

**COLORADO HIGH SCHOOL
ACTIVITIES ASSOCIATION**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

COLORADO HIGH SCHOOL ACTIVITIES ASSOCIATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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TAYLORROTH

Certified Public Accountants

WORKING EXCLUSIVELY WITH NONPROFITS

November 20, 2024

INDEPENDENT AUDITORS' REPORT

Board of Directors
Colorado High School Activities Association
Aurora, Colorado

Opinion

We have audited the accompanying financial statements of Colorado High School Activities Association (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Colorado High School Activities Association as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Colorado High School Activities Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Colorado High School Activities Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that,

individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Colorado High School Activities Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Colorado High School Activities Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

Other auditors have previously audited Colorado High School Activities Association's 2023 financial statements and expressed an unmodified audit opinion on those audited financial statements in their report dated November 22, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 15 to 17 is presented for the purposes of additional analysis and is 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 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Taylor Roth and Company PLLC

TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
DENVER, COLORADO

COLORADO HIGH SCHOOL ACTIVITIES ASSOCIATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

(WITH COMPARATIVE TOTALS FOR 2023)

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 2,999,404	\$ 1,832,538
Accounts receivable	258,134	440,174
Prepaid expenses	20,152	72,548
Certificates of deposit (Note 3)	1,074,199	1,151,810
Right-of-use asset (Note 4)	170,285	190,486
Net property and equipment (Note 5)	<u>421,474</u>	<u>465,669</u>
Total assets	<u>\$ 4,943,648</u>	<u>\$ 4,153,225</u>
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 133,095	\$ 138,356
Accrued sick leave and accrued vacation pay	309,508	238,691
Deferred revenue	5,847	10,720
Operating lease obligations (Note 4)	<u>170,285</u>	<u>190,486</u>
Total liabilities	<u>618,735</u>	<u>578,253</u>
<u>Net assets</u>		
Without donor restrictions		
Undesignated	3,103,439	2,294,730
Net investment in fixed assets	421,474	465,669
Board designated contingency funds (Note 6)	<u>800,000</u>	<u>814,573</u>
	<u>4,324,913</u>	<u>3,574,972</u>
Total net assets	<u>4,324,913</u>	<u>3,574,972</u>
Total liabilities and net assets	<u>\$ 4,943,648</u>	<u>\$ 4,153,225</u>

The accompanying notes are an integral part of these financial statements

COLORADO HIGH SCHOOL ACTIVITIES ASSOCIATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue</u>				
Program revenue				
Tournaments and meets	\$ 3,689,717	\$ -	\$ 3,689,717	\$ 3,313,636
Festivals and programs	120,393	-	120,393	104,215
Student council division	110,374	-	110,374	85,799
Grants In-kind contribution (Note 7)	59,250	-	59,250	150,000
Corporate promotions (Note 8)	1,124,276	-	1,124,276	802,992
Participation fees	960,309	-	960,309	958,689
Membership fees	358,038	-	358,038	367,920
T-Shirts rights fees	160,537	-	160,537	157,705
Officials' registration	115,521	-	115,521	106,813
Interest income	104,615	-	104,615	17,297
Coaching certification	71,803	-	71,803	74,320
Rulebook sales	30,101	-	30,101	53,537
Middle school fees	14,835	-	14,835	23,750
CHSAANow	4,538	-	4,538	13,953
Employee retention credit (Note 9)	-	-	-	227,236
Officials administrative fees	18,810	-	18,810	18,810
Miscellaneous	73,737	-	73,737	107,083
Total revenue and other support	7,016,854	-	7,016,854	6,583,755
<u>Expense</u>				
Program services				
Tournaments and Meets	3,308,976	-	3,308,976	2,875,073
Festivals and Programs	197,470	-	197,470	178,452
Student Leadership Division	127,558	-	127,558	214,976
Total Program	3,634,004	-	3,634,004	3,268,501
Supporting services				
Management and general	2,632,909	-	2,632,909	2,525,561
Total expense	6,266,913	-	6,266,913	5,794,062
Change in net assets	749,941	-	749,941	789,693
Net assets, beginning of year	3,574,972	-	3,574,972	2,785,279
Net assets, end of year	\$ 4,324,913	\$ -	\$ 4,324,913	\$ 3,574,972

