

GEORGIA HIGH SCHOOL ASSOCIATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

OFFICERS

President
Vice President
Executive Director
Assistant Executive Director

Dr. Glenn White
Curt Miller
Dr. James R. Hines, Jr.
Ernie Yarbrough

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Jim Finch

Jasper Jewell

Tommy Marshall

Michelle Masters

Kevin May

Kandice Mitchell

Michael Thompson

Nathan Turner

**Established
1904**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Georgia High School Association

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, 2021 and 2020, 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 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 asset of Georgia High School Association as of June 30, 2021 and 2020, 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
October 1, 2021

GEORGIA HIGH SCHOOL ASSOCIATION
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS – MODIFIED CASH BASIS
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,775,110	\$ 1,921,729
TOTAL CURRENT ASSETS	1,775,110	1,921,729
Long - term investments	6,724,509	5,404,618
Property and equipment (net of depreciation)	<u>260,705</u>	<u>279,642</u>
TOTAL ASSETS	<u>\$ 8,760,324</u>	<u>\$ 7,605,989</u>
LIABILITIES		
Current Liabilities – Payroll Withholdings	<u>\$ 5,907</u>	<u>\$ 1,945</u>
TOTAL CURRENT LIABILITIES	5,907	1,945
Note Payable – Payroll Protection Program	<u>235,661</u>	<u>245,027</u>
TOTAL LIABILITIES	<u>241,568</u>	<u>246,972</u>
COMMITMENTS AND CONTINGENCIES		
	--	--
NET ASSETS		
Without donor restrictions	8,518,756	7,359,017
With donor restrictions	<u>--</u>	<u>--</u>
TOTAL NET ASSETS	<u>8,518,756</u>	<u>7,359,017</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,760,324</u>	<u>\$ 7,605,989</u>

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, 2021 AND 2020**

REVENUES	<u>2021</u>	<u>2020</u>
Invitational & regional tournaments		
Baseball	\$ 3,964	\$ 858
Basketball	42,615	67,574
Cheerleading	19,922	25,449
Cross Country	4,884	4,563
Flag Football	259	--
Golf	46	113
Competitive Dance	781	548
Gymnastics	543	418
Lacrosse	769	93
One-Act Plays	46	41
Soccer	1,188	766
Softball	5,672	7,724
Swimming	161	2,365
Track	13,551	3,612
Volleyball	5,173	5,422
Wrestling	10,080	14,505
Region Trackwrestling	4,275	--
	<u>113,929</u>	<u>134,051</u>
State tournaments & playoffs		
Baseball	392,277	256
Basketball	252,798	764,813
Basketball Officials	15,360	--
Basketball NCAA Recruiting Event	32,868	--
Cheerleading	111,822	106,493
Competitive Dance	19,334	25,917
Cross Country	16,409	2,103
Esports	12,385	7,046
Flag Football	20,027	--
Football	1,106,446	1,339,052
Football Officials	44,085	42,300
Gymnastics	3,046	--
Lacrosse	76,014	--
Soccer	195,238	490
Soccer Officials	40,330	2,640
Softball	76,616	131,254
Softball Slow-Pitch	4,060	--
Swimming	--	6,459
Tennis	6,280	--
Track	13,963	--
Volleyball	48,768	40,161
Wrestling	104,021	115,496
Weight Appeals	9,550	12,050
	<u>2,601,697</u>	<u>2,596,530</u>

**GEORGIA HIGH SCHOOL ASSOCIATION
STATEMENTS OF SUPPORT, REVENUES, EXPENSES
AND OTHER CHANGES IN NET ASSETS – MODIFIED CASH BASIS
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Other revenues		
Dues from member schools	--	109,530
Corporate sponsorships	410,497	544,985
Rule books and publications	45	75
Vendor & Licensing Royalties	345	71,292
Fines	342,150	241,429
Officials' registration & insignia	291,593	366,987
Community coach registration	527,823	406,657
Trophies and awards	10,600	15,974
Media Partnerships	90,912	82,400
Miscellaneous	503	2,924
Camp fees	56,780	61,402
	<u>1,731,248</u>	<u>1,903,655</u>
TOTAL UNRESTRICTED REVENUES	4,446,874	4,634,236
EXPENSES	4,855,096	4,629,358
(DECREASE) INCREASE IN NET ASSETS – OPERATING	(408,222)	4,878
NON-OPERATING ITEMS		
Investment income	1,320,631	134,056
Write-off of stale checks	2,303	6,353
PPP Loan Forgiveness	245,027	--
Easement Payment	--	57,100
	<u>1,567,961</u>	<u>197,509</u>
TOTAL NON-OPERATING ITEMS	1,567,961	197,509
INCREASE IN UNRESTRICTED NET ASSETS	1,159,739	202,387
NET ASSETS AT BEGINNING OF YEAR	7,359,017	7,156,630
NET ASSETS AT END OF YEAR	<u>\$ 8,518,756</u>	<u>\$ 7,359,017</u>

See the accompanying notes and auditor's report.

