



Financial Statements
June 30, 2019 and 2018

Oklahoma Secondary Schools Activities Association

Oklahoma Secondary Schools Activities Association

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June 30, 2019 and 2018

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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, 2019 and 2018, 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.

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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, 2019 and 2018, 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.

Emphasis of a Matter*Correction of Error*

As discussed in Note 8 to the financial statements, certain errors resulting in the omission of accrued liabilities for compensated absences in prior years were corrected by management of the Association during the current year in order to recognize a liability for compensated absences as of July 1, 2017 and for the year ended June 30, 2018. Accordingly, adjustments have been made to correct the errors. Our opinion is not modified with respect to this matter.

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 17 through 19 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 October 3, 2019 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
October 3, 2019

Oklahoma Secondary Schools Activities Association
Statements of Financial Position
June 30, 2019 and 2018

	2019	2018 (Restated)
Assets		
Cash and cash equivalents	\$ 816,098	\$ 813,965
Certificates of deposit	1,670,177	1,531,763
Investments	202,516	192,344
Accounts receivable, net	89,909	50,287
Prepaid expenses and other assets	30,194	32,167
Property and equipment, net	906,380	953,904
Total assets	<u>\$ 3,715,274</u>	<u>\$ 3,574,430</u>
Liabilities and Net Assets		
Accounts payable and accrued liabilities	129,135	\$ 146,393
Deferred revenue	5,702	27,504
Total liabilities	<u>134,837</u>	<u>173,897</u>
Net Assets		
Without donor restrictions	<u>3,580,437</u>	<u>3,400,533</u>
Total liabilities and net assets	<u>\$ 3,715,274</u>	<u>\$ 3,574,430</u>

Oklahoma Secondary Schools Activities Association

Statements of Activities

Year Ended June 30, 2019 and 2018

	2019	2018 (Restated)
Revenue, Support, and Gains		
Activities	\$ 5,110,910	\$ 5,278,239
Corporate sponsorship	410,000	271,385
Official's fees and camp	227,940	227,057
Royalties	115,365	143,183
School playoff passes	3,880	4,390
Championship passes	30,380	29,285
Net investment return	35,649	28,359
In-kind contributions	24,697	25,197
Miscellaneous	59,157	55,299
Total revenue, support, and gains	<u>6,017,978</u>	<u>6,062,394</u>
Expenses and Losses		
Program services expense	5,481,773	5,434,585
Management and administrative	356,301	344,817
Total expenses and losses	<u>5,838,074</u>	<u>5,779,402</u>
Change in Net Assets - Without Donor Restrictions	179,904	282,992
Net Assets, Beginning of Year	<u>3,400,533</u>	<u>3,117,541</u>
Net Assets, End of Year	<u><u>\$ 3,580,437</u></u>	<u><u>\$ 3,400,533</u></u>

Oklahoma Secondary Schools Activities Association

Statement of Functional Expenses

Year Ended June 30, 2019

	Program	Management and Administrative	Total
Activities	\$ 3,521,899	\$ -	\$ 3,521,899
Salaries and wages	997,742	176,072	1,173,814
Employee benefit programs	79,599	14,047	93,646
Pension fund	175,314	30,938	206,252
Payroll taxes	74,700	13,182	87,882
Telephone and internet	11,336	2,001	13,337
Postage	35,481	6,261	41,742
Utilities	17,890	3,157	21,047
Dues and subscriptions	2,593	457	3,050
Bldg. and equip. maintenance	9,108	1,607	10,715
Insurance	251,063	44,305	295,368
Board of directors	14,901	14,901	29,802
Committees and meeting costs	70,412	7,823	78,235
Legal fees	32,715	1,722	34,437
Professional fees - other	20,348	3,591	23,939
Official's expense	16,617	-	16,617
Data processing	6,874	1,213	8,087
Depreciation	63,345	11,179	74,524
Printing	35,007	6,178	41,185
Office and other	20,763	3,664	24,427
Automobile	24,066	4,247	28,313
Courtesy fund	-	9,756	9,756
	<u>\$ 5,481,773</u>	<u>\$ 356,301</u>	<u>\$ 5,838,074</u>

