ILLINOIS HIGH SCHOOL ASSOCIATION
Bloomington, Illinois

Financial Statements

June 30, 2020 and 2019

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STRIEGEL KNOBLOCH & COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

Board of Directors
Illinois High School Association
Bloomington, Illinois

We have audited the accompanying financial statements of the Illinois High School Association (the "Association"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, 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 the 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 misstatements, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Illinois High School Association as of June 30, 2020 and 2019, and the changes 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 Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules 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 related 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.

Striegel Knobloch & Company LLC

Bloomington, Illinois
November 12, 2020

ILLINOIS HIGH SCHOOL ASSOCIATION
Statements of Financial Position
June 30,

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents (Note 1)	$ 1,788,748	$ 1,250,611
Investment securities (Notes 2 and 3)	4,088,219	3,966,590
Accounts receivable (Note 1)	357,148	660,375
Accrued interest receivable	14,078	13,042
Due from IHSA Foundation	52	915
Prepaid expenses	58,370	180,823
Total current assets	6,306,615	6,072,356
Other assets (Notes 1, 2 and 6)	214,168	262,522
Property, building and equipment (Notes 1 and 4)	3,647,290	3,598,572
Less: accumulated depreciation	(2,555,354)	(2,448,650)
	1,091,936	1,149,922
Total assets	$ 7,612,719	$ 7,484,800
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 228,212	$ 64,753
Accrued expenses	118,171	100,863
Deferred revenue (Note 1)	349,545	538,283
Due to IHSA Foundation	-	-
Total current liabilities	695,928	703,899
Note Payable (Note 11)	466,633	-
Pension and deferred compensation (Notes 5 and 6)	6,541,630	5,053,964
Total liabilities	7,704,191	5,757,863
Net assets:		
Net assets without donor restrictions	(91,472)	1,726,937
Total liabilities and net assets	$ 7,612,719	$ 7,484,800

The accompanying notes are an integral part of these statements.

ILLINOIS HIGH SCHOOL ASSOCIATION
Statements of Activities
For the Years Ended June 30,

	2020	2019
Revenues, Gains and Other Support:		
Athletic officials	$ 959,909	$ 813,003
Athletic tournaments - boys	3,969,565	5,195,256
Athletic tournaments - girls	1,518,761	2,101,434
Contests	465,584	504,783
Investment income, net (Note 3)	226,320	261,962
Other	1,680,313	2,088,377
Total revenues, gains and other support	8,820,452	10,964,815
Expenses:		
Athletic officials	435,957	319,209
Athletic tournaments - boys	2,404,995	3,356,300
Athletic tournaments - girls	1,379,265	1,988,616
Contests	482,082	624,639
Other	590,968	986,420
Total program expenses	5,293,267	7,275,184
Excess of revenues, gains and other support over expenses before administrative expenses	3,527,185	3,689,631
Administrative expenses	(4,103,383)	(3,910,863)
Increase (decrease) in net assets from operations	(576,198)	(221,232)
Pension-related changes other than net periodic pension costs	(1,242,211)	(826,899)
Total change in net assets	(1,818,409)	(1,048,131)
Net assets at beginning of year	1,726,937	2,775,068
Net assets at end of year	$ (91,472)	$ 1,726,937

The accompanying notes are an integral part of these statements.

ILLINOIS HIGH SCHOOL ASSOCIATION
Statements of Functional Expenses
For the Years Ended June 30,

	2020	2019
Program expenses:		
Athletic officials	$ 435,957	$ 319,209
Athletic tournaments	3,784,260	5,344,916
Contests	482,082	624,639
Publications	128,440	191,203
Souvenirs	9,315	14,044
Awards	185,911	294,845
Sportsmanship	2,126	6,623
TV/Internet	150,000	275,302
Special Events	115,176	204,403
Total program expenses	5,293,267	7,275,184
General and administrative expenses:		
Actuarial services	41,194	17,100
Audit and legal services	111,604	101,315
Automobile	10,839	11,277
Bad debt expense	1,613	701
Board of Directors	20,058	51,242
Building improvements	6,439	15,316
Building utilities	51,565	60,652
Committee expenses	51,013	64,700
Depreciation (Note 4)	106,704	111,667
Employee expense	26,779	56,979
Insurance	615,136	608,993
Maintenance	13,569	15,929
Miscellaneous	109,902	2,758
Office expenses	139,364	121,422
Postage	41,940	35,652
Printing	29,833	31,770
Promotion	-	2,608
Retirement expenses:		
Pension	546,820	424,614
Contributions – 401(k)	80,893	134,529
Deferred compensation	41,225	39,383
Salaries and related taxes	2,039,635	1,977,507
Sales tax	2,477	2,393
Sponsorship	2,264	2,650
Telephone	12,517	19,706
Total general and administrative expenses	4,103,383	3,910,863
Total expenses	$ 9,396,650	$ 11,186,047

