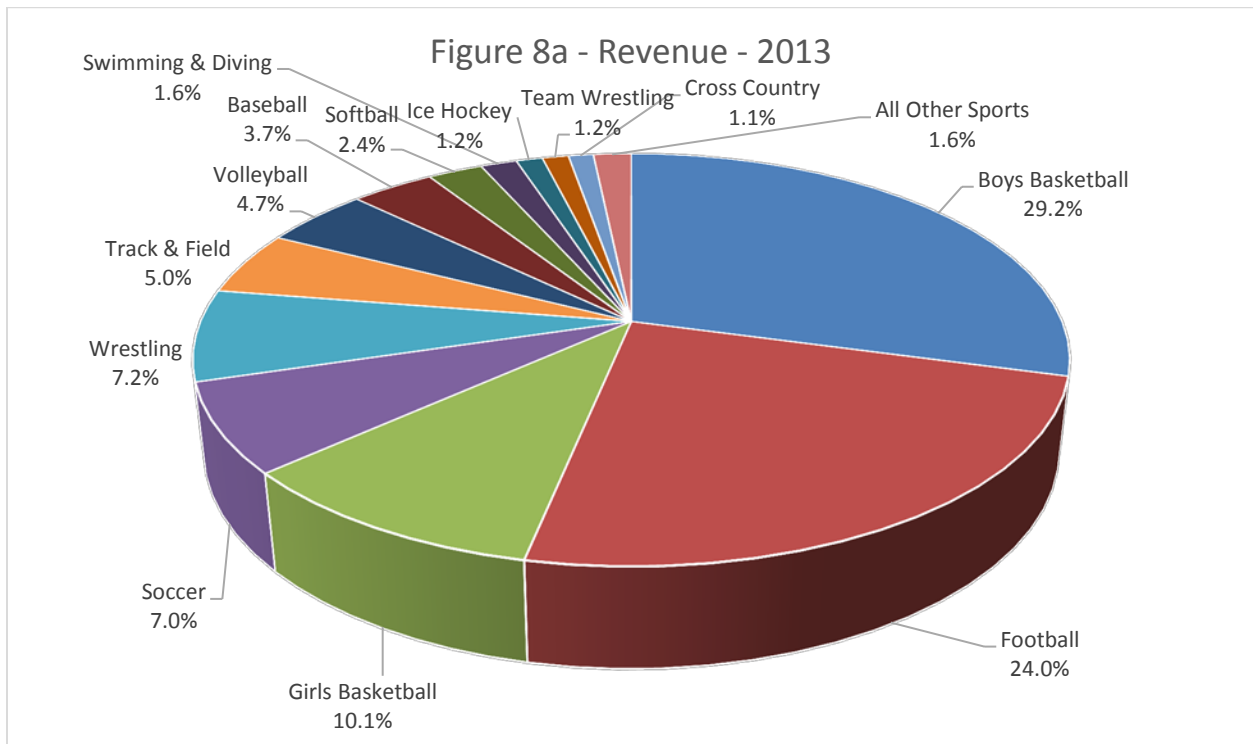
As indicated on the referenced figures, not all sports sponsored by the OHSAA have greater revenues than expenditures. This is primarily driven by the attendance at the event, the weather or the matchups of the teams playing. Traditionally, poor weather deters persons from attending events, particularly ones held outdoors. Also, community-based teams from homogenous regions in the state traditionally have higher attendance than urban and nonpublic schools. Based on this, a large portion of the revenue for the OHSAA can fluctuate, sometimes by large amounts, on an annual basis.

The OHSAA carefully watches the financial viability of each sport and provides the Board of Directors with financial information regarding sport performance on a regular basis. In addition, the OHSAA is petitioned on a sporadic basis to add other sports to its list of recognized sports. Generally, at least 150 schools must participate in a sport prior to the Board of Directors considering the sport's inclusion in the cadre of sports officially contested for an OHSAA state championship. Most recently, there has been interest in sanctioning lacrosse as a recognized sport within the OHSAA.

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A key catalyst for the tournament activities data is attendance by spectators. As previously stated, ticket sales revenue purchased by spectators is a primary driver of revenue to the Association, making up approximately 80% of the revenue of the OHSAA.

Figure 9 illustrates the regional and state attendance trends for the last decade.⁵ As shown in these graphs, in selected sports, there is an attendance trend that is declining for many sports while a few other sports indicate a flat or even increasing attendance trend. There are several reasons for these trends. First, this issue of attendance variations, as previously noted, is affecting nearly all state associations across the country and member school regular season contests, as well as collegiate athletics and professional sports organizations. Generally, the attendance trend indicates that, for sports with more casual fans in attendance, the attendance trend is declining, while for those sports that have few casual fans, the attendance trend is fairly stable over the decade shown.

There is not one specific cause that is attributable to these declines in attendance. Several sources attribute the declines to a changing demographic and culture that does not put an emphasis on school athletic and extracurricular participation. Additionally, the influx of electronic communications allow interested persons to simply monitor social media sites to monitor basic statistics regarding the game. Economic factors are also a part of the equation, when people have to make critical choices about the economic impact of spending money on items that can be perceived as luxury items. A clear case of the economic factors at work are indicated by the attendance trends as a result of the Great Recession of 2008. Several sports shown in Figure 9 indicated a drop in attendance that has still not recovered to pre-Great Recession levels as of the writing of this MD&A. Finally, the OHSAA has partnered with SportsTime Ohio/Fox Sports Ohio to provide live telecasts of games, particularly in the large revenue sports, which may hold attendance lower at some venues, particularly when the outcome is believed to be certain in the minds of the fans or when inclement weather is imminent or threatening.

While there are several factors at play that results in declining attendance at OHSAA tournament events, the reality is that these factors are working in concert to drive attendance lower in selected tournaments. With a large portion of the revenue of the OHSAA dependent on the attendance of fans at these events, it is critical for the OHSAA Board of Directors, staff and member schools to understand the data and find ways to get these trends moving in a positive direction.

⁵ Regional and state competition are the final two levels of competition at the OHSAA. Sectional and district competition are the first 2 levels of competition and are not included in the data presented. Please note the OHSAA permits all members to participate in tournament competition in all sports except football.

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Figure 9a - Football and Boys Basketball Attendance
2004 to 2014