**GEORGIA HIGH SCHOOL ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
SALARIES		
Executive Director	\$ 175,000	\$ 135,874
Assistant Executive Director	101,407	98,452
Associate Directors	500,911	424,390
Administrative Associates	<u>247,505</u>	<u>271,725</u>
	1,024,823	930,441
 TRAVEL EXPENSES AND ALLOWANCES		
National Meetings	3,429	20,126
State Meetings	1,180	2,184
State Executive Committee	19,960	52,291
Executive Director	941	954
Administrative Staff	333	491
Hardship Committee	7,515	7,693
Youth Leadership Program	12,856	2,111
Reclassifications and Miscellaneous	<u>5,842</u>	<u>12,156</u>
	52,056	98,006
 TOURNAMENTS		
Baseball	105,707	2,333
Payout to Schools	167,870	--
Basketball	67,064	163,104
Payout to Schools	52,832	258,231
Bass Fishing	3,114	443
Cheerleading	53,983	67,031
Payout to Schools	25,002	16,688
Competitive Dance	11,530	12,789
Cross Country	6,198	3,727
Flag Football	9,145	--
Football	321,092	187,172
Payout to Schools	524,468	776,749
Golf	8,135	4,382
Gymnastics	4,494	1,197
Lacrosse	9,144	678
Payout to Schools	37,057	--
Riflery	543	206
Soccer	87,690	2,453
Payout to Schools	63,426	--

Continued

See the accompanying notes and auditor's report.

**GEORGIA HIGH SCHOOL ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Softball	34,867	45,129
Payout to Schools	30,457	55,285
Swimming	8,560	5,251
Tennis	4,399	968
Track	10,501	3,679
Volleyball	18,345	10,033
Payout to Schools	9,142	11,717
Wrestling	<u>105,894</u>	<u>152,155</u>
TOTAL TOURNAMENTS	1,780,659	1,781,400
 BOOKS AND PUBLICATIONS		
Rule books	75,230	57,289
 CLINICS AND EXAMS		
Baseball	1,423	1,723
Basketball	1,814	4,856
Cheerleading	940	1,069
Cross Country	--	130
Football	5,234	1,607
Gymnastics	158	9
Lacrosse	--	312
Officials	--	2,418
Soccer	1,299	270
Softball	5,264	1,598
Swimming/Diving	140	150
Track	--	739
Volleyball	1,116	100
Wrestling	<u>1,253</u>	<u>416</u>
	18,641	15,397

See the accompanying notes and auditor's report.

**GEORGIA HIGH SCHOOL ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
BUILDING AND EQUIPMENT MAINTENANCE AND EXPENSE		
Outside services and supplies	34,049	26,976
Utilities	12,578	11,901
Repairs	7,848	11,919
	54,475	50,796
OTHER EXPENSES		
Insurance	991,297	748,179
Outside services	155,315	166,996
Office supplies	9,953	6,281
Postage and delivery	11,618	14,747
Telephone & communications	10,336	8,975
Professional fees	52,665	29,470
Marketing expense	23,321	15,067
State meets (non-athletic)	37,082	18,325
Flowers and honoraria	833	400
Retirement expense	114,319	102,603
Community coaching program	125,841	153,037
AAASP	75,000	75,500
Sports medicine	--	1,152
NASO summit	--	6,116
Depreciation	18,937	21,345
Dues and subscriptions	2,750	2,661
Trophies and awards	57,743	92,293
Officials' evaluations	28,603	14,760
Officials' supplies	17,195	22,420
Officials' camps	38,633	70,440
Payroll taxes	76,996	71,042
City and county taxes	775	930
Licensing payouts	--	53,290
	1,849,212	1,696,029
	\$ 4,855,096	\$ 4,629,358

See the accompanying notes and auditor's report.

**GEORGIA HIGH SCHOOL ASSOCIATION
STATEMENTS OF CASH FLOWS – MODIFIED CASH BASIS
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 1,159,739	\$ 202,387
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	18,937	21,345
Net (gain) on investments	(1,320,631)	(134,056)
Increase (Decrease) in payables	3,962	(462)
(Increase) in Receivables	(10,000)	--
(Increase) in Debt Forgiveness	(245,027)	--
 NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	 (393,020)	 89,214
 CASH FLOWS FROM INVESTING ACTIVITIES		
Cash provided by investments	740	775
Payments for property and equipment	<u> --</u>	<u>(1,940)</u>
 NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	 740	 (1,165)
 CASH FLOWS FROM FINANCING ACTIVITIES	 245,661	 245,027
 NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	 (146,619)	 333,076
 BEGINNING CASH AND CASH EQUIVALENTS	 <u>1,921,729</u>	 <u>1,588,653</u>
 ENDING CASH AND CASH EQUIVALENTS	 <u>\$ 1,775,110</u>	 <u>\$ 1,921,729</u>

SUPPLEMENTAL DISCLOSURES OF CASH PAID DURING THE YEAR FOR:

Interest on investments	\$	--	\$	15
Foreign taxes on investments		694		363

See the accompanying notes and auditor's report.