The accompanying notes are an integral part of these statements.

ILLINOIS HIGH SCHOOL ASSOCIATION
Statements of Cash Flows
For the Years Ended June 30,

	2020	2019
Cash flows from (used in) operating activities (Note 1):		
Change in net assets	$ (1,818,409)	$ (1,048,131)
Adjustments to reconcile change in net assets to cash from (used in) operating activities:		
Bad debt expense	1,613	701
Depreciation	106,704	111,667
(Gain) loss on sale of fixed assets	-	(11,935)
Realized (gain) loss on sale of investments	(23,734)	(21,731)
Unrealized (gain) loss on investments	(86,712)	(121,229)
Change in operating assets and liabilities:		
Accounts receivable	301,614	(325,515)
Accrued interest receivable	(1,036)	183
Prepaid expenses	122,453	(19,502)
Accounts payable	163,459	(34,118)
Accrued expenses	17,308	8,060
Deferred revenue	(188,738)	84,691
Pension and deferred compensation liabilities	1,487,666	960,896
Due to/from IHSA Foundation	863	(2,201)
Net cash from operating activities	83,051	(418,164)
Cash flows from (used in) investing activities:		
Purchase of fixed assets	(48,718)	(97,133)
Proceeds from sale of fixed assets	-	17,300
Purchase of investments held in rabbi trust	(8,315)	(111,314)
Proceeds from sale of investments held in rabbi trust	56,669	55,900
Purchase of investments	(1,182,586)	(494,129)
Proceeds from sale of investments	1,171,403	332,890
Net cash from (used in) investing activities	(11,547)	(296,486)
Cash flows from (used in) financing activities:		
Proceeds from PPP Loan	466,633	-
Net cash from (used in) financing activities	466,633	-
Change in cash and cash equivalents	538,137	(714,650)
Cash and cash equivalents at beginning of year	1,250,611	1,965,261
Cash and cash equivalents at end of year	$ 1,788,748	$ 1,250,611

The accompanying notes are an integral part of these statements.

Note 1 – Summary of Accounting Policies

Organization

The Illinois High School Association (the "Association"), a nonprofit association, was formed to supervise and control interscholastic activities in which its member schools within the State of Illinois may engage. The Association's primary source of revenue is gate receipts from athletic tournaments.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

The Association has adopted FASB ASC 958. Under FASB ASC 958, the Association is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Under these standards, the Association reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

> Net Assets Without Donor Restrictions are those assets presently available for use by the Association at the discretion of the Board.
>
> Net Assets With Donor Restrictions are those assets which are subject to donor-imposed stipulations that may or will be met, either by actions of the Association and/or the passage of time, or with a donor-imposed restriction that stipulates that resources be maintained permanently but permits the Association to use up or expend part or all of the income (or other economic benefits) derived from the donated assets.

The Association did not have any net assets with donor restrictions as of June 30, 2020 and 2019.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 the revenues, expense, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Functional Expenses

The costs of providing programs and supporting services are summarized on a functional basis in the statement of activities and functional expenses.

Note 1 – Summary of Accounting Policies – Continued

Cash and Cash Equivalents
For purposes of reporting cash flows, the Association considers all liquid investments with an original maturity of three months or less to be cash and cash equivalents. Cash equivalents of $1,788,748 and $1,250,611 at June 30, 2020 and 2019, respectively, consist of interest-bearing deposits and money market accounts in financial institutions.