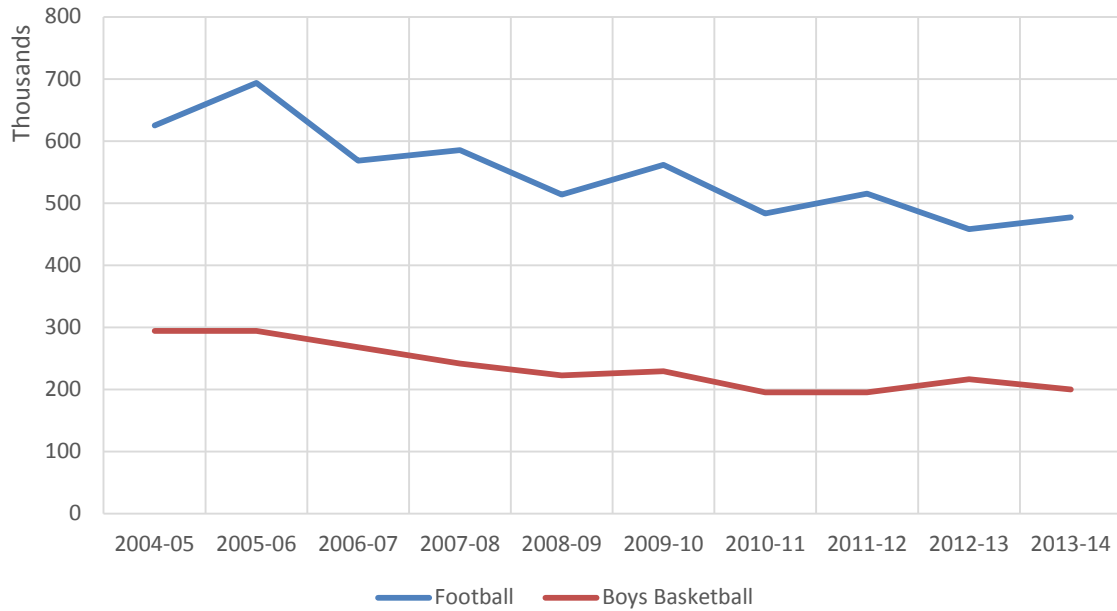
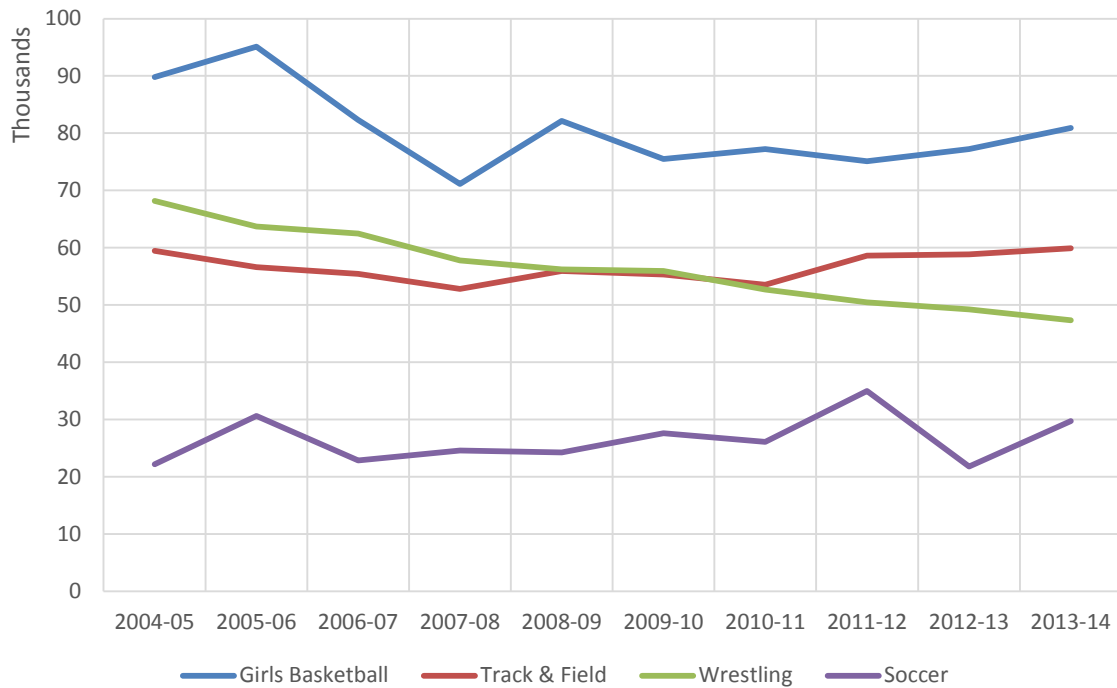


Figure 9b - Selected Sport Attendance
2004 to 2014



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Figure 9c - Selected Sport Attendance
2004 to 2014

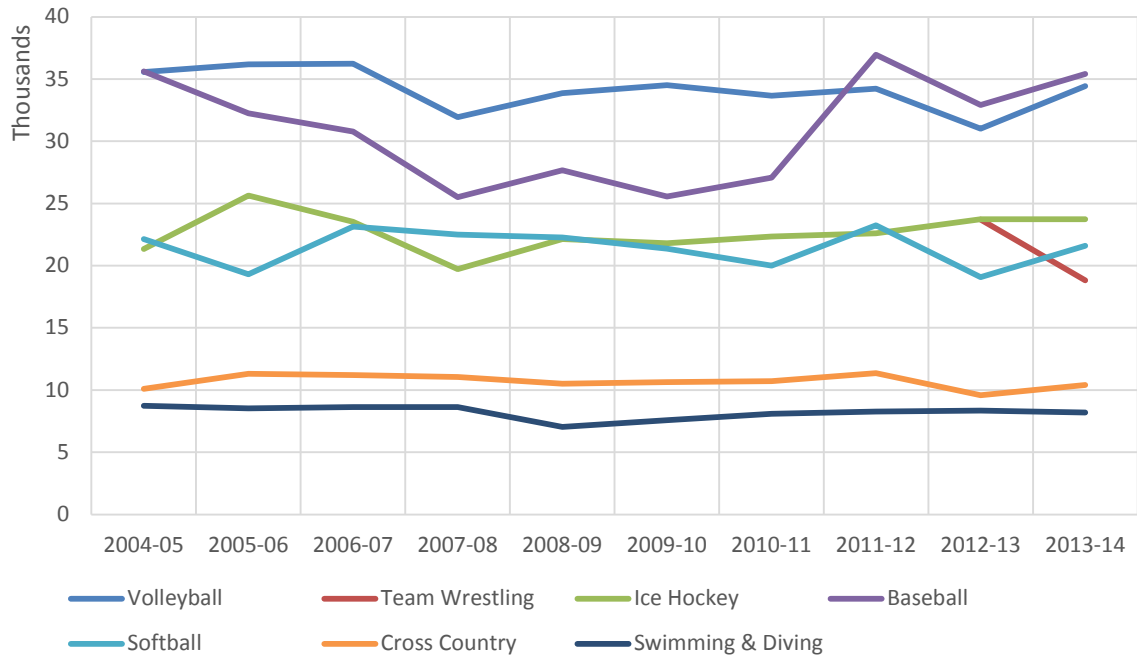
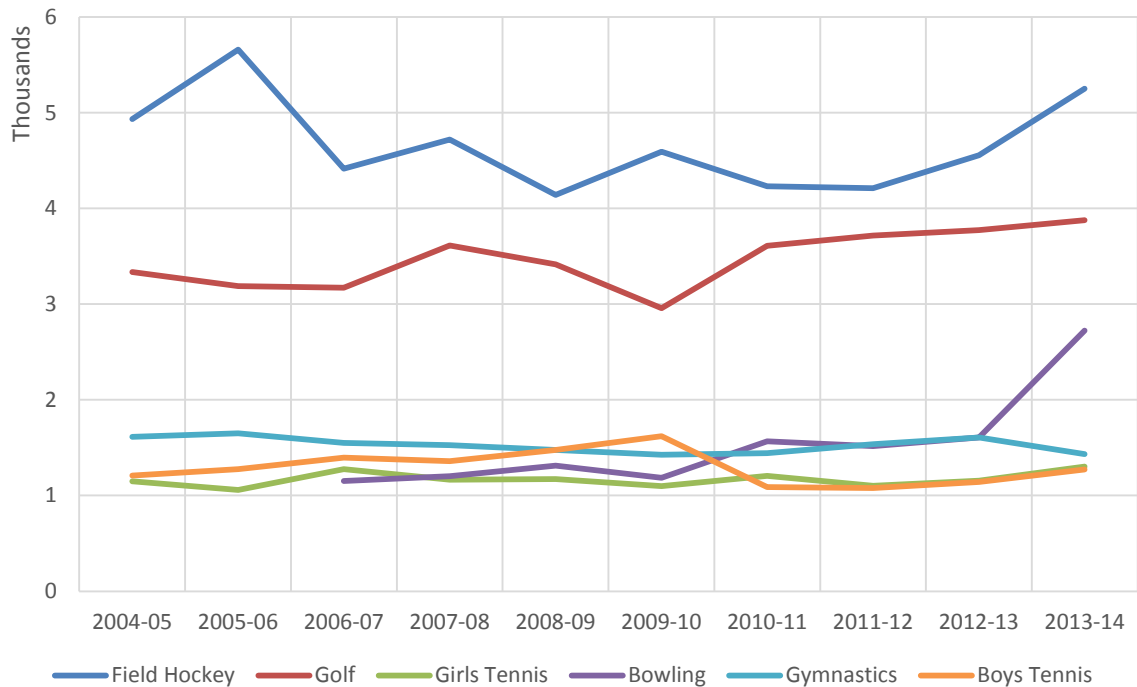
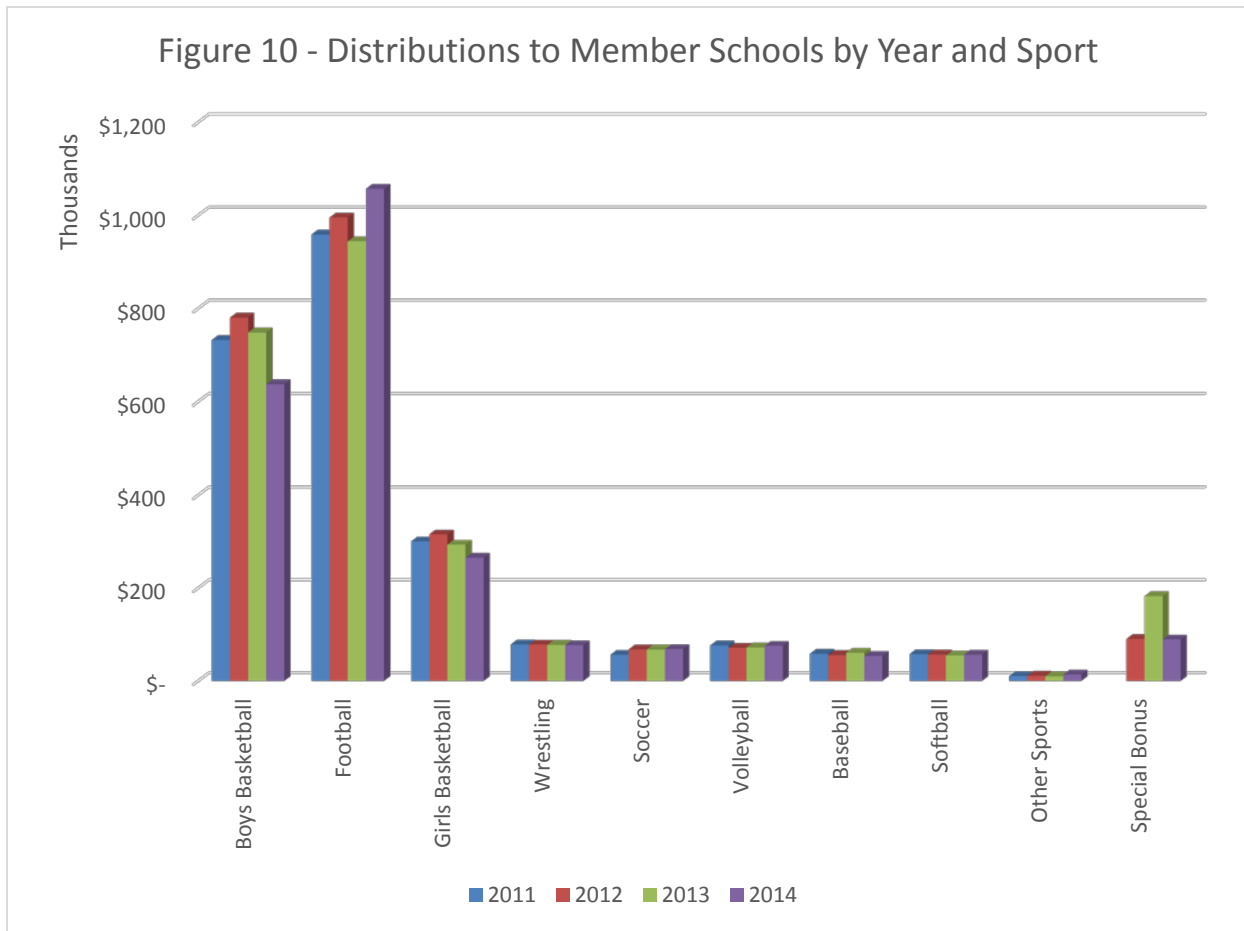


