

**GEORGIA HIGH SCHOOL ASSOCIATION**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2016 AND 2015**

## **OFFICERS**

President  
Vice President  
Executive Director  
Assistant Executive Director

Dr. Glenn White  
Lisa Moore Williams  
Gary Phillips  
Jay Russell

## **BOARD OF TRUSTEES**

Jesse Crews  
Marvin Fields  
Gary Long  
Todd Mobley  
Tommy Stringer  
Wes Taylor  
Dexter Wood

**Established  
1904**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Georgia High School Association

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Georgia High School Association (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of June 30, 2016 and 2015, and the related statements of support, revenues, expenses and other changes in net assets – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis 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 modified cash basis of accounting, as described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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 combined 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 assets, liabilities and net assets of Georgia High School Association as of June 30, 2016 and 2015, and its support, revenue, and expenses, and its cash flows for the years then ended in accordance with the modified cash basis of accounting as described in Note A.

### **Basis of Accounting**

We draw attention to Note A of the financial statements which describes the basis of accounting. The financial statements are prepared on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Jackson & Brown, P.C.  
Thomaston, Georgia  
August 11, 2016

**GEORGIA HIGH SCHOOL ASSOCIATION**  
**STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS – MODIFIED CASH BASIS**  
**JUNE 30, 2016 AND 2015**

|  | <u>2016</u>                | <u>2015</u>                |
|--|----------------------------|----------------------------|
| <b>ASSETS</b>                                |                            |                            |
| Current Assets                               |                            |                            |
| Cash and cash equivalents                    | \$ 964,972                 | \$ 994,855                 |
| Short - term investments                     | 149,728                    | 149,082                    |
| Prepaid expenses                             | <u>4,750</u>               | <u>4,750</u>               |
| <b>TOTAL CURRENT ASSETS</b>                  | <b>1,119,450</b>           | 1,148,687                  |
| Long - term investments                      | 3,933,745                  | 3,941,990                  |
| Property and equipment (net of depreciation) | <u>339,569</u>             | <u>350,319</u>             |
| <b>TOTAL ASSETS</b>                          | <b><u>\$ 5,392,764</u></b> | <b><u>\$ 5,440,996</u></b> |
| <b>LIABILITIES</b>                           |                            |                            |
| Current Liabilities – payroll taxes          | <u>\$ 3,118</u>            | <u>\$ 3,020</u>            |
| <b>TOTAL CURRENT LIABILITIES</b>             | <u>3,118</u>               | <u>3,020</u>               |
| <b>TOTAL LIABILITIES</b>                     | <b>3,118</b>               | 3,020                      |
| <b>COMMITMENTS AND CONTINGENCIES</b>         | --                         | --                         |
| <b>NET ASSETS</b>                            |                            |                            |
| Unrestricted                                 | 5,389,646                  | 5,437,976                  |
| Temporarily restricted                       | --                         | --                         |
| Permanently restricted                       | <u>--</u>                  | <u>--</u>                  |
| <b>TOTAL NET ASSETS</b>                      | <b><u>5,389,646</u></b>    | <b><u>5,437,976</u></b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>      | <b><u>5,392,764</u></b>    | <b><u>\$ 5,440,996</u></b> |

See the accompanying notes and auditor's report.

**GEORGIA HIGH SCHOOL ASSOCIATION  
STATEMENTS OF SUPPORT, REVENUES, EXPENSES  
AND OTHER CHANGES IN NET ASSETS – MODIFIED CASH BASIS  
YEARS ENDED JUNE 30, 2016 AND 2015**