Concentration of Credit Risk
The Association maintains cash balances at financial institutions located in the area. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to $250,000. Balances may exceed the insured limit throughout the year. The Association believes there is no significant risk with respect to these deposits.

Receivables and Credit Policies
Accounts receivable are uncollateralized customer obligations that generally require payment within thirty days from the date of occurrence. Accounts receivable are stated at the invoice amount. Due to the uncertainty regarding collection, penalty fees, if any, are recognized as income when received. Account balances with specific amounts over 45 days old are considered delinquent.

Payments of accounts receivable are applied to the specific occurrence identified on the customer's remittance advise or, if unspecified, to the earliest unpaid document. In the case that a customer is also a vendor, account receivable and account payable balance are netted together, which eliminates one account and reduces the other.

Management reviews accounts receivable balances that exceed one year from the occurrence and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. All accounts or portions thereof deemed to be uncollectible are written off to bad debt expense. Bad debt expense for the years ended June 30, 2020 and 2019 was $1,613 and $701 respectively.

Certificate of Deposit
Certificates of deposit, with a maturity of more than three months when purchased, are carried at cost, which approximates fair value.

Investment Securities
Investments are stated at fair value based on quoted market prices or recent trade activities and unrealized and realized gains (losses) are reflected in the statements of activities.

Other Assets
As further described in Note 6, the Association has a nonqualified deferred compensation plan. Assets held in the rabbi trust for the plan are recorded as other assets on the statements of financial position, measured at fair value, and are subject to claims by creditors of the Association in the event of insolvency.

Note 1 – Summary of Accounting Policies – Continued

Property Building and Equipment
Property, building and equipment are carried at cost. Depreciation is computed at annual rates sufficient to amortize the cost over their estimated useful lives, principally on the straight-line basis. An addition of equipment in an amount that does not exceed $500 per item is expensed as incurred.

Income Taxes
The Association is a not-for-profit corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. An informational return, Form 990, is filed with the Internal Revenue Service each year.

Deferred Revenue
Officials' fees collected in advance for the coming school year have been included in deferred revenue in the accompanying statement of financial position. Such deferred revenue is recognized as revenue when earned during the coming school year.

Revenue Recognition
Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are recorded as decreases in net assets without donor restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period that the unconditional promise is received. Contributions received with donor-imposed restrictions and related gains and income that are met in the same year as received are reported as revenues without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Donated materials, property and equipment, and investments are recorded at fair value when received.

The Association reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

During 2020 and 2019, the Association received $-0- of in-kind property and services.

Note 2 – Fair Value Measurements

The Association has determined the fair value of certain assets and liabilities through application of ASC 820. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

- Level 1 – Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.
- Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets.

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.

Common stocks and mutual funds listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active at the last transaction price before year end.

Corporate bonds are valued based on either the most recent observable trade and/or external quotes.

The fair value of municipal bonds is derived using recent trade activity, market price quotations, and new issuance levels. In the absence of this information, fair value is calculated using comparable bonds credit spreads. Current interest rates, credit events, and individual bond characteristics such as coupon, call features, maturity, and revenue purpose are considered in the valuation process.

Note 2 – Fair Value Measurements – Continued

Fair values of assets and liabilities measured on a recurring basis are as follows:

		Fair Value Measurements at Reporting Date Using		
	Fair Value	(Level 1)	(Level 2)	(Level 3)
June 30, 2020				
Common stock	$ 1,722,002	$ 1,722,002	$ -	$ -
Mutual funds	646,856	646,856	-	-
Money market funds[1]	30,329	30,329	-	-
Mutual funds[1]	183,839	183,839	-	-
Corporate bonds	710,740	710,740	-	-
Municipal bonds	1,008,621	-	1,008,621	-
	$ 4,302,387	$ 3,293,766	$ 1,008,621	$ -

		Fair Value Measurements at Reporting Date Using		
	Fair Value	(Level 1)	(Level 2)	(Level 3)
June 30, 2019				
Common stock	$ 1,603,404	$ 1,603,404	$ -	$ -
Mutual funds	677,163	677,163	-	-
Money market funds[1]	14,830	14,830	-	-
Mutual funds[1]	247,692	247,692	-	-
Corporate bonds	743,325	743,325	-	-
Municipal bonds	942,698	-	942,698	-
	$ 4,229,112	$ 3,286,414	$ 942,698	$ -

[1]Money market funds and mutual funds held in a rabbi trust are included in other assets in the statements of financial position.

