

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION  
Columbus, Ohio

Financial Statements  
and Supplementary Financial Information  
For the years ended July 31, 2015 and 2014  
  
and Independent Auditors' Report Thereon



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OHIO HIGH SCHOOL ATHLETIC ASSOCIATION  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JULY 31, 2015

*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, through 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, which include the holding of tournament events across the state for the benefit of the membership.

On an annual basis, the OHSAA serves approximately 350,000 student-athletes, which ranks fifth nationally in number of students participating.<sup>1</sup> These students represent 822 member high schools, which ranks third nationally in the number of high schools participating, and 900 member junior high and middle schools during school year 2014-15.

The governance of the OHSAA is centered on the Board of Directors, who set the policies and direction of the Association. Board of Directors members are elected by the membership based on provisions in the OHSAA Constitution. Each of the six athletic districts in the state are represented by one or two members on the Board of Directors, 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 daily operations of the OHSAA are administered by the Commissioner as the Chief Executive Officer and the professional and support staff of the Association. The Commissioner is assisted in operating sectional and district tournaments by six district athletic boards made up of nine elected volunteer members each.

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 both the Columbus office and each of the six district athletic boards.

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<sup>1</sup> 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 to 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.<sup>2</sup> 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 Dennison 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. This offering will expand to 26 total sports with the addition of both boys and girls lacrosse in the 2016-17 school year. 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. Currently, while a Board of Directors committee is empaneled and is currently considering other sports to add to the OHSAA’s repertoire, no sport is actively on the horizon to be added to the current slate of sanctioned sports.

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

<b>Boys Sport (Year Tournament Recognized)</b>	<b>Girls Sport (Year Tournament Recognized)</b>
<b>Baseball (1928)</b>	
<b>Basketball (1923)</b>	<b>Basketball (1976)</b>
<b>Bowling (2007)</b>	<b>Bowling (2007)</b>
<b>Cross Country (1928)</b>	<b>Cross Country (1978)</b>
	<b>Field Hockey (1979)</b>
<b>Football (1972)</b>	
<b>Golf (1927)</b>	<b>Golf (1993)</b>
<b>Gymnastics (1926-1937; 1965-1994)<sup>3</sup></b>	<b>Gymnastics (1977)</b>
<b>Ice Hockey (1978)</b>	
<b>Lacrosse (scheduled 2017)</b>	<b>Lacrosse (scheduled 2017)</b>
<b>Soccer (1976)</b>	<b>Soccer (1985)</b>
	<b>Softball (1978)</b>

<sup>2</sup> The name of the governing board changed from the Board of Control to the Board of Directors during the 2008-09 school year.

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

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<b>Boys Sport (Year Tournament Recognized)</b>	<b>Girls Sport (Year Tournament Recognized)</b>
<b>Swimming &amp; Diving (1928)</b>	<b>Swimming &amp; Diving (1977)</b>
<b>Tennis (1920)</b>	<b>Tennis (1976)</b>
<b>Track &amp; Field (1908)</b>	<b>Track &amp; Field (1975)</b>
	<b>Volleyball (1975)</b>
<b>Wrestling (1938, 2013)<sup>4</sup></b>	

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, even handed rulings and universal respect, 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

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

*General Financial Information*

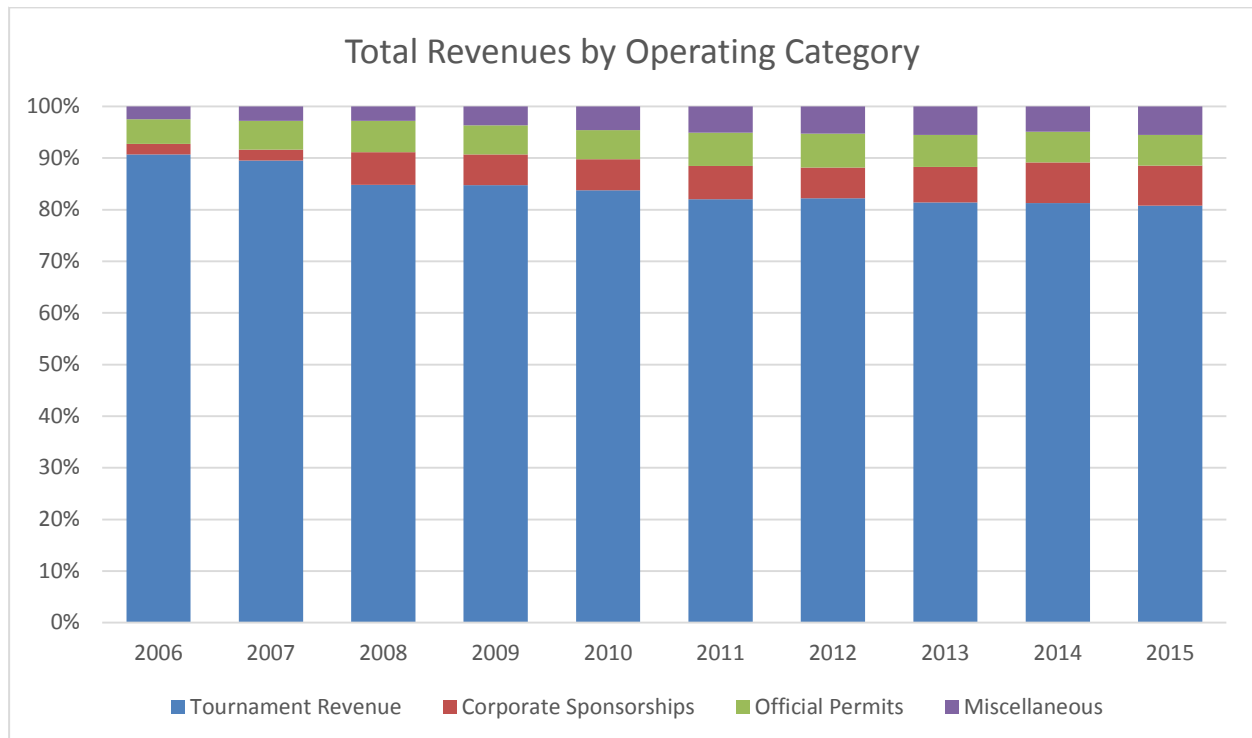
The OHSAA receives no taxpayer funding to fund programs for the benefit of member schools or student-athletes. The primary funding sources, shown in Figure 1 on page 4, for the past 10 years as a percentage of total revenue, are ticket revenues from tournament events, officiating permit fees, corporate sponsorships and miscellaneous revenues.

<sup>4</sup> 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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As indicated in Figure 1, the percentage of total 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 that 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 the American Dairy Association, Fox Sports/SportsTime Ohio, Time Warner Cable, Nationwide Children’s Hospital and Marathon, have provided 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.

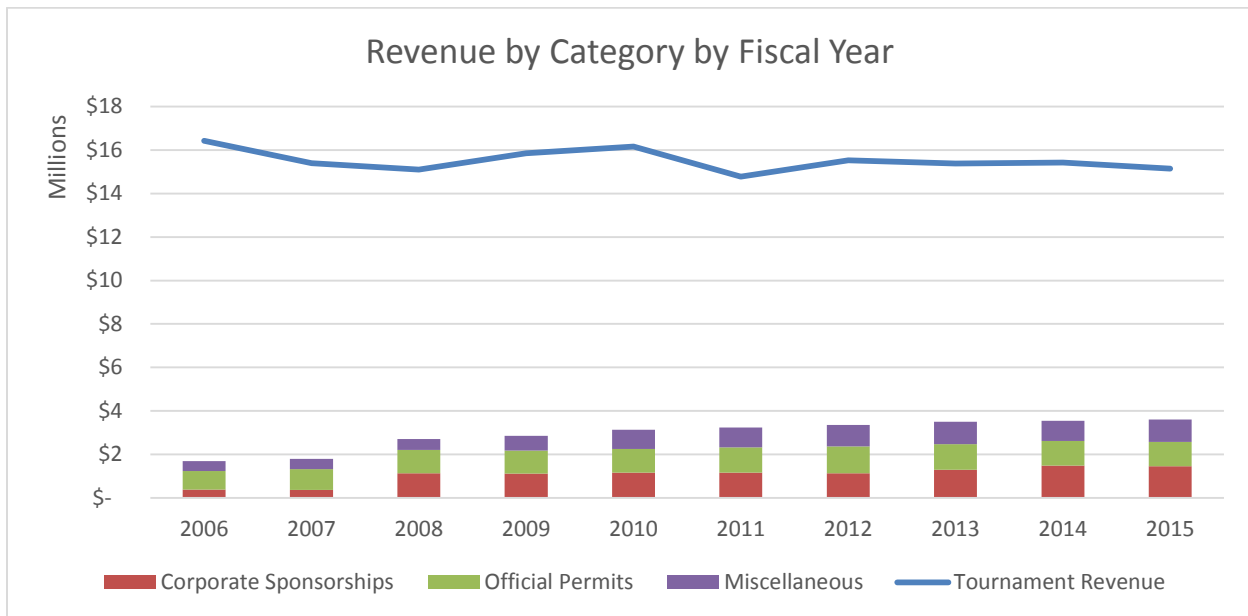
Figure 1



OHIO HIGH SCHOOL ATHLETIC ASSOCIATION  
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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.

Figure 2



It is important to note that the OHSAA does not charge member schools tournament entry fees or membership fees to sustain operations. In fact, Ohio is one of the very few states which does not charge a tournament entry fee or a membership fee. Many other youth sports programs, including the Amateur Athletic Union (AAU), for-profit junior high/middle school groups, and other youth sports, such as 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 OHSAA's programs.

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

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 which 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.