|  | <u>2016</u>      | <u>2015</u>      |
|--|------------------|------------------|
| <b>UNRESTRICTED REVENUES</b>                   |                  |                  |
| <b>Invitational &amp; regional tournaments</b> |                  |                  |
| One-Act Plays                                  | \$ 52            | \$ 45            |
| Tennis   | 29               | 31               |
| Swimming                                       | 2,174            | 2,257            |
| Baseball                                       | 2,944            | 3,341            |
| Basketball                                     | 60,068           | 57,988           |
| Cheerleading                                   | 22,681           | 21,216           |
| Cross Country                                  | 3,946            | 4,843            |
| Lacrosse                                       | 584              | 737              |
| Soccer   | 1,204            | 1,393            |
| Softball                                       | 11,535           | 12,001           |
| Track  | 10,785           | 10,314           |
| Volleyball                                     | 5,042            | 4,710            |
| Wrestling                                      | <u>13,361</u>    | <u>12,400</u>    |
|  | <b>134,405</b>   | <b>131,276</b>   |
| <b>State tournaments &amp; playoffs</b>        |                  |                  |
| Baseball                                       | 73,193           | 58,585           |
| Basketball                                     | 647,904          | 631,657          |
| Cheerleading                                   | 75,210           | 79,690           |
| Cross Country                                  | 11,204           | 10,257           |
| Football                                       | 1,577,487        | 1,439,424        |
| Gymnastics                                     | 2,418            | 2,525            |
| Lacrosse                                       | 15,245           | 16,087           |
| Soccer   | 120,853          | 117,826          |
| Soccer officials                               | 140,700          | 144,480          |
| Softball                                       | 82,185           | 77,025           |
| Swimming                                       | 5,894            | 5,940            |
| Track  | 920              | 12,752           |
| Volleyball                                     | 27,812           | 30,360           |
| Wrestling                                      | 47,079           | 64,342           |
| Weight Appeals                                 | <u>12,725</u>    | <u>13,950</u>    |
|  | <b>2,840,829</b> | <b>2,704,900</b> |

See the accompanying notes and auditor's report

**GEORGIA HIGH SCHOOL ASSOCIATION  
STATEMENTS OF SUPPORT, REVENUES, EXPENSES  
AND OTHER CHANGES IN NET ASSETS – MODIFIED CASH BASIS  
YEARS ENDED JUNE 30, 2016 AND 2015**

|   | <u>2016</u>                    | <u>2015</u>                    |
|---|--------------------------------|--------------------------------|
| <b>Other revenues</b>   |                                |                                |
| Dues from member schools                                      | 103,560                        | 103,530                        |
| Corporate sponsorships  | 654,010                        | 641,750                        |
| Rule books and publications                                   | 37,460                         | 43,702                         |
| Vendor & Licensing Royalties                                  | 96,755                         | 276,836                        |
| Fines   | 256,055                        | 214,521                        |
| Officials' registration & insignia                            | 285,900                        | 301,617                        |
| Community coach registration                                  | 517,403                        | 465,605                        |
| Trophies and awards   | 9,667                          | 10,561                         |
| Media Partnerships  | 90,000                         | 80,000                         |
| Miscellaneous   | 96                             | 30                             |
| Camp fees   | <u>69,180</u>                  | <u>41,737</u>                  |
|   | <u>2,120,086</u>               | <u>2,179,889</u>               |
| <br><b>TOTAL UNRESTRICTED REVENUES</b>                        | <br><b>5,095,320</b>           | <br><b>5,016,065</b>           |
| <br><b>EXPENSES</b>   | <br><b><u>5,141,102</u></b>    | <br><b><u>4,904,457</u></b>    |
| <br><b>(DECREASE) INCREASE IN NET<br/>ASSETS – OPERATING</b>  | <br><b>(45,782)</b>            | <br><b>111,608</b>             |
| <br><b>NON-OPERATING ITEMS</b>                                |                                |                                |
| Investment income   | ( 7,040)                       | 164,783                        |
| Write-off of stale checks                                     | <u>4,492</u>                   | <u>2,209</u>                   |
| <br><b>TOTAL NON-OPERATING ITEMS</b>                          | <br><b><u>( 2,548)</u></b>     | <br><b><u>166,992</u></b>      |
| <br><b>(DECREASE) INCREASE IN UNRESTRICTED<br/>NET ASSETS</b> | <br><b><u>(48,330)</u></b>     | <br><b><u>278,600</u></b>      |
| <br><b>NET ASSETS AT BEGINNING OF YEAR</b>                    | <br><b><u>5,437,976</u></b>    | <br><b><u>5,159,376</u></b>    |
| <br><b>NET ASSETS AT END OF YEAR</b>                          | <br><b><u>\$ 5,389,646</u></b> | <br><b><u>\$ 5,437,976</u></b> |

See the accompanying notes and auditor's report.