The accompanying notes are an integral part of these financial statements

COLORADO HIGH SCHOOL ACTIVITIES ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024				2023	
	Program Services					
	Tournaments and Meets	Festivals and Programs	Student Leadership Division	Management and General	Total	Total
Salaries and wages	\$ 708,944	\$ 54,534	\$ 54,534	\$ 999,792	\$ 1,817,804	\$ 1,544,588
Benefits	211,266	16,251	16,251	297,939	541,707	478,469
Venue costs	1,201,765	4,193	27,254	-	1,233,212	1,072,747
Officials	403,921	-	-	12,492	416,413	393,791
Event food, hospitality, and travel	252,733	29,388	11,755	-	293,876	357,317
Event personnel costs	199,805	20,119	4,962	2,708	227,594	192,757
Insurance and taxes	3,847	-	-	188,487	192,334	194,989
Awards	118,233	3,657	-	-	121,890	108,407
Venue supplies and equipment	101,050	9,511	8,322	-	118,882	124,168
Board of Directors	-	-	-	94,752	94,752	60,778
Staff travel and car expense	-	-	-	93,247	93,247	82,338
Building maintenance and utilities	-	-	-	92,775	92,775	135,721
National meeting and Section 6	1,720	-	-	84,283	86,003	52,880
Software and business equipment	-	-	-	76,396	76,396	105,935
Telephone and postage	-	-	-	65,477	65,477	54,292
Adjudicator, speaker, and instrument expense	-	59,531	4,481	-	64,012	66,167
Audit	-	-	-	54,161	54,161	35,611
Rule books	53,770	-	-	-	53,770	73,001
Hall of Fame	-	-	-	53,427	53,427	67,526
Trainers	51,612	-	-	-	51,612	38,534
Corporate promotions	-	-	-	49,892	49,892	42,035
Office supplies	-	-	-	44,615	44,615	56,458
Legislative council	-	-	-	43,657	43,657	64,799
Media expense and CHSAANow	-	-	-	35,189	35,189	41,075
T-shirt commission	-	-	-	34,085	34,085	23,941
Legislative services	-	-	-	32,400	32,400	28,800
Information technology	-	-	-	29,928	29,928	58,992
All school summit	-	-	-	26,959	26,959	43,530
Legal	-	-	-	22,869	22,869	25,326
Printing	-	-	-	19,885	19,885	18,772
Bad debt	-	-	-	19,884	19,884	10,780
Women's leadership conference	-	-	-	18,329	18,329	0
Equipment lease and maintenance	-	-	-	17,061	17,061	39,469
Dues and fees	-	-	-	10,040	10,040	8,638
Other	311	287	-	52,601	53,198	46,743
	3,308,976	197,470	127,558	2,573,331	6,207,335	5,749,374
Depreciation	-	-	-	59,578	59,578	44,688
Total	\$ 3,308,976	\$ 197,470	\$ 127,558	\$ 2,632,909	\$ 6,266,913	\$ 5,794,062

The accompanying notes are an integral part of these financial statements

COLORADO HIGH SCHOOL ACTIVITIES ASSOCIATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024	2023
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 749,941	\$ 789,694
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	59,578	44,688
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts and loans receivable	182,040	78,377
(Increase)decrease in prepaid expenses	52,396	(33,463)
Increase(decrease) in accounts payable	(5,261)	51,620
Increase(decrease) in payroll liabilities	70,817	-
Increase(decrease) in deferred income	(4,873)	(11,875)
Net cash provided(used) by operating activities	1,104,638	919,041
<u>Cash flows from investing activities</u>		
(Additions) to fixed assets	(15,383)	(130,415)
(Purchase) of certificates of deposits	(463,000)	-
Maturity of certificates of deposits	576,349	-
(Reinvestment) of interest and dividends	(35,738)	-
Net cash provided(used) by investing activities	62,228	(130,415)
Net increase(decrease) in cash and cash equivalents	1,166,866	788,626
Cash and cash equivalents, beginning of year	1,832,538	1,043,912
Cash and cash equivalents, end of year	\$ 2,999,404	\$ 1,832,538

