

GEORGIA HIGH SCHOOL ASSOCIATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

OFFICERS

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Vice President
Executive Director
Assistant Executive Director

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Michelle Masters

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**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, 2019 and 2018, 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, 2019 and 2018, 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
September 27, 2019

**GEORGIA HIGH SCHOOL ASSOCIATION
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS – MODIFIED CASH BASIS
JUNE 30, 2019 AND 2018**

| | <u>2019</u> | <u>2018</u> |
|--|----------------------------|----------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 1,588,653 | \$ 1,325,346 |
| Short - term investments | <u>-0-</u> | <u>-0-</u> |
| TOTAL CURRENT ASSETS | 1,588,653 | 1,325,346 |
| Long - term investments | 5,271,337 | 4,992,736 |
| Property and equipment (net of depreciation) | <u>299,047</u> | <u>324,944</u> |
| TOTAL ASSETS | <u>\$ 7,159,037</u> | <u>\$ 6,643,026</u> |
| LIABILITIES | | |
| Current Liabilities – payroll withholdings | <u>\$ 2,407</u> | <u>\$ 21,314</u> |
| TOTAL CURRENT LIABILITIES | <u>2,407</u> | <u>21,314</u> |
| TOTAL LIABILITIES | 2,407 | 21,314 |
| COMMITMENTS AND CONTINGENCIES | -- | -- |
| NET ASSETS | | |
| Unrestricted | 7,156,630 | 6,621,712 |
| Temporarily restricted | -- | -- |
| Permanently restricted | <u>--</u> | <u>--</u> |
| TOTAL NET ASSETS | <u>7,156,630</u> | <u>6,621,712</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 7,159,037</u> | <u>\$ 6,643,026</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, 2019 AND 2018**

| REVENUES | <u>2019</u> | <u>2018</u> |
|--|--------------------|--------------------|
| Invitational & regional tournaments | | |
| Baseball | \$ 1,311 | \$ 3,301 |
| Basketball | 68,729 | 64,133 |
| Cheerleading | 23,919 | 23,128 |
| Cross Country | 4,627 | 4,580 |
| Golf | 206 | -0- |
| Gymnastics | 177 | 119 |
| Lacrosse | 696 | 627 |
| One-Act Plays | -0- | 20 |
| Soccer | 1,732 | 2,142 |
| Softball | 9,038 | 8,786 |
| Swimming | 2,424 | 2,616 |
| Tennis | 20 | 9 |
| Track | 12,779 | 14,570 |
| Volleyball | 5,430 | 4,696 |
| Wrestling | 15,509 | 12,547 |
| | <u>146,597</u> | <u>141,274</u> |
| State tournaments & playoffs | | |
| Baseball | 196,935 | 192,609 |
| Basketball | 898,438 | 786,236 |
| Cheerleading | 89,128 | 83,630 |
| Competitive Dance | 9,202 | -0- |
| Cross Country | 4,938 | 3,219 |
| Esports | 19,855 | -0- |
| Football | 1,126,842 | 1,770,671 |
| Football Officials | 40,425 | -0- |
| Gymnastics | 1,564 | 2,611 |
| Lacrosse | 84,446 | 21,477 |
| Soccer | 185,782 | 166,148 |
| Soccer Officials | 47,236 | 40,920 |
| Softball | 120,106 | 94,489 |
| Swimming | 13,751 | 180 |
| Tennis | 2,910 | 5,676 |
| Track | 1,341 | 1,068 |
| Volleyball | 39,566 | 31,137 |
| Wrestling | 68,768 | 59,405 |
| Weight Appeals | 9,600 | 10,100 |
| | <u>2,960,833</u> | <u>3,269,576</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, 2019 AND 2018**

