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LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
FINANCIAL STATEMENTS
JUNE 30, 2007 and 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/26/08

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION

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INDEPENDENT ACCOUNTANTS' REPORT

To the Executive Committee
The Louisiana High School Athletic Association
Baton Rouge, Louisiana

I have audited the accompanying statements of financial position of The Louisiana High School Athletic Association (a nonprofit organization) as of June 30, 2007 and 2006, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Unconditional promises to give and depreciation have not been recorded. In my opinion, accounting principles generally accepted in the United States of America require the aforementioned items to be recorded. The effects of these departures on the financial statements have not been determined.

In my opinion, except for the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of The Louisiana High School Athletic Association as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Baton Rouge, LA
August 25, 2007

Robert D. Behrens, CPA

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2007 and 2006

	2007	2006
ASSETS:		
Cash and cash equivalents	\$92,573	\$72,692
Receivables due from schools and affiliate	36,888	55,712
Prepaid expenses	53,012	114,157
Investment securities	707,166	838,053
Buildings, Furniture & Equipment	1,629,973	1,629,973
TOTAL ASSETS	\$2,519,612	\$2,710,587
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts Payable	\$0	\$0
Deferred Revenue	0	153,510
Long-term Debt	450,983	495,378
Football Bond	10,000	0
Total Liabilities	460,983	648,888
NET ASSETS:		
Unrestricted		
Designated - operating reserve	707,166	838,053
Undesignated	1,351,463	1,223,646
Total net assets	2,058,629	2,061,699
TOTAL LIABILITIES AND NET ASSETS	\$2,519,612	\$2,710,587

The accompanying notes to financial statements are an intergral part of these statements.

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
STATEMENTS OF ACTIVITIES
For the years ended JUNE 30, 2007 and 2006

CHANGES IN UNRESTRICTED NET ASSETS	2007	2006
	-----	-----
Support and Revenue:		
Membership Dues	\$173,300	\$170,650
Athletic Events and Playoffs	313,494	303,202
State Championship Events		
State Baseball Tournament	12,451	15,509
State Swim Meet	14,730	18,708
State Volleyball Tournament	76,571	48,260
State Wrestling	42,108	36,119
Superdome Classic	647,716	318,514
Top 28 Tournament - Ladies	118,525	133,363
Top 28 Tournament - Boys	510,014	357,920
Programs, Registrations and Fees	213,672	149,878
Marketing and Promotion		
Corporate Sponsorships	492,119	535,974
Events Sponsorships	67,062	62,103
Web Advertising	0	400
Sales		
Event Items	253,067	230,789
Patches, Certificates and Publications	12,232	11,292
Fines and Hearings	101,971	39,464
Net Investment Return	69,524	21,994
Officiating	78,809	78,844
Other Income and Reimbursements	29,291	33,874
Proceeds from Sale of Vehicle	4,458	2,292
Insurance Proceeds	0	4,124
	-----	-----
Total Support and Revenue	3,231,114	2,573,273
	-----	-----
Expenses:		
Program Services	1,703,281	1,335,723
Supporting Activities:		
General and Administrative Expenses	1,525,028	1,361,893
	-----	-----
Total Expenses	3,228,309	2,697,616
	-----	-----
(Decrease) Increase in Unrestricted Net Assets	\$2,805	(\$124,343)
	-----	-----
Unrestricted Net Assets, Beginning of Year (Adjusted for accounting correction)	2,055,824	2,186,042
	-----	-----
Unrestricted Net Assets, End of Year	\$2,058,629	\$2,061,699
	=====	=====

The accompanying notes to financial statements are an integral part of these statements.

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
 STATEMENTS OF FUNCTIONAL EXPENSES
 For the years ended JUNE 30, 2007 and 2006

	2007	2006
	-----	-----
Program Services:		
Annual Meeting	\$32,750	\$32,938
Area Meetings	19,497	10,577
Books and Certificates	74,807	57,819
Clinics and Seminars	41,211	24,337
Entry Fee Reimbursements	9,468	9,267
Executive Committee	120,747	101,609
Hall of Fame Expenses	2,000	2,106
Investigative Services	8,630	657
Legal Services	43,762	47,477
Lobbying Expenses	14,927	9,075
Marketing and Promotional Expenses	256,932	256,692
National Meetings	69,236	62,289
Officials-Associations and LHSAA Fees	61,545	18,465
Patches Expense	6,851	6,809
Rules Compliance	79,068	50,153
School Visitations and Relations	26,191	20,075
Scholarship Expenses	11,389	11,445
Staff Expenses	46,005	59,609
State and National AD Meetings	6,415	4,413
State Championship Events		
State Swim Meet	6,943	11,254
State Volleyball Tournament	52,944	38,228
State Wrestling	37,591	35,755
Superdome Classic	387,095	195,267
Top 28 Tournament - Ladies	84,387	83,622
Top 28 Tournament - Boys	162,616	146,120
Trophies and Plaques	40,274	39,665
	-----	-----
Total Program Services	\$1,703,281	\$1,335,723
	=====	=====

The accompanying notes to financial statements are an integral part of these statements.