**GEORGIA HIGH SCHOOL ASSOCIATION  
STATEMENTS OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS  
YEARS ENDED JUNE 30, 2016 AND 2015**

|   | <u>2016</u>    | <u>2015</u>    |
|---|----------------|----------------|
| <b>SALARIES</b>                           |                |                |
| Executives                                | \$ 213,880     | \$ 207,662     |
| Administrators                            | 291,191        | 284,070        |
| Clerical                                  | <u>317,423</u> | <u>307,020</u> |
|   | <b>822,494</b> | <b>798,752</b> |
| <br><b>TRAVEL EXPENSES AND ALLOWANCES</b> |                |                |
| National Meetings                         | 29,994         | 20,796         |
| State Executive Committee                 | 77,074         | 53,612         |
| Executive Director                        | 3,753          | 2,070          |
| Administrative Staff                      | 5,441          | 4,065          |
| Hardship Committee                        | 8,625          | 9,044          |
| Reclassifications and Miscellaneous       | <u>16,601</u>  | <u>11,113</u>  |
|   | <b>141,488</b> | <b>100,700</b> |
| <br><b>TOURNAMENTS</b>                    |                |                |
| Baseball                                  | 33,503         | 14,184         |
| Basketball                                | 136,582        | 98,788         |
| Payout to Schools                         | 244,554        | 221,461        |
| Cheerleading                              | 54,688         | 47,642         |
| Payout to Schools                         | 14,379         | 22,901         |
| Cross Country                             | 9,086          | 8,969          |
| Football                                  | 126,509        | 121,819        |
| Payout to Schools                         | 971,837        | 920,751        |
| Golf                                      | 14,005         | 8,327          |
| Gymnastics                                | 4,097          | 3,765          |
| Lacrosse                                  | 6,378          | 5,593          |
| Riflery                                   | 3,694          | 3,442          |
| Soccer                                    | 193,148        | 199,612        |
| Payout to Schools                         | 43,042         | 40,210         |

See the accompanying notes and auditor's report.

**GEORGIA HIGH SCHOOL ASSOCIATION  
STATEMENTS OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS  
YEARS ENDED JUNE 30, 2016 AND 2015**

|                               | <u>2016</u>      | <u>2015</u>      |
|-------------------------------|------------------|------------------|
| Softball                      | 31,185           | 33,716           |
| Payout to Schools             | 27,079           | 22,257           |
| Swimming                      | 14,032           | 20,855           |
| Tennis                        | 3,360            | 3,163            |
| Track                         | 24,037           | 28,676           |
| Volleyball                    | 11,587           | 11,936           |
| Payout to Schools             | 7,145            | 7,204            |
| Wrestling                     | <u>100,444</u>   | <u>107,997</u>   |
| <b>TOTAL TOURNAMENTS</b>      | <b>2,074,371</b> | <b>1,953,268</b> |
| <b>BOOKS AND PUBLICATIONS</b> |                  |                  |
| Rule books                    | 119,302          | 117,026          |
| <b>CLINICS AND EXAMS</b>      |                  |                  |
| Baseball                      | 10,188           | 10,973           |
| Basketball                    | 8,276            | 5,404            |
| Cheerleading                  | 158              | 102              |
| Football                      | 2,024            | 145              |
| Gymnastics                    | 260              | 96               |
| Officials                     | --               | 914              |
| Riflery                       | 119              | --               |
| Soccer                        | 1,683            | 1,972            |
| Softball                      | 7,741            | 5,489            |
| Swimming/Diving               | 184              | 42               |
| Track                         | 851              | 100              |
| Volleyball                    | --               | 50               |
| Wrestling                     | 1,885            | 1,873            |
| Lacrosse                      | <u>--</u>        | <u>50</u>        |
|                               | <b>33,369</b>    | <b>27,210</b>    |

See the accompanying notes and auditor's report.