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| Other revenues | | |
| Dues from member schools | 109,160 | 110,202 |
| Corporate sponsorships | 710,340 | 791,914 |
| Rule books and publications | 163 | 285 |
| Vendor & Licensing Royalties | 64,082 | 134,846 |
| Fines | 339,814 | 285,320 |
| Officials' registration & insignia | 365,842 | 298,082 |
| Community coach registration | 518,050 | 504,860 |
| Trophies and awards | 6,496 | 12,674 |
| Media Partnerships | 80,000 | 80,000 |
| Miscellaneous | 3,405 | 2,630 |
| Camp fees | 84,073 | 80,110 |
| | <u>2,281,425</u> | <u>2,300,923</u> |
| TOTAL UNRESTRICTED REVENUES | 5,388,855 | 5,711,773 |
| EXPENSES | 5,136,991 | 5,561,382 |
| INCREASE IN NET ASSETS – OPERATING | 251,864 | 150,391 |
| NON-OPERATING ITEMS | | |
| Investment income | 279,227 | 448,915 |
| Write-off of stale checks | 3,827 | 2,726 |
| | <u>283,054</u> | <u>451,641</u> |
| TOTAL NON-OPERATING ITEMS | 283,054 | 451,641 |
| INCREASE IN UNRESTRICTED NET ASSETS | 534,918 | 602,032 |
| NET ASSETS AT BEGINNING OF YEAR | 6,621,712 | 6,019,680 |
| NET ASSETS AT END OF YEAR | \$ 7,156,630 | \$ 6,621,712 |

See the accompanying notes and auditor's report.

**GEORGIA HIGH SCHOOL ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
YEARS ENDED JUNE 30, 2019 AND 2018**

| | <u>2019</u> | <u>2018</u> |
|---------------------------------------|----------------|------------------|
| SALARIES | | |
| Executive Director | \$ 128,750 | \$ 125,000 |
| Assistant Executive Director | 95,585 | 90,755 |
| Associate Directors | 448,978 | 430,900 |
| Administrative Associates | 264,093 | 255,731 |
| Executive Director – Retired | <u>-0-</u> | <u>133,875</u> |
| | 937,406 | 1,036,261 |
| TRAVEL EXPENSES AND ALLOWANCES | | |
| National Meetings | 58,549 | 27,891 |
| State Meetings | 6,930 | -0- |
| State Executive Committee | 43,214 | 26,574 |
| Executive Director | 1,200 | 5,529 |
| Administrative Staff | 2,751 | 5,589 |
| Hardship Committee | 6,332 | 8,375 |
| Youth Leadership Program | 9,272 | 14,222 |
| Reclassifications and Miscellaneous | <u>15,727</u> | <u>8,886</u> |
| | 143,975 | 97,066 |
| TOURNAMENTS | | |
| Baseball | 35,561 | 71,326 |
| Payout to Schools | 64,430 | 37,245 |
| Basketball | 245,148 | 132,230 |
| Payout to Schools | 264,844 | 281,331 |
| Cheerleading | 63,213 | 64,896 |
| Payout to Schools | 12,264 | 13,470 |
| Competitive Dance | 8,501 | 1,302 |
| Cross Country | 4,272 | 3,820 |
| Football | 204,384 | 271,220 |
| Payout to Schools | 780,163 | 1,030,313 |
| Golf | 8,952 | 7,058 |
| Gymnastics | 6,173 | 5,810 |
| Lacrosse | 14,269 | 10,556 |
| Payout to Schools | 17,127 | 7,051 |
| Riflery | 3,373 | 2,959 |
| Soccer | 86,460 | 105,375 |
| Payout to Schools | 59,309 | 29,549 |

Continued

See the accompanying notes and auditor's report.