The methods described above may produce a fair value calculation that may 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 with our market participants, 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.

Note 3 – Investment Securities and Certificates of Deposit

As of June 30, investment securities consisted of the following:

	2020	2019
Common stock – equity (at fair value)	$ 1,722,002	$ 1,603,404
Mutual funds (at fair value)	646,856	677,163
Corporate and municipal bonds (at fair value)	1,719,361	1,686,023
	$ 4,088,219	$ 3,966,590

Note 3 – Investment Securities and Certificates of Deposit – Continued

For the year ended June 30, investment income consisted of the following:

	2020	2019
Interest and dividends net of expenses of $22,705 and $21,914, respectively	$ 115,874	$ 119,002
Realized gain on investment securities	23,734	21,731
Unrealized gain (loss) on investment securities	86,712	121,229
	$ 226,320	$ 261,962

Note 4 – Property, Building and Equipment

Property, building and equipment at cost consist of the following at June 30:

	2020	2019
Automobiles	$ 156,898	$ 156,898
Office furniture and equipment	1,093,043	1,062,593
Building	2,313,272	2,295,004
Land	84,077	84,077
	$ 3,647,290	$ 3,598,572

Depreciation expense for the years ended June 30, 2020 and 2019 was $106,704 and $111,667 respectively.

Note 5 – Pension Plan

The Association has a defined benefit pension plan covering substantially all of its employees. The Association's policy is to fund current pension costs with at least the minimum amount that is required under the Employee Retirement Income Security Act of 1974 (ERISA). Contributions are intended to provide not only benefits attributed to service to date but also for those expected to be earned in the future. The benefits are based on years of service and the employee's compensation reduced by a social security benefit. This plan has been frozen effective July 1, 2008.

Note 5 – Pension Plan – Continued

The following sets forth the plan's funded status and amounts recognized in the Association's financial statements at June 30:

	2020	2019
Projected benefit obligation	$ (14,372,677)	$ (12,955,271)
Plan assets at fair value	9,300,429	9,214,039
Funded status, included in pension and deferred compensation liabilities on the statements of financial position	$ (5,072,248)	$ (3,741,232)
Employer contributions	$ 342,590	$ 230,000
Accumulated benefit obligation	$ (14,372,677)	$ (12,955,271)
Benefits paid	$ 673,722	$ 638,793

Amounts recognized in the statement of activities for the years ended June 30:

	2020	2019
Interest cost	$ 415,432	$ 467,647
Actual (gain) loss on plan assets	(417,572)	(568,268)
Net asset gain (loss) deferred for later recognition	184,416	339,874
Amortization of net loss from earlier periods	364,544	185,361
Net periodic pension cost	546,820	424,614
Pension related changes other than net periodic pension cost	1,126,786	618,428
	$ 1,673,606	$ 1,043,042

The assumptions shown below were used in accounting for the pension plan for the year ended June 30:

	2020	2019
Discount rate	2.43%	3.30%
Rates of increase in compensation (due to freeze)	0.00%	0.00%
Expected long-term rate of return on assets	2.57%	2.57%

Note 5 – Pension Plan – Continued

The discount rate and expected rate of return on plan assets are critical assumptions which significantly affect pension accounting. Even relatively small changes in these rates would significantly change the recorded pension expense and accrued liability. Management believes the discount rate and expected rate of return on plan assets used in determining its year end pension accounting are reasonable based on currently available information. However, it is at least reasonably possible that these assumed rates will be revised in the near term, based on future events and changes in circumstances.

The Association's expected long-term rate of return on plan assets assumption of 2.57% is based on using the "building block" approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27 – *Selection Economic Assumptions for Measuring Pension Obligations*. Based on the Association's investment policy for the pension plan in effect as of the beginning of fiscal year, a best estimate range was determined for the expected real rate of return and using a mid-point of each expectation.

The following table summarizes plan assets measured at fair value at June 30, 2020, segregated by the level of valuation inputs within the fair value hierarchy utilized to measure fair value.