Figure 9d - Selected Sport Attendance - 2004 to 2014



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A portion of the expenditures noted as tournament expenses previously are distributions to member schools as reimbursements for travel costs or presale ticket bonuses for schools in selected sports. From 2006 to 2014, the OHSAA has distributed an average of \$2.6 million annually to member schools for these purposes. This distribution represented 13.6% of the expenditures in 2012, 14.2% of the expenditures in 2013 and 13% of the expenditures in 2014 for the OHSAA. The distributions by the OHSAA by sport are shown in Figure 10.



Service Activities

The OHSAA provides a number of service activities to the membership and to student-athletes in Ohio. Two of these programs are significant in scope and coverage and are listed below:

- Catastrophic Accident and Tournament Accident Insurance for Participants – Provided at no cost to students, families or member schools, this is supplemental insurance designed to assist with medical costs should a serious injury occur during a practice, contest or tournament event in an OHSAA recognized sport. The insurance has a \$25,000 deductible and is capped at \$500,000 lifetime benefit for the catastrophic accident insurance. Tournament accident insurance is provided to cover the \$25,000 deductible but is only available during tournament

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competition and remains secondary in coverage to other insurance held by the student. Annually, the catastrophic accident insurance premium is \$595,000, and the tournament accident insurance is \$14,450 for both 2013 and 2014.

- Officials, General Liability and Accident Insurance - Interscholastic sports officials receive, as a part of their officiating permit fee, a liability and excess medical accident insurance policy to protect officials in their duties of officiating interscholastic contests. The cost of those two policies was \$159,167 in 2014 and \$118,393 in 2013.
- Scholarship Awards for Participants - Annually, over \$100,000 in scholarship awards are presented by the OHSAA to student-athletes to assist with ongoing post-secondary educational activities. Each award is made to a student athlete who is not receiving any other athletic assistance of any type from any college or university. These awards, presented in local venues, are in the amount of \$1,000 or \$2,000 each with additional awards for ethnic minorities.

Operational Activities

The operations of the OHSAA are conducted by a full-time staff of 23 members, which are broken down as follows:

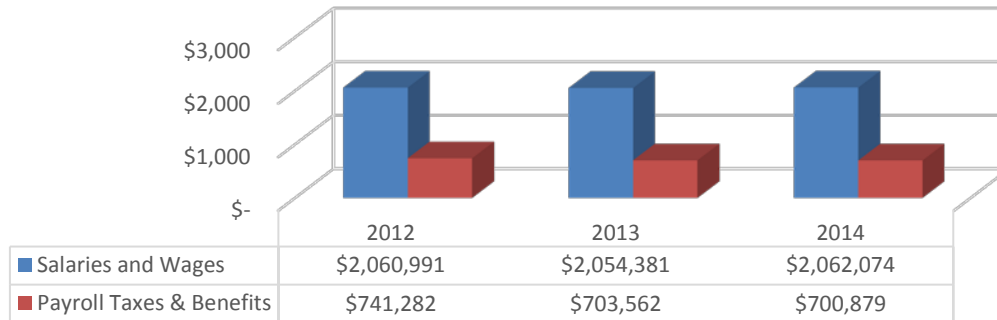
- Nine administrative staff consisting of the Commissioner, Associate Commissioners, Chief Financial Officer, Assistant Commissioners and the Director of Information Services
- Fourteen support staff members consisting of accounting, secretarial, clerical and other professional staff members

The full-time staff is supplemented by part-time employees of the OHSAA, which consist of the following job classifications:

- Five District Athletic Board Secretaries
- Five District Athletic Board Treasurers
- One District Athletic Board Secretary-Treasurer
- Directors of Officiating Development for each sport sponsored by the OHSAA
- Directors of Association Administration for local officiating activities
- Sport liaisons for track & field/cross country and golf
- Sports information, marketing/promotions and accounting interns

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Figure 11 - Employee Salaries and Fringe Benefits
2012 to 2014



As shown in Figure 11, the salaries and fringe benefits of the OHSAA have remained fairly constant the last three years. This is reflective of the changing business structure of the OHSAA and recent retirements in 2014 of several long-time staff members, three of whom had 100 years collective service to the membership. There was a base increase in salary of 3% in 2012 and 2013 and 2% in 2014. After many years of a stable workforce, the OHSAA welcomed 6 new full-time team members to the staff in 2014 along with several new part-time employees to replace retiring staff members. The amounts shown are inclusive of all full-time, part-time, temporary and seasonal employees of the OHSAA, as well as inclusive of the final payments to retiring employees for one-time costs of accrued leave liquidation and other severance payments.