The accompanying notes are an integral part of these financial statements

COLORADO HIGH SCHOOL ACTIVITIES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 1 - NATURE OF ACTIVITIES

Colorado High School Activities Association (the Association)(CHSAA) is a nonprofit corporation formed in 1921 for the purpose of sanctioning interscholastic sporting, speech, and music competitions, and other activities among high schools and junior high/middle schools in Colorado. The Association determines eligibility requirements, sets competition schedules, and administers tournaments.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The Association's records are maintained on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to nonprofit organizations. Under this basis of accounting, depreciation is computed and classified as an expense and expenditures for property and equipment are shown as increases in assets.

2. Basis of Presentation

The financial statements of Colorado High School Activities Association have been prepared in accordance with U.S. generally accepted accounting principles which require the Organization to report its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES – (Continued)

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

<u>Description</u>	<u>Amounts</u>
Petty cash	\$ 202
Funds held at financial institutions	1,215,695
Funds held at local government pool	<u>1,783,507</u>
Total	<u>\$ 2,999,404</u>

As of June 30, 2024, the Association had invested \$1,783,507 in the Colorado Local Government Liquid Asset (the Trust), an investment vehicle established for local governments and entities such as the Association in Colorado to pool surplus funds. The state securities commissioner administers and enforces all the state statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government and entities such as the Association deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

4. Accounts Receivable

Accounts receivable are due from customers and are stated at the invoice amount less an allowance for doubtful accounts, if necessary. Management provides for estimated uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. As of June 30, 2024, the allowance for doubtful accounts was \$0.

5. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for property and equipment, at cost, in excess of \$5,000. The fair value of donated assets is similarly capitalized. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

6. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES – (Continued)

7. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

8. Functional Reporting of Expenses

For the year ended June 30, 2024, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocations are determined by management on a rational and systematic basis. Salaries and benefits are allocated on a time and effort basis. All other costs are assigned directly to the program or functional area benefited.

9. Deferred Revenue

Registration revenue received in the current year for events taking place in the following year is recorded as deferred revenue.

10. Fair Value Measurement

The Organization is subject to the provisions of the Fair Value Measurements and Disclosures accounting standard. This standard requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

11. Revenue Recognition

Program and Registration Revenue

Program revenue exists in the form of ticket sales to events for the various activities throughout the school year. These events include tournaments and meets. Performance obligations are providing a service at a point in time. Revenue is recognized at the time the event is held. Registration revenue is earned from festivals, programs, and student council events. Revenue is recognized when the registration sign-up starts, which is prior to the event. Unearned registration program revenue is reflected as deferred revenue on the statements of financial position. Customers include high schools throughout the state of Colorado and corporate sponsors; as such, amounts due from customers are often considered highly collectible.

Membership dues and Participation Fees

Membership dues and Participation fees are recognized over the period of service, which generally happens at the beginning of the school year. Typically, payment is received in the period of service. Participants, coaches, and officials are provided with access to the seasonal activities, and revenue is recognized for coaches and officials as the seasons occur. Fees are allocated among the performance obligations and are recognized when each performance obligation is satisfied.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES – (Concluded)

Corporate Promotions

Corporate promotions are recognized over the period of service, which varies based on which season or school year the promotion is for. Unearned promotion revenue (if any) is reflected as deferred revenue on the statements of financial position. Corporate partners are provided with sponsorship opportunities in many forms, and revenue is recognized as the opportunities occur, usually correlating with specific activity seasons or the school year.