	Fair Value Measurements at Reporting Date Using			Total
	(Level 1)	(Level 2)	(Level 3)	Fair Value
Cash	$ 181,304	$ -	$ -	$ 181,304
Money market funds	62,426	-	-	62,426
Equity securities:				
Common stock	1,640,694	-	-	1,640,694
Exchange traded funds	41,615	-	-	41,615
Mutual funds	2,015,335	-	-	2,015,335
	3,697,644	-	-	3,697,644
Fixed income:				
Mutual funds	1,461,094	-	-	1,461,094
Corporate bonds	743,930	-	-	743,930
Municipal bonds	-	3,154,031	-	3,154,031
	2,205,024	3,154,031	-	5,359,055
Total	$ 6,146,398	$ 3,154,031	$ -	$ 9,300,429

Note 5 – Pension Plan – Continued

The Association's asset allocation at June 30, 2019 was as follows:

Equity	42%	$ 3,873,721
Fixed income	57%	5,219,831
Cash and cash equivalents	1%	120,487
Total	100%	$ 9,214,039

The Associations' target asset allocation as of June 30, 2020, by asset category, is as follows:

Equity	30-60%
Fixed income	40-65%
Cash and cash equivalents	0-10%

The Association's investment policy includes various guidelines and procedures designed to ensure assets are invested in a manner necessary to meet expected future benefits earned by participants. The investment guidelines consider a broad range of economic conditions. Central to the policy are target allocation ranges (shown above) by major asset categories.

The objective of the target allocations is to maintain investment portfolios that diversify risk through prudent asset allocation parameters, achieve asset returns that meet or exceed the plan's actuarial assumptions, and achieve asset returns that are competitive with like institutions employing similar investment strategies.

The investment policy is periodically reviewed by the Association and a designated third-party fiduciary for investment matters. The policy is established and administered in a manner to comply at all times with applicable government regulations. The investment statements are reviewed quarterly by the Board of Directors. The Association expects to contribute $100,000 to its pension plan for the year ending June 30, 2021.

The following benefit payments which reflect expected future service, as appropriate, are expected to be paid:

Years Ending June 30,	
2021	$ 636,403
2022	681,730
2023	687,942
2024	702,836
2025	687,846
2026-2030	3,426,819
	$ 6,823,576

Note 5 – Pension Plan – Continued

Reconciliation of items not yet reflected in net periodic benefit cost is as follows:

	July 1, 2019	Reclassified as Net Periodic Benefit Cost	Amounts Arising During Period	June 30, 2020
Net loss	$ 2,917,749	$ (364,544)	$ 1,491,330	$ 4,044,535

	July 1, 2018	Reclassified as Net Periodic Benefit Cost	Amounts Arising During Period	June 30, 2019
Net loss	$ 2,299,321	$ (185,361)	$ 803,789	$ 2,917,749

Note 6 – Employee Benefit Plans

The Association has a 401(k) savings plan and trust covering substantially all full-time employees. The Association matches 100% of the first 3% of earnings contributed by each employee. The Association also contributes 7% of the administrators' salaries into two lump sum payments during the year, with an exception being those who participate in the deferred compensation plan. Expenses for the plan were $80,893 and $134,529 for the years ending June 30, 2020 and 2019, respectively.

Effective June 15, 2009, the Association established a nonqualified deferred compensation plan for the purpose of providing supplemental retirement benefits to certain employees in connection with the freeze of benefit accruals of the Association's pension plan.

The following table sets forth the plan's funded status and amounts recognized in the Association's financial statements at June 30:

	2020	2019
Projected benefit obligation	$ (1,469,382)	$ (1,312,732)
Fair value of plan assets	214,168	262,522
Funded status	$ (1,255,214)	$ (1,050,210)
Accrued benefit cost included in long-term pension and deferred compensation liabilities	$ (1,469,382)	$ (1,312,732)
Accumulated benefit obligation	$ (1,469,382)	$ 1,312,732)
Employer contribution	$ -	$ 100,000
Benefits paid	$ 56,669	$ 55,900

Note 6 – Employee Benefit Plans – Continued

Amounts recognized in statements of activities for the years ended June 30:

