



Financial Statements  
June 30, 2018 and 2017

# Oklahoma Secondary Schools Activities Association

Oklahoma Secondary Schools Activities Association

Table of Contents

June 30, 2018 and 2017

---

Independent Auditor’s Report.....	1
Financial Statements	
Statements of Financial Position .....	3
Statement of Functional Expenses - June 30, 2018 .....	5
Statement of Functional Expenses - June 30, 2017 .....	6
Statements of Cash Flows .....	7
Notes to Financial Statements .....	8
Supplementary Information	
Detailed Activity Schedule - June 30, 2018.....	14
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	17



## Independent Auditor's Report

To the Board of Directors  
Oklahoma Secondary Schools Activities Association  
Oklahoma City, Oklahoma

### Report on the Financial Statements

We have audited the accompanying financial statements of Oklahoma Secondary Schools Activities Association (the Association), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

What inspires you, inspires us. | [eidebailly.com](http://eidebailly.com)

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oklahoma Secondary Schools Activities Association as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 14 through 16 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated, August 27, 2018 on our consideration of the Oklahoma Secondary Schools Activities Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oklahoma Secondary Schools Activities Association's internal control over financial reporting and compliance.



Oklahoma City, Oklahoma  
August 27, 2018

Oklahoma Secondary Schools Activities Association  
Statements of Financial Position  
June 30, 2018 and 2017

	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 813,965	\$ 522,277
Certificates of deposit	1,531,763	1,516,591
Investments	192,344	180,902
Accounts receivable, net	50,287	46,293
Prepaid expenses and other assets	32,167	11,461
Total current assets	2,620,526	2,277,524
Property and Equipment		
Fixed assets, at cost		
Land	361,824	361,824
Building and improvements	982,940	982,940
Furniture and fixtures	85,699	85,699
Equipment	109,529	90,747
Transportation equipment	209,927	214,667
	1,749,919	1,735,877
Less accumulated depreciation	796,015	747,448
Total property and equipment	953,904	988,429
Total assets	\$ 3,574,430	\$ 3,265,953
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 55,023	\$ 39,914
Deferred revenue	27,504	31,043
Total current liabilities	82,527	70,957
Net Assets		
Unrestricted	3,491,903	3,194,996
Total current liabilities and net assets	\$ 3,574,430	\$ 3,265,953

Oklahoma Secondary Schools Activities Association  
 Statements of Activities  
 Years Ended June 30, 2018 and 2017

	2018	2017
Revenue, Support and Gains		
Activities	\$ 5,278,239	\$ 5,067,980
Corporate sponsorship	271,385	305,615
Official's fees and camp	227,057	229,281
Royalties (T-shirts, etc.)	143,183	88,203
School playoff passes	4,390	5,130
Championship passes	29,285	27,800
Net investment return	28,359	35,021
In-kind contributions	25,197	24,697
Insurance recoveries	-	2,649
Miscellaneous	55,299	46,895
Total revenue, support, and gains	6,062,394	5,833,271
Expenses		
Program services	5,422,757	5,444,806
Management and general	342,730	374,317
Total expenses	5,765,487	5,819,123
Change in net assets	296,907	14,148
Unrestricted net assets at beginning of year	3,194,996	3,180,848
Unrestricted net assets at end of year	\$ 3,491,903	\$ 3,194,996

Oklahoma Secondary Schools Activities Association  
Statement of Functional Expenses  
Year Ended June 30, 2018

	<u>Program</u>	<u>Management and Administrative</u>	<u>Total</u>
Activities	\$ 3,493,689	\$ -	\$ 3,493,689
Salaries and wages	941,395	166,129	1,107,524
Employee benefit programs	77,691	13,710	91,401
Pension fund	162,642	28,702	191,344
Payroll taxes	75,644	13,349	88,993
Telephone and internet	11,319	1,997	13,316
Postage	33,115	5,844	38,959
Utilities	18,520	3,268	21,788
Dues and subscriptions	2,678	473	3,151
Bldg. and equip. maintenance	4,984	880	5,864
Insurance	261,400	46,129	307,529
Board of directors	15,116	15,116	30,232
Committees and meeting costs	81,625	9,069	90,694
Legal fees	43,671	2,298	45,969
Professional fees - other	29,109	5,137	34,246
Official's expense	11,699	-	11,699
Data Processing	9,988	1,763	11,751
Depreciation	64,436	11,371	75,807
Printing	27,028	4,770	31,798
Office and other	30,005	5,295	35,300
Automobile	27,003	4,765	31,768
Courtesy fund	-	2,665	2,665
	<u>\$ 5,422,757</u>	<u>\$ 342,730</u>	<u>\$ 5,765,487</u>