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
 STATEMENTS OF FUNCTIONAL EXPENSES
 For the years ended JUNE 30, 2007 and 2006

	2007	2006
General and Administrative:		
Accounting Fees	\$7,370	\$8,483
Automobile Expenses	69,109	54,165
Building Interest Expense	27,399	30,178
Building Maintenance and Rent	72,651	80,847
Computer Related Expenses	77,764	138
Dues and Subscriptions	5,812	6,541
Equipment Maintenance and Repairs	1,786	8,156
Equipment Leases	54,714	55,494
Insurance-Health, Liab, General	130,046	130,299
Insurance-Workman's Compensation	7,855	6,323
Miscellaneous Expenses	5,922	2,088
Office Expenses	61,625	39,589
Payroll and Related Expenses	825,122	758,021
Payroll-Retirement Plan Contribution	80,811	61,091
Postage Expense	23,174	22,905
Printing Costs	33,120	46,471
Telephone Expense	28,860	33,317
Utilities Expense	11,888	17,787
	-----	-----
Total General and Administrative	\$1,525,028	\$1,361,893
	=====	=====

The accompanying notes to financial statements are an intergral part of these statements.

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
STATEMENTS OF CASH FLOWS
For the years ended JUNE 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in unrestricted net assets	\$2,805	(\$124,343)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Decrease (Increase) in operating assets		
Accounts receivable	18,824	50,184
Prepaid Expenses	61,145	(51,260)
Decrease (increase) in operating liabilities		
Accounts payable and deferred revenue	(153,510)	153,510
Net cash provided by operating activities	<u>(\$70,736)</u>	<u>\$28,091</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Football Bond	(10,000)	0
Proceeds from the sale or maturity of investment securities	300,000	692,516
Purchases of investment securities	(159,764)	(843,067)
Purchases of building furniture and equipment	0	(3,637)
Sale of Vehicle	4,458	2,292
Net cash provided by investing activities	<u>\$134,694</u>	<u>(\$151,896)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on Bank One building note	(44,077)	(41,319)
Net increase(decrease) in cash and cash equivalents	19,881	(165,124)
Beginning cash and cash equivalents	72,692	237,816
Ending cash and cash equivalents	<u>\$92,573</u>	<u>\$72,692</u>
Additional disclosure:		
Interest paid on Bank One building note	<u>\$27,399</u>	<u>\$30,178</u>

The accompanying notes to financial statements are an intergral part of these statements.

**LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 and 2006**

1. SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Program:

The Louisiana High School Athletic Association (LHSAA) is a nonprofit organization exempt from the federal income tax, pursuant to Section 501(c)(3) of the Internal Revenue Code. The objective of the LHSAA is to promote, regulate, and direct interscholastic athletic activities of Louisiana High Schools.

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting and accordingly reflects all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unstricted net assets, temporarily restricted net assets, and permanently restricted net assets. At June 30, 2007 and 2006, the Association had no classes of temporarily or permanently restricted net assets.

Use of Estimates

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

Revenue Recognition

All revenue is recorded as unrestricted support and revenue.

Functional Expenses

Expenses are charged directly to program or to general and administrative categories based on specific identification.

Investment Securities

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position.

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2007 and 2006

2. INVESTMENT SECURITIES

Unrealized gains and losses are included in the changes in unrestricted net assets. Investments are stated at fair value and consist primarily of money market funds, asset backed securities, and mutual funds. Accordingly, as of June 30, 2007 and 2006, the Association held the following investments:

June 30, 2007:

Institution	Description	Cost	Fair Value
-----	-----	-----	-----
Sanders, Morris Harris	Cash and cash equivalents (money-market funds)	\$1,200	\$1,200
	Asset back securities	277	265
	Mutual Funds	623,132	705,701
		-----	-----
		<u>\$624,609</u>	<u>\$707,166</u>
		=====	=====

June 30, 2006:

Institution	Description	Cost	Fair Value
-----	-----	-----	-----
Sanders, Morris Harris	Cash and cash equivalents (money-market funds)	\$850	\$850
	Asset back securities	620	562
	Mutual Funds	843,067	836,641
		-----	-----
		<u>\$844,537</u>	<u>\$838,053</u>
		=====	=====