	2020	2019
Interest cost	$ 42,823	$ 45,982
Actual return on plan assets	(8,315)	(11,314)
Net asset gain (loss) deferred for later recognition	320	4,715
Amortization of net loss from earlier period	6,397	-
Net periodic benefit cost	41,225	39,383
Benefit related changes other than net periodic benefit cost	115,425	208,471
	$ 156,650	$ 247,854

Amounts used to determine benefit obligation as of June 30:

	2020	2019
Discount rate	2.45%	3.34%
Rates of increase in compensation	N/A	N/A
Expected long-term rate of return on assets	2.57%	2.57%

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

Years Ending June 30,	
2021	$ 58,131
2022	59,444
2023	60,749
2024	62,042
2025	63,316
2026-2030	324,825
	$ 628,507

Note 7 – Illinois High School Activities Foundation

The Illinois High School Activities Foundation was incorporated on February 14, 1994 to promote and support educational and/or charitable interest, by scholarship, donation, loan or otherwise. The Association is the sole member of the Foundation. The Foundation's by-laws provide the Association with the authority to appoint all directors of the Foundation. The net assets and changes in net assets of the Foundation are insignificant and, accordingly, have not been consolidated with the financial statements of the Association.

Note 8 – Leases

The Association leases certain office equipment under noncancelable operating leases. Future minimum lease payments are as follows:

Years Ending June 30,	
2021	11,723
2022	11,723
2023	6,731
2024	4,212
2025	-
Total	$ 34,389

Total lease expense for the years ended June 30, 2020 and 2019 was $13,569 and $13,607, respectively.

Note 9 – Litigation

The Association is subject to pending and threatened legal actions which arise in the normal course of business. While the final outcome cannot be determined at this time, management is of the opinion that the ultimate liability, if any, from the resolution of these matters will not have a material effect on the Association's financial statements.

Note 10 – Association Liquidity

The following reflects the Association's financial assets as of June 30, 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of June 30, 2020:

Financial assets:	
Cash	$ 1,788,748
Investments	4,088,219
Accounts receivable	357,148
Accrued interest receivable	14,078
Due from IHSA Foundation	52
Non-qualified deferred compensation plan	214,168
Total financial assets	6,462,413
Less those unavailable for general expenditure within one year, due to:	
Donor restrictions	-
Financial assets available to meet cash needs	$ 6,462,413

Note 11 – Note Payable

During 2020, the Association received a note payable through the Payroll Protection Program from Citizens Equity First Credit Union, at a fixed rate of 1.00%, with all principal and accrued and unpaid interest due upon maturity in April 2022. As part of the CARES Act, there is a mechanism for potential loan forgiveness via the Small Business Administration (see Note 15).

Note 12 – Uncertain Tax Positions

Accounting principles generally accepted in the United States of America require the Association's management evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken an uncertain position that more than likely would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Association, and has concluded that as of June 30, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Tax years prior to 2017 are closed.

Note 13 – Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers." The objective of this amendment is to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and IFRS. This update affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are in the scope of other standards. In August 2015, the FASB issued ASU 2015-14 to defer for one year the effective date of the new revenue standard. During 2016, the FASB issued further implementation guidance regarding revenue recognition. This additional guidance included clarification on certain principal versus agent considerations within the implementation of the guidance as well as clarification related to identifying performance obligations and licensing, assessing collectability, presenting sales tax, measuring noncash consideration, and certain transaction matters. The requirements are effective for annual periods beginning after December 15, 2018. The Association adopted this standard effective July 1, 2019. The Association's primary revenue source is tournament revenue, officials fees, TV/Internet income, royalty income, and special events as shown on the income statement.

The adoption of ASU No. 2014-09 did not have a material impact on the measurement or recognition of revenue. The Association's performance obligation for. The Association's performance obligation for ticket revenue is satisfied as events are performed, and revenue is recognized immediately or in the month of the related events. Officials fees are deferred until earned during the related sporting season. TV/Internet income and royalty income are recognized over time based on the length of the related agreements.

Note 14 – Management's Assessment of Future Operations

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. During March 2020, the World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern" and specifically caused the Association to cancel sports/activities for the remainder of the 2019-20 school term. Subsequently, the cancellation of Boys Basketball State Finals and all Spring sports and activities has impacted Association's revenue significantly.