To put the amounts in Figure 11 in perspective, it is important to note Ohio's city, exempted village and local school districts average over 76% of expenditures on salaries and fringe benefits for employees based on the 2013 Ohio Department of Education's District Profile Report, commonly known as the Cupp Report. In comparison, the OHSAA spends approximately 15% on salaries and fringe benefits for its employees.

Conclusion and Outlook

The OHSAA is a nationally recognized and respected organization representing hundreds of thousands of student-athletes on a daily basis, participating in hundreds of schools across the state. As a result, the Association has a large scope of operations, which is indicative of the national reputation and scope of activities offered by the OHSAA. Twenty-four boys and girls sports contested across the state in urban, suburban, rural and nonpublic school locations stretches OHSAA resources to provide as many services and opportunities as possible.

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It is unclear at this point where interscholastic competition between schools is headed. Looking at financial and attendance trends, there are concerns by some that interscholastic athletics has no place in a contemporary American society and the European model with community-based organizations outside the control and expertise of educational professionals is the way of the future. At this point, those arguments are yet unsettled. Additionally, with the continual strain upon schools to commit to core academic missions rather than ancillary items that educate the whole student, it is unclear whether the reality of interscholastic sports is still a financial viability for schools to offer to their students.

As demographic and societal changes are undertaken throughout the state, the OHSAA continues to work with member schools, student-athletes and other interested parties to provide the best possible environment for students to learn important citizenship lessons of participation, team work, discipline and *esprit de corps*, that are critical in becoming successful leaders and participants in the global community. As an educationally based association, it is incumbent upon the OHSAA, as educational leaders, to provide the leadership and resources for many future years and make the case to the public, state officials and other interested persons that education based athletics are a key to a strong American society and represent much, much more than just the games that people see when attending an event. They are, in fact, a large component of what has made ours a strong society.



Big Thinking. Personal Focus.

INDEPENDENT AUDITORS' REPORT

Board of Directors
Ohio High School Athletic Association
Columbus, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the Ohio High School Athletic Association (the Association), which comprise the statements of financial position as of July 31, 2014 and 2013 and the related statements of activities and change in net assets, 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.

Auditors' 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of July 31, 2014 and 2013, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary statement of financial position by district as of July 31, 2014, the supplementary statement of activities by district for the year ended July 31, 2014 and management's discussion and analysis are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary statements of financial position by district and activities by district have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

We did not subject management's discussion and analysis to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion or any other assurance on it.

Schneider Downs & Co., Inc.

Columbus, Ohio

April 3, 2015

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

	July 31	
	2014	2013
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,258,143	\$ 3,806,268
Accounts receivable	1,020,215	702,497
Prepaid expenses	171,010	358,350
Short-term investments	860,115	786,465
Investments - building fund	311,035	289,107
	<hr/>	<hr/>
Total Current Assets	6,620,518	5,942,687
 PROPERTY AND EQUIPMENT		
Vehicles	136,273	174,331
Furniture and office equipment	2,375,331	2,048,433
Buildings and improvements	2,181,659	2,182,494
Land	269,000	269,000
	<hr/>	<hr/>
	4,962,263	4,674,258
Less: accumulated depreciation	(3,033,595)	(2,656,523)
Property and equipment, net	<hr/>	<hr/>
	1,928,668	2,017,735
	<hr/>	<hr/>
Total Assets	<hr/>	<hr/>
	\$ 8,549,186	\$ 7,960,422
	<hr/>	<hr/>
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 100,000	\$ 100,000
Accounts payable	523,527	249,258
Accrued employee wages and benefits	244,735	247,899
Deferred income	1,048,115	975,140
	<hr/>	<hr/>
Total Current Liabilities	1,916,377	1,572,297
 LONG-TERM LIABILITIES		
Long-term debt	550,000	650,000
Pension payable	535,894	965,672
	<hr/>	<hr/>
Total Liabilities	3,002,271	3,187,969
 NET ASSETS		
Unrestricted:		
Board-designated funds:		
Building fund	311,035	289,107
Fred Durkle scholarship	39,543	38,946
Rossi/Denney scholarship	34,250	22,358
Reserve fund	441,452	354,580
	<hr/>	<hr/>
Total Board-Designated Funds	826,280	704,991
Undesignated	4,720,635	4,067,462
	<hr/>	<hr/>
Total Net Assets	5,546,915	4,772,453
	<hr/>	<hr/>
Total Liabilities and Net Assets	<hr/>	<hr/>
	\$ 8,549,186	\$ 7,960,422
	<hr/>	<hr/>

See accompanying notes to the financial statements.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

	July 31	
	2014	2013
REVENUE AND OTHER GAINS		
Tournament revenue	\$ 15,429,798	\$ 15,375,609
Other revenue	3,187,542	3,044,215
Service revenue	456,411	460,977
Investment income, net	44,393	39,319
Gain on sale of property and equipment	16,910	-
	<hr/>	<hr/>
Total Unrestricted Income	19,135,054	18,920,120
 EXPENSES AND OTHER LOSSES		
Program:		
Tournament expenses	11,371,302	11,424,711
Service expenses	1,469,129	1,425,663
Support:		
General and administrative expenses	5,751,222	5,732,787
Contribution/donations	7,350	2,325
	<hr/>	<hr/>
Total Expenses And Other Losses	18,599,003	18,585,486
	<hr/>	<hr/>
Change In Net Assets From Operations	536,051	334,634
 OTHER CHANGES IN NET ASSETS		
Pension-related changes other than net periodic benefit cost	238,411	1,253,760
	<hr/>	<hr/>
Change In Unrestricted Net Assets	774,462	1,588,394
 NET ASSETS - UNRESTRICTED		
Beginning of year	4,772,453	3,184,059
	<hr/>	<hr/>
End of year	<u>\$ 5,546,915</u>	<u>\$ 4,772,453</u>

See accompanying notes to the financial statements.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from tournaments, sales and fees	\$ 18,829,008	\$ 18,741,295
Cash paid to suppliers and employees	<u>(17,914,418)</u>	<u>(18,377,336)</u>
Net Cash Provided By Operating Activities	914,590	363,959
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(328,440)	(470,963)
Proceeds from sale of property and equipment	16,910	-
Purchase of investments	(116,023)	(125,563)
Proceeds from sale of investments	<u>64,838</u>	<u>65,820</u>
Net Cash Used In Investing Activities	<u>(362,715)</u>	<u>(530,706)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	<u>(100,000)</u>	<u>-</u>
Net Increase (Decrease) In Cash and Cash Equivalents	451,875	(166,747)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>3,806,268</u>	<u>3,973,015</u>
End of year	<u><u>\$ 4,258,143</u></u>	<u><u>\$ 3,806,268</u></u>
RECONCILIATION OF CHANGE IN NET ASSETS FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets from operations	\$ 536,051	\$ 334,634
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	417,507	380,678
Unrealized gains on investments, net	(10,840)	(17,849)
Realized gains on investments, net	(12,437)	(8,733)
Interest and dividends	(21,116)	(12,737)
Gain on sale of asset	(16,910)	-
(Increase) decrease in assets:		
Accounts receivable	(317,718)	(96,401)
Prepaid expenses	187,340	54,487
Increase (decrease) in liabilities:		
Accrued employees wages and benefits payable	(3,164)	(14,732)
Accounts payable	274,269	7,411
Deferred income	72,975	(43,105)
Pension payable	<u>(191,367)</u>	<u>(219,694)</u>
Net Cash Provided By Operating Activities	<u><u>\$ 914,590</u></u>	<u><u>\$ 363,959</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	<u><u>\$ 15,000</u></u>	<u><u>-</u></u>

See accompanying notes to the financial statements.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS JULY 31, 2014 AND 2013

NOTE 1 - ORGANIZATION

The purpose of the Ohio High School Athletic Association (the Association) shall be to regulate, supervise and administer interscholastic athletic competition among its member schools to the end that the interscholastic program be an integral factor in the total educational program of the schools. This shall be accomplished in cooperation with all agencies vitally concerned with the health and educational welfare of high school, junior high school and middle school students; determining qualifications of individual participants, coaches and officials; providing information through literature and other materials to facilitate athletic relations among member schools; establishing standards for sportsmanship and competition; and furnishing protection against exploitation of school or student in any manner directed by the member schools. The Columbus office is the administrative and primary office of the Association and is supported by six districts located throughout the state. These financial statements include all districts and the Columbus office.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying financial statements follows:

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

Cash and Cash Equivalents - The Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Association maintains, at various financial institutions, cash and cash equivalents that exceed federally insured amounts at times.