T-Shirt Rights Fees

T-shirt rights fees are recognized over period of service, which occurs for each activity season. The corporate partner for t-shirt rights fees is provided with sponsorship opportunity each activity season, and revenue is recognized as those seasons occur.

12. Leases

The Organization determines if an arrangement is or contains a lease at inception and whether they will be classified as an operating or finance lease based upon the accounting criteria. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. The Organization uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Organization uses its incremental borrowing rate to determine the present value of the future lease payments. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization applies the short-term lease exemption of not recognizing a ROU asset and lease liability for leases that have terms of 12 months or less. Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

13. Summarized Prior Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

14. Compensated Absences

The Association has a policy that allows employees to accumulate unused vacation and sick pay benefits up to certain maximum hours and at variable rates depending upon years of service. Compensated absences are accrued when incurred in the financial statements and payable when an employee is no longer employed by the Association.

15. Reclassifications

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

16. Subsequent Events

Management has evaluated subsequent events through November 20, 2024, the date the report was available for distribution.

NOTE 3 - CERTIFICATES OF DEPOSIT

At year-end, various certificates of deposit are stated at their fair value and maturity dates through May 2029. Interest income and account activity is summarized as follows:

<u>Description</u>	<u>Amount</u>
Beginning balance	\$ 1,151,810
Purchases	463,000
Maturities	(576,349)
Investment return	
Interest income	<u>35,738</u>
Balance, end of year	<u>\$ 1,074,199</u>

Additionally, during the year, the Organization earned interest income of \$68,877 on its cash, cash equivalents.

The following table presents assets measured at fair value on a recurring basis as of June 30, 2024:

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 1,074,199	\$ -	\$ 1,074,199	\$ -
Funds held at government pool	<u>1,783,507</u>	<u>-</u>	<u>1,783,507</u>	<u>-</u>
Total	<u>\$ 2,857,706</u>	<u>\$ 0</u>	<u>\$ 2,857,706</u>	<u>\$ 0</u>

NOTE 4 - OPERATING LEASES RIGHT-OF-USE ASSET AND LEASE OBLIGATION

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-02, Leases (ASC 842). The recent standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Automobiles

The Association has entered into several leases for automobiles under operating leases through April 2027.

Copy Machine and Postage Machine

The Association has entered into operating leases for a copier and a postage machine that expire in February 2028 and September 2024, respectively.

NOTE 4 - OPERATING LEASES RIGHT-OF-USE ASSET AND LEASE OBLIGATION (Continued)

Maturities of the lease liabilities as of June 30, 2024, were as follows:

<u>Fiscal Year</u>	<u>Amounts</u>
2024 - 2025	\$ 68,313
2025 - 2026	67,763
2026 - 2027	32,907
2027 - 2028	<u>11,592</u>
Total lease payments	180,575
Less interest:	<u>(10,290)</u>
Present value of lease liabilities	<u>\$ 170,285</u>
Weighted average remaining lease term	2.8 years
Weighted average discount rate	4.51 %
Right-of-use assets obtained for new leases	\$ 67,321

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Land	\$ 100,037
Building and improvements	1,281,047
Furniture and equipment	<u>153,356</u>
Total	1,534,440
Less: accumulated depreciation	<u>(1,112,966)</u>
Net property and equipment	<u>\$ 421,474</u>

Depreciation expense for the year was \$59,578.

NOTE 6 - BOARD DESIGNATED CONTINGENCY FUNDS

The Board of Directors has designated reserves of \$800,000. Withdrawals require a majority vote of the Board of Directors. Earnings of the reserve may be used for operations of the Organization. At year-end, board designated contingency funds consist of:

<u>Description</u>	<u>Amounts</u>
Legal contingencies	\$ 250,000
Building maintenance, expansion, or replacement	250,000
Tournament cancellation – revenue loss	200,000
Sick and vacation leave	<u>100,000</u>
Total	<u>\$ 800,000</u>

NOTE 7 - IN-KIND CONTRIBUTIONS

Donated goods and services are reflected in the accompanying financial statements at their estimated value at date of receipt. For the year, in-kind contributions consisted of:

