

GEORGIA HIGH SCHOOL ASSOCIATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

OFFICERS

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Vice President
Executive Director
Assistant Executive Director

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Michelle Masters

Kevin May

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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, 2022 and 2021, 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, 2022 and 2021, 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, 2022

GEORGIA HIGH SCHOOL ASSOCIATION
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS – MODIFIED CASH BASIS
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,313,061	\$ 1,775,110
TOTAL CURRENT ASSETS	2,313,061	1,775,110
Long - term investments	5,899,951	6,724,509
Property and equipment (net of depreciation)	<u>243,518</u>	<u>260,705</u>
TOTAL ASSETS	<u>\$ 8,456,530</u>	<u>\$ 8,760,324</u>
LIABILITIES		
Current Liabilities – Payroll Withholdings	<u>\$ 5,984</u>	<u>\$ 5,907</u>
TOTAL CURRENT LIABILITIES	5,984	5,907
Note Payable – Payroll Protection Program	<u>--</u>	<u>235,661</u>
TOTAL LIABILITIES	<u>5,984</u>	<u>241,568</u>
COMMITMENTS AND CONTINGENCIES	--	--
NET ASSETS		
Without donor restrictions	8,450,546	8,518,756
With donor restrictions	<u>--</u>	<u>--</u>
TOTAL NET ASSETS	<u>8,450,546</u>	<u>8,518,756</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,456,530</u>	<u>\$ 8,760,324</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, 2022 AND 2021**

REVENUES	<u>2022</u>	<u>2021</u>
Invitational & regional tournaments		
Baseball	\$ 1,758	\$ 3,964
Basketball	72,735	42,615
Cheerleading	25,719	19,922
Cheerleading Game Day	138	--
Cross Country	7,352	4,884
Flag Football	321	259
Golf	--	46
Competitive Dance	1,803	781
Gymnastics	1,436	543
Lacrosse	1,109	769
One-Act Plays	--	46
Soccer	982	1,188
Softball	3,811	5,672
Swimming	1,394	161
Track	18,101	13,551
Volleyball	6,631	5,173
Wrestling	16,036	10,080
Region Trackwrestling	<u>4,415</u>	<u>4,275</u>
	163,741	113,929
State tournaments & playoffs		
Baseball	389,441	392,277
Basketball	725,323	252,798
Basketball Officials	480	15,360
Basketball NCAA Recruiting Event	30,483	32,868
Cheerleading	122,657	94,434
Cheerleading Game Day	40,756	17,388
Competitive Dance	26,312	19,334
Cross Country	10,315	16,409
Esports	18,355	12,385
Flag Football	26,626	20,027
Football	1,334,395	1,106,446
Football Officials	38,708	44,085
Gymnastics	2,959	3,046
Lacrosse	93,852	76,014
Lacrosse Officials	5,908	--
Soccer	220,013	195,238
Soccer Officials	40,300	40,330
Softball	144,560	76,616
Softball Slow-Pitch	3,940	4,060
Swimming	9,691	--

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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
State tournaments & playoffs Cont.		
Tennis	10,524	6,280
Track	19,967	13,963
Volleyball	70,685	48,768
Wrestling	195,260	104,021
Weight Appeals	<u>10,500</u>	<u>9,550</u>
	3,592,010	2,601,697
Other revenues		
Dues from member schools	--	--
Corporate sponsorships	1,614,885	410,497
Rule books and publications	55	45
Vendor & Licensing Royalties	159,841	345
Fines	364,475	342,150
Officials' registration & insignia	173,606	291,593
Community coach registration	507,413	527,823
Trophies and awards	15,853	10,600
Media Partnerships	123,378	90,912
Miscellaneous	2,984	503
Camp fees	<u>78,080</u>	<u>56,780</u>
	<u>3,040,570</u>	<u>1,731,248</u>
TOTAL UNRESTRICTED REVENUES	6,796,321	4,446,874
EXPENSES	<u>6,296,488</u>	<u>4,855,096</u>
INCREASE (DECREASE) IN NET ASSETS – OPERATING	499,833	(408,222)
NON-OPERATING ITEMS		
Investment (loss) income	(823,924)	1,320,631
Write-off of stale checks	20,220	2,303
PPP Loan Forgiveness	<u>235,661</u>	<u>245,027</u>
TOTAL NON-OPERATING ITEMS	(568,043)	1,567,961
(DECREASE) INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(68,210)</u>	<u>1,159,739</u>
NET ASSETS AT BEGINNING OF YEAR	<u>8,518,756</u>	<u>7,359,017</u>
NET ASSETS AT END OF YEAR	<u>\$ 8,450,546</u>	<u>\$ 8,518,756</u>

See the accompanying notes and auditor's report.