**GEORGIA HIGH SCHOOL ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
YEARS ENDED JUNE 30, 2019 AND 2018**

| | <u>2019</u> | <u>2018</u> |
|-----------------------------------|----------------------|----------------------|
| Softball | 49,361 | 46,821 |
| Payout to Schools | 46,257 | 22,530 |
| Swimming | 10,319 | 15,674 |
| Tennis | 3,367 | 5,412 |
| Track | 14,146 | 19,593 |
| Volleyball | 11,277 | 11,652 |
| Payout to Schools | 8,185 | 5,790 |
| Wrestling | <u>105,325</u> | <u>137,080</u> |
| TOTAL TOURNAMENTS | 2,126,680 | 2,340,063 |
| BOOKS AND PUBLICATIONS | | |
| Rule books | 73,734 | 79,972 |
| CLINICS AND EXAMS | | |
| Baseball | 4,855 | 4,618 |
| Basketball | 5,740 | 3,882 |
| Cheerleading | 362 | 699 |
| Football | 4,575 | 4,628 |
| Gymnastics | 58 | 84 |
| Lacrosse | 50 | 50 |
| Soccer | 2,036 | 3,529 |
| Softball | 5,072 | 5,180 |
| Swimming/Diving | 120 | 296 |
| Track | 926 | 336 |
| Volleyball | 1,578 | 608 |
| Wrestling | <u>200</u> | <u>1,673</u> |
| | <u>25,572</u> | <u>25,583</u> |

See the accompanying notes and auditor's report.

**GEORGIA HIGH SCHOOL ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
YEARS ENDED JUNE 30, 2019 AND 2018**

| | <u>2019</u> | <u>2018</u> |
|---|----------------------------|----------------------------|
| BUILDING AND EQUIPMENT MAINTENANCE AND EXPENSE | | |
| Outside services and supplies | 46,788 | 50,319 |
| Utilities | 13,466 | 12,959 |
| Repairs | 9,023 | 16,199 |
| | 69,277 | 79,477 |
| OTHER EXPENSES | | |
| Insurance | 764,293 | 837,138 |
| Outside services | 168,614 | 171,082 |
| Office supplies | 12,241 | 15,813 |
| Postage and delivery | 16,523 | 13,169 |
| Telephone & communications | 3,228 | 11,497 |
| Professional fees | 57,327 | 58,710 |
| Marketing expense | 10,613 | 13,260 |
| State meets (non-athletic) | 40,007 | 38,695 |
| Flowers and honoraria | 600 | 200 |
| Retirement expense | 101,711 | 116,718 |
| Community coaching program | 172,549 | 166,031 |
| AAASP | 76,000 | 75,500 |
| Sports medicine | 2,494 | 757 |
| NASO summit | 6,000 | 823 |
| Depreciation | 27,431 | 21,659 |
| Dues and subscriptions | 2,743 | 2,732 |
| Trophies and awards | 93,130 | 84,213 |
| Officials' evaluations | 17,367 | 17,322 |
| Officials' supplies | 14,375 | 24,006 |
| Officials' camps | 58,865 | 53,081 |
| Payroll taxes | 69,609 | 78,867 |
| City and county taxes | 783 | 1,256 |
| Licensing payouts | 43,844 | 100,431 |
| | 1,760,347 | 1,902,960 |
| | <u>\$ 5,136,991</u> | <u>\$ 5,561,382</u> |

See the accompanying notes and auditor's report.

**GEORGIA HIGH SCHOOL ASSOCIATION
STATEMENTS OF CASH FLOWS – MODIFIED CASH BASIS
YEARS ENDED JUNE 30, 2019 AND 2018**

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase in net assets | \$ 534,918 | \$ 602,032 |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities: | | |
| Depreciation | 27,431 | 21,659 |
| Net (gain) on investments | (279,227) | (448,915) |
| (Decrease) Increase in payables | (18,907) | 15,815 |
| Decrease in prepaid expenses | <u>-0-</u> | <u>4,750</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 264,215 | 195,341 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Cash provided by investments | 625 | 116,192 |
| Payments for property and equipment | <u>(1,533)</u> | <u>(23,398)</u> |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | (908) | 92,794 |
| CASH FLOWS FROM FINANCING ACTIVITIES | -- | -- |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 263,307 | 288,135 |
| BEGINNING CASH AND CASH EQUIVALENTS | <u>1,325,346</u> | <u>1,037,211</u> |
| ENDING CASH AND CASH EQUIVALENTS | <u>\$ 1,588,653</u> | <u>\$ 1,325,346</u> |

SUPPLEMENTAL DISCLOSURES OF CASH PAID DURING THE YEAR FOR:

| | | | | |
|------------------------------|----|-----|----|-----|
| Interest | \$ | -- | \$ | -- |
| Foreign taxes on investments | | 539 | | 492 |

See the accompanying notes and auditor's report.