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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 2006 to 2010 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 3

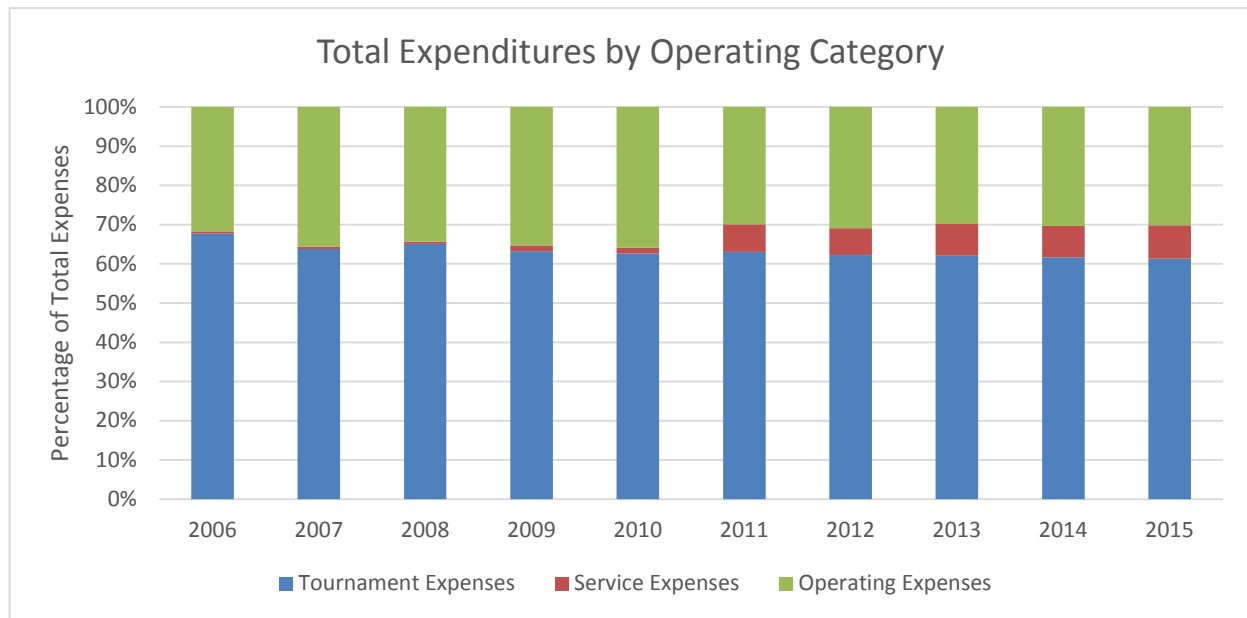
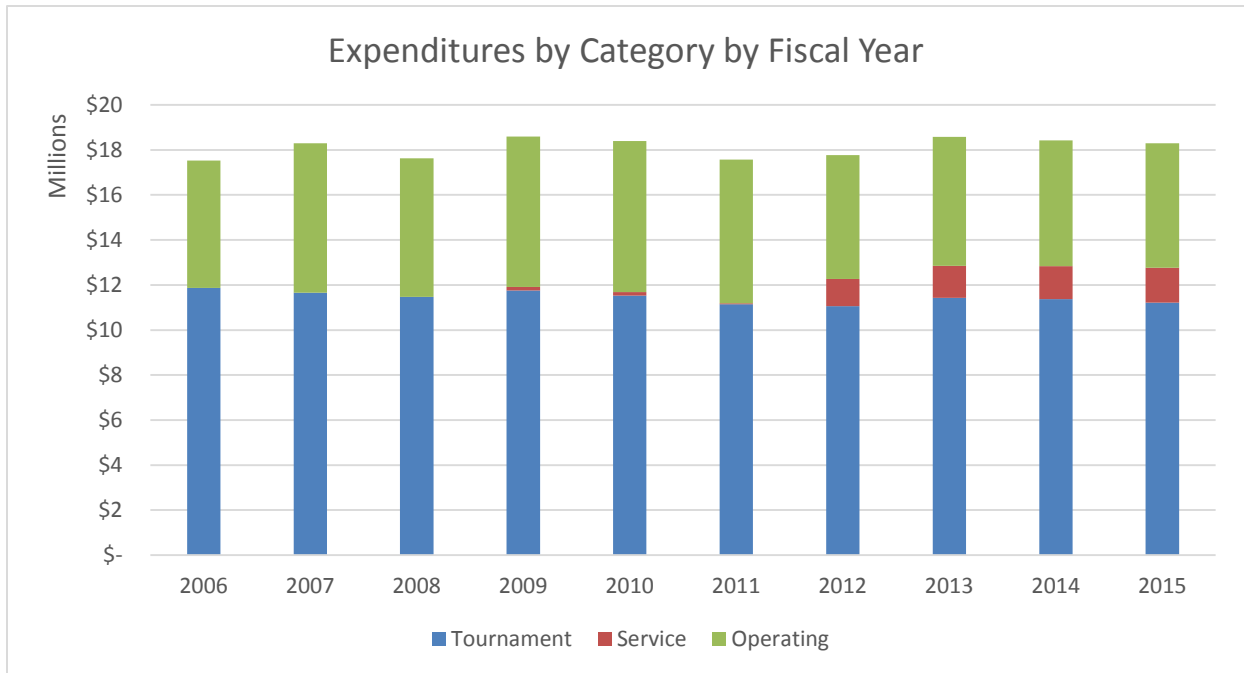


Figure 4 shows the trend for expenditures by category over the last decade. Again, the expenses for periods 2006 to 2010 have not been restated to reflect the change in accounting presentation by the OHSAA. The OHSAA has continued to evaluate and cut expenses in its operating and tournament activities. 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 expenses. Interestingly, during the 2015 fiscal year, the operating expenses for the Association were the second lowest during the 10 year period illustrated and the lowest since 2012.



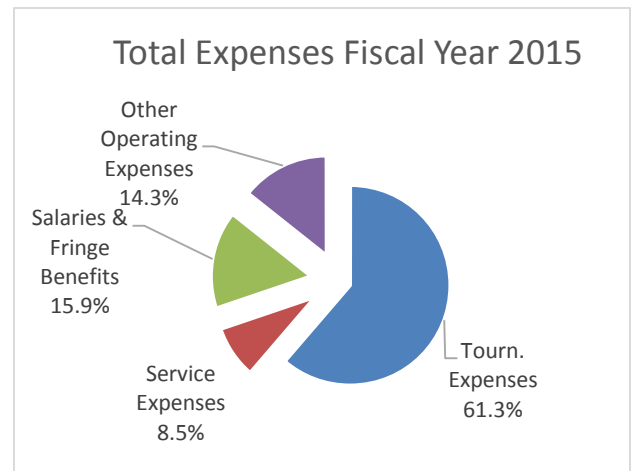
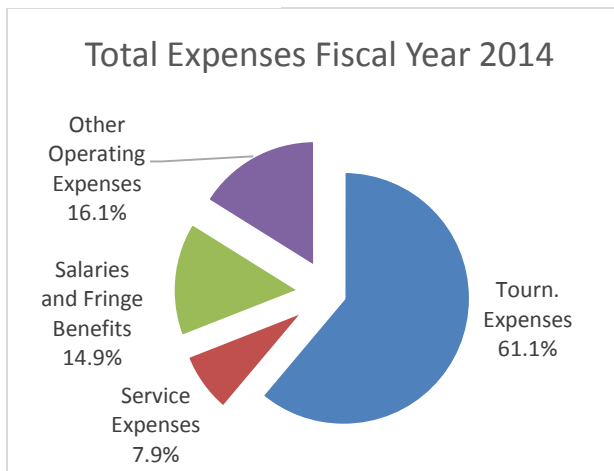
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Figure 4



In Figures 5a and 5b, total expenses by category for the OHSAA are broken down into greater detail for both 2015 and 2014, respectively.

Figure 5a and 5b



Clearly, the primary expense category is tournament expenses, which make up over 61 cents out of each dollar of OHSAA spent in both 2015 and 2014. 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.

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An additional 8.5 cents of each dollar in 2015 and 7.9 cents out of each dollar in 2014 was 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. This is an important category to the book of business for the Association, as it represents the commitment of the OHSAA to serve its key constituent groups in an expanding way. Items like rule books, scholarships for student-athletes, the sportsmanship program and professional development training for officials are a few of the many examples of the Association serving its constituents.

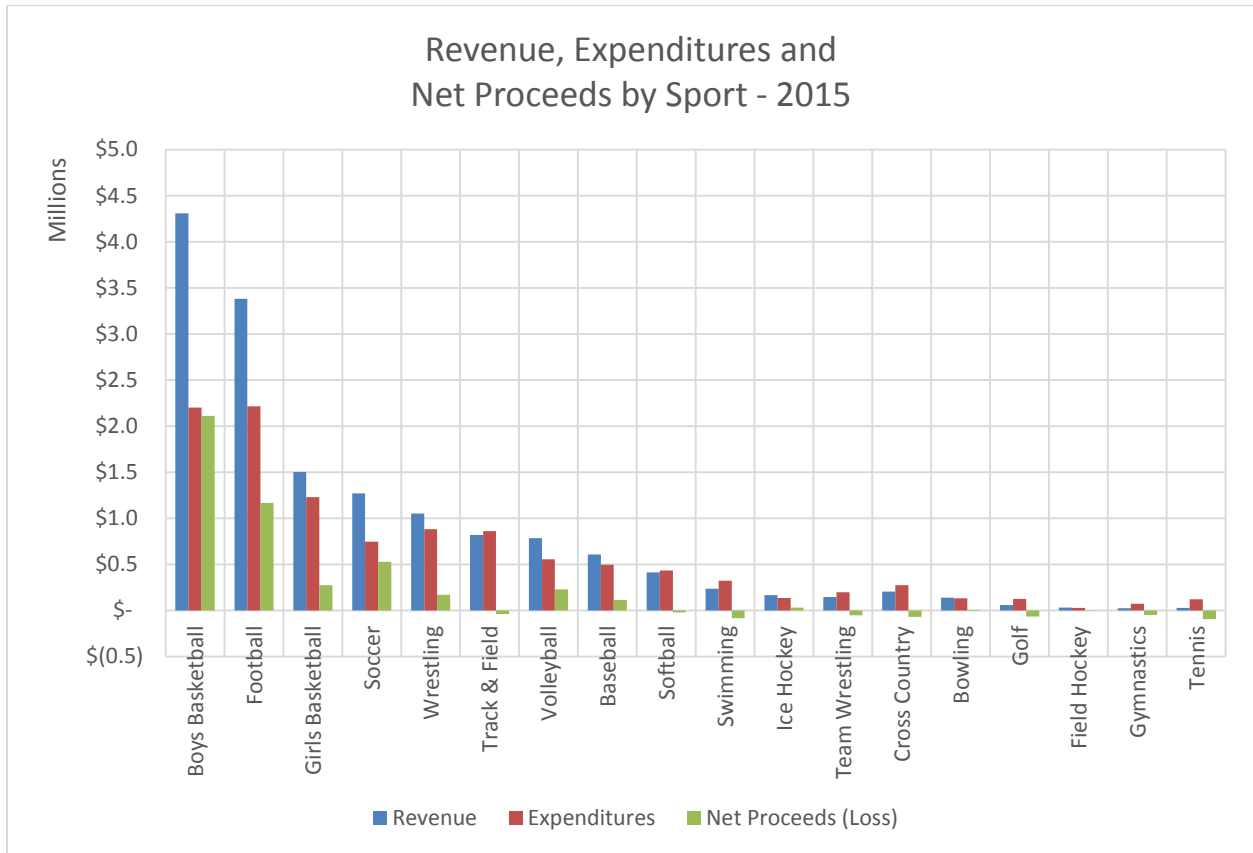
It is important to note, while the percentage of salaries and fringe benefits increased by 1%, the total salaries and fringe benefits plus other operating expenses decreased from 2014 to 2015 by 0.8%, driven in large part by the nearly 2% drop in other operating expenses for the OHSAA.

*Tournament Activities*

Tournament activities represent the bulk of the Association's business annually. With 24 sanctioned sports held in every corner of the state, tournament events are a critical funding component for the Association's activities. Revenue and expenditures by sport for 2015 and 2014 are presented in Figures 6 and 7, respectively, while the percentage each sport makes up of total OHSAA revenue and expenditures is shown in Figures 8 and 9 for 2015 and Figures 10 and 11 for 2014, respectively. Note that in Figures 8 through 11, percentages may not total 100% due to rounding.