**GEORGIA HIGH SCHOOL ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
SALARIES		
Executive Director	\$ 180,250	\$ 175,000
Assistant Executive Director	104,449	101,407
Associate Directors	457,072	500,911
Administrative Associates	<u>256,019</u>	<u>247,505</u>
	997,790	1,024,823
TRAVEL EXPENSES AND ALLOWANCES		
National Meetings	35,564	3,429
State Meetings	6,747	1,180
State Executive Committee	60,670	19,960
Executive Director	1,830	941
Administrative Staff	205	333
Hardship Committee	6,779	7,515
Youth Leadership Program	19,185	12,856
Reclassifications and Miscellaneous	<u>24,025</u>	<u>5,842</u>
	155,005	52,056
TOURNAMENTS		
Baseball	102,550	105,707
Payout to Schools	167,725	167,870
Basketball	270,879	67,064
Payout to Schools	150,221	52,832
Bass Fishing	3,062	3,114
Cheerleading	97,145	49,344
Payout to Schools	13,415	25,002
Cheerleading Game Day	14,930	4,639
Competitive Dance	16,328	11,530
Cross Country	9,939	6,198
Flag Football	15,507	9,145
Football	327,955	321,092
Payout to Schools	611,056	524,468
Golf	11,937	8,135
Gymnastics	5,332	4,494
Lacrosse	16,689	9,144
Payout to Schools	49,507	37,057
Riflery	6,763	543
Soccer	86,624	87,690
Payout to Schools	82,640	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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
TOURNAMENTS CON'T		
Softball (Fast Pitch)	50,505	30,480
Payout to Schools	59,027	30,457
Softball (Slow Pitch)	9,860	4,387
Swimming	8,194	8,560
Tennis	4,449	4,399
Track	16,720	10,501
Volleyball	45,140	18,345
Payout to Schools	4,636	9,142
Wrestling	<u>195,987</u>	<u>105,894</u>
TOTAL TOURNAMENTS	2,454,722	1,780,659
BOOKS AND PUBLICATIONS		
Rule books	73,809	75,230
CLINICS AND EXAMS		
Baseball	3,177	1,423
Basketball	1,340	1,814
Cheerleading	784	940
Cross Country	472	--
Competitive Dance	50	--
Football	5,054	5,234
Gymnastics	50	158
Lacrosse	437	--
Officials	--	--
Soccer	--	1,299
Softball	4,314	5,264
Swimming/Diving	--	140
Track	242	--
Volleyball	68	1,116
Wrestling	<u>97</u>	<u>1,253</u>
	16,085	18,641
BUILDING AND EQUIPMENT MAINTENANCE AND EXPENSE		
Outside services and supplies	42,216	34,049
Utilities	11,690	12,578
Repairs	<u>1,732</u>	<u>7,848</u>
	55,638	54,475

See the accompanying notes and auditor's report .

**GEORGIA HIGH SCHOOL ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
OTHER EXPENSES		
Insurance	904,330	991,297
Member Share Payouts	621,180	--
Outside services	152,135	155,315
Office supplies	9,812	9,953
Postage and delivery	16,947	11,618
Telephone & communications	10,492	10,336
Professional fees	52,391	52,665
Marketing expense	24,149	23,321
State meets (non-athletic)	40,317	37,082
Flowers and honoraria	100	833
Retirement expense	110,841	114,319
Community coaching program	123,450	125,841
AAASP	75,186	75,000
NASO summit	3,000	--
Depreciation	17,187	18,937
Dues and subscriptions	2,836	2,750
Trophies and awards	98,174	57,743
Officials' evaluations	21,052	28,603
Officials' supplies	20,940	17,195
Officials' camps	45,796	38,633
Payroll taxes	73,019	76,996
City and county taxes	615	775
Licensing payouts	119,490	--
	<u>2,543,439</u>	<u>1,849,212</u>
	<u>\$ 6,296,488</u>	<u>\$ 4,855,096</u>

See the accompanying notes and auditor's report.

