

GEORGIA HIGH SCHOOL ASSOCIATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

OFFICERS

President
Vice President
Executive Director
Assistant Executive Director

Dr. Glenn White
Lisa Moore Williams
Dr. James R. Hines, Jr.
Ernie Yarbrough

BOARD OF TRUSTEES

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Jim Finch

Jasper Jewell

Joe Lancaster

Gary Long

Michelle Masters

Curt Miller

Kandice Mitchell

Dawn Odom

**Established
1904**

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Jackson & Brown, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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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, 2020 and 2019, 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, 2020 and 2019, 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 2, 2020

GEORGIA HIGH SCHOOL ASSOCIATION
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS – MODIFIED CASH BASIS
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,921,729	\$ 1,588,653
Short - term investments	<u> --</u>	<u> --</u>
TOTAL CURRENT ASSETS	1,921,729	1,588,653
Long - term investments	5,404,618	5,271,337
Property and equipment (net of depreciation)	<u>279,642</u>	<u>299,047</u>
TOTAL ASSETS	<u>\$ 7,605,989</u>	<u>\$ 7,159,037</u>
LIABILITIES		
Current Liabilities – payroll withholdings	<u>\$ 1,945</u>	<u>\$ 2,407</u>
TOTAL CURRENT LIABILITIES	1,945	2,407
Note Payable – Payroll Protection Program	<u>245,027</u>	<u> --</u>
TOTAL LIABILITIES	<u>246,972</u>	<u>2,407</u>
COMMITMENTS AND CONTINGENCIES		
	--	--
NET ASSETS		
Without donor restrictions	7,359,017	7,156,630
With donor restrictions	<u> --</u>	<u> --</u>
TOTAL NET ASSETS	<u>7,359,017</u>	<u>7,156,630</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,605,989</u>	<u>\$ 7,159,037</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, 2020 AND 2019**

REVENUES	<u>2020</u>	<u>2019</u>
Invitational & regional tournaments		
Baseball	\$ 858	\$ 1,311
Basketball	67,574	68,729
Cheerleading	25,449	23,919
Cross Country	4,563	4,627
Golf	113	206
Competitive Dance	548	--
Gymnastics	418	177
Lacrosse	93	696
One-Act Plays	41	--
Soccer	766	1,732
Softball	7,724	9,038
Swimming	2,365	2,424
Tennis	--	20
Track	3,612	12,779
Volleyball	5,422	5,430
Wrestling	14,505	15,509
	<u>134,051</u>	<u>146,597</u>
State tournaments & playoffs		
Baseball	256	196,935
Basketball	764,813	898,438
Cheerleading	106,493	89,128
Competitive Dance	25,917	9,202
Cross Country	2,103	4,938
Esports	7,046	19,855
Football	1,339,052	1,126,842
Football Officials	42,300	40,425
Gymnastics	--	1,564
Lacrosse	--	84,446
Soccer	490	185,782
Soccer Officials	2,640	47,236
Softball	131,254	120,106
Swimming	6,459	13,751
Tennis	--	2,910
Track	--	1,341
Volleyball	40,161	39,566
Wrestling	115,496	68,768
Weight Appeals	12,050	9,600
	<u>2,596,530</u>	<u>2,960,833</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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Other revenues		
Dues from member schools	109,530	109,160
Corporate sponsorships	544,985	710,340
Rule books and publications	75	163
Vendor & Licensing Royalties	71,292	64,082
Fines	241,429	339,814
Officials' registration & insignia	366,987	365,842
Community coach registration	406,657	518,050
Trophies and awards	15,974	6,496
Media Partnerships	82,400	80,000
Miscellaneous	2,924	3,405
Camp fees	61,402	84,073
	<u>1,903,655</u>	<u>2,281,425</u>
 TOTAL UNRESTRICTED REVENUES	 4,634,236	 5,388,855
 EXPENSES	 <u>4,629,358</u>	 <u>5,136,991</u>
 INCREASE IN NET ASSETS – OPERATING	 4,878	 251,864
 NON-OPERATING ITEMS		
Investment income	134,056	279,227
Write-off of stale checks	6,353	3,827
Easement Payment	57,100	--
	<u>197,509</u>	<u>283,054</u>
 TOTAL NON-OPERATING ITEMS	 197,509	 283,054
 INCREASE IN UNRESTRICTED NET ASSETS	 <u>202,387</u>	 <u>534,918</u>
 NET ASSETS AT BEGINNING OF YEAR	 <u>7,156,630</u>	 <u>6,621,712</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 7,359,017</u>	 <u>\$ 7,156,630</u>

See the accompanying notes and auditor's report.