The Association provides oversight to the activities' programs for its over 800 member schools while organizing and conducting state series events. The Association annually generates nearly 75% of its revenue from ticket sales at state series contests. Two factors have significantly impacted the Association's revenue. First, member schools have been limited in resuming many revenue generating sports. Second, the limit on spectators and gathering limits in sports where schools have received permission to move forward.

The financial impact to Association due to COVID-19 has been significant. The Association's revenue model is dependent on spectators attending state series events and on schools conducting sports/activities where state series events can be conducted with fans to earn revenue from gate receipts.

The Association has cut the 2020-21 budget significantly in anticipation of this slow resumption to activities while adding activity fees for schools in sports/activities being conducted to recoup some revenue to support association work. Additionally, the association has frozen Association staff salaries, reduced benefits, and is moving toward reductions in staff to help offset loss of revenue.

The Association, in general, is not burdened with significant fixed monthly expenses other than a long-term pension liability, payroll, insurance, and utilities. The Association is in the process of securing a line of credit against its investments to navigate the difficult financial times. Other cost cutting measures include reducing travel for staff, board, and committees.

The Association owns the building with no related debt where business is conducted. The Association has maintained significant cash and marketable securities that could be liquidated in an emergency situation.

Note 15 – Subsequent Events

On November 3, 2020, the Association received confirmation that the note payable through the Payroll Protection Program from Citizens Equity First Credit Union had been forgiven in full, including any accrued and unpaid interest.

Except for the item described above, no other events have occurred subsequent to June 30, 2020, that are required to be disclosed in the financial statements. This evaluation was made as of November 12, 2020, the date these financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

ILLINOIS HIGH SCHOOL ASSOCIATION
Schedule of Revenues and Expenses
For the Year Ended June 30, 2020

	Revenue	Expense	Net Amount
Athletic Officials:			
Dues and registration	$ 959,909	$ 435,957	$ 523,952
Boys Athletic Tournaments:			
Baseball	$ 4,375	$ -	4,375
Basketball	1,256,439	734,105	522,334
Bass fishing	25,100	211	24,889
Bowling	26,053	17,485	8,568
Cross country	20,039	75,296	(55,257)
Football	1,656,504	791,296	865,208
Golf	5,200	45,885	(40,685)
Gymnastics	-	2,844	(2,844)
Lacrosse	-	2,045	(2,045)
Soccer	332,083	241,257	90,826
Swimming	60,431	52,243	8,188
Tennis	-	1,713	(1,713)
Track and field	100	3,853	(3,753)
Volleyball	-	2,353	(2,353)
Wrestling	583,241	433,442	149,799
Water polo	-	967	(967)
	$ 3,969,565	$ 2,404,995	1,564,570
Girls Athletic Tournaments:			
Badminton	$ -	$ 1,831	(1,831)
Basketball	762,919	721,454	41,465
Bowling	25,943	15,206	10,737
Cross country	19,839	75,296	(55,457)
Golf	600	26,454	(25,854)
Gymnastics	37,305	51,283	(13,978)
Lacrosse	-	-	-
Soccer	-	3,040	(3,040)
Softball	4,375	2,172	2,203
Swimming	60,845	58,997	1,848
Tennis	600	26,063	(25,463)
Track and field	-	3,853	(3,853)
Volleyball	606,335	392,649	213,686
Water polo	-	967	(967)
	$ 1,518,761	$ 1,379,265	139,496

ILLINOIS HIGH SCHOOL ASSOCIATION
Schedule of Revenues and Expenses – Continued
For the Year Ended June 30, 2020