Oklahoma Secondary Schools Activities Association

Statement of Functional Expenses Year Ended June 30, 2018 (Restated)

	Program	Management and Administrative	Total
Activities	\$ 3,493,689	\$ -	\$ 3,493,689
Salaries and wages	953,223	168,216	1,121,439
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>\$ 5,434,585</u>	<u>\$ 344,817</u>	<u>\$ 5,779,402</u>

Oklahoma Secondary Schools Activities Association

Statements of Cash Flows Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u> (Restated)
Cash Flows from Operating Activities		
Change in net assets	\$ 179,904	\$ 282,992
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation	74,524	75,807
Realized and unrealized (gain) loss on operating investments	(10,172)	(11,441)
Changes in operating assets and liabilities		
Accounts receivable, net	(39,622)	(3,994)
Prepaid expenses and other assets	1,973	(20,706)
Accounts payable and accrued liabilities	(17,258)	29,023
Deferred revenue	(21,802)	(3,539)
Net Cash from Operating Activities	<u>167,547</u>	<u>348,142</u>
Cash Flows from Investing Activities		
Purchases of certificates of deposit	(1,670,179)	(1,169,280)
Maturities of certificates of deposit	1,531,765	1,154,108
Purchases of property and equipment	(27,000)	(41,282)
Net Cash used for Investing Activities	<u>(165,414)</u>	<u>(56,454)</u>
Net Change in Cash and Cash Equivalents	2,133	291,688
Cash and Cash Equivalents, Beginning of Year	<u>813,965</u>	<u>522,277</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 816,098</u></u>	<u><u>\$ 813,965</u></u>

Note 1 - Principal 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.

Receivables and Credit Policies

Receivables consist of amounts due from corporate sponsorships and royalty agreements and are non-interest bearing. At June 30, 2019 and 2018, management considered all receivables to be fully collectible; therefore, no allowance was considered necessary.

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:

Buildings 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 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 2019 or 2018.

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. Mutual funds are recorded at fair value and certificates of deposits are recorded at cost.

The maturity dates of the certificates of deposit range from August 9, 2019 to April 29, 2024 and have interest rates that range from 1.09% to 2.81%.

Net Assets and Change in Accounting Principle

As of July 1, 2018, the Association adopted the provisions of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. The provisions of the ASU replace the existing three classifications of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions). The ASU introduces new disclosure requirements to improve a financial statement user's ability to assess the Association's liquidity and exposure to risk. The ASU also introduces new reporting requirements to present expenses by both function and natural classification in a single location. The Association has adopted this standard as management believes the standard improves the usefulness and understandability of the Association's financial reporting.

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Association has no net assets with donor restrictions as of June 30, 2019 and 2018.

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.

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, 2019 and 2018.

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.

Income Taxes

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. Certain transactions of the Association are currently under review for potential unrelated business tax income but currently, these tax positions are not expected to be 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.

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.

Subsequent Events

Subsequent events have been evaluated through October 3, 2019, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 816,098
Certificates of Deposit (CDs)	1,670,177
Accounts receivable	89,909
Operating investments	<u>202,516</u>
Total financial assets	2,778,700
Less: CDs with maturities beyond one year	<u>(371,256)</u>
Financial assets available for general expenditure	<u>\$ 2,778,700</u>

As part of a liquidity management plan, cash in excess of daily requirements is invested in mutual funds and CDs.

Note 3 - 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, 2019 and 2018

The following table summarizes the valuation of the Association's assets by fair value hierarchy levels as of June 30, 2019 and 2018:

	2019			
	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual funds	<u>\$ 202,516</u>	<u>\$ 202,516</u>	<u>\$ -</u>	<u>\$ -</u>
	2018			
	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual funds	<u>\$ 192,344</u>	<u>\$ 192,344</u>	<u>\$ -</u>	<u>\$ -</u>

Note 4 - Property and Equipment

Property and equipment consists of the following at June 30, 2019 and 2018:

	2019	2018
Land	\$ 361,824	\$ 361,824
Buildings and improvements	982,940	982,940
Furniture and fixtures	85,699	85,699
Equipment	109,529	109,529
Transportation equipment	202,531	209,927
	<u>1,742,523</u>	<u>1,749,919</u>
Less accumulated depreciation and amortization	<u>(836,143)</u>	<u>(796,015)</u>
	<u>\$ 906,380</u>	<u>\$ 953,904</u>

Depreciation expense totaled \$74,524 and \$75,807 for the years ended June 30, 2019 and 2018, respectively.