**GEORGIA HIGH SCHOOL ASSOCIATION  
STATEMENTS OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS  
YEARS ENDED JUNE 30, 2016 AND 2015**

|   | <u>2016</u>  | <u>2015</u>  |
|---|--------------|--------------|
| <b>PRINTING AND SUPPLIES</b>                              |              |              |
| Office supplies   | 17,355       | 21,041       |
| Constitution & by-laws                                    | 7,012        | 6,854        |
| Directories   | 16,288       | 16,771       |
| Calendar  | --           | 908          |
| Schedules and other                                       | --           | 18,828       |
|   | 40,655       | 64,402       |
| <b>BUILDING AND EQUIPMENT MAINTENANCE<br/>AND EXPENSE</b> |              |              |
| Outside services and supplies                             | 47,264       | 38,759       |
| Utilities   | 14,053       | 14,009       |
| Repairs   | 5,192        | 7,191        |
|   | 66,509       | 59,959       |
| <b>OTHER EXPENSES</b>                                     |              |              |
| Insurance   | 843,502      | 752,357      |
| Outside services  | 163,819      | 156,722      |
| Postage and delivery                                      | 33,276       | 33,839       |
| Telephone & communications                                | 16,753       | 16,332       |
| Professional fees   | 89,918       | 63,552       |
| Marketing expense   | 47,256       | 52,120       |
| State meets (non-athletic)                                | 32,792       | 28,791       |
| Flowers and honoraria                                     | 2,296        | 3,060        |
| Retirement expense  | 92,571       | 90,179       |
| Community coaching program                                | 174,187      | 131,090      |
| AAASP   | 75,000       | 75,500       |
| Sports medicine   | 2,319        | 25,543       |
| NASO summit   | 3,000        | 5,183        |
| Depreciation  | 23,844       | 34,920       |
| Dues and subscriptions                                    | 2,621        | 2,808        |
| Trophies and awards                                       | 70,703       | 70,650       |
| Officials' evaluations                                    | 20,246       | 18,474       |
| Officials' supplies                                       | 42,003       | 43,848       |
| Officials' camps  | 39,383       | 35,149       |
| Payroll taxes   | 63,036       | 60,798       |
| City and county taxes                                     | 1,164        | 1,018        |
| Licensing payouts   | 3,225        | 81,207       |
|   | 1,842,914    | 1,783,140    |
|   | \$ 5,141,102 | \$ 4,904,457 |

See the accompanying notes and auditor's report.

**GEORGIA HIGH SCHOOL ASSOCIATION  
STATEMENTS OF CASH FLOWS – MODIFIED CASH BASIS  
YEARS ENDED JUNE 30, 2016 AND 2015**

|  | <u>2016</u>              | <u>2015</u>              |
|--|--------------------------|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                          |                          |
| (Decrease) Increase in net assets  | \$ (48,330)              | \$ 278,600               |
| Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities: |                          |                          |
| Depreciation   | 23,844                   | 34,920                   |
| Increase in payables   | <u>98</u>                | <u>3,020</u>             |
| <b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>  | <b>(24,388)</b>          | <b>316,540</b>           |
| <br><b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                          |                          |
| Change in short – term investments, net  | ( 646)                   | ( 962)                   |
| Change in long – term investments, net   | 8,245                    | (163,373)                |
| Payments for property and equipment  | <u>(13,094)</u>          | <u>( 29,209)</u>         |
| <b>NET CASH (USED) BY INVESTING ACTIVITIES</b>   | <b>( 5,495)</b>          | <b>(193,544)</b>         |
| <br><b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  | <b>--</b>                | <b>--</b>                |
| <b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>  | <b>(29,883)</b>          | <b>122,996</b>           |
| <br><b>BEGINNING CASH AND CASH EQUIVALENTS</b>   | <u><b>994,855</b></u>    | <u><b>871,859</b></u>    |
| <br><b>ENDING CASH AND CASH EQUIVALENTS</b>  | <u><b>\$ 964,972</b></u> | <u><b>\$ 994,855</b></u> |

**SUPPLEMENTAL DISCLOSURES OF CASH PAID DURING THE YEAR FOR:**

|               |    |     |    |     |
|---------------|----|-----|----|-----|
| Interest      | \$ | --  | \$ | --  |
| Foreign taxes | \$ | 446 | \$ | 384 |

See the accompanying notes and auditor's report.