Accounts Receivable - Accounts receivable are stated at the amount that management expects to collect from outstanding balances. Decisions to charge-off receivables are based on management's judgment after consideration of facts and circumstances surrounding potential uncollectible accounts. A substantial portion of the Association's receivables are tournament proceeds owed to them by independent tournament director schools and a corporate sponsor. No reserve for uncollectible accounts receivable is deemed to be necessary as of July 31, 2014 and 2013. It is reasonably possible that the Association's estimate of the reserve for uncollectible accounts will change.

Short-Term Investments - Short-term investments are carried at cost, which approximates fair value. At July 31, 2014 and 2013, these investments were primarily interest-bearing bank certificates of deposit with original maturity dates of greater than three months that mature within the next fiscal year.

Investments - Building Fund - Building fund investments represent board-designated amounts set aside for the purpose of upgrading, remodeling and replacing significant components of the Columbus office. The Association's building fund investments consist of mutual funds and corporate bonds, and are recorded at fair value. The Association considers all highly liquid instruments with original maturities of less than a year to be current assets.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JULY 31, 2014 AND 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are included in investment income in the accompanying statement of activities. Dividends and interest are recognized when earned.

Property and Equipment - Property and equipment are recorded at cost. Depreciation is calculated over the estimated useful lives of the related assets. Maintenance and repairs are charged to operations when incurred. Renewals and betterments that materially extend the useful lives of the assets are capitalized. When assets are retired or otherwise disposed of, the assets and related accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is reflected in income. The useful lives and methods used are as follows:

<u>DESCRIPTION</u>	<u>USEFUL LIFE</u>	<u>METHOD</u>
Building	31-40 years	Straight-line
Furniture and fixtures	5-10 years	Straight-line
Vehicles	5 years	Straight-line

The Association evaluates whether events and circumstances have occurred that indicate the remaining carrying value of long-lived assets may not be recoverable. In cases where the expected future cash flows are determined to be less than the carrying amount of the assets, the assets are considered to be impaired and are written down to fair value, based on appraisals or other methods to estimate value. There were no impairment losses recorded during the years ended July 31, 2014 and 2013.

Deferred Income - Deferred income represents cash or other assets received for services before the services have been provided. Annual officials' dues and fees received prior to the licensing period, an entry fee for student participants in the pre-season cross-country invitational held after July 31, and a fee for football schools to participate in a third preseason contest, known as a Jamboree, received prior to the contest are all recorded as deferred income, and amortized during the period earned.

Revenue Recognition - Tournament revenues are recognized at the time the tournaments occur. Officials' dues are recognized in the period for which the officials have been licensed. Sponsorship revenues are recognized in the period earned. Officials' dues and sponsorship revenues are included in other revenue in the statement of activities and change in net assets.

Income Taxes - The Association is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. The Association has not identified any material uncertain tax positions requiring accrual or disclosure in the financial statements. There was no interest or penalties recognized during 2014 or 2013. The Association's tax years since 2011 remain subject to examination.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JULY 31, 2014 AND 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting - The Association classifies resources for accounting and reporting purposes into separate net asset classes based on the existence or absence of donor-imposed restrictions. Descriptions of the Association's net asset categories are as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions or stipulations as to purpose or use.

Temporarily Restricted Net Assets - Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Association or by the passage of time. When restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As of July 31, 2014 and 2013, the Association had no temporarily restricted net assets.

Permanently Restricted Net Assets - Net assets whose use is permanently restricted by the donor. As of July 31, 2014 and 2013, the Association had no permanently restricted net assets.

Subsequent Events - Subsequent events are defined as events or transactions that occur after the statement of financial position date, but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through April 3, 2015 the date on which the financial statements were available to be issued.

NOTE 3 - INVESTMENTS

Investments by type consist of the following at July 31:

	2014		2013	
	Cost	Fair Value	Cost	Fair Value
Short-term Investments:				
Certificates of deposit	\$ 860,115	\$ 860,115	\$ 786,465	\$ 786,465
Investments - building fund:				
Equity mutual funds	\$ 134,681	\$ 181,815	\$ 132,762	\$ 170,018
Corporate bonds	125,174	129,220	116,003	119,089
	<u>\$ 259,855</u>	<u>\$ 311,035</u>	<u>\$ 248,765</u>	<u>\$ 289,107</u>

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JULY 31, 2014 AND 2013

NOTE 3 - INVESTMENTS (Continued)

Investment income for the years ended July 31 consists of the following:

	<u>2014</u>	<u>2013</u>
Interest income and dividends	\$ 21,116	\$ 12,737
Realized gains, net	12,437	8,733
Unrealized gains, net	<u>10,840</u>	<u>17,849</u>
	<u>\$ 44,393</u>	<u>\$ 39,319</u>

Realized gains, net, includes investment fees of approximately \$6,000 for each of the years ended July 31, 2014 and 2013.

NOTE 4 - FAIR VALUE MEASUREMENTS

Fair value guidance establishes 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 value hierarchy are described below:

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.

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 other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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 need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at July 31, 2014 and 2013.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JULY 31, 2014 AND 2013

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

Certificates of Deposit: Valued at cost, which approximates fair value.

Mutual Funds: Valued at the daily net asset value (NAV) as reported by the fund. Mutual funds held by the Association are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their NAV and to transact at that price. The mutual funds held by the Association are deemed to be publicly traded.

Corporate Bonds and Common Stock: Valued at the closing price for identical assets reported on the active market on which the individual securities are traded.

Stable Value Fund: Valued at the net asset value of the units of the fund held by the Association, which are valued based on quoted prices for similar assets.

The methods described above might produce a fair value calculation that might not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair values of investment securities at July 31, by asset category, are as follows:

2014				
	Level 1	Level 2	Level 3	Total
Short-term Investments:				
Certificates of deposit	-	\$ 860,115	-	\$ 860,115
Investments - building fund:				
Equity mutual funds	\$ 181,815	-	-	\$ 181,815
Corporate bonds	129,220	-	-	129,220
	<u>\$ 311,035</u>	<u>-</u>	<u>-</u>	<u>\$ 311,035</u>
2013				
	Level 1	Level 2	Level 3	Total
Short-term Investments:				
Certificates of deposit	-	\$ 786,465	-	\$ 786,465
Investments - building fund:				
Equity mutual funds	\$ 170,018	-	-	\$ 170,018
Corporate bonds	119,089	-	-	119,089
	<u>\$ 289,107</u>	<u>-</u>	<u>-</u>	<u>\$ 289,107</u>

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JULY 31, 2014 AND 2013

NOTE 5 - LONG-TERM DEBT

Long-term debt consists of the following at July 31:

	<u>2014</u>	<u>2013</u>
Term loan, payable to the previous owners of a building purchased by the Association, interest at 2.00% per annum, payable with annual principal payments of \$100,000 through October 2019, and \$150,000 at maturity in October 2020. The term loan is secured by the mortgage of the property acquired.	\$ 650,000	\$ 750,000
Less - Payments due within one year	<u>(100,000)</u>	<u>(100,000)</u>
	<u>\$ 550,000</u>	<u>\$ 650,000</u>

Approximate future maturities of debt due subsequent to July 31, 2014 are as follows:

<u>Year Ending July 31</u>	<u>Amount</u>
2015	\$ 100,000
2016	100,000
2017	100,000
2018	100,000
2019	100,000
Thereafter	<u>150,000</u>
	<u>\$ 650,000</u>

NOTE 6 - OPERATING LEASES

The Association leases certain office equipment under non-cancellable operating leases, which expire through 2019. Future minimum lease payments are as follows for the years ending July 31:

<u>Year Ending July 31</u>	<u>Amount</u>
2015	\$ 113,904
2016	98,144
2017	38,144
2018	38,144
2019	<u>37,436</u>
	<u>\$ 325,772</u>

Total rent expense for the years ended July 31, 2014 and 2013 amounted to \$134,013 and \$124,684, respectively.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JULY 31, 2014 AND 2013

NOTE 7 - RETIREMENT AND PENSION PLANS

The Association sponsors a defined contribution retirement plan for its current employees and has, in the past, sponsored a defined benefit plan. On July 31, 2006, the Association froze the defined benefit plan to employees of record as of July 31, 2005. On July 31, 2009, the Association ceased accruing additional pension benefits and providing years of service for employees in the Association's defined benefit plan. As of August 1, 2005, all employees became eligible to participate in the defined contribution plan sponsored by the Association.