Note 5 - Leases

The Association leases copier equipment under a lease agreement expiring November 4, 2019. The related total future minimum lease payments are \$2,433 for the year ended June 30, 2020.

Note 6 - Employee Benefits

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, 2019 and 2018 were \$206,252 and \$191,344, respectively, included in pension fund expense

Note 7 - Contingencies

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, 2019. 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, 2019 and 2018.

Oklahoma Secondary Schools Activities Association

Notes to Financial Statements

June 30, 2019 and 2018

Note 8 - Restatement

During the year ended June 30, 2019, the Association identified and corrected misstatements within the prior year financial statements related to the omission of accrued expenses related to compensated absences that were not recorded previously.

The Company restated its previously issued financial statements to appropriately reflect the June 30, 2018, accounts payable and accrued liabilities, and net assets, and the appropriate program services expense, management and administrative expense and change in net assets and net assets, beginning of year for the year ended June 30, 2018.

The following is a summary of the effects of the restatement in the Association's June 30, 2018 statement of financial position:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Accounts payable and accrued liabilities	\$ 55,023	\$ 91,370	\$ 146,393
Net assets	3,491,903	(91,370)	3,400,533

The following is a summary of the effects of the restatement in the Association's June 30, 2018 statement of activities:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Program services expense	\$ 5,422,757	\$ 11,828	\$ 5,434,585
Management and administrative	342,730	2,087	344,817
Total expenses and losses	5,765,487	13,915	5,779,402
Change in Net Assets	296,907	(13,915)	282,992
Net assets, beginning of year	3,194,996	(77,455)	3,117,541

Oklahoma Secondary Schools Activities Association

Notes to Financial Statements

June 30, 2019 and 2018

The following is a summary of the effects of the restatement in the Association's June 30, 2018 statement of functional expenses:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Salaries and wages - Program	\$ 941,395	\$ 11,828	\$ 953,223
Salaries and wages - Management and Administrative	166,129	2,087	168,216
Salaries and wages - Total	1,107,524	13,915	\$ 1,121,439

The following is a summary of the effects of the restatement in the Association's June 30, 2018 statement of cash flows:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Change in net assets	\$ 296,907	\$ (13,915)	\$ 282,992
Changes in - Accounts payable and accrued liabilities	15,108	13,915	29,023



Supplementary Information
June 30, 2019 and 2018

Oklahoma Secondary Schools Activities Association

Oklahoma Secondary Schools Activities Association

Detailed Activity Schedule

Year Ended June 30, 2019

	Site Revenue/ Expenditures	Other Revenue/ Expenditures	Total
Basketball			
Revenue	\$ 1,972,761	\$ 37,080	\$ 2,009,841
Expenditures	1,262,313	27,628	1,289,941
Net	<u>710,448</u>	<u>9,452</u>	<u>719,900</u>
Football			
Revenue	997,314	13,200	1,010,514
Expenditures	637,447	26,967	664,414
Net	<u>359,867</u>	<u>(13,767)</u>	<u>346,100</u>
Music			
Revenue	385,038	11,760	396,798
Expenditures	325,688	5,882	331,570
Net	<u>59,350</u>	<u>5,878</u>	<u>65,228</u>
Softball			
Revenue	224,776	20,550	245,326
Expenditures	165,929	14,758	180,687
Net	<u>58,847</u>	<u>5,792</u>	<u>64,639</u>
Baseball			
Revenue	313,821	15,360	329,181
Expenditures	186,244	16,863	203,107
Net	<u>127,577</u>	<u>(1,503)</u>	<u>126,074</u>
Track			
Revenue	148,434	57,825	206,259
Expenditures	135,878	5,595	141,473
Net	<u>12,556</u>	<u>52,230</u>	<u>64,786</u>
Speech			
Revenue	32,129	6,040	38,169
Expenditures	44,981	-	44,981
Net	<u>(12,852)</u>	<u>6,040</u>	<u>(6,812)</u>
Wrestling			
Revenue	179,747	9,940	189,687
Expenditures	133,154	7,986	141,140
Net	<u>46,593</u>	<u>1,954</u>	<u>48,547</u>