# GEORGIA HIGH SCHOOL ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Activities

The Georgia High School Association (the Association) promotes education in Georgia high schools from a mental, physical, and moral viewpoint through the study of public speaking, the standardization and encouragement of athletics, and the appreciation of music, homemaking, and other fine arts through regional and state contests. The Association's support comes primarily from member dues, corporate sponsorships, and event admission receipts.

#### Basis of Accounting

The books of the Association are maintained on the "modified cash basis" of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Consequently, certain revenues and related assets are recognized when received rather than when earned and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Modifications to the cash basis of accounting result from management's decision to record property and equipment and related depreciation, prepaid expenses and current liabilities in the accompanying statement of assets, liabilities and net assets-modified cash basis.

#### Basis of Presentation

The Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Catastrophic insurance premiums collected from member schools in fiscal year 2016 were \$ 180,080 and were \$ 180,055 for fiscal year 2015. These amounts have been subtracted from insurance expense for statement presentation.

#### Property and Equipment

The Association capitalizes property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions.

Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service.

**GEORGIA HIGH SCHOOL ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Con't)**

Property and Equipment (Con't)

The Association reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using both straight line and modified accelerated cost recovery system methods over estimated useful lives ranging from five to forty-five years.

Estimates

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

Contributions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Association generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Association at the members' facilities, but these services do not meet the criteria for recognition as contributed services. The Association receives more than 3,500 volunteer hours per year.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of assets, liabilities and net assets. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

**GEORGIA HIGH SCHOOL ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Con't)**

Investments (Con't)

Short-term investments consist of certificates of deposit with original maturities of twelve months or less. Long-term investments consist of money market funds and debt and equity securities with original maturities greater than twelve months.

Income Taxes

The Association is a not – for – profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and is classified by the Internal Revenue Service as an organization that is not a private foundation.

Due to a clerical error, the Internal Revenue Service has listed the Association's tax-exempt status as revoked for not filing informational returns. Documentation of the Association's compliance and a request that the tax-exempt status be corrected is currently being processed by the Internal Revenue Service. Resolution of this issue is expected within thirty days.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Association considers all highly liquid investments available for current use with a maturity of three months or less when to be cash equivalents.

**NOTE B – RESTRICTIONS OF NET ASSETS**

There are no restrictions on the net assets of the Association.

**NOTE C – CONCENTRATION OF CASH DEPOSITS**

The Association's cash balance includes deposits held at SouthCrest Bank, NA which exceed the federally insured limit of \$250,000. SouthCrest Bank, NA has pledged municipal securities with a book value of \$1,501,514 to cover the excess deposit amount over the federally insured limit of \$250,000. No losses are anticipated due to this condition.

# GEORGIA HIGH SCHOOL ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

### NOTE D – INVESTMENTS

The fair values of short-term investments totaled \$149,728 and \$149,082 at June 30, 2016 and 2015, respectively. The fair values of long-term investments totaled \$3,933,745 and \$3,941,990 at June 30, 2016 and 2015, respectively. Total investment income is shown net of investment fees of \$28,352 and \$20,032 at June 30, 2016 and June 30, 2015, respectively. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the Association's financial condition.