Oklahoma Secondary Schools Activities Association  
Statement of Functional Expenses  
Year Ended June 30, 2017

	<u>Program</u>	<u>Management and Administrative</u>	<u>Total</u>
Activities	\$ 3,368,319	\$ -	\$ 3,368,319
Salaries and wages	1,062,373	187,478	1,249,851
Employee benefit programs	71,613	12,638	84,251
Pension fund	177,483	31,320	208,803
Payroll taxes	82,736	14,600	97,336
Telephone and internet	9,896	1,746	11,642
Postage	46,208	8,154	54,362
Utilities	18,640	3,289	21,929
Dues and subscriptions	2,783	491	3,274
Bldg. and equip. maintenance	9,983	1,762	11,745
Insurance	265,843	46,914	312,757
Board of directors	18,758	18,758	37,516
Committees and meeting costs	53,344	5,927	59,271
Legal fees	33,387	1,757	35,144
Professional fees - other	40,621	7,168	47,789
Official's expense	13,372	-	13,372
Data Processing	10,468	1,847	12,315
Depreciation	64,050	11,303	75,353
Printing	42,063	7,423	49,486
Office and other	25,413	4,486	29,899
Automobile	27,453	4,845	32,298
Courtesy fund	-	2,411	2,411
	<u>\$ 5,444,806</u>	<u>\$ 374,317</u>	<u>\$ 5,819,123</u>

Oklahoma Secondary Schools Activities Association

Statements of Cash Flows  
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 296,907	\$ 14,148
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation	75,807	75,353
Realized and unrealized (gain) or loss on investments	(11,441)	(23,535)
Changes in operating assets and liabilities		
Accounts receivable, net	(3,994)	25,265
Prepaid expenses and other assets	(20,706)	21,964
Accounts payable and accrued liabilities	15,108	6,216
Deferred revenue	(3,539)	3,623
Net Cash from Operating Activities	<u>348,142</u>	<u>123,034</u>
Cash Flows from Investing Activities		
Purchases of certificates of deposit	(1,169,280)	(1,357,364)
Maturities of certificates of deposit	1,154,108	1,346,182
Purchases of property and equipment	(41,282)	(57,665)
Net Cash used for Investing Activities	<u>(56,454)</u>	<u>(68,847)</u>
Net Change in Cash and Cash Equivalents	291,688	54,187
Cash and Cash Equivalents, Beginning of Year	<u>522,277</u>	<u>468,090</u>
Cash and Cash Equivalents, End of Year	<u>\$ 813,965</u>	<u>\$ 522,277</u>

**Note 1 - Nature of Activity and Significant Accounting Policies****Organization**

The Oklahoma Secondary Schools Activities Association (the "Association") is a not-for-profit organization whose mission is to provide support to secondary schools in Oklahoma for athletics, activities and other services. The Association's primary source of revenue is from event revenue, corporate sponsorships, and officials' fees. The Association falls under the regulations of the Oklahoma Extracurricular Activities Accountability Act.

**Basis of Accounting**

The financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

**Cash and Cash Equivalents**

Cash and cash equivalents include various checking accounts. The Association considers cash equivalents to be all highly liquid debt instruments with a maturity of three months or less.

**Property and Equipment**

The cost of property, furniture and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight-line method based on the following useful lives:

Building and improvements	20 - 40 years
Furniture and fixtures	7 - 10 years
Equipment	3 - 15 years
Transportation equipment	5 years

Maintenance and repairs which do not improve or extend the useful life of the asset are expensed when incurred. Additions and betterments in excess of \$1,000 are capitalized.

The Association recognized \$75,807 and \$75,353 respectively, in depreciation for the fiscal years ending June 30, 2018 and 2017.

The Association records impairments to property and equipment when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated lives. Impairments are recorded to reduce the carrying value of the assets to their estimated fair values determined by the Association based on facts and circumstances in existence at the time of the determination, estimates of probable future economic conditions, and other information. No impairments were recorded in 2018 or 2017.

**Investments**

The Association invests in certificates of deposit and mutual funds. Interest, dividends, and unrealized and realized gains and losses are reported as net investment return in the statement of activities.

The maturity dates of the certificates of deposit range from August 9, 2018 to May 11, 2019 and have interest rates that range from 0.6% to 2.25%.

## **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Unrestricted Net Assets* – Net assets available for use in general operations.

*Temporarily Restricted Net Assets* – Net assets subject to donor restrictions that may or will be met by expenditures or actions of Oklahoma Secondary Schools Activities Association and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by Oklahoma Secondary Schools Activities Association's Board of Directors. The Association has no temporarily restricted net assets as of June 30, 2018 and 2017.