	<u>Valuation and Inputs</u>	<u>Utilization in Program/Activities</u>	<u>Donor Restrictions</u>	<u>Revenue Recognized</u>
Event venue	Fair value	Venue for tournament	None	<u>\$ 59,250</u>

NOTE 8 - MULTI-MEDIA AND SPONSORSHIP RIGHTS AGREEMENT

During the year ended June 30, 2024, the Association entered into a comprehensive “Multi-Media and Sponsorship Rights Agreement” (the Agreement) with a sports media provider. The purpose of the agreement is to maximize value and revenue from the Association’s sponsorship and multi-media opportunities by granting the sports media provider the exclusive rights to manage, distribute, and monetize Association multi-media and sponsorship rights. The sports media provider implements the Agreement by arranging sponsorships, and marketing of the Association’s intellectual property rights, events, and activities. Minimum cash payments begin in June 2024 and continue through June 2033, with a possible extension of the agreement through 2038.

NOTE 9 - EMPLOYEE RETENTION TAX CREDIT

The Organization amended applicable Form 941 quarterly tax filings to apply for an Employee Retention Tax Credit (ERTC). The Organization received refunds from the amended Form 941 filings in fiscal 2023. The total amount received equaled \$227,236.

Laws and regulations concerning government programs, including the Employee Retention Credit established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. Currently, the credit is under review. As of the report date, no final determination has been made.

NOTE 10 - EMPLOYEE RETIREMENT PLAN

All full time-employees of the Association participate in the State Division of the Public Employees’ Retirement Association of Colorado (PERA) which is a cost sharing multiple employer defined benefit pension plan.

Participants are eligible for retirement benefits upon reaching certain age and credited service criteria depending upon date of hire. Retirement benefits are equivalent to the greater of 2.5% of the highest average salary for each year of credited service or a money purchase formula based upon the retiring member’s account balance. The maximum benefit available is 100% of the highest average salary. Highest average salary is the employee’s average salary during their highest paid three years of service prior to retirement. Early retirement, disability retirement, health benefits, and survivor benefits are also provided.

NOTE 10 - EMPLOYEE RETIREMENT PLAN – (Continued)

Benefits are established by state statute. Participants' contributions are fully refundable, with interest and a matching amount equal to 50% of the participant's contributions and interest, upon request after termination of employment. Participants who withdraw their account upon or after reaching age 65 or retirement eligibility receive a 100% matching amount. Total PERA contributions for 2024 were \$ 370,455.

Covered employees were required by state statute to contribute 11% of their salary to PERA for the years ending June 30, 2024 and 2023. The Association is required by the same statute to contribute the remaining amount necessary to pay benefits when due. This amount is defined annually by PERA as a percentage of covered payroll. The Association made contributions of \$ 370,455 and 315,120, respectively, for the years ended June 30, 2024 and 2023.

NOTE 11 - RELATED PARTY TRANSACTIONS

The Association provides a secretary, bookkeeping services, and office supplies to 13 officials' associations for stated annual administrative fees. Total administrative fees were \$18,810 for the year ended June 30, 2024. These officials' associations provide training and regulations for individuals officiating at interscholastic activities sanctioned by the Association.

Administrators of the Association act as liaisons for several of the officials' associations. The officials' associations also pay annual registration fees to the Association. Total registration fees for the years ending June 30, 2024 were \$49,839.

NOTE 12 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30, 2024.

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 2,999,404
Certificates of deposit	1,074,199
Accounts receivable	<u>258,134</u>
Total financial assets available	\$ 4,331,737
Less: Board designated reserves	<u>(800,000)</u>
Total financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,531,737</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the financial position date. The Association has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 50 percent of the subsequent years' normal operating expenses. The board has designated net assets for various purposes, as additionally described in Note 6; however, the board has discretion to allow the Association to use net assets for purposes other than the intended use as appropriate upon a board vote. The Association and the board have discussed the importance of building its reserves back up to levels prior to the pandemic.