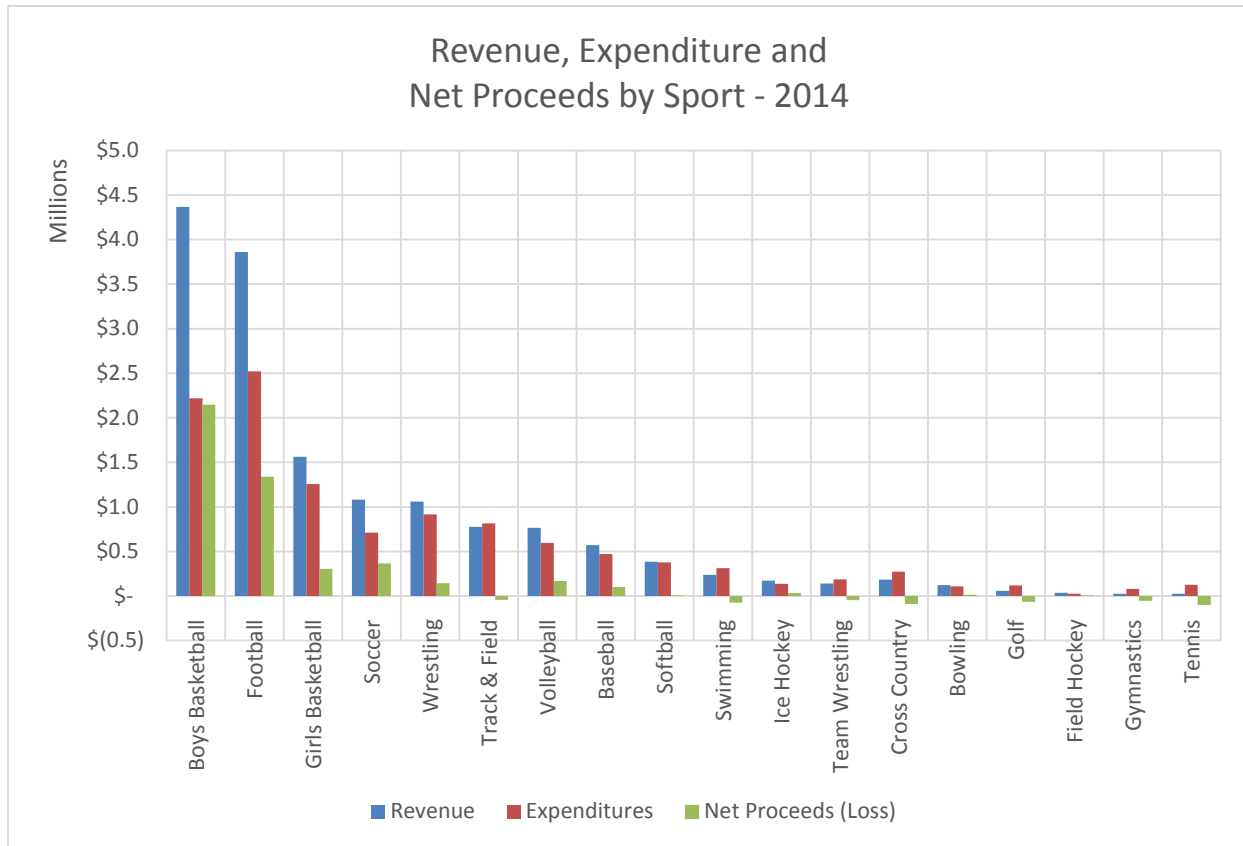
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Figure 6



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Figure 7



As indicated in Figures 6 and 7, 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. Finally, there is a noticeable variance between some sports which have a high casual fan contingent following them versus other sports that have few casual fans in attendance. Based on these factors, a large portion of the revenue for the OHSAA can fluctuate, sometimes by large amounts, on an annual basis.

The OHSAA carefully examines 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.

Figures 8 through 11 provide the contribution, by sport of sports and tournament activities to the OHSAA's financial condition. Clearly, several familiar sports dominate the financial status of the association but many other additional sports contribute, sometimes significantly, to the OHSAA's financial resources.

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Figure 8

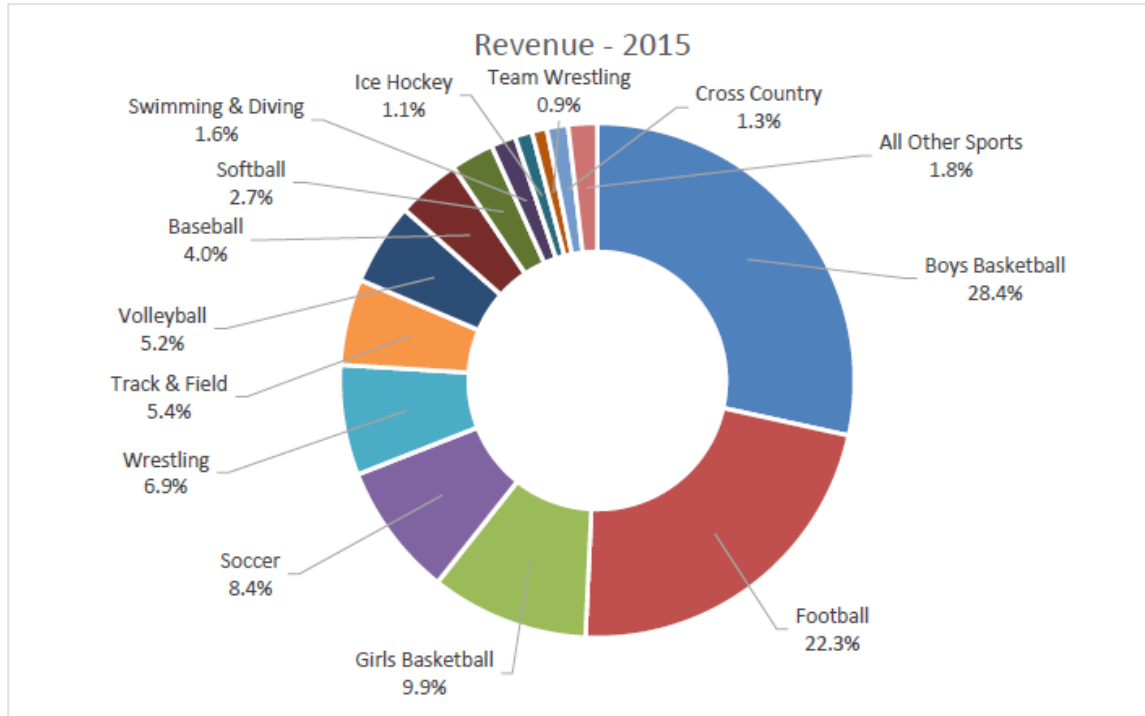
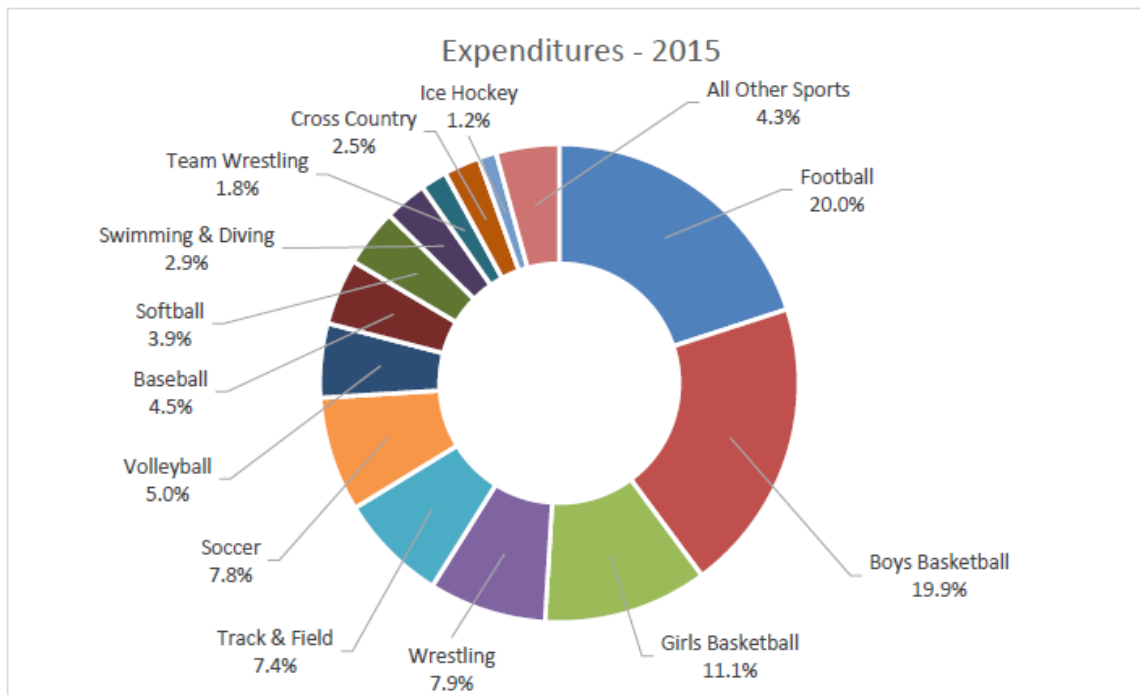