**GEORGIA HIGH SCHOOL ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
SALARIES		
Executive Director	\$ 135,874	\$ 128,750
Assistant Executive Director	98,452	95,585
Associate Directors	424,390	448,978
Administrative Associates	<u>271,725</u>	<u>264,093</u>
	930,441	937,406
 TRAVEL EXPENSES AND ALLOWANCES		
National Meetings	20,126	58,549
State Meetings	2,184	6,930
State Executive Committee	52,291	43,214
Executive Director	954	1,200
Administrative Staff	491	2,751
Hardship Committee	7,693	6,332
Youth Leadership Program	2,111	9,272
Reclassifications and Miscellaneous	<u>12,156</u>	<u>15,727</u>
	98,006	143,975
 TOURNAMENTS		
Baseball	2,333	35,561
Payout to Schools	--	64,430
Basketball	163,104	245,148
Payout to Schools	258,231	264,844
Bass Fishing	443	--
Cheerleading	67,031	63,213
Payout to Schools	16,688	12,264
Competitive Dance	12,789	8,501
Cross Country	3,727	4,272
Football	187,172	204,384
Payout to Schools	776,749	780,163
Golf	4,382	8,952
Gymnastics	1,197	6,173
Lacrosse	678	14,269
Payout to Schools	--	17,127
Riflery	206	3,373
Soccer	2,453	86,460
Payout to Schools	--	59,309

Continued

See the accompanying notes and auditor's report.

**GEORGIA HIGH SCHOOL ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Softball	45,129	49,361
Payout to Schools	55,285	46,257
Swimming	5,251	10,319
Tennis	968	3,367
Track	3,679	14,146
Volleyball	10,033	11,277
Payout to Schools	11,717	8,185
Wrestling	<u>152,155</u>	<u>105,325</u>
 TOTAL TOURNAMENTS	 1,781,400	 2,126,680
 BOOKS AND PUBLICATIONS		
Rule books	57,289	73,734
 CLINICS AND EXAMS		
Baseball	1,723	4,855
Basketball	4,856	5,740
Cheerleading	1,069	362
Cross Country	130	--
Football	1,607	4,575
Gymnastics	9	58
Lacrosse	312	50
Officials	2,418	--
Soccer	270	2,036
Softball	1,598	5,072
Swimming/Diving	150	120
Track	739	926
Volleyball	100	1,578
Wrestling	<u>416</u>	<u>200</u>
	<u>15,397</u>	<u>25,572</u>

See the accompanying notes and auditor's report.

**GEORGIA HIGH SCHOOL ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
BUILDING AND EQUIPMENT MAINTENANCE AND EXPENSE		
Outside services and supplies	26,976	46,788
Utilities	11,901	13,466
Repairs	<u>11,919</u>	<u>9,023</u>
	50,796	69,277
OTHER EXPENSES		
Insurance	748,179	764,293
Outside services	166,996	168,614
Office supplies	6,281	12,241
Postage and delivery	14,747	16,523
Telephone & communications	8,975	3,228
Professional fees	29,470	57,327
Marketing expense	15,067	10,613
State meets (non-athletic)	18,325	40,007
Flowers and honoraria	400	600
Retirement expense	102,603	101,711
Community coaching program	153,037	172,549
AAASP	75,500	76,000
Sports medicine	1,152	2,494
NASO summit	6,116	6,000
Depreciation	21,345	27,431
Dues and subscriptions	2,661	2,743
Trophies and awards	92,293	93,130
Officials' evaluations	14,760	17,367
Officials' supplies	22,420	14,375
Officials' camps	70,440	58,865
Payroll taxes	71,042	69,609
City and county taxes	930	783
Licensing payouts	<u>53,290</u>	<u>43,844</u>
	<u>1,696,029</u>	<u>1,760,347</u>
	<u>\$ 4,629,358</u>	<u>\$ 5,136,991</u>

See the accompanying notes and auditor's report.

**GEORGIA HIGH SCHOOL ASSOCIATION
STATEMENTS OF CASH FLOWS – MODIFIED CASH BASIS
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 202,387	\$ 534,918
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	21,345	27,431
Net (gain) on investments	(134,056)	(279,227)
(Decrease) in payables	<u>(462)</u>	<u>(18,907)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 89,214	 264,215
 CASH FLOWS FROM INVESTING ACTIVITIES		
Cash provided by investments	775	625
Payments for property and equipment	<u>(1,940)</u>	<u>(1,533)</u>
 NET CASH USED BY INVESTING ACTIVITIES	 (1,165)	 (908)
 CASH FLOWS FROM FINANCING ACTIVITIES	 245,027	 --
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 333,076	 263,307
 BEGINNING CASH AND CASH EQUIVALENTS	 <u>1,588,653</u>	 <u>1,325,346</u>
 ENDING CASH AND CASH EQUIVALENTS	 <u>\$ 1,921,729</u>	 <u>\$ 1,588,653</u>

SUPPLEMENTAL DISCLOSURES OF CASH PAID DURING THE YEAR FOR:

Interest on investments	\$ 15	\$ --
Foreign taxes on investments	363	539

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'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 2020 were \$ 202,220 and were \$ 202,835 for fiscal year 2019. 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.