GEORGIA HIGH SCHOOL ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES AND 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 fine arts through regional and state contests. The Association also registers, tests, and certifies high school athletic officials. 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, current liabilities and long-term liabilities in the accompanying statement of assets, liabilities and net assets-modified cash basis.

Basis of Presentation

Catastrophic insurance premiums collected from member schools in fiscal year 2021 were \$ -0- and were \$ 202,220 for fiscal year 2020. 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 capitalized at their estimated fair value at the date contributed. Such donations are reported as contributions without donor restrictions 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 contributions with donor restrictions.

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

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

Property and Equipment (Con't)

The Association reclassifies net assets with donor restrictions to net assets without donor restrictions 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. There are no estimates that are particularly susceptible to significant change in the near term.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

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 3,000 volunteer hours per year across all events and tournaments.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of assets, liabilities, and assets – modified cash basis. 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 net assets without donor restrictions 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

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

Investments (Con't)

Short-term investments consist of certificates of deposit with original maturities of twelve months or less. The Association does not currently have any short-term investments. 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 classified by the Internal Revenue Service as other than a private foundation..

The Association utilized the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2021, the Association has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

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 purchased to be cash equivalents. The association does not currently have any investments considered to be cash equivalents.

Reclassifications

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

NOTE B – FINANCIAL ASSET AVAILABILITY AND LIQUIDITY

The Association maintains its finance assets primarily in cash and investments to furnish liquidity that provides available funds as The Associations expenses come due. The Association has \$ 8,499,619 in financial assets as of June 30, 2021 consisting of cash and investments.

GEORGIA HIGH SCHOOL ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE C – RESTRICTIONS OF NET ASSETS

The Association has no net assets with donor restrictions.

NOTE D – CONCENTRATION OF CASH DEPOSITS

As of August 4, 2017, the Association has established an Automated Clearing House (ACH) debit and credit link between its Raymond James broker account and its SouthCrest Bank accounts. This arrangement allows the Association to secure deposits over \$250,000 under Securities Investor Protection Corporation (SIPC). From time to time, the deposits in SouthCrest Bank exceed FDIC insurance limits.

NOTE E – INVESTMENTS

The investment objectives of the Association are to provide a reserve fund for future long-term uncertainty. The Association invests long-term and generally accepts a conservative yield for minimum risk. The investments are generally held to maturity.

The fair values of long-term investments totaled \$6,724,509 and \$5,404,618 at June 30, 2021 and 2020, respectively. Investment advisory fees of \$38,544 and \$37,288 were paid at June 30, 2021 and 2020 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 income and their classification in the statement of activities for the years ended:

	<u>June 30, 2021</u>		<u>June 30, 2020</u>	
	<u>Unrestricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Total</u>
Interest & dividend income	\$ 103,189	\$ 103,189	\$ 110,915	\$ 110,915
Net realized & unrealized gains (losses)	<u>1,217,442</u>	<u>1,217,442</u>	<u>23,141</u>	<u>23,141</u>
Total investment income	<u>\$ 1,320,631</u>	<u>\$ 1,320,631</u>	<u>\$ 134,056</u>	<u>\$ 134,056</u>

GEORGIA HIGH SCHOOL ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE F – 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:

<u>Description</u>	<u>June 30, 2021</u>		<u>June 30, 2020</u>	
	<u>Fair Value</u>	<u>Quoted Prices in Active Market for Identical Assets (Level 1)</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Total short-term investments	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Long-term Investments				
Money Market Funds	\$ 1,118,204	\$ 1,118,204	\$ 492,982	\$ 492,982
Common Stocks, Bonds & REITs	4,581,220	4,581,220	3,791,959	3,791,959
Government Securities	<u>1,025,085</u>	<u>1,025,085</u>	<u>1,119,677</u>	<u>1,119,667</u>
Total long-term investments	<u>\$ 6,724,509</u>	<u>\$ 6,724,509</u>	<u>\$ 5,404,618</u>	<u>\$ 5,404,618</u>

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, 2021 and 2020.

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.

The proceedings method described may produce a fair value calculation that may not be reflective of net realizable value or future fair values.