Figure 9



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Figure 10

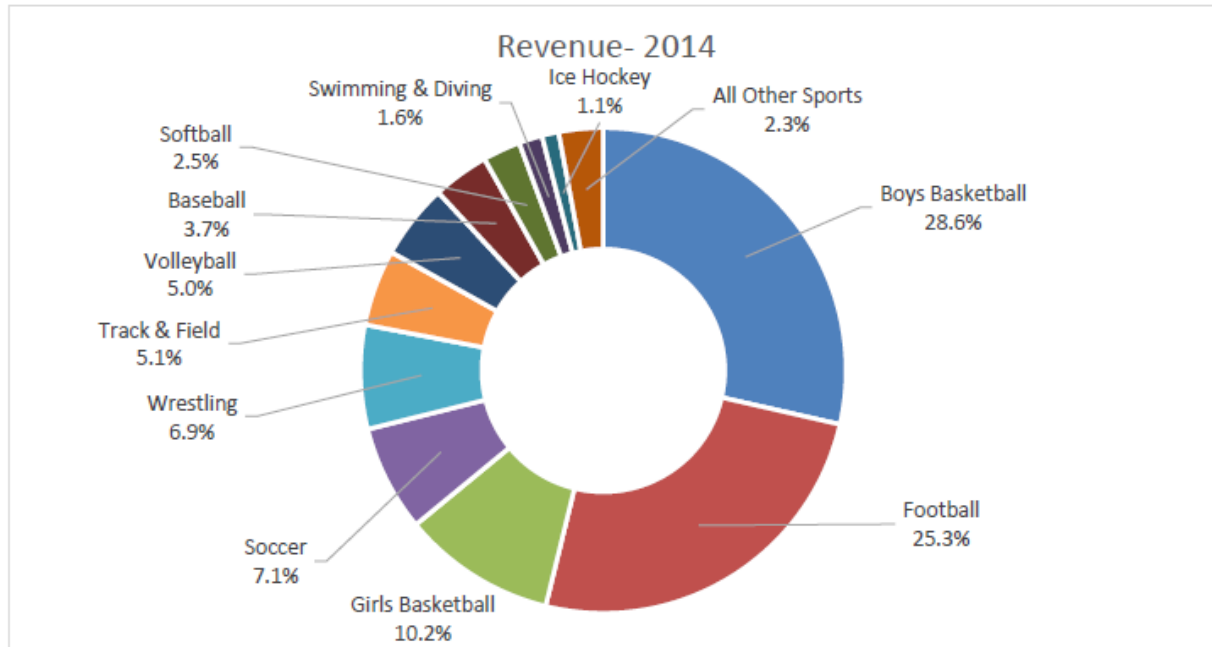
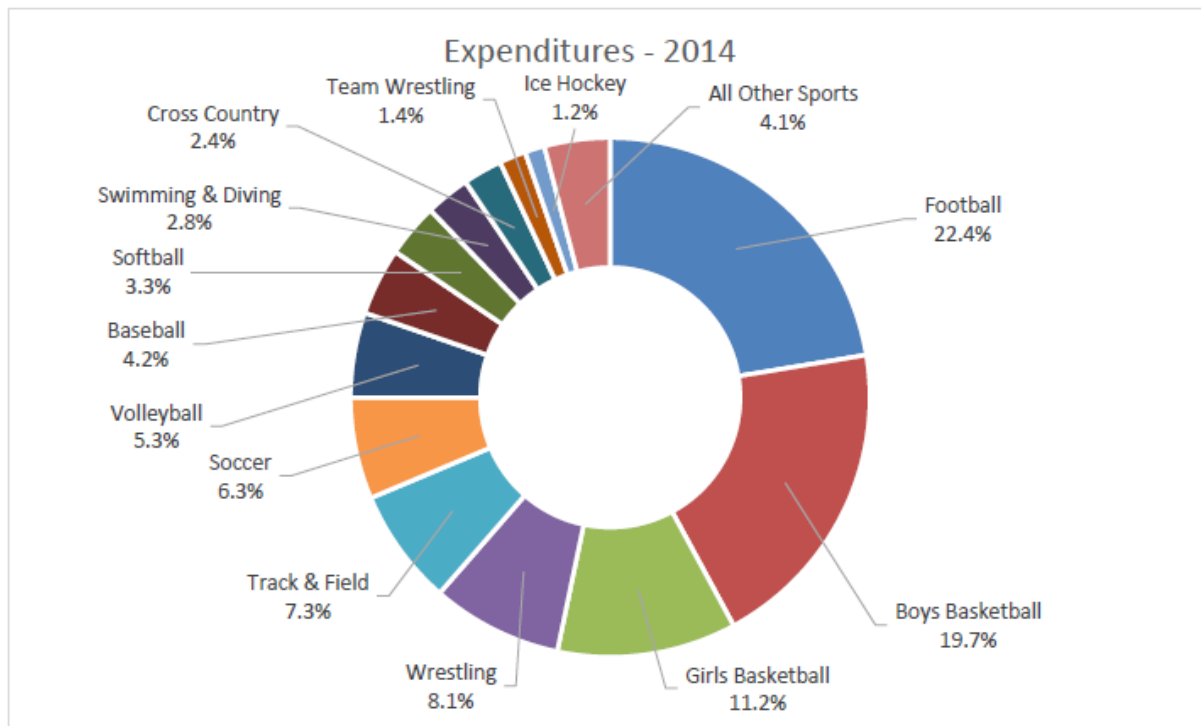


Figure 11



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A key catalyst for the tournament activities data is attendance by spectators. As previously stated, ticket sales revenue is a primary driver of revenue to the Association, making up approximately 81% of the revenue of the OHSAA.

Figures 12 through 15 illustrate the regional and state attendance trends for the last decade.<sup>5</sup> As shown in these graphs, in selected sports, there is an attendance trend which 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 is regular season contests, as well as collegiate athletics and professional sports organizations. Second, the effect of weather, as reported previously, is a significant factor in attendance. This is clearly illustrated in the football playoff attendance numbers for the 2014-15 year. Two weeks of major snow storms impacted Ohio in the first 2 weeks of the football playoffs. The result was lower attendance as people around the state were reluctant to sit in a heavy snow to watch a football game. Simultaneously, while the revenue was driven down by the attendance reduction, the OHSAA incurred additional costs for snow removal and other extraordinary amounts. The effect of both lower attendance and higher tournament expenses caused the net proceeds to the OHSAA for that period to decline. Finally, further analysis indicates the attendance trend, for sports with more casual fans in attendance, is declining, while for those sports which have few casual fans, the attendance trend is fairly stable over the decade shown.

There is not one specific cause which is attributable to these declines in attendance. Several sources attribute the declines to a changing demographic and culture which does not put an emphasis 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 Figures 12 through 15 indicate 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 which result in declining attendance at OHSAA tournament events, the reality is that these factors are working in concert to drive attendance lower in selected tournaments.

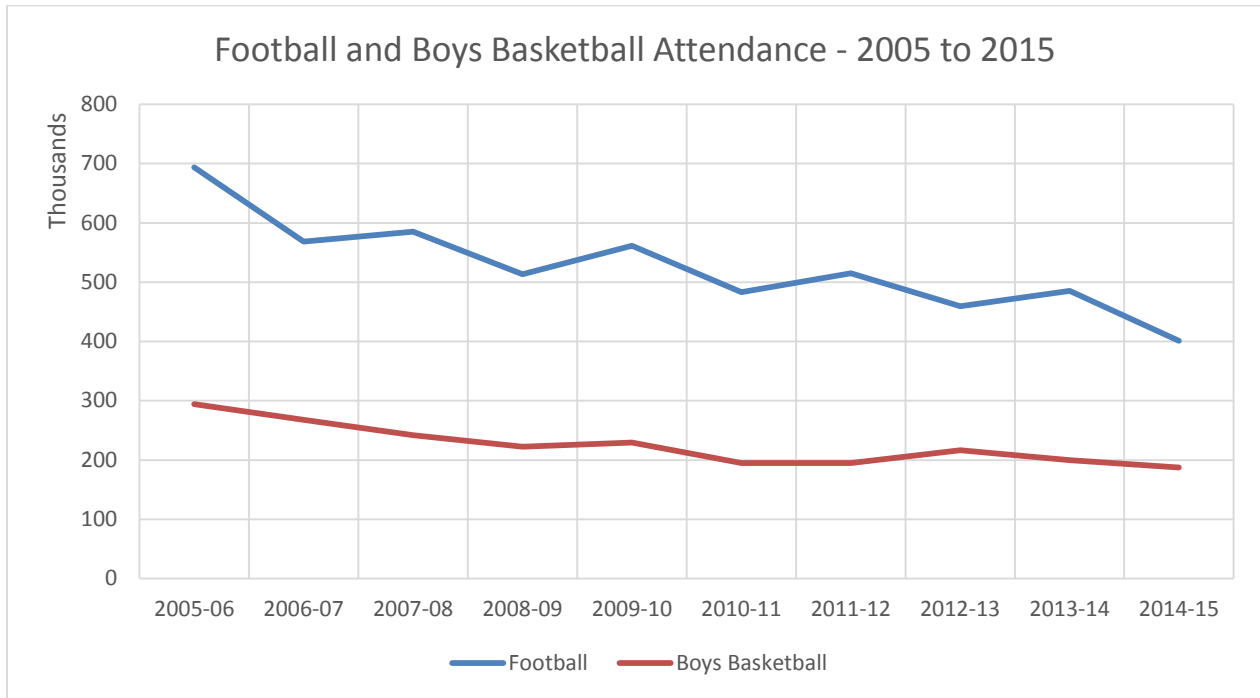
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<sup>5</sup> In most OHSAA sanctioned sports, regional and state competitions are the final two levels of competition at the OHSAA. Generally, sectional and district competition are the first 2 levels of competition and are not included in the data presented. Please note that the OHSAA permits all members to participate in tournament competition in all sports except football.

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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 move these trends in a positive direction.