*Permanently Restricted Net Assets* – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of Oklahoma Secondary Schools Activities Association. The restrictions stipulate that resources be maintained permanently but permit Oklahoma Secondary Schools Activities Association to expend the income generated in accordance with the provisions of the agreements. The Association has no permanently restricted net assets as of June 30, 2018 and 2017.

## **Revenue and Revenue Recognition**

Revenue is recognized when earned. Officials' registration payments received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

## **Receivables**

Receivables consist of amounts due from corporate sponsorships and royalty agreements and are non-interest bearing. At June 30, 2018 and 2017, management considered all receivables to be fully collectible; therefore, no allowance was considered necessary.

## **Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to the Association's program services; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Oklahoma Secondary Schools Activities Association records donated professional services at the respective fair values of the services received. No significant contributions of such goods or services were received during the years ended June 30, 2018 and 2017.

## **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

### **Financial Instruments and Credit Risk**

The Association manages deposit concentration risk by placing cash, mutual funds, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in mutual funds. To date, Oklahoma Secondary Schools Activities Association has not experienced losses in any of these accounts.

Credit risk associated with accounts receivable is considered to be limited due to long-standing relationships with those companies and subsequent collection of those accounts.

Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for Oklahoma Secondary Schools Activities Association.

### **Income tax status**

The Association has been ruled tax exempt by the Internal Revenue Service under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Association does not believe it has engaged in any activity that would result in an uncertain tax position. As a result management does not believe that any uncertain tax positions currently exist and no loss contingency has been recognized in the accompanying financial statements. Tax statutes dictate that tax returns filed in any previous three reporting periods remain open to federal or state examination. Currently there are no open examinations with either the Internal Revenue Service or state taxing authorities.

Management believes that the Association has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Association would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

### **Subsequent Events**

Subsequent events have been evaluated through August 27, 2018, the date the financial statements were available to be issued.

**Note 2 - Fair Value Measurements and Disclosures**

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that Oklahoma Secondary Schools Activities Association can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, Oklahoma Secondary Schools Activities Association develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to Oklahoma Secondary Schools Activities Association's assessment of the quality, risk or liquidity profile of the asset.

Assets measured at fair value on a recurring basis consist of mutual funds held by the Association. Mutual funds are valued based on quoted market prices from active markets which the Association has access. Certificates of deposit are not listed below as such amounts are held at cost.

Oklahoma Secondary Schools Activities Association  
Notes to Financial Statements  
June 30, 2018 and 2017

The following table summarizes the valuation of the Association’s assets by fair value hierarchy levels as of June 30, 2018 and 2017:

	2018			
	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual funds	\$192,344	\$ 192,344	\$ -	\$ -
Total investments	\$192,344	\$ 192,344	\$ -	\$ -
	2017			
	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual funds	\$180,902	\$ 180,902	\$ -	\$ -
Total Investments	\$180,902	\$ 180,902	\$ -	\$ -

**Note 3 - Net Investment Return**

Net investment return consists of the following for the years ended June 30, 2018 and 2017:

	2018	2017
Interest and dividends	\$ 16,918	\$ 11,486
Net realized and unrealized gains and losses	11,441	23,535
	\$ 28,359	\$ 35,021

**Note 4 - Retirement Plan**

The Association has adopted a Simplified Employee Pension Plan (a “SEP”) to provide benefits to all eligible employees. All Association employees who have been employed for six months and who have reached twenty-one years of age are eligible participants; however, the employer contribution is discretionary. Employee contributions to these accounts are not permitted. The Association’s contribution for the year ended June 30, 2018 and 2017 were \$191,344 and \$208,803, respectively, included in pension fund expense.

**Note 5 - Leases**

The Association leases copier equipment under a lease agreement expiring November 4, 2019.

Future minimum lease payments are as follows:

<u>Years Ending June 30,</u>	<u>Copier Lease</u>
2019	<u>\$ 2,240</u>
Total minimum lease payments	<u>\$ 2,240</u>

**Note 6 - Litigation Exposure**

The Association is responsible for establishing, monitoring and enforcing the guidelines for participation as approved by its membership. At times the Association is named in litigation challenging the Association's ruling and seeking monetary damages and attorney costs. The Association maintains insurance for potential losses with a deductible of \$50,000 per occurrence at June 30, 2018. In management's opinion, the resolution of litigation matters, if any, would not have a material effect on the financial position of the Association at June 30, 2018.