Defined Benefit Plan

The Association's defined benefit pension plan covers approximately one-third of its currently employed full-time employees. The benefits are based on years of service and an employee's compensation during the last ten years of their employment through July 31, 2009. The Association's funding policy is to contribute annually the amount determined by the actuary.

The Association accounts for the defined benefit pension plan in accordance with FASB ASC 715-20: Defined Benefit Plans. This Topic requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in the funded status in the year in which the change occurs through the statement of activities. Defined benefit plan assets and obligations are measured as of the date of the employer's fiscal year-end.

Weighted average actuarial assumptions used to determine pension benefit obligations for fiscal years ended July 31 are as follows:

	<u>2014</u>	<u>2013</u>
Discount Rate	4.00%	4.50%
Rate of Compensation Increase	N/A	N/A

Weighted average assumptions used to determine pension-related changes:

	<u>2014</u>	<u>2013</u>
Discount Rate	4.50%	3.50%
Expected long-term rate of return on plan assets	6.10%	6.30%
Rate of Compensation Increase	N/A	N/A

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JULY 31, 2014 AND 2013

NOTE 7 - RETIREMENT AND PENSION PLANS (Continued)

Information about changes in obligations and plan assets of the defined benefit pension plan for years ended July 31 are as follows:

	<u>2014</u>	<u>2013</u>
Change in projected benefit obligation:		
Beginning projected benefit obligation	\$ 6,720,506	\$ 7,340,088
Service cost	2,000	2,000
Expenses paid	(2,500)	(1,500)
Interest cost	293,371	251,756
Actuarial loss (gain)	75,787	(526,612)
Benefits paid	<u>(351,835)</u>	<u>(345,226)</u>
Ending projected benefit obligation	<u>6,737,329</u>	<u>6,720,506</u>
Change in plan assets, at fair value:		
Beginning plan assets	5,754,834	4,900,962
Actual return (net of expenses)	460,936	815,598
Employer contribution	340,000	385,000
Benefits paid	(351,835)	(345,226)
Expenses paid	<u>(2,500)</u>	<u>(1,500)</u>
Ending plan assets	<u>6,201,435</u>	<u>5,754,834</u>
Underfunded Status	<u>\$ (535,894)</u>	<u>\$ (965,672)</u>

The accumulated benefit obligation was \$6,737,329 and \$6,720,506 for fiscal years ended July 31, 2014 and 2013, respectively.

Reconciliation of net periodic benefit cost as of July 31:

	<u>2014</u>	<u>2013</u>
Service cost	\$ 2,000	\$ 2,000
Interest cost	293,371	251,756
Expected return on plan assets	(315,255)	(309,491)
Amortization of net gain	<u>175,192</u>	<u>220,846</u>
Net periodic benefit cost	<u>\$ 155,308</u>	<u>\$ 165,111</u>

The estimated net loss for the defined benefit pension plan that will be amortized from unrestricted net assets over the next fiscal year approximates \$106,068.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JULY 31, 2014 AND 2013

NOTE 7 - RETIREMENT AND PENSION PLANS (Continued)

The Association's pension plan asset allocations and target allocations at July 31, 2014 and 2013, and target allocation for 2014 are as follows:

Asset Category	Target Allocation	Percentage of Actual Plan Assets	
	2014	2014	2013
Equity securities	60%	37%	60%
Fixed-income mutual funds	40%	0%	40%
Cash and cash equivalents	0%	63%	0%
Total	100%	100%	100%

To develop the expected long-term rate of return on assets assumption, the Association considered historical returns and future expectations for returns in each asset class, as well as the target allocation of the pension portfolio. During June 2014, the plan transferred pension assets to a new trustee. As a result, the allocation of plan assets did not fall in-line with the plan's target allocation at July 31, 2014. However, subsequent to year-end, the plan's cash and cash equivalents were used to purchase additional equity securities and fixed-income mutual funds in order to bring the plan's assets back in-line with the target allocation.

The fair values of plan assets at July 31, by asset category, are as follows:

	2014			
	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents:				
Cash	\$ 340,000	-	-	\$ 340,000
Money Market Mutual Fund	3,581,695	-	-	3,581,695
Equity Securities:				
Large Cap Domestic Common Stock	1,155,446	-	-	1,155,446
Small & Mid Cap Domestic Common Stock	156,569	-	-	156,569
Small & Mid Cap Domestic Mutual Funds	526,595	-	-	526,595
International Mutual Funds	441,130	-	-	441,130
Total Plan Assets	\$ 6,201,435	-	-	\$ 6,201,435

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JULY 31, 2014 AND 2013

NOTE 7 - RETIREMENT AND PENSION PLANS (Continued)

	2013			
	Level 1	Level 2	Level 3	Total
Fixed-Income Funds:				
Stable Asset Fund	-	\$ 2,279,523	-	\$ 2,279,523
Equity Securities:				
Large Cap Domestic Mutual Funds	\$ 1,456,841	-	-	1,456,841
Small & Mid Cap Mutual Funds	1,463,980	-	-	1,463,980
International Mutual Funds	554,490	-	-	554,490
Total Plan Assets	\$ <u>3,475,311</u>	\$ <u>2,279,523</u>	<u>-</u>	\$ <u>5,754,834</u>

The Association's funding policy is to, as a base payment, contribute the minimum amount annually based on actuarial and economic assumptions designed to achieve adequate funding of projected benefit obligations. However, the Association makes pension contributions a priority budget item when formulating the annual budget for the organization. The Association has budgeted \$340,000 as the contribution for fiscal year ending July 31, 2015.

The following benefit payments are expected for the years ending July 31:

Year Ending July 31	Amount
2015	\$ 415,498
2016	409,220
2017	402,123
2018	436,294
2019	437,758
2020-2024	2,036,608

These estimated benefit payments are based on assumptions about future events. Actual benefit payments could vary significantly from these estimates.

Defined Contribution Plan

The Association's defined contribution retirement plan is available to all full-time employees. The Association makes an annual contribution of 12% of eligible employee compensation to the plan, which amounted to \$223,538 and \$236,290 for the years ended July 31, 2014 and 2013, respectively. Employees are eligible to contribute a portion of their salary, up to regulatory contribution ceilings, in addition to the amount contributed by the Association.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JULY 31, 2014 AND 2013

NOTE 8 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of investments. The Association places these investments with financial institutions. The carrying amount of cash and cash equivalents shown in the accompanying financial statement includes checking, money market, certificate of deposits and savings amounts with various banks for the years ended July 31, 2014 and 2013. At July 31, 2014 and 2013, the bank balances, including checking, savings and certificate of deposit accounts of the Association, amounted to \$5,705,693 and \$5,278,375, respectively. Of the total bank balances, \$2,301,005 and \$2,234,238 was covered by federal depository insurance and \$3,404,688 and \$3,044,137 was uninsured and uncollateralized for the fiscal years ended July 31, 2014 and 2013, respectively.

NOTE 9 - BOARD DESIGNATIONS

The Association has designated funds as noted in Note 2 for the purpose of upgrading, remodeling and replacing significant components of Association property as of July 31, 2014 and 2013 of \$311,035 and \$289,107, respectively. The Association started the Board Designated Reserve Fund to have a funding source for extraordinary or unforeseen expenditures. The value as of July 31, 2014 and 2013 was \$441,452 and \$354,580, respectively. Funds have also been designated for the Fred Durlke Scholarship Fund and the Rossi-Denney Scholarship Fund. Scholarship money is presented annually to senior athletes in the name of the late Fred Durlke, John Rossi and Bob Denney. The amount accumulated in this Fred Durlke fund as of July 31, 2014 and 2013 was \$39,543 and \$38,946, respectively. The amount accumulated in this Denney-Rossi fund as of July 31, 2014 and 2013 was \$34,250 and \$22,358, respectively.