**GEORGIA HIGH SCHOOL ASSOCIATION
STATEMENTS OF CASH FLOWS – MODIFIED CASH BASIS
YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) Increase in net assets	\$ (68,210)	\$ 1,159,739
Adjustments to reconcile increase (Decrease) in net assets to net cash provided by operating activities:		
Depreciation	17,187	18,937
Net loss (gain) on Investments	824,558	(1,320,631)
Increase in Payables	77	3,962
(Increase) in Receivables	(10,000)	(10,000)
Decrease (Increase) in Debt Forgiveness	<u>9,366</u>	<u>(245,027)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	772,978	(393,020)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Cash provided by investments	634	740
Payments for property and equipment	<u>--</u>	<u>--</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	634	740
 CASH FLOWS FROM FINANCING ACTIVITIES	(235,661)	245,661
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	537,951	(146,619)
 BEGINNING CASH AND CASH EQUIVALENTS	<u>1,775,110</u>	<u>1,921,729</u>
 ENDING CASH AND CASH EQUIVALENTS	<u>\$ 2,313,061</u>	<u>\$ 1,775,110</u>

SUPPLEMENTAL DISCLOSURES OF CASH PAID DURING THE YEAR FOR:

Interest on investments	\$	--	\$	--
Foreign taxes on investments		827		694

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 corporate sponsorships, and a percentage of event admission receipts. Additionally, The Association evaluates, year by year, whether or not to charge membership dues based on financial need. These dues have been waived for the past three fiscal years.

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 2022 were \$ -0- and were \$ -0- for fiscal year 2021. Collection of catastrophic insurance premiums have been waived as part of membership dues for the past three fiscal years.

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, and government 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, 2022, 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 \$ 8,213,012 in financial assets as of June 30, 2022 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 Colony 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 Colony 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 \$5,899,951 and \$6,724,509 at June 30, 2022 and 2021, respectively. Investment advisory fees of \$42,116 and \$38,544 were paid at June 30, 2022 and 2021 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, 2022</u>		<u>June 30, 2021</u>	
	<u>Unrestricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Total</u>
Interest & dividend income	\$ 94,720	\$ 94,720	\$ 103,189	\$ 103,189
Net realized & unrealized gains (losses)	<u>(918,644)</u>	<u>(918,644)</u>	<u>1,217,442</u>	<u>1,217,442</u>
Total investment income	<u>\$ (823,924)</u>	<u>\$ (823,924)</u>	<u>\$ 1,320,631</u>	<u>\$ 1,320,631</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, 2022</u>		<u>June 30, 2021</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	\$ 1,124,022	\$ 1,124,022	\$ 1,118,204	\$ 1,118,204
Common Stocks, Bonds & REITs	3,820,074	3,820,074	4,581,220	4,581,220
Government Securities	<u>955,855</u>	<u>955,855</u>	<u>1,025,085</u>	<u>1,025,085</u>
Total long-term investments	<u>\$ 5,899,951</u>	<u>\$ 5,899,951</u>	<u>\$ 6,724,509</u>	<u>\$ 6,724,509</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, 2022 and 2021.

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>2022</u>	<u>2021</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>
	<u>1,211,907</u>	<u>1,211,907</u>
Accumulated depreciation	<u>(968,389)</u>	<u>(951,202)</u>
	<u>\$ 243,518</u>	<u>\$ 260,705</u>

NOTE H – LONG-TERM DEBT

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

	<u>2022</u>	<u>2021</u>
SBA Payroll Protection Program Loan	<u>\$ -0-</u>	<u>\$ 235,661</u>
	<u>\$ -0-</u>	<u>\$ 235,661</u>

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 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 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Tax sheltered annuities	<u>\$ 110,841</u>	<u>\$ 114,319</u>
Total Retirement Expense	<u>\$ 110,841</u>	<u>\$ 114,319</u>

NOTE J– CONTINGENCIES

As of October 2, 2020, (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. James R. Hines, Jr. 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 \$346,350 in fiscal year 2022 and \$475,709 in fiscal year 2021.

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 2019, 2020, and 2021 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, 2022 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.