Figure 12





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Figure 13

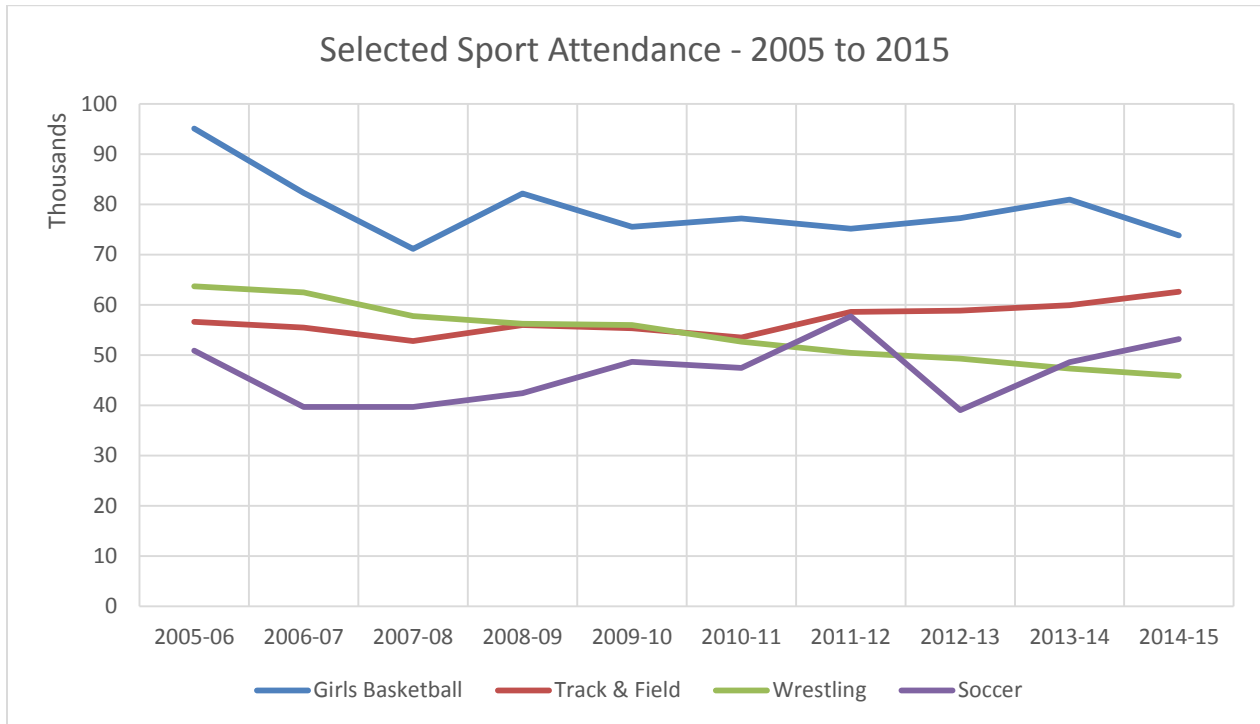
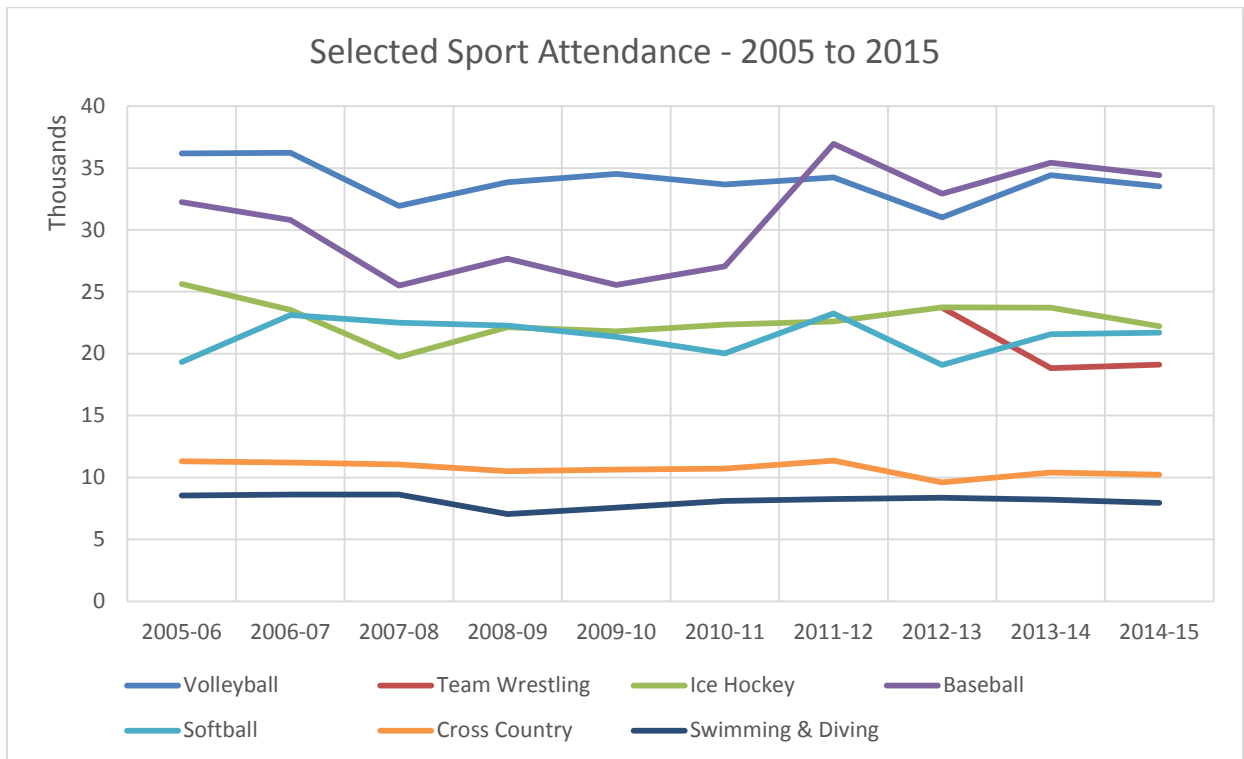
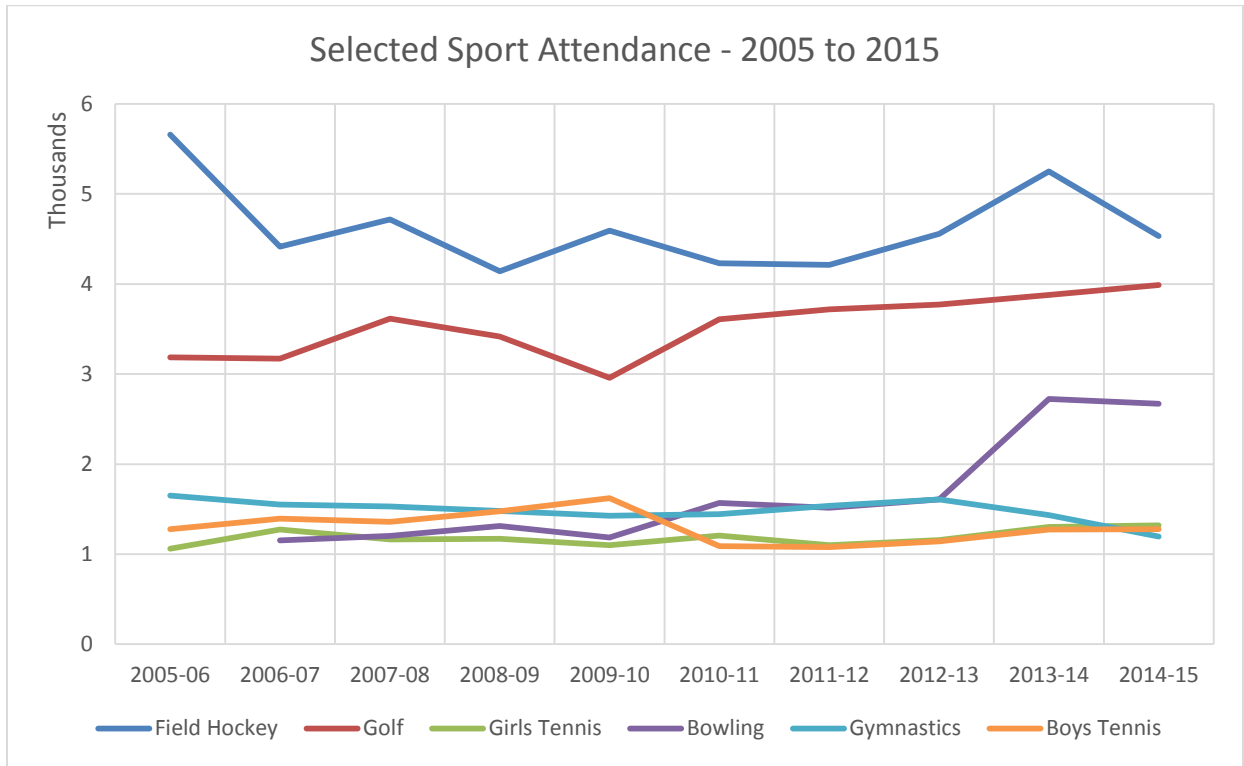


Figure 14



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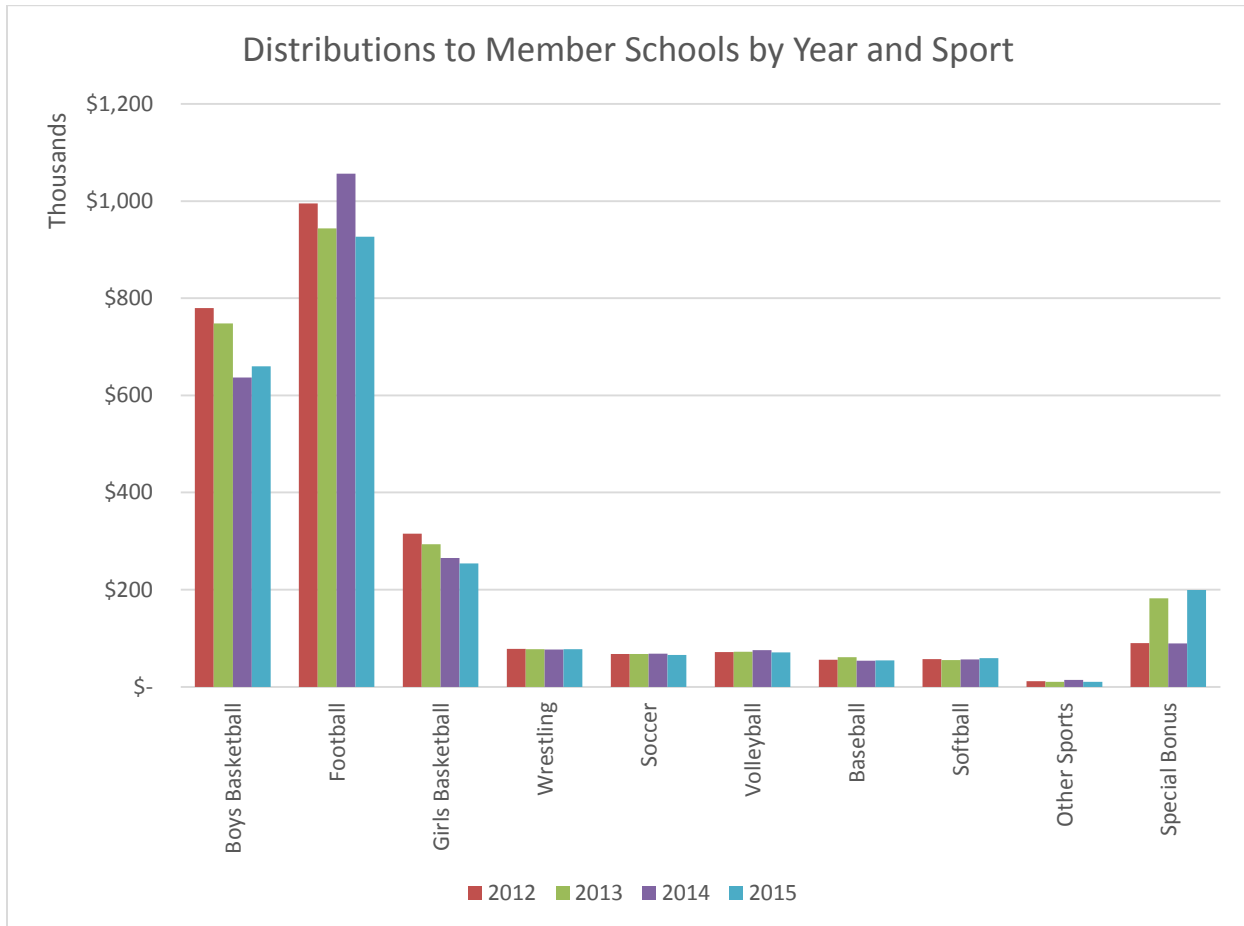
Figure 15



A portion of the expenditures shown as tournament expenses previously noted are distributions to member schools as reimbursements for travel costs or presale ticket bonuses in selected sports. From 2006 to 2015, the OHSAA has distributed an average of \$2.5 million annually to member schools for these purposes. These distributions represented between 11.9% and 14.2% of the OHSAA's total annual expenditures in fiscal years 2012 through 2015. Over the period illustrated by Figure 16, the OHSAA has distributed to member schools nearly \$10 million in the aggregate. These distributions can fluctuate from year to year, particularly because the presale ticket distribution is reflective of actual tickets sold. When attendance is down at a particular event, this can adversely affect the presale ticket bonus portion of the distribution equation. The distributions by the OHSAA by sport are shown in Figure 16.

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Figure 16



*Service Activities*

The OHSAA provides a number of service activities to the membership and to student-athletes in Ohio. Three 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 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 2014 and 2015.

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- 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 \$321,867 in 2014 and \$312,000 in 2015.
- Scholarship Awards for Participants – Annually, approximately \$150,000 in scholarship awards are presented by the OHSAA to student-athletes to assist with 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, which include awards for ethnic minorities.

Additionally, the membership and officials are the beneficiary of several other service activities conducted by the OHSAA. During 2014 and 2015, the OHSAA provided rule books to member schools free of charge, provided the OHSAA Magazine to highlight positive actions in high school activities and made available rule interpreters to answer member school sport and contest questions. During 2014 and 2015, clinics and rule books were provided to officials to assist in their professional development and enforcement of playing rules, which comprised a significant outreach to the officiating community.

In 2014 and 2015, the cost of these service activities to assist both member schools and officials in discharging their duties was \$1,469,129 and \$1,555,966 respectively.