NOTE 10 - OHSAA FOUNDATION

In 1998, the Association provided the initial funding of \$400,000 to start the Ohio High School Athletic Association Foundation (Foundation). The Foundation is a separately formed, controlled and operated not-for-profit organization. The Foundation was formed to provide scholarships and conferences for Ohio student athletes. The Association provides the Foundation accounting and clerical services for no charge. The Association loaned the Foundation \$3,500 in 2013 for operations and had a receivable balance of \$3,500 from the Foundation as of July 31, 2013. This balance was collected in full as of July 31, 2014. There were no receivables as of July 31, 2014. As of and for the years ended July 31, 2014 and 2013, the Foundation had the following financial position and activity:

	<u>2014</u>	<u>2013</u>
Assets	\$ 31,212	\$ 32,503
Liabilities	2,000	5,750
Net assets	29,212	26,753
Revenue	44,092	63,096
Expenses	41,633	18,037

SUPPLEMENTARY FINANCIAL INFORMATION

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OHIO HIGH SCHOOL ATHLETIC ASSOCIATION
STATEMENT OF FINANCIAL POSITION BY DISTRICT
AS OF JULY 31, 2014
(With Comparative Totals for 2013)

	Columbus	Central	East	Northeast
CURRENT ASSETS				
Cash and cash equivalents	\$ 2,777,144	\$ 336,851	\$ 143,308	\$ 525,484
Accounts receivable	1,106,224	814	6,487	9,525
Prepaid expenses	164,726	-	288	-
Short-term investments	441,447	-	50,234	-
Investments - building fund	311,035	-	-	-
Total Current Assets	4,800,576	337,665	200,317	535,009
PROPERTY AND EQUIPMENT				
Vehicles	136,273	-	-	-
Furniture and office equipment	2,338,688	1,695	4,768	17,763
Buildings and improvements	2,181,659	-	-	-
Land	269,000	-	-	-
Less: accumulated depreciation	(3,000,745)	(1,695)	(4,768)	(16,291)
Property and equipment, net	1,924,875	-	-	1,472
Total Assets	\$ 6,725,451	\$ 337,665	\$ 200,317	\$ 536,481
CURRENT LIABILITIES				
Current portion of long-term debt	\$ 100,000	-	-	-
Accounts payable	490,374	\$ 19,777	\$ 22,365	\$ 91,660
Accrued employee wages and benefits	244,735	-	-	-
Deferred income	1,044,865	3,250	-	-
Total Current Liabilities	1,879,974	23,027	22,365	91,660
LONG-TERM LIABILITIES				
Long-term debt	550,000	-	-	-
Pension payable	535,894	-	-	-
Total Liabilities	2,965,868	23,027	22,365	91,660
NET ASSETS				
Board-designated funds:				
Building fund	311,035	-	-	-
Fred Dinkle Scholarship	-	-	-	-
Rossi/Denney Scholarship	-	-	-	-
Reserve fund	441,452	-	-	-
Total Board-Designated Funds	752,487	-	-	-
Unrestricted	3,007,096	314,638	177,952	444,821
Total Net Assets	3,759,583	314,638	177,952	444,821
Total Liabilities And Net Assets	\$ 6,725,451	\$ 337,665	\$ 200,317	\$ 536,481

Northwest	Southeast	Southwest	Eliminations	Total All Funds	
				2014	2013
\$ 124,659	\$ 15,742	\$ 332,078	\$ 2,877	\$ 4,258,143	\$ 3,806,268
5,069	131,715	8,746	(248,365)	1,020,215	702,497
5,996	-	-	-	171,010	358,350
-	198,492	169,942	-	860,115	786,465
-	-	-	-	311,035	289,107
135,724	345,949	510,766	(245,488)	6,620,518	5,942,687
-	-	-	-	136,273	174,331
2,347	5,120	4,950	-	2,375,331	2,048,433
-	-	-	-	2,181,659	2,182,494
-	-	-	-	269,000	269,000
(2,151)	(4,645)	(3,300)	-	(3,033,595)	(2,656,523)
196	475	1,650	-	1,928,668	2,017,735
\$ 135,920	\$ 346,424	\$ 512,416	\$ (245,488)	\$ 8,549,186	\$ 7,960,422
-	-	-	-	\$ 100,000	\$ 100,000
\$ 23,174	\$ 87,854	\$ 33,811	\$ (245,488)	523,527	249,258
-	-	-	-	244,735	247,899
-	-	-	-	1,048,115	975,140
23,174	87,854	33,811	(245,488)	1,916,377	1,572,297
-	-	-	-	550,000	650,000
-	-	-	-	535,894	965,672
23,174	87,854	33,811	(245,488)	3,002,271	3,187,969
-	-	-	-	311,035	289,107
-	-	39,543	-	39,543	38,946
-	-	34,250	-	34,250	22,358
-	-	-	-	441,452	354,580
-	-	73,793	-	826,280	704,991
112,746	258,570	404,812	-	4,720,635	4,067,462
112,746	258,570	478,605	-	5,546,915	4,772,453
\$ 135,920	\$ 346,424	\$ 512,416	\$ (245,488)	\$ 8,549,186	\$ 7,960,422

See independent auditors' report.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION
STATEMENT OF ACTIVITIES BY DISTRICT
FOR THE YEAR ENDED JULY 31, 2014
(With Comparative Totals for 2013)

	Columbus	Central	East	Northeast	Northwest
Revenue and Other Gains:					
Tournament Revenue:					
Boys basketball	\$ 2,363,116	\$ 271,902	\$ 124,685	\$ 613,372	\$ 562,609
Football	3,860,982	-	-	-	-
Girls basketball	671,757	100,947	70,853	242,643	258,788
Soccer	333,770	117,647	28,840	239,611	118,202
Wrestling	665,475	53,456	38,366	118,139	85,533
Track & field	471,420	41,100	20,892	88,503	72,293
Volleyball	260,369	65,454	34,149	136,738	137,753
Baseball	253,555	31,038	27,426	59,184	93,053
Softball	152,588	26,880	26,454	35,394	66,652
Swimming & diving	70,792	41,941	2,616	53,659	29,157
Ice hockey	171,255	-	-	-	-
Team wrestling	140,587	-	-	-	-
Cross country	138,252	15,780	-	1,323	-
Bowling	23,246	26,746	2,988	16,994	10,322
Golf	35,556	17,225	-	-	1,518
Field hockey	35,206	-	-	-	-
Gymnastics	11,664	3,924	-	6,918	1,748
Tennis	21,521	-	-	-	-
Inter-district revenue	-	(5,735)	5,735	-	-
Total Tournament Revenue	9,681,111	808,305	383,004	1,612,478	1,437,628
Other Revenue:					
Corporate sponsors	1,576,164	6,013	-	-	-
Officials dues	1,132,216	-	-	-	-
T-Shirts fees	167,182	14,157	10,090	26,944	19,760
Other miscellaneous	78,575	886	711	21,878	278
Clinic & meetings	35,882	-	-	30	-
Blank shells	16,158	-	-	-	-
Books & subscriptions	16,073	-	-	-	-
Total Other Revenue	3,022,250	21,056	10,801	48,852	20,038
Service Revenue:					
Coaches education	284,851	-	-	-	-
First aid coaches training	84,060	-	-	-	-
Football jamboree	87,500	-	-	-	-
Total Service Revenue	456,411	-	-	-	-
Other Gains:					
Investment income, net	32,155	237	32	404	-
Gain on sale of assets, net	16,910	-	-	-	-
	49,065	237	32	404	-
Total Revenue And Other Gains	\$ 13,208,837	\$ 829,598	\$ 393,837	\$ 1,661,734	\$ 1,457,666