	Revenue	Expense	Net Amount
Contests:			
Dance Team	$ 112,134	$ 69,196	$ 42,938
Music	130,426	141,111	(10,685)
Speech	36,785	116,008	(79,223)
Chess	100	30,938	(30,838)
Scholastic Bowl	1,550	26,559	(25,009)
Competitive Cheerleading	184,589	96,476	88,113
Journalism	-	1,794	(1,794)
	$ 465,584	$ 482,082	(16,498)
Other Revenue, Gains, and Other Support:			
Donations	$ 705,463	$ -	705,463
Publications	64,011	128,440	(64,429)
Souvenirs	82,611	9,315	73,296
Gain on sale of assets	-	-	-
Miscellaneous	3,402	-	3,402
Radio and television	11,125	-	11,125
Awards	-	185,911	(185,911)
Sportsmanship	-	2,126	(2,126)
Drug testing	-	-	-
Royalty income	260,861	-	260,861
Contract services	57,180	-	57,180
TV / Internet income	273,750	150,000	123,750
Public relations	-	-	-
Special events	221,910	115,176	106,734
	$ 1,680,313	$ 590,968	1,089,345
Investment income, net			226,320
Total before administrative expenses			3,527,185
Administrative expenses			4,103,383
Change in net assets before pension related changes other than net periodic pension costs			$ (576,198)

ILLINOIS HIGH SCHOOL ASSOCIATION
Schedule of Revenues and Expenses
For the Year Ended June 30, 2019

	Revenue	Expense	Net Amount
Athletic Officials:			
Dues and registration	$ 813,003	$ 319,209	$ 493,794
Boys Athletic Tournaments:			
Baseball	$ 401,918	$ 270,949	130,969
Basketball	1,998,653	1,004,237	994,416
Bass fishing	50,200	5,937	44,263
Bowling	21,537	16,601	4,936
Cross country	13,556	75,669	(62,113)
Football	1,518,446	899,870	618,576
Golf	5,400	48,872	(43,472)
Gymnastics	13,174	27,347	(14,173)
Lacrosse	45,717	34,021	11,696
Soccer	292,765	237,140	55,625
Swimming	53,300	55,066	(1,766)
Tennis	-	25,963	(25,963)
Track and field	150,924	104,655	46,269
Volleyball	106,892	102,479	4,413
Wrestling	489,690	419,241	70,449
Water polo	33,084	28,253	4,831
	$ 5,195,256	$ 3,356,300	1,838,956
Girls Athletic Tournaments:			
Badminton	$ 10,942	$ 18,267	(7,325)
Basketball	744,026	709,234	34,792
Bowling	21,561	14,046	7,515
Cross country	13,556	72,269	(58,713)
Golf	500	26,506	(26,006)
Gymnastics	26,210	56,137	(29,927)
Lacrosse	25,780	26,881	(1,101)
Soccer	234,349	199,982	34,367
Softball	273,976	268,430	5,546
Swimming	55,650	49,707	5,943
Tennis	100	27,652	(27,552)
Track and field	123,774	101,089	22,685
Volleyball	538,220	390,129	148,091
Water polo	32,790	28,287	4,503
	$ 2,101,434	$ 1,988,616	112,818

ILLINOIS HIGH SCHOOL ASSOCIATION
Schedule of Revenues and Expenses – Continued
For the Year Ended June 30, 2019

	Revenue	Expense	Net Amount
Contests:			
Dance Team	$ 96,525	$ 67,837	$ 28,688
Music	161,541	183,450	(21,909)
Speech	51,485	182,433	(130,948)
Chess	200	30,065	(29,865)
Scholastic Bowl	2,150	40,524	(38,374)
Competitive Cheerleading	178,822	95,035	83,787
Journalism	14,060	25,295	(11,235)
	$ 504,783	$ 624,639	(119,856)
Other Revenue, Gains, and Other Support:			
Donations	$ 591,900	$ -	591,900
Publications	102,666	191,203	(88,537)
Souvenirs	233,704	14,044	219,660
Gain on sale of assets	11,935	-	11,935
Miscellaneous	66,685	-	66,685
Radio and television	17,200	-	17,200
Awards	-	294,845	(294,845)
Sportsmanship	-	6,623	(6,623)
Drug testing	-	-	-
Royalty income	285,359	-	285,359
Contract services	55,668	-	55,668
TV / Internet income	420,000	275,302	144,698
Public relations	-	-	-
Special events	303,260	204,403	98,857
	$ 2,088,377	$ 986,420	1,101,957
Investment income, net			261,962
Total before administrative expenses			3,689,631
Administrative expenses			3,910,863
Change in net assets before pension related changes other than net periodic pension costs			$ (221,232)