*Operational Activities*

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

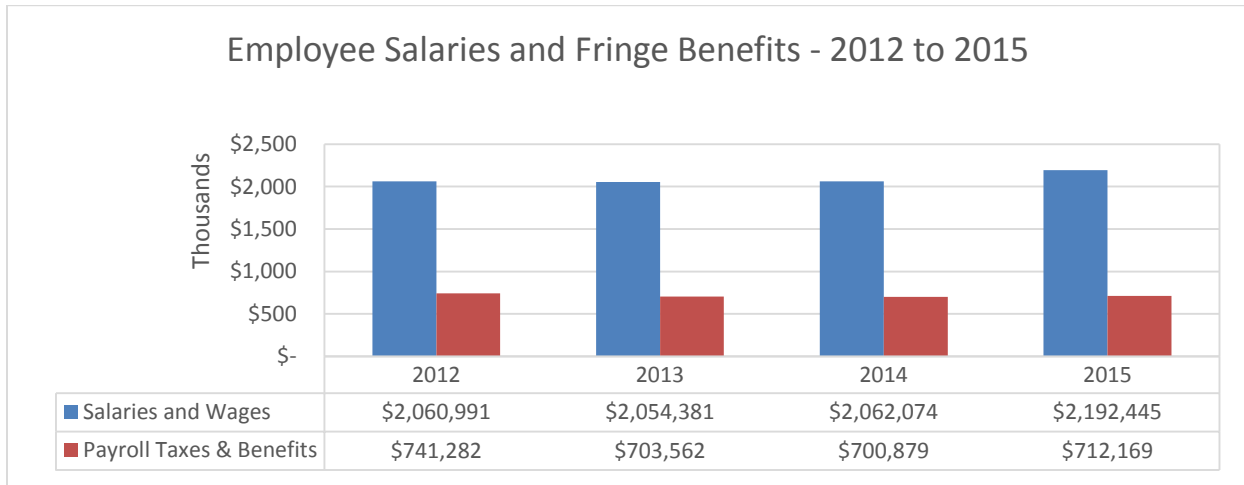
- Nine administrative staff consisting of the Commissioner, Associate Commissioners, Chief Financial Officer, Assistant Commissioners and the Director of Information Services
- Fourteen support staff members consisting of accounting, secretarial, clerical and other professional staff members

The full-time staff is supplemented by part-time support staff 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, tournament activity and accounting interns

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Figure 17



As shown in Figure 17, the salaries and fringe benefits of the OHSAA have remained fairly constant the last four years with a slight increase in 2015. There was a base increase in salary of 3% each year in 2012, 2013 and 2015, 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 costs of accrued leave and other severance payments.

To put the amounts in Figure 17 in perspective, it is important to note Ohio’s city, exempted village and local school districts average 75.6% of expenditures on salaries and fringe benefits for employees based on the 2014 Ohio Department of Education’s District Profile Report, commonly known as the Cupp Report. In comparison, the OHSAA spends approximately 16% on salaries and fringe benefits for its employees.

*Conclusion and Outlook*

The OHSAA is a nationally recognized and respected organization representing its member schools, officials and hundreds of thousands of student-athletes on a daily basis. The large scope of operations is indicative of the national reputation and number 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. The addition of lacrosse in the 2016-17 school year will further expand the OHSAA’s services within the school realm.

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 which 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.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JULY 31, 2015

However, research has indicated a larger interest in examining the correlation between academic and extracurricular success, with additional study being warranted.

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. These activities 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, 2015 and 2014 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, 2015 and 2014, 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, 2015, the supplementary statement of activities by district for the year ended July 31, 2015 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 supplementary statements of financial position by district and activities by district are 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  
March 10, 2016



OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

	July 31	
	2015	2014
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 4,761,137	\$ 4,258,143
Accounts receivable	630,473	1,020,215
Prepaid expenses	138,299	171,010
Short-term investments	981,759	860,115
Investments - building fund	314,878	311,035
Total Current Assets	6,826,546	6,620,518
<b>PROPERTY AND EQUIPMENT</b>		
Vehicles	136,273	136,273
Furniture and office equipment	2,680,690	2,375,331
Buildings and improvements	2,188,108	2,181,659
Land	269,000	269,000
	5,274,071	4,962,263
Less: accumulated depreciation	(3,427,441)	(3,033,595)
Property and equipment, net	1,846,630	1,928,668
Total Assets	\$ 8,673,176	\$ 8,549,186
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	\$ 100,000	\$ 100,000
Accounts payable	567,592	523,527
Accrued employee wages and benefits	346,970	244,735
Deferred income	1,002,480	1,048,115
Total Current Liabilities	2,017,042	1,916,377
<b>LONG-TERM LIABILITIES</b>		
Long-term debt	450,000	550,000
Pension payable	369,938	535,894
Total Liabilities	2,836,980	3,002,271
<b>NET ASSETS</b>		
Unrestricted:		
Board-designated funds:		
Building fund	314,878	311,035
Fred Durkle scholarship	39,940	39,543
Rossi/Denney scholarship	34,593	34,250
Reserve fund	561,374	441,452
Total Board-Designated Funds	950,785	826,280
Undesignated	4,885,411	4,720,635
Total Net Assets	5,836,196	5,546,915
Total Liabilities and Net Assets	\$ 8,673,176	\$ 8,549,186

See accompanying notes to the financial statements.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEARS ENDED JULY 31, 2015 AND 2014

	<u>July 31</u>	
	<u>2015</u>	<u>2014</u>
REVENUE AND OTHER GAINS		
Tournament revenue	\$ 15,152,208	\$ 15,429,798
Other revenue	3,078,808	3,187,542
Service revenue	504,960	456,411
Investment income, net	17,939	44,393
Gain on sale of property and equipment, net	-	16,910
	<hr/>	<hr/>
Total Unrestricted Income	18,753,915	19,135,054
EXPENSES AND OTHER LOSSES		
Program:		
Tournament expenses	11,212,876	11,371,302
Service expenses	1,555,966	1,469,129
Support:		
Operating expenses	5,523,372	5,751,222
Loss on sale of property and equipment, net	1,630	-
Contribution/donations	20,600	7,350
	<hr/>	<hr/>
Total Expenses And Other Losses	18,314,444	18,599,003
	<hr/>	<hr/>
Change In Net Assets From Operations	439,471	536,051
OTHER CHANGES IN NET ASSETS		
Pension-related changes other than net periodic benefit cost	(150,190)	238,411
	<hr/>	<hr/>
Change In Unrestricted Net Assets	289,281	774,462
NET ASSETS - UNRESTRICTED		
Beginning of year	5,546,915	4,772,453
	<hr/>	<hr/>
End of year	\$ 5,836,196	\$ 5,546,915
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to the financial statements.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JULY 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from tournaments, sales and fees	\$ 19,080,083	\$ 18,829,008
Cash paid to suppliers and employees	(18,022,475)	(17,914,418)
Net Cash Provided By Operating Activities	1,057,608	914,590
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(347,066)	(328,440)
Proceeds from sale of property and equipment	-	16,910
Purchase of investments	(693,320)	(116,023)
Proceeds from sale of investments	585,772	64,838
Net Cash Used In Investing Activities	(454,614)	(362,715)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on long-term debt	(100,000)	(100,000)
Net Increase In Cash And Cash Equivalents	502,994	451,875
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	4,258,143	3,806,268
End of year	<u>\$ 4,761,137</u>	<u>\$ 4,258,143</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change in net assets from operations	\$ 439,471	\$ 536,051
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	427,474	417,507
Unrealized losses (gains) on investments, net	37,737	(10,840)
Realized gains on investments, net	(35,184)	(12,437)
Interest and dividends	(20,492)	(21,116)
Loss (gain) on sale of asset	1,630	(16,910)
(Increase) decrease in assets:		
Accounts receivable	389,742	(317,718)
Prepaid expenses	32,711	187,340
Increase (decrease) in liabilities:		
Accrued employees wages and benefits payable	102,235	(3,164)
Accounts payable	44,065	274,269
Deferred income	(45,635)	72,975
Pension payable	(316,146)	(191,367)
Net Cash Provided By Operating Activities	<u>\$ 1,057,608</u>	<u>\$ 914,590</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid during the year for:		
Interest	<u>\$ 13,000</u>	<u>15,000</u>

See accompanying notes to the financial statements.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2015 AND 2014

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, 2015 and 2014. 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, 2015 and 2014, 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, 2015 AND 2014

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 that 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, 2015 and 2014.

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 recognized 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 2015 or 2014. The Association's tax years since 2012 remain subject to examination.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2015 AND 2014

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, 2015 and 2014, 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, 2015 and 2014, 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 March 10, 2016, 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:

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Short-term Investments:				
Certificates of deposit	\$ <u>981,759</u>	\$ <u>981,759</u>	\$ <u>860,115</u>	\$ <u>860,115</u>
Investments - building fund:				
Equity mutual funds	\$ 165,336	\$ 179,247	\$ 134,681	\$ 181,815
Corporate bonds	<u>136,099</u>	<u>135,631</u>	<u>125,174</u>	<u>129,220</u>
	\$ <u><u>301,435</u></u>	\$ <u><u>314,878</u></u>	\$ <u><u>259,855</u></u>	\$ <u><u>311,035</u></u>

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2015 AND 2014

NOTE 3 - INVESTMENTS (Continued)

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

	<u>2015</u>	<u>2014</u>
Interest income and dividends	\$ 20,492	\$ 21,116
Realized gains, net	35,184	12,437
Unrealized (losses) gains, net	<u>(37,737)</u>	<u>10,840</u>
	<u>\$ 17,939</u>	<u>\$ 44,393</u>

Realized gains, net, includes investment fees of approximately \$6,000 for each of the years ended July 31, 2015 and 2014.

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, 2015 and 2014.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2015 AND 2014

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.

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:

	2015			
	Level 1	Level 2	Level 3	Total
Short-term Investments:				
Certificates of deposit	-	\$ 981,759	-	\$ 981,759
Investments - building fund:				
Equity mutual funds	\$ 179,248	-	-	\$ 179,248
Corporate bonds	135,630	-	-	135,630
	\$ 314,878	-	-	\$ 314,878
	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
	\$ 311,035	-	-	\$ 311,035



OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2015 AND 2014

NOTE 5 - LONG-TERM DEBT

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

	2015	2014
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.	\$ 550,000	\$ 650,000
Less - Payments due within one year	(100,000)	(100,000)
	\$ 450,000	\$ 550,000

Approximate future maturities of debt due subsequent to July 31, 2015 are as follows:

Year Ending July 31	Amount
2016	\$ 100,000
2017	100,000
2018	100,000
2019	100,000
2020	150,000
Thereafter	-
	\$ 550,000

NOTE 6 - OPERATING LEASES

The Association leases certain office equipment under non-cancellable operating leases, which expire through 2020. Future minimum lease payments are as follows for the years ending July 31:

Year Ending July 31	Amount
2016	\$ 153,683
2017	85,723
2018	85,723
2019	85,015
2020	43,615
	\$ 453,759

Total rent expense for the years ended July 31, 2015 and 2014 amounted to \$130,384 and \$134,013, respectively.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2015 AND 2014

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>2015</u>	<u>2014</u>
Discount rate	4.10%	4.00%
Rate of compensation increase	N/A	N/A

Weighted average assumptions used to determine pension-related changes:

	<u>2015</u>	<u>2014</u>
Discount rate	4.00%	4.50%
Expected long-term rate of return on plan assets	5.90%	6.10%
Rate of compensation increase	N/A	N/A

During the year ended July 31, 2015, the mortality table has been updated from RP2000 Generational with projection scale BB to RP2014, backed off to 2006 with projection scale MP2015.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2015 AND 2014

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:

	2015	2014
Change in projected benefit obligation:		
Beginning projected benefit obligation	\$ 6,737,329	\$ 6,720,506
Service cost	-	2,000
Expenses paid	-	(2,500)
Interest cost	263,061	293,371
Actuarial loss	200,138	75,787
Benefits paid	(421,531)	(351,835)
Ending projected benefit obligation	6,778,997	6,737,329
Change in plan assets, at fair value:		
Beginning plan assets	6,201,435	5,754,834
Actual return (net of expenses)	254,155	460,936
Employer contribution	375,000	340,000
Benefits paid	(421,531)	(351,835)
Expenses paid	-	(2,500)
Ending plan assets	6,409,059	6,201,435
Underfunded Status	\$ (369,938)	\$ (535,894)

The accumulated benefit obligation was \$6,778,997 and \$6,737,329 for fiscal years ended July 31, 2015 and 2014, respectively.