GEORGIA HIGH SCHOOL ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

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 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 2019 were \$ 202,835 and were \$ 200,235 for fiscal year 2018. 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

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 that 3,000 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 financial position. 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

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..

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.

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

All of the Association's net assets are unrestricted.

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 short-term investments totaled \$ -0- and \$ -0- at June 30, 2019 and 2018, respectively. The fair values of long-term investments totaled \$5,271,337 and \$4,992,736 at June 30, 2019 and 2018, respectively. Investment advisory fees of \$37,960 and \$35,900 were paid at June 30, 2019 and 2018 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, 2019</u> | | <u>June 30, 2018</u> | |
|--|----------------------|-------------------|----------------------|-------------------|
| | <u>Unrestricted</u> | <u>Total</u> | <u>Unrestricted</u> | <u>Total</u> |
| Interest & dividend income | \$ 106,045 | \$ 106,045 | \$ 89,425 | \$ 89,425 |
| Net realized & unrealized gains (Losses) | <u>173,182</u> | <u>173,182</u> | <u>359,490</u> | <u>359,490</u> |
| Total investment income | <u>\$ 279,227</u> | <u>\$ 279,227</u> | <u>\$ 448,915</u> | <u>\$ 448,915</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:

| <u>Description</u> | <u>June 30, 2019</u> | | <u>June 30, 2018</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> |
| Short-term Investments | | | | |
| Certificates of Deposit | \$ <u>-0-</u> | \$ <u>-0-</u> | \$ <u>-0-</u> | \$ <u>-0-</u> |
| Total short-term Investments | \$ <u>-0-</u> | \$ <u>-0-</u> | \$ <u>-0-</u> | \$ <u>-0-</u> |
| Long-term Investments | | | | |
| Money Market Funds | \$ 233,706 | \$ 233,706 | \$ 193,772 | \$ 193,772 |
| Common Stocks, Bonds & REITs | 4,376,652 | 4,376,652 | 4,210,571 | 4,210,571 |
| Government Securities | <u>660,979</u> | <u>660,979</u> | <u>588,393</u> | <u>588,393</u> |
| Total long-term Investments | \$ <u>5,271,337</u> | \$ <u>5,271,337</u> | \$ <u>4,992,736</u> | \$ <u>4,992,736</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, 2019 and 2018.

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>2019</u> | <u>2018</u> |
|---|-------------------|-------------------|
| Office furniture, fixtures, and equipment | \$ 588,800 | \$ 587,267 |
| 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> |
| | 1,209,967 | 1,208,434 |
| Accumulated depreciation | <u>(910,920)</u> | <u>(883,490)</u> |
| | <u>\$ 299,047</u> | <u>\$ 324,944</u> |

NOTE G – 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 2019 and 2018 was as follows:

| | <u>2019</u> | <u>2018</u> |
|--------------------------|-------------------|-------------------|
| Tax sheltered annuities | <u>\$ 101,711</u> | <u>\$ 116,718</u> |
| Total Retirement Expense | <u>\$ 101,711</u> | <u>\$ 116,718</u> |

GEORGIA HIGH SCHOOL ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE H – CONTINGENCIES

As of September 27, 2019 (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.

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 I – STATEMENT OF CASH FLOWS

The Association had non-cash investing transactions consisting of reinvested interest, dividends and capital gains in the amount of \$94,319 in fiscal year 2019 and \$409,455 in fiscal year 2018.

GEORGIA HIGH SCHOOL ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

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 2016, 2017, and 2018 are subject to examination by the IRS, generally for three years after they are filed.

NOTE K – SUBSEQUENT EVENTS

The Association has evaluated subsequent events for potential recognition or disclosure through September 27, 2019 the date which the financial statements were available to be issued.