GEORGIA HIGH SCHOOL ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE G – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2021</u>	<u>2020</u>
Office furniture, fixtures, and equipment	\$ 590,740	\$ 590,740
Office building & improvements	603,183	603,183
Land – office building (non-depreciable)	6,210	6,210
Land – other (non-depreciable)	<u>11,774</u>	<u>11,774</u>
		1,211,907
Accumulated depreciation	<u>(951,202)</u>	<u>(932,265)</u>
	<u>\$ 260,705</u>	<u>\$ 279,642</u>

NOTE H – LONG-TERM DEBT

The Association's long-term debt consists of the following:

	<u>2021</u>	<u>2020</u>
SBA Payroll Protection Program Loan	<u>\$ 235,661</u>	<u>\$ 245,027</u>
	<u>\$ 235,661</u>	<u>\$ 245,027</u>

On April 23, 2020 The Association received a \$245,027 Paycheck Protection Program loan. The loan proceeds were spent in accordance with the provisions and was subsequently forgiven on December 15, 2020.

On February 2, 2021 The Association received a second Paycheck Protection Program loan for \$235,661. The loan proceeds were spent in accordance with the loan provision and was forgiven after the end of the fiscal year on September 13, 2021.

GEORGIA HIGH SCHOOL ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE I – RETIREMENT PLANS

The Association provides a defined contribution retirement plan.

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 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Tax sheltered annuities	<u>\$ 114,319</u>	<u>\$ 102,603</u>
Total Retirement Expense	<u>\$ 114,319</u>	<u>\$ 102,603</u>

NOTE J– CONTINGENCIES

As of October 1, 2021, (the date of this report), the Georgia High School Association was not involved in any threatened or pending litigation with the exception of the following:

On November 17, 2016, Charles Dawson Ellis filed suit against the Georgia High School Association and others in Civil Action File No. 16109198 in the Superior Court of Cobb County, Georgia. The suit alleges that the Plaintiff participated in a wrestling tournament sanctioned by the GHSA and during the tournament contracted a skin disease as a result of the failure of the Defendants to properly supervise the event and otherwise prevent injury to participants. The GHSA filed its defenses on numerous grounds including, among other defenses, that the tournament was not sanctioned by the GHSA and that the suit had not been filed within the applicable statute of limitations.

The GHSA subsequently filed a motion to dismiss the complaint as to the GHSA and thereafter the Plaintiff dismissed his action without prejudice on August 14, 2017. The action was subsequently refiled by the Plaintiff. The GHSA will defend the same vigorously and no loss is anticipated which would exceed the liability insurance coverage of the GHSA.

GEORGIA HIGH SCHOOL ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE K – CONTINGENCIES (Con't)

On November 11, 2019, Lisa Michelle Maddox and Jeffrey David Maddox, Jr. filed suit against the GHSA, its President Glen White and its Executive Director Dr. Robert Hines as well as a number of Lowndes County Georgia School officials alleging on February 2, 2018, the Plaintiffs were attending a wrestling tournament in the Lowndes County High School gym when Plaintiff Lisa Michelle Maddox fell traversing the bleachers. She alleges the defendants were negligent in operating and maintaining the bleachers which caused her to fall and sustain injuries. The GHSA filed its answer and numerous defenses including that it had no control over the bleachers and did not operate or maintain the same. The GHSA will defend the lawsuit vigorously and no loss is anticipated which will exceed the liability insurance coverage of the GHSA.

Counsel is not aware of any unasserted claims or assessments against the GHSA other than those associated with student eligibility to participate in extracurricular activities and member disciplinary appeals which seek no monetary damages, other than a request for attorney's fees.

NOTE L – STATEMENT OF CASH FLOWS

The Association had non-cash investing transactions consisting of reinvested interest, dividends and capital gains in the amount of \$475,709 in fiscal year 2021 and \$193,864 in fiscal year 2020.

NOTE M– 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 2018, 2019, and 2020 are subject to examination by the IRS, generally for three years after they are filed.

NOTE N – SUBSEQUENT EVENTS

The Association has evaluated subsequent events for potential recognition or disclosure through October 1, 2021 the date which the financial statements were available to be issued.

GEORGIA HIGH SCHOOL ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE N – SUBSEQUENT EVENTS (Con't)

The duration and impact of the Covid-19 pandemic remains unclear at this time. It is not possible to reliably estimate the impact on the financial statements for future periods.

Management is monitoring the effects of the pandemic on a continuous basis, and considers implementing health and safety policies for employees and events to be a priority. Consequently, events and tournaments may require reduced attendance, postponements, or cancellation. Because, the Association exclusively serves high schools in Georgia, there is a possibility of cancelled events due to state-wide school closures.

In the event of these circumstances, the Association anticipates being able to offset the loss of revenues with a reduction in related expenses and mitigate any potential impact on the Association's financial condition.