Reconciliation of net periodic benefit cost as of July 31:

	2015	2014
Interest cost	\$ 263,061	\$ 293,371
Amortization of net gain	131,698	175,192
Service cost	-	2,000
Expected return on plan assets	(331,555)	(315,255)
Net periodic benefit cost	\$ 63,204	\$ 155,308

The estimated net loss for the defined benefit pension plan that will be amortized from unrestricted net assets over the next fiscal year approximates \$110,567.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2015 AND 2014

NOTE 7 - RETIREMENT AND PENSION PLANS (Continued)

The Association's pension plan asset allocations and target allocations at July 31, 2015 and 2014, and target allocation for 2015 are as follows:

<u>Asset Category</u>	<u>Target Allocation</u>	<u>Percentage of Actual Plan Assets</u>	
	2015	2015	2014
Equity securities	60%	75%	37%
Fixed-income mutual funds	40%	12%	0%
Cash and cash equivalents	0%	13%	63%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

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. During the year ended July 31, 2015, the plan's cash and cash equivalents were used to purchase additional equity securities and fixed-income mutual funds. However, the plan's assets remained outside of the plan's target allocation. Subsequent to year-end, transactions brought the plan's assets closer to the plan's target allocations.

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

	<u>2015</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents:				
Money market mutual fund	\$ 862,842	-	-	\$ 862,842
Equity securities:				
Large cap domestic common stock	2,396,813	-	-	2,396,813
Small & mid cap domestic common stock	290,429	-	-	290,429
Small & mid cap domestic mutual funds	1,160,590	-	-	1,160,590
International mutual funds	934,385	-	-	934,385
Fixed income:				
Domestic fixed income	-	\$ 522,578	-	522,578
International fixed income	-	144,104	-	144,104
High yield	-	46,968	-	46,968
Nontraditional	-	50,350	-	50,350
Total Plan Assets	<u>\$ 5,645,059</u>	<u>\$ 764,000</u>	<u>-</u>	<u>\$ 6,409,059</u>

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2015 AND 2014

NOTE 7 - RETIREMENT AND PENSION PLANS (Continued)

	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

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 \$390,000 as the contribution for fiscal year ending July 31, 2016.

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

Year Ending July 31	Amount
2016	\$ 419,820
2017	410,066
2018	446,038
2019	449,331
2020	440,205
2021-2025	2,105,559

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 \$234,578 and \$223,538 for the years ended July 31, 2015 and 2014, 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, 2015 AND 2014

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 and short-term investments shown in the accompanying financial statement includes checking, money market, certificates of deposit and savings amounts with various banks for the years ended July 31, 2015 and 2014. At July 31, 2015 and 2014, the bank balances, including checking, savings and certificate of deposit accounts of the Association, amounted to \$6,048,141 and \$5,705,693, respectively. Of the total bank balances, \$2,308,570 and \$2,301,005 was covered by federal depository insurance and \$3,739,571 and \$3,404,688 was uninsured and uncollateralized for the fiscal years ended July 31, 2015 and 2014, 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, 2015 and 2014 of \$314,878 and \$311,035, 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, 2015 and 2014 was \$561,374 and \$441,452, respectively. Funds have also been designated for the Fred Durkle Scholarship Fund and the Rossi-Denney Scholarship Fund. Scholarship money is presented annually to senior athletes in the names of the late Fred Durkle, John Rossi and Bob Denney. The amount accumulated in this Fred Durkle fund as of July 31, 2015 and 2014 was \$39,940 and \$39,543, respectively. The amount accumulated in this Denney-Rossi fund as of July 31, 2015 and 2014 was \$34,593 and \$34,250, 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 with a cost of approximately \$2,000 during 2015 and 2014. During 2015, the Association paid for approximately \$2,100 of expenses incurred by the Foundation, which are outstanding as a receivable from the Foundation as of July 31, 2015. There were no receivables as of July 31, 2014. In addition, the Association contributed approximately \$18,000 to the Foundation during the year ended July 31, 2015. As of and for the years ended July 31, 2015 and 2014, the Foundation had the following financial position and activity:

	<u>2015</u>		<u>2014</u>
Assets	\$ 58,881	\$	31,212
Liabilities	4,144		2,000
Net assets	54,737		29,212
Revenue	58,838		46,058
Expenses	33,313		43,599

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION  
STATEMENT OF FINANCIAL POSITION BY DISTRICT  
AS OF JULY 31, 2015  
(With Comparative Totals for 2014)

	<u>Columbus</u>	<u>Central</u>	<u>East</u>	<u>Northeast</u>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 3,082,550	\$ 331,172	\$ 127,496	\$ 567,238
Accounts receivable	761,554	3,179	4,151	19,298
Prepaid expenses	138,002	-	297	-
Short-term investments	561,369	-	50,253	-
Investments - building fund	314,878	-	-	-
Total Current Assets	<u>4,858,353</u>	<u>334,351</u>	<u>182,197</u>	<u>586,536</u>
<b>PROPERTY AND EQUIPMENT</b>				
Vehicles	136,273	-	-	-
Furniture and office equipment	2,643,408	1,695	-	16,395
Buildings and improvements	2,188,108	-	-	-
Land	269,000	-	-	-
Less: accumulated depreciation	(3,398,070)	(1,695)	-	(15,129)
Property and equipment, net	<u>1,838,719</u>	<u>-</u>	<u>-</u>	<u>1,266</u>
Total Assets	<u>\$ 6,697,072</u>	<u>\$ 334,351</u>	<u>\$ 182,197</u>	<u>\$ 587,802</u>
<b>CURRENT LIABILITIES</b>				
Current portion of long-term debt	\$ 100,000	-	-	-
Accounts payable	558,854	\$ 16,165	\$ 27,858	\$ 79,972
Accrued employee wages and benefits	346,970	-	-	-
Deferred income	999,230	3,250	-	-
Total Current Liabilities	<u>2,005,054</u>	<u>19,415</u>	<u>27,858</u>	<u>79,972</u>
<b>LONG-TERM LIABILITIES</b>				
Long-term debt	450,000	-	-	-
Pension payable	369,938	-	-	-
Total Liabilities	<u>2,824,992</u>	<u>19,415</u>	<u>27,858</u>	<u>79,972</u>
<b>NET ASSETS</b>				
Board-designated funds:				
Building fund	314,878	-	-	-
Fred Durkle Scholarship	-	-	-	-
Rossi/Denney Scholarship	-	-	-	-
Reserve fund	561,374	-	-	-
Total Board-Designated Funds	<u>876,252</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unrestricted	2,995,828	314,936	154,339	507,830
Total Net Assets	<u>3,872,080</u>	<u>314,936</u>	<u>154,339</u>	<u>507,830</u>
Total Liabilities And Net Assets	<u>\$ 6,697,072</u>	<u>\$ 334,351</u>	<u>\$ 182,197</u>	<u>\$ 587,802</u>

Northwest	Southeast	Southwest	Eliminations	Total All Funds	
				2015	2014
\$ 208,809	\$ 77,840	\$ 366,032	-	\$ 4,761,137	\$ 4,258,143
13,857	9,624	2,646	\$ (183,836)	630,473	1,020,215
-	-	-	-	138,299	171,010
-	198,492	171,645	-	981,759	860,115
-	-	-	-	314,878	311,035
<u>222,666</u>	<u>285,956</u>	<u>540,323</u>	<u>(183,836)</u>	<u>6,826,546</u>	<u>6,620,518</u>
-	-	-	-	136,273	136,273
2,347	5,120	11,725	-	2,680,690	2,375,331
-	-	-	-	2,188,108	2,181,659
-	-	-	-	269,000	269,000
<u>(2,347)</u>	<u>(5,120)</u>	<u>(5,080)</u>	<u>-</u>	<u>(3,427,441)</u>	<u>(3,033,595)</u>
<u>-</u>	<u>-</u>	<u>6,645</u>	<u>-</u>	<u>1,846,630</u>	<u>1,928,668</u>
<u>\$ 222,666</u>	<u>\$ 285,956</u>	<u>\$ 546,968</u>	<u>\$ (183,836)</u>	<u>\$ 8,673,176</u>	<u>\$ 8,549,186</u>
-	-	-	-	\$ 100,000	\$ 100,000
\$ 17,145	\$ 23,287	\$ 28,147	\$ (183,836)	567,592	523,527
-	-	-	-	346,970	244,735
-	-	-	-	1,002,480	1,048,115
<u>17,145</u>	<u>23,287</u>	<u>28,147</u>	<u>(183,836)</u>	<u>2,017,042</u>	<u>1,916,377</u>
-	-	-	-	450,000	550,000
-	-	-	-	369,938	535,894
<u>17,145</u>	<u>23,287</u>	<u>28,147</u>	<u>(183,836)</u>	<u>2,836,980</u>	<u>3,002,271</u>
-	-	-	-	314,878	311,035
-	-	39,940	-	39,940	39,543
-	-	34,593	-	34,593	34,250
-	-	-	-	561,374	441,452
-	-	74,533	-	950,785	826,280
<u>205,521</u>	<u>262,669</u>	<u>444,288</u>	<u>-</u>	<u>4,885,411</u>	<u>4,720,635</u>
<u>205,521</u>	<u>262,669</u>	<u>518,821</u>	<u>-</u>	<u>5,836,196</u>	<u>5,546,915</u>
<u>\$ 222,666</u>	<u>\$ 285,956</u>	<u>\$ 546,968</u>	<u>\$ (183,836)</u>	<u>\$ 8,673,176</u>	<u>\$ 8,549,186</u>

See independent auditors' report.