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.

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..

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 – RESTRICTIONS OF NET ASSETS

The Association has no net assets with donor restrictions.

NOTE C – 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.

GEORGIA HIGH SCHOOL ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE D – INVESTMENTS

The fair values of long-term investments totaled \$5,404,618 and \$5,271,337 at June 30, 2020 and 2019, respectively. Investment advisory fees of \$37,288 and \$37,960 were paid at June 30, 2020 and 2019 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, 2020</u>		<u>June 30, 2019</u>	
	<u>Unrestricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Total</u>
Interest & dividend income	\$ 110,915	\$ 110,915	\$ 106,045	\$ 106,045
Net realized & unrealized gains (losses)	<u>23,141</u>	<u>23,141</u>	<u>173,182</u>	<u>173,182</u>
Total investment income	<u>\$ 134,056</u>	<u>\$ 134,056</u>	<u>\$ 279,227</u>	<u>\$ 279,227</u>

GEORGIA HIGH SCHOOL ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

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, 2020		June 30, 2019	
	Quoted Prices in Active Market for Identical Assets		Quoted Prices in Active Markets for Identical Assets	
	Fair Value	(Level 1)	Fair Value	(Level 1)
Total short-term investments	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Long-term Investments				
Money Market Funds	\$ 492,982	\$ 492,982	\$ 233,706	\$ 233,706
Common Stocks, Bonds & REITs	3,791,959	3,791,959	4,376,652	4,376,652
Government Securities	<u>1,119,677</u>	<u>1,119,667</u>	<u>660,979</u>	<u>660,979</u>
Total long-term investments	<u>\$ 5,404,618</u>	<u>\$ 5,404,618</u>	<u>\$ 5,271,337</u>	<u>\$ 5,271,337</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, 2020 and 2019.

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.

GEORGIA HIGH SCHOOL ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2020</u>	<u>2019</u>
Office furniture, fixtures, and equipment	\$ 590,740	\$ 588,800
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>1,209,967</u>
Accumulated depreciation	<u>(932,265)</u>	<u>(910,920)</u>
	<u>\$ 279,642</u>	<u>\$ 299,047</u>

NOTE G – LONG-TERM DEBT

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

	<u>2020</u>	<u>2019</u>
SBA Payroll Protection Program Loan	<u>\$ 245,027</u>	\$ --
	<u>\$ 245,027</u>	<u>\$ --</u>

Future scheduled maturities of long-term debt are as follows:

Years ending June 30:	
2021	\$ 122,514
2022	<u>122,513</u>
	<u>\$ 245,027</u>

On April 23, 2020, the Association received a Small Business Administration Payroll Protection Loan. The loan is payable in monthly installments plus interest at an annual rate of 1% for twenty four months. Payments are deferred for six months. This loan is eligible to be 100% forgiven as long as the Association:

- 1) Uses 60% of the funds on payroll costs.
- 2) No more than 40% used to pay interest on mortgages, rent and utilities.
- 3) Maintain the same number of employee as at the time of the PPP loan application.
- 4) Salaries and wages are not decreased.

The Association expects to receive 100% forgiveness at the end of the six-month payment deferral period.

GEORGIA HIGH SCHOOL ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE H – 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 2020 and 2019 was as follows:

	<u>2020</u>	<u>2019</u>
Tax sheltered annuities	<u>\$ 102,603</u>	<u>\$ 101,711</u>
Total Retirement Expense	<u>\$ 102,603</u>	<u>\$ 101,711</u>

NOTE I – 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 I – 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 J – STATEMENT OF CASH FLOWS

The Association had non-cash investing transactions consisting of reinvested interest, dividends and capital gains in the amount of \$193,864 in fiscal year 2020 and \$94,319 in fiscal year 2019.

NOTE K – 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 2017, 2018, and 2019 are subject to examination by the IRS, generally for three years after they are filed.

NOTE L – SUBSEQUENT EVENTS

The Association has evaluated subsequent events for potential recognition or disclosure through October 2, 2020 the date which the financial statements were available to be issued.

GEORGIA HIGH SCHOOL ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE L – 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.