The following schedule summarizes investment returns and their classification in the statement of activities for the years ended:

|  | June 30, 2016      |                    | June 30, 2015     |                   |
|--|--------------------|--------------------|-------------------|-------------------|
|  | Unrestricted       | Total              | Unrestricted      | Total             |
| Interest & dividend income               | \$ 81,401          | \$ 81,401          | \$ 81,493         | \$ 81,493         |
| Net realized & unrealized gains (Losses) | <u>(88,441)</u>    | <u>(88,441)</u>    | <u>83,290</u>     | <u>83,290</u>     |
| Total investment income                  | <u>\$ ( 7,040)</u> | <u>\$ ( 7,040)</u> | <u>\$ 164,783</u> | <u>\$ 164,783</u> |

### NOTE E – FAIR VALUE MEASUREMENTS

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis are as follows:

| Description                  | June 30, 2016       |  | June 30, 2015       |   |
|------------------------------|---------------------|--|---------------------|---|
|                              | Fair Value          | Quoted Prices<br>in Active Market<br>for Identical Assets<br>(Level 1) | Fair Value          | Quoted Prices<br>in Active Markets<br>for Identical Assets<br>(Level 1) |
| Short-term Investments       |                     |  |                     |   |
| Certificates of Deposit      | \$ 149,728          | \$ 149,728   | \$ 149,082          | \$ 149,082  |
| Total short-term Investments | <u>\$ 149,728</u>   | <u>\$ 149,728</u>  | <u>\$ 149,082</u>   | <u>\$ 149,082</u>   |
| Long-term Investments        |                     |  |                     |   |
| Money Market Funds           | \$ 188,102          | \$ 188,102   | \$ 154,841          | \$ 154,841  |
| Common Stocks                | 3,120,587           | 3,120,587  | 3,158,209           | 3,158,209   |
| Government Securities        | <u>625,056</u>      | <u>625,056</u>   | <u>628,940</u>      | <u>628,940</u>  |
| Total long-term Investments  | <u>\$ 3,933,745</u> | <u>\$ 3,933,745</u>  | <u>\$ 3,941,990</u> | <u>\$ 3,941,990</u>   |



# GEORGIA HIGH SCHOOL ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE E – FAIR VALUE MEASUREMENTS (Con't)

The Association recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended June 30, 2016 and 2015.

Short-term investments and long-term investments are reported at fair value on a recurring basis determined by reference to quoted market prices and other relevant information generated by market transactions.

### NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

|   | <u>2016</u>        | <u>2015</u>       |
|---|--------------------|-------------------|
| Office furniture, fixtures, and equipment | \$ 554,651         | \$ 550,834        |
| Office building & improvements            | 603,183            | 593,906           |
| Land – office building (non-depreciable)  | 6,210              | 6,210             |
| Land – other (non-depreciable)            | <u>11,774</u>      | <u>11,774</u>     |
|   | 1,175,818          | 1,162,724         |
| Accumulated depreciation                  | <u>(836,249)</u>   | <u>(812,405)</u>  |
|   | <u>\$ 339, 569</u> | <u>\$ 350,319</u> |

### NOTE G – RETIREMENT PLANS

Contributions are made to various tax sheltered annuities (TSA's) established in the names of the individuals.

Retirement expense recognized by the Association for fiscal years 2016 and 2015 was as follows:

|                          | <u>2016</u>      | <u>2015</u>      |
|--------------------------|------------------|------------------|
| Tax sheltered annuities  | \$ <u>92,571</u> | \$ <u>90,179</u> |
| Total Retirement Expense | <u>\$ 92,571</u> | <u>\$ 90,179</u> |

# GEORGIA HIGH SCHOOL ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE H – CONTINGENCIES**

As of August 11, 2016 (the date of this report), The Georgia High School Association was not involved in any threatened or pending litigation.

Counsel is not aware of any unasserted claims or assessments against the GHSA.

### **NOTE I – STATEMENT OF CASH FLOWS**

The Association has no non-cash investing or financing transactions.

### **NOTE J – UNCERTAIN TAX POSITIONS**

The Association has determined that there are no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

The Association's Form 990, *Return of Organization Exempt from Income Tax*, for the fiscal years ending in 2013, 2014, and 2015 are subject to examination by the IRS, generally for three years after they were filed.

### **NOTE K – SUBSEQUENT EVENTS**

The Association has evaluated subsequent events for potential recognition or disclosure through August 13, 2016 the date which the financial statements were available to be issued.