Oklahoma Secondary Schools Activities Association

Detailed Activity Schedule

Year Ended June 30, 2019

	Site Revenue/ Expenditures	Other Revenue/ Expenditures	Total
Cheerleading			
Revenue	\$ 108,485	\$ 6,800	\$ 115,285
Expenditures	52,685	2,153	54,838
Net	<u>55,800</u>	<u>4,647</u>	<u>60,447</u>
Game Day Cheerleading			
Revenue	28,287	14,000	42,287
Expenditures	29,741	-	29,741
Net	<u>(1,454)</u>	<u>14,000</u>	<u>12,546</u>
Soccer			
Revenue	177,590	9,640	187,230
Expenditures	65,803	2,799	68,602
Net	<u>111,787</u>	<u>6,841</u>	<u>118,628</u>
Golf			
Revenue	-	69,234	69,234
Expenditures	58,172	151	58,323
Net	<u>(58,172)</u>	<u>69,083</u>	<u>10,911</u>
Swimming and Diving			
Revenue	36,822	4,440	41,262
Expenditures	35,729	350	36,079
Net	<u>1,093</u>	<u>4,090</u>	<u>5,183</u>
Tennis			
Revenue	49,742	8,000	57,742
Expenditures	45,589	100	45,689
Net	<u>4,153</u>	<u>7,900</u>	<u>12,053</u>
Cross Country			
Revenue	51,614	23,640	75,254
Expenditures	59,347	153	59,500
Net	<u>(7,733)</u>	<u>23,487</u>	<u>15,754</u>
Volleyball			
Revenue	57,421	4,840	62,261
Expenditures	32,853	3,407	36,260
Net	<u>24,568</u>	<u>1,433</u>	<u>26,001</u>

Oklahoma Secondary Schools Activities Association

Detailed Activity Schedule

Year Ended June 30, 2019

	Site Revenue/ Expenditures	Other Revenue/ Expenditures	Total
Academic			
Revenue	\$ 4,575	\$ 28,575	\$ 33,150
Expenditures	45,153	-	45,153
Net	<u>(40,578)</u>	<u>28,575</u>	<u>(12,003)</u>
Other			
Revenue	-	1,430	1,430
Expenditures	57,974	32,427	90,401
Net	<u>(57,974)</u>	<u>(30,997)</u>	<u>(88,971)</u>
Totals			
Revenue	4,768,556	342,354	5,110,910
Expenditures	<u>3,374,680</u>	<u>147,219</u>	<u>3,521,899</u>
Net	<u>\$ 1,393,876</u>	<u>\$ 195,135</u>	<u>\$ 1,589,011</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*

To the Board of Directors
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, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 3, 2019.

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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described below that we consider to be a material weakness.

Preparation of Financial Statements including adjusting journal entries

Discussion:

As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements largely due to the new reporting standard requiring implementation in the current fiscal year. The Association does not have a formal internal control system over financial reporting designed to provide for the full preparation of the financial statements, including the adoption of significant new accounting standards as required by generally accepted accounting standards. In addition, as a result of our audit procedures adjusting journal entries, including a prior period restatement, were identified that management agreed to record.

This circumstance is not unusual in an organization of your size. It is the responsibility of management and those charged with governance to make the decisions whether to accept the degree of risk associated with this condition because of cost or other considerations.

Management Response:

We agree with the audit finding and agree to put proper controls into place in future years to remedy the internal control exception. We believe that management can properly prepare the financial statements after the adoption of the new accounting standard.

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*.

The Association's Response to the Finding

The Association's response to the findings identified in our audit are described above. The Association's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Oklahoma City, Oklahoma
October 3, 2019