Supplementary Information  
June 30, 2018

# Oklahoma Secondary Schools Activities Association

Oklahoma Secondary Schools Activities Association  
Detailed Activity Schedule  
Year Ended June 30, 2018

	Site Revenue/ Expenses	Other Revenue/ Expenses	Total
<b>Basketball</b>			
Revenue	\$ 1,933,147	\$ 34,360	\$ 1,967,507
Expenses	1,234,712	34,693	1,269,405
Net	<u>698,435</u>	<u>(333)</u>	<u>698,102</u>
<b>Football</b>			
Revenue	1,211,669	12,440	1,224,109
Expenses	670,920	35,162	706,082
Net	<u>540,749</u>	<u>(22,722)</u>	<u>518,027</u>
<b>Music</b>			
Revenue	391,652	11,440	403,092
Expenses	321,798	5,818	327,616
Net	<u>69,854</u>	<u>5,622</u>	<u>75,476</u>
<b>Softball</b>			
Revenue	303,516	19,890	323,406
Expenses	175,174	15,179	190,353
Net	<u>128,342</u>	<u>4,711</u>	<u>133,053</u>
<b>Baseball</b>			
Revenue	278,953	14,790	293,743
Expenses	200,377	13,138	213,515
Net	<u>78,576</u>	<u>1,652</u>	<u>80,228</u>
<b>Track</b>			
Revenue	143,278	52,350	195,628
Expenses	130,712	5,374	136,086
Net	<u>12,566</u>	<u>46,976</u>	<u>59,542</u>
<b>Speech</b>			
Revenue	33,709	6,000	39,709
Expenses	45,293	-	45,293
Net	<u>(11,584)</u>	<u>6,000</u>	<u>(5,584)</u>
<b>Wrestling</b>			
Revenue	167,154	9,450	176,604
Expenses	125,511	9,373	134,884
Net	<u>41,643</u>	<u>77</u>	<u>41,720</u>

Oklahoma Secondary Schools Activities Association  
Detailed Activity Schedule  
Year Ended June 30, 2018

	Site Revenue/ Expenses	Other Revenue/ Expenses	Total
Cheerleading			
Revenue	103,892	7,450	111,342
Expenses	53,320	2,148	55,468
Net	<u>50,572</u>	<u>5,302</u>	<u>55,874</u>
Game Day Cheerleading			
Revenue	17,107	-	17,107
Expenses	3,224	-	3,224
Net	<u>13,883</u>	<u>-</u>	<u>13,883</u>
Soccer			
Revenue	198,243	9,640	207,883
Expenses	69,112	2,804	71,916
Net	<u>129,131</u>	<u>6,836</u>	<u>135,967</u>
Golf			
Revenue	-	63,809	63,809
Expenses	59,607	259	59,866
Net	<u>(59,607)</u>	<u>63,550</u>	<u>3,943</u>
Swimming and Diving			
Revenue	38,542	4,360	42,902
Expenses	33,412	543	33,955
Net	<u>5,130</u>	<u>3,817</u>	<u>8,947</u>
Tennis			
Revenue	50,400	7,800	58,200
Expenses	41,392	100	41,492
Net	<u>9,008</u>	<u>7,700</u>	<u>16,708</u>
Cross Country			
Revenue	56,076	21,960	78,036
Expenses	48,980	91	49,071
Net	<u>7,096</u>	<u>21,869</u>	<u>28,965</u>
Volleyball			
Revenue	41,167	4,720	45,887
Expenses	27,430	3,696	31,126
Net	<u>13,737</u>	<u>1,024</u>	<u>14,761</u>

Oklahoma Secondary Schools Activities Association  
Detailed Activity Schedule  
Year Ended June 30, 2018

---

	<u>Site Revenue/ Expenses</u>	<u>Other Revenue/ Expenses</u>	<u>Total</u>
Academic			
Revenue	3,400	25,875	29,275
Expenses	46,715	-	46,715
Net	<u>(43,315)</u>	<u>25,875</u>	<u>(17,440)</u>
Other			
Revenue	-	-	-
Expenses	44,704	32,918	77,622
Net	<u>(44,704)</u>	<u>(32,918)</u>	<u>(77,622)</u>
Totals			
Revenue	4,971,905	306,334	5,278,239
Expenses	3,332,393	161,296	3,493,689
Net	<u>\$ 1,639,512</u>	<u>\$ 145,038</u>	<u>\$ 1,784,550</u>



**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Oklahoma Secondary Schools Activities Association  
Oklahoma City, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Oklahoma Secondary Schools Activities Association (the Association), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 27, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Oklahoma City, Oklahoma  
August 27, 2018