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OHIO HIGH SCHOOL ATHLETIC ASSOCIATION  
STATEMENT OF ACTIVITIES BY DISTRICT  
FOR THE YEAR ENDED JULY 31, 2015  
(With Comparative Totals for 2014)

	Columbus	Central	East	Northeast	Northwest
Revenue and Other Gains:					
Tournament Revenue:					
Boys basketball	\$ 2,282,503	\$ 260,677	\$ 125,353	\$ 564,682	\$ 523,017
Football	3,379,467	-	-	-	-
Girls basketball	639,192	115,254	59,140	240,812	241,728
Soccer	399,040	133,684	28,670	296,172	128,091
Wrestling	659,849	55,316	36,558	123,583	69,740
Track & field	502,487	44,400	18,714	87,934	72,920
Volleyball	253,507	69,104	39,627	136,024	150,402
Baseball	264,860	29,178	34,512	61,972	93,162
Softball	166,178	28,482	24,750	36,966	72,846
Swimming & diving	85,910	30,507	2,874	47,985	24,396
Ice hockey	164,095	-	-	-	-
Team wrestling	143,140	-	-	-	-
Cross country	143,235	18,162	5,868	1,893	-
Bowling	22,548	25,572	1,122	33,126	10,778
Golf	36,356	16,875	-	-	-
Field hockey	30,234	-	-	-	-
Gymnastics	10,076	3,312	-	6,166	1,236
Tennis	21,599	-	-	-	-
Inter-district revenue	-	(6,524)	6,524	-	-
Total Tournament Revenue	9,204,276	823,999	383,712	1,637,315	1,388,316
Other Revenue:					
Corporate sponsors	1,451,734	-	-	-	100
Officials dues	1,115,431	-	-	-	-
T-Shirts fees	155,371	14,653	7,790	30,288	21,435
Other miscellaneous	126,738	7,326	592	14,287	282
Clinic & meetings	44,293	-	-	-	-
Blank shells	15,555	-	-	-	-
Books & subscriptions	11,220	-	-	-	-
Total Other Revenue	2,920,342	21,979	8,382	44,575	21,817
Service Revenue:					
Coaches education	299,732	-	-	-	-
First aid coaches training	107,478	-	-	-	-
Football jamboree	97,750	-	-	-	-
Total Service Revenue	504,960	-	-	-	-
Other Gains:					
Investment income, net	13,603	308	31	57	-
Gain on sale of assets, net	-	-	-	-	-
	13,603	308	31	57	-
Total Revenue And Other Gains	\$ 12,643,181	\$ 846,286	\$ 392,125	\$ 1,681,947	\$ 1,410,133

Southeast	Southwest	Eliminations	Total All Funds	
			2015	2014
\$ 246,102	\$ 652,080	\$ (346,118)	\$ 4,308,296	\$ 4,367,763
-	-	-	3,379,467	3,860,982
76,918	166,291	(36,449)	1,502,886	1,562,687
37,067	248,300	-	1,271,024	1,080,493
24,091	80,553	-	1,049,690	1,058,402
24,672	68,594	-	819,721	776,282
41,133	92,502	-	782,299	765,235
33,829	89,828	-	607,341	573,132
22,365	59,748	-	411,335	383,931
1,975	41,890	-	235,537	238,175
-	-	-	164,095	171,255
-	-	-	143,140	140,587
5,448	27,912	-	202,518	183,681
2,036	43,140	-	138,322	122,386
-	3,936	-	57,167	58,301
-	-	-	30,234	35,206
-	2,336	-	23,126	26,514
85	4,326	-	26,010	24,786
-	-	-	-	-
<u>515,721</u>	<u>1,581,436</u>	<u>(382,567)</u>	<u>15,152,208</u>	<u>15,429,798</u>
-	-	-	1,451,834	1,582,177
-	-	-	1,115,431	1,132,216
6,846	23,101	-	259,484	267,202
946	30,820	-	180,991	137,804
-	-	-	44,293	35,912
-	-	-	15,555	16,158
-	-	-	11,220	16,073
<u>7,792</u>	<u>53,921</u>	<u>-</u>	<u>3,078,808</u>	<u>3,187,542</u>
-	-	-	299,732	284,851
-	-	-	107,478	84,060
-	-	-	97,750	87,500
-	-	-	504,960	456,411
2,074	1,866	-	17,939	44,393
-	-	-	-	16,910
<u>2,074</u>	<u>1,866</u>	<u>-</u>	<u>17,939</u>	<u>61,303</u>
<u>\$ 525,587</u>	<u>\$ 1,637,223</u>	<u>\$ (382,567)</u>	<u>\$ 18,753,915</u>	<u>\$ 19,135,054</u>

See independent auditors' report.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION  
STATEMENT OF ACTIVITIES BY DISTRICT  
FOR FISCAL YEAR ENDED JULY 31, 2015  
(With Comparative Totals for 2014)

	Columbus	Central	East	Northeast	Northwest
Tournament Expenses:					
Boys basketball	\$ 837,408	\$ 134,588	\$ 89,048	\$ 362,855	\$ 468,976
Football	2,214,130	-	-	-	-
Girls basketball	467,787	86,074	51,594	202,187	235,244
Wrestling	489,520	57,996	27,364	135,281	63,883
Track & field	480,035	53,710	18,073	128,722	69,751
Soccer	256,849	66,305	20,539	169,142	74,213
Volleyball	188,370	51,397	20,484	121,940	71,870
Baseball	216,372	36,341	21,297	71,869	60,612
Softball	173,723	30,407	18,980	61,314	59,443
Swimming & diving	98,615	41,296	2,874	66,964	36,542
Team wrestling	196,468	-	-	-	-
Cross country	176,346	8,885	4,532	32,781	13,546
Ice hockey	133,253	-	-	-	-
Golf	46,423	30,642	2,908	13,955	8,057
Tennis	30,841	16,320	698	30,339	9,545
Bonus to schools	-	92,000	-	-	-
Bowling	30,485	21,631	1,000	36,738	3,080
Gymnastics	26,642	7,585	-	24,785	5,480
Field hockey	26,828	-	-	-	-
Special awards	9,728	480	-	-	2,933
Total Tournament Expenses	<u>6,099,823</u>	<u>735,657</u>	<u>279,391</u>	<u>1,458,872</u>	<u>1,183,175</u>
Service expenses:					
Catastrophic and tournament accident insurance	609,450	-	-	-	-
Officiating expenses	554,598	-	-	-	-
Member service expense	224,930	-	-	-	-
Scholar/athlete scholarships	54,000	16,000	5,500	37,000	17,250
Coaches education	-	-	-	-	-
Cause marketing	10,488	-	-	-	-
Total Service Expense	<u>1,453,466</u>	<u>16,000</u>	<u>5,500</u>	<u>37,000</u>	<u>17,250</u>
Operating Expenses:					
Salaries and wages	1,003,602	30,033	42,382	43,609	31,854
Commissioners salaries	956,552	-	-	-	-
Payroll taxes & benefits	694,335	2,342	3,242	3,336	2,437
Insurance	144,973	-	-	-	-
Consultant fees	360,909	-	-	-	-
Board travel & meetings	96,590	30,342	36,841	25,256	39,167
Office expense	210,076	2,203	5,057	6,066	3,118
Depreciation	423,471	-	-	1,552	196
Clinics & meetings	61,638	8,554	17,027	11,024	14,466
Printing	138,756	6,423	594	10,421	15,774
Legal fees	156,155	-	8	-	-
Miscellaneous expenses	80,927	3,278	7,342	5,306	1,890
Rents & leases	127,489	143	585	895	-
Repairs & maintenance	119,754	-	-	-	-
Net periodic pension expenses	63,204	-	-	-	-
Pension fees	52,220	-	-	-	-
Workers' compensation	12,754	-	-	-	-
Contract labor	4,700	8,013	13,431	11,976	5,031
Audit fees	28,870	-	-	-	-
Rule books/officials meetings	37,651	-	-	-	-
Other taxes & licenses	36,826	-	-	-	-
Interest expenses	13,023	-	338	125	-
Total General And Administrative Expenses	<u>4,824,475</u>	<u>91,331</u>	<u>126,847</u>	<u>119,566</u>	<u>113,933</u>
Other expense:					
Loss on sale of property and equipment	1,630	-	-	-	-
Contributions/donations	1,100	3,000	4,000	3,500	3,000
Total Expenses And Other Losses	<u>12,380,494</u>	<u>845,988</u>	<u>415,738</u>	<u>1,618,938</u>	<u>1,317,358</u>
Change In Net Assets From Operations	262,687	298	(23,613)	63,009	92,775
Pension-related changes other than net periodic pension cost	(150,190)	-	-	-	-
Change In Unrestricted Net Assets	<u>\$ 112,497</u>	<u>\$ 298</u>	<u>\$ (23,613)</u>	<u>\$ 63,009</u>	<u>\$ 92,775</u>

Southeast	Southwest	Eliminations	Total All Funds	
			2015	2014
\$ 200,482	\$ 452,799	\$ (346,118)	\$ 2,200,038	\$ 2,219,627
-	-	-	2,214,130	2,519,842
71,150	151,481	(36,449)	1,229,068	1,256,337
19,939	85,133	-	879,116	915,767
20,542	88,495	-	859,328	816,969
20,596	137,852	-	745,496	711,996
18,531	82,094	-	554,686	594,943
20,499	69,440	-	496,430	472,385
14,551	64,812	-	423,230	376,462
3,788	70,071	-	320,150	311,560
-	-	-	196,468	186,460
4,445	30,907	-	271,442	274,316
-	-	-	133,253	137,973
5,815	15,841	-	123,641	120,614
5,099	26,868	-	119,710	126,069
-	107,365	-	199,365	88,802
950	36,860	-	130,744	106,967
-	6,791	-	71,283	80,033
-	-	-	26,828	26,436
1,534	3,795	-	18,470	27,744
407,921	1,430,604	(382,567)	11,212,876	11,371,302
-	-	-	609,450	609,450
-	-	-	554,598	540,626
-	-	-	224,930	163,949
6,500	20,250	-	156,500	144,750
-	-	-	-	80
-	-	-	10,488	10,274
6,500	20,250	-	1,555,966	1,469,129
33,570	50,843	-	1,235,893	1,124,536
-	-	-	956,552	937,538
2,568	3,909	-	712,169	700,879
-	-	-	144,973	142,341
-	-	-	360,909	521,906
30,243	34,347	-	292,786	307,229
1,026	9,083	-	236,629	243,282
475	1,780	-	427,474	417,507
12,977	13,677	-	139,363	187,807
7,358	8,158	-	187,484	166,966
-	-	-	156,163	147,765
11,750	6,881	-	117,374	145,414
-	1,272	-	130,384	134,013
-	282	-	120,036	94,791
-	-	-	63,204	155,308
-	-	-	52,220	117,802
-	-	-	12,754	8,664
4,100	12,921	-	60,172	45,577
-	-	-	28,870	34,964
-	-	-	37,651	97,534
-	-	-	36,826	3,891
-	-	-	13,486	15,508
104,067	143,153	-	5,523,372	5,751,222
-	-	-	1,630	-
3,000	3,000	-	20,600	7,350
521,488	1,597,007	(382,567)	18,314,444	18,599,003
4,099	40,216	-	439,471	536,051
-	-	-	(150,190)	238,411
\$ 4,099	\$ 40,216	-	\$ 289,281	\$ 774,462

See independent auditors' report.

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