SUPPLEMENTAL INFORMATION

COLORADO HIGH SCHOOL ACTIVITIES ASSOCIATION

SCHEDULES OF CERTAIN REVENUE AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024		2023	
	Revenue	Expense	Revenue	Expense
<u>Tournaments and Meets</u>				
Baseball	\$ 136,170	\$ 104,675	\$ 102,875	\$ 81,898
Basketball	880,258	520,526	908,716	422,863
Cross Country	7,000	47,127	-	-
Esports	37,036	15,787	36,693	16,485
Field Hockey	15,342	5,986	16,676	5,768
Football	568,655	84,275	289,672	16,855
Gymnastics	11,632	21,910	11,285	20,476
Ice Hockey	106,838	46,066	84,292	54,047
Lacrosse	115,119	37,171	107,789	28,363
Soccer	190,422	91,873	172,341	76,248
Softball	78,886	40,987	64,952	36,262
Spirit Competition	214,833	160,167	206,037	101,787
Swimming	96,020	72,061	95,820	78,666
Tennis	1,000	47,293	-	-
Track and Field	233,692	176,558	223,785	148,722
Unified Bowling	2,898	3,881	1,690	2,545
Volleyball	219,697	179,828	222,947	98,506
Wrestling	581,039	541,957	573,723	493,622
Management & General allocated to Tournaments	-	750,175	-	911,434
Courtesy Card Revenue and Other				
Tournaments and Meets Expenses	193,181	416,413	194,344	130,526
Total Tournaments and Meets*	<u>3,689,718</u>	<u>3,364,716</u>	<u>3,313,637</u>	<u>2,725,073</u>
<i>*Does not include in-kind tournament revenue and costs</i>				
<u>Festivals and Programs</u>				
Speech Program	32,644	31,640	28,010	38,033
Music Festivals	72,240	74,755	76,204	72,140
Management and General Allocation	15,509	60,196	-	68,279
Total Festivals and Programs	<u>120,393</u>	<u>166,591</u>	<u>104,214</u>	<u>178,452</u>

COLORADO HIGH SCHOOL ACTIVITIES ASSOCIATION

ANALYSIS OF FUNDS AVAILABLE
FOR THE YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE TOTALS FOR 2021, 2022, & 2023

Analysis of Funds Available	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Current Assets	\$ 4,225,324	\$ 2,753,358	\$ 3,497,070	\$ 4,351,889
Current Liabilities	<u>(2,558,949)</u>	<u>(180,932)</u>	<u>(214,239)</u>	<u>(516,763)</u>
Funds available	1,666,375	2,572,426	3,282,831	3,835,126
Less: Funds designated				
for building replacement	(454,370)	(454,370)	(250,000)	(250,000)
for prior year refund	-	-	-	-
Net funds available	<u>1,212,005</u>	<u>2,118,056</u>	<u>3,032,831</u>	<u>3,585,126</u>
Next Year's budgeted expenditures	4,581,776	5,174,549	5,174,549	6,374,197
50% of Next Year's budgeted expenditures	2,290,888	2,587,275	2,587,275	3,187,099
Less Funds Designated for 100% Travel	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net refund due	<u>\$ (1,078,883)</u>	<u>\$ (469,219)</u>	<u>\$ 445,557</u>	<u>\$ 398,028</u>
			(A)	(A)

Current Assets				
Cash and cash equivalents				\$ 2,999,404
Accounts receivable				258,134
Prepaid expenses				20,152
Certificates of deposit				<u>1,074,199</u>
Total current assets				<u>\$ 4,351,889</u>

Current Liabilities				
Accounts payable				\$ 133,095
Accrued sick leave and accrued vacation pay				309,508
Deferred revenue				5,847
Operating lease obligations - current portion				<u>68,313</u>
Total current liabilities				<u>\$ 516,763</u>

(A) The membership refund policy was voted to be placed on hold at the January 2023 Legislative Council meeting until CHSAA builds back up its reserve funds.