Southeast	Southwest	Eliminations	Total All Funds	
			2014	2013
\$ 230,156	\$ 543,412	\$ (341,489)	\$ 4,367,763	\$ 4,492,880
-	-	-	3,860,982	3,695,956
74,255	182,276	(38,832)	1,562,687	1,551,588
25,574	216,849	-	1,080,493	1,075,517
8,867	88,566	-	1,058,402	1,105,294
20,220	61,854	-	776,282	770,477
36,956	93,816	-	765,235	718,178
28,953	79,923	-	573,132	565,273
19,011	56,952	-	383,931	372,349
-	40,010	-	238,175	246,304
-	-	-	171,255	178,564
-	-	-	140,587	178,028
5,742	22,584	-	183,681	168,588
575	41,515	-	122,386	123,172
-	4,002	-	58,301	55,043
-	-	-	35,206	30,787
-	2,260	-	26,514	28,230
595	2,670	-	24,786	19,381
-	-	-	-	-
450,904	1,436,689	(380,321)	15,429,798	15,375,609
-	-	-	1,582,177	1,295,809
-	-	-	1,132,216	1,174,169
7,192	21,877	-	267,202	270,099
4,256	31,220	-	137,804	213,738
-	-	-	35,912	55,603
-	-	-	16,158	22,795
-	-	-	16,073	12,002
11,448	53,097	-	3,187,542	3,044,215
-	-	-	284,851	334,627
-	-	-	84,060	42,850
-	-	-	87,500	83,500
-	-	-	456,411	460,977
8,502	3,063	-	44,393	39,319
-	-	-	16,910	-
8,502	3,063	-	61,303	39,319
\$ 470,854	\$ 1,492,849	\$ (380,321)	\$ 19,135,054	\$ 18,920,120

See independent auditors' report.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION
STATEMENT OF ACTIVITIES BY DISTRICT
FOR FISCAL YEAR ENDED JULY 31, 2014
(With Comparative Totals for 2013)

	Columbus	Central	East	Northeast	Northwest
Tournament Expenses:					
Boys basketball	\$ 840,510	\$ 140,769	\$ 87,417	\$ 375,253	\$ 516,961
Football	2,519,842	-	-	-	-
Girls basketball	499,687	73,937	56,671	197,446	244,706
Wrestling	491,249	55,846	28,068	128,080	107,652
Track & field	450,526	52,661	17,783	123,008	69,286
Soccer	266,964	56,228	19,566	119,283	113,614
Volleyball	181,774	48,277	20,301	108,257	138,433
Baseball	214,705	33,986	22,397	68,245	57,221
Softball	158,600	25,407	20,687	56,932	51,487
Swimming & diving	93,780	38,004	2,616	68,831	38,540
Team wrestling	186,460	-	-	-	-
Cross country	179,887	9,340	2,881	31,369	13,259
Ice hockey	137,973	-	-	-	-
Golf	44,472	29,368	2,706	13,555	11,388
Tennis	29,742	15,308	688	31,125	13,112
Bonus to schools	-	-	-	-	-
Bowling	30,445	20,277	1,446	12,749	4,063
Gymnastics	26,582	6,603	-	34,808	5,080
Field hockey	26,436	-	-	-	-
Special awards	24,523	-	195	60	-
Total Tournament Expenses	6,404,157	606,011	283,422	1,369,001	1,384,802
General and Administrative Expenses:					
Salaries and wages	896,291	29,531	41,551	42,951	31,299
Commissioners salaries	937,538	-	-	-	-
Payroll taxes & benefits	683,374	2,303	3,179	3,286	2,394
Insurance	142,341	-	-	-	-
Consultant fees	521,906	-	-	-	-
Board travel & meetings	107,173	29,763	36,764	31,187	37,883
Office expense	215,047	2,834	4,685	4,772	1,142
Depreciation	413,321	-	-	2,209	469
Clinics & meetings	88,320	6,519	-	13,544	41,600
Printing	154,862	145	600	523	191
Legal fees	147,765	-	-	-	-
Miscellaneous expenses	106,550	4,204	3,802	7,130	2,921
Rents & leases	127,522	113	1,996	256	2,700
Repairs & maintenance	92,552	-	1,587	-	-
Net periodic pension expenses	155,308	-	-	-	-
Pension fees	117,802	-	-	-	-
Workers' compensation	8,664	-	-	-	-
Contract labor	-	8,263	12,633	3,600	4,313
Audit fees	34,964	-	-	-	-
Rule books/officials meetings	97,534	-	-	-	-
Other taxes & licenses	3,891	-	-	-	-
Interest expenses	15,161	-	301	46	-
Total General And Administrative Expenses	5,067,886	83,675	107,098	109,504	124,912
Service Expense:					
Catastrophic and tournament accident insurance	609,450	-	-	-	-
Officiating expenses	540,626	-	-	-	-
Member service expense	163,949	-	-	-	-
Scholar/athlete scholarships	55,000	16,000	5,500	24,500	15,000
Coaches education	80	-	-	-	-
Cause marketing	10,274	-	-	-	-
Respect game respect yourself	-	-	-	-	-
Total Service Expense	1,379,379	16,000	5,500	24,500	15,000
Contributions/donations	5,250	500	800	600	-
Total Expenses & Other Income	12,856,672	706,186	396,820	1,503,605	1,524,714
Change In Net Assets From Operations	352,165	123,412	(2,983)	158,129	(67,048)
Pension-related changes other than net periodic pension cost	238,411	-	-	-	-
Change In Unrestricted Net Assets	\$ 590,576	\$ 123,412	\$ (2,983)	\$ 158,129	\$ (67,048)

Southeast	Southwest	Eliminations	Total All Funds	
			2014	2013
\$ 186,428	\$ 413,778	\$ (341,489)	\$ 2,219,627	\$ 2,341,940
-	-	-	2,519,842	2,312,786
68,013	154,709	(38,832)	1,256,337	1,250,594
9,341	95,531	-	915,767	936,024
16,906	86,799	-	816,969	816,195
14,062	122,279	-	711,996	731,050
18,637	79,264	-	594,943	539,097
17,316	58,515	-	472,385	503,340
11,825	51,524	-	376,462	364,897
-	69,789	-	311,560	306,488
-	-	-	186,460	289,524
4,928	32,652	-	274,316	259,324
-	-	-	137,973	145,515
4,642	14,483	-	120,614	114,129
5,584	30,510	-	126,069	110,517
-	88,802	-	88,802	182,420
560	37,427	-	106,967	90,307
-	6,960	-	80,033	79,144
-	-	-	26,436	26,169
1,349	1,617	-	27,744	25,251
359,591	1,344,639	(380,321)	11,371,302	11,424,711
32,996	49,917	-	1,124,536	1,110,644
-	-	-	937,538	943,737
2,524	3,819	-	700,879	703,562
-	-	-	142,341	129,242
-	-	-	521,906	446,923
24,515	39,944	-	307,229	315,574
1,481	13,321	-	243,282	276,311
518	990	-	417,507	380,678
12,044	25,780	-	187,807	224,106
4,190	6,455	-	166,966	194,343
-	-	-	147,765	202,679
8,224	12,583	-	145,414	96,029
-	1,426	-	134,013	124,684
-	652	-	94,791	102,261
-	-	-	155,308	165,111
-	-	-	117,802	100,947
-	-	-	8,664	30,446
4,100	12,668	-	45,577	55,114
-	-	-	34,964	27,812
-	-	-	97,534	94,207
-	-	-	3,891	8,244
-	-	-	15,508	133
90,592	167,555	-	5,751,222	5,732,787
-	-	-	609,450	609,450
-	-	-	540,626	493,456
-	-	-	163,949	182,827
8,500	20,250	-	144,750	139,750
-	-	-	80	180
-	-	-	10,274	-
-	-	-	-	-
8,500	20,250	-	1,469,129	1,425,663
200	-	-	7,350	2,325
458,883	1,532,444	(380,321)	18,599,003	18,585,486
11,971	(39,595)	-	536,051	334,634
-	-	-	238,411	1,253,760
\$ 11,971	\$ (39,595)	-	\$ 774,462	\$ 1,588,394

See independent auditors' report.

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