	2007	2006
	-----	-----
Net investment return is summarized as follows:		
Interest income	\$46,495	\$41,845
Net Realized/Unrealized Gains/(Losses)	23,029	(19,851)
	-----	-----
Total net investment return	<u>\$69,524</u>	<u>\$21,994</u>
	=====	=====

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 and 2006

3. PREPAID EXPENSES AND DEFERRED REVENUE

At June 30, 2007 and 2006, prepaid expenses of \$ 53,012 and \$ 114,157 represented expenses paid in advance for the fiscal years ended June 30, 2008 and 2007. These expenses are primarily for vehicles, publications, computers, and insurance. At June 30, 2006, deferred revenue of \$ 153,510 represented primarily receipts received in advance for the fiscal year ended June 30, 2007. These items are advances on fees.

4. RELATED PARTY TRANSACTIONS

Individuals who are on the executive council of the LHSAA are also on the executive council of the Louisiana High School Coaches Association(LHSCA), and the Louisiana High School Hall of Fame, Inc. These individuals are certain principals and coaches from the various member schools, and the LHSAA commissioners. During the years ended June 30, 2007 and 2006, the LHSCA reimbursed the LHSAA \$ 40,245 and \$ 44,500 for staff support, salary reimbursement, as well as including \$ 15,000 for each year for building utilization. During the years ended June 30, 2007 and 2006, the Hall of Fame reimbursed the LHSAA \$ 2,000 and \$ 1,000 for staff support.

5. LEASE COMMITMENTS

The Association leases office equipment for rental periods of 60 months. Annual minimum lease payments are due as follows:

June 30, 2008	60,000
June 30, 2009	60,000
June 30, 2010	60,000
June 30, 2011	60,000

	\$240,000
	=====

**LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 and 2006**

6. FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Association in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents: The carrying amounts reported in the statements of financial position and cash flows approximates fair value. Any cash equivalent is considered to be highly liquid with a maturity of less than three months at the purchase date.

Investment securities: These values were furnished by the outside investment advisor to the Association, valued at the report date of June 30. The fair values are based on quoted market prices for mortgage backed securities, money market funds, bond funds, and mutual funds.

7. NOTE PAYABLE

The Association has a note payable to Bank One, Louisiana, NA in the original amount of \$ 700,000, payable in monthly installments of \$ 6,281, including interest at 5.75% per annum, collateralized by a mortgage on the property at 8075 Jefferson Highway, as of June 30, 2007 and 2006, as follows:

	2007	2006
Total note balance due	\$450,983	\$495,378
Note payments are due as follows:		
June 30, 2006	\$0	\$40,751
June 30, 2007	43,545	43,545
June 30, 2008	46,453	46,453
June 30, 2009	360,985	364,629
June 30, 2010 and after	0	0
June 30, 2011 and after	0	0
	0	
	\$450,983	\$495,378
The note matures (balloons) in November, 2008.		

8. DEFINED BENEFIT PENSION PLAN

Substantially all of the LHSAA full-time employees participate in the Teacher's Retirement System of Louisiana (the System), which is a cost-sharing, multiple-employer public employee retirement system. The System is administered and controlled at the State level by a separate board of trustees, with contribution rates and benefit provisions approved by the Louisiana Legislature.

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2007 and 2006

8. DEFINED BENEFIT PENSION PLAN (continued)

With respect to the Teachers' Retirement regular plan, normal retirement is at age 60 with 10 years of service, or at any age with 20 years of service. The formula for annual maximum retirement benefits is generally 2%(with less than 25 years of service) or 2.5%(with 25 or more years of service) times the years of creditable service times the average salary of the 36 highest successive months (plus \$300 applicable to persons becoming members prior to July 1, 1986).

Contributions to the plans are determined by State statute are are expressed as a percentage of covered payroll. The contribution rates in effect for the years ended June 30, 2007 and 2006, for the employer and covered employees were as follows:

	Employer	Employee
Teachers' Retirement System:		
Regular plan - June 30, 2007	15.8%	8.0%
- June 30, 2006	15.9%	8.0%

9. PROMOTIONAL ITEMS

Promotional revenue (sales) items consist of programs ads, programs, Sponsored sporting events, T-shirt sales, and videotape sales.

Promotional expense items consist of the costs of producing or selling the above revenue items, and also the costs of promoting the LHSAA.

Sponsored events include softball and track.

10. CONTINGENT LIABILITIES and SUBSEQUENT EVENTS

At June 30, 2007 and 2006, there were two pending lawsuits against the LHSAA. Legal counsel has indicated that the Association should prevail in both cases, with the possibility of nominal settlements. Any settlements to be awarded were indeterminate at June 30, 2007 and 2006 and to the date of the audit report.