



Financial Statements
June 30, 2023 and 2022

Oklahoma Secondary Schools Activities Association

Oklahoma Secondary Schools Activities Association

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June 30, 2023 and 2022

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Oklahoma Secondary Schools Activities Association (the Association), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Oklahoma Secondary Schools Activities Association as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are required to be independent of Oklahoma Secondary Schools Activities Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Oklahoma Secondary Schools Activities Association's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities of the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Oklahoma Secondary Schools Activities Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Oklahoma Secondary Schools Activities Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information presented 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 November 3, 2023 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 the Oklahoma Secondary Schools Activities Association's internal control over financial reporting and compliance.

Eide Sully LLP

Oklahoma City, Oklahoma
November 3, 2023

Oklahoma Secondary Schools Activities Association

Statements of Financial Position

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 2,218,241	\$ 2,146,631
Certificates of deposit	3,024,331	2,483,564
Investments	244,038	238,506
Accounts receivable	302,154	151,876
Prepaid expenses and other assets	8,988	8,992
Property and equipment, net	<u>856,142</u>	<u>858,783</u>
Total assets	<u>\$ 6,653,894</u>	<u>\$ 5,888,352</u>
Liabilities and Net Assets		
Accounts payable and accrued liabilities	<u>\$ 276,150</u>	<u>\$ 262,684</u>
Total liabilities	<u>276,150</u>	<u>262,684</u>
Net Assets		
Without donor restrictions	<u>6,377,744</u>	<u>5,625,668</u>
Total liabilities and net assets	<u>\$ 6,653,894</u>	<u>\$ 5,888,352</u>

Oklahoma Secondary Schools Activities Association

Statements of Activities

Years Ended June 30, 2023 and 2022

	2023	2022
Revenue, Support, and Gains		
Activities	\$ 6,583,529	\$ 6,659,293
Corporate sponsorship	578,673	610,796
Official's fees and camp	215,937	185,765
Royalties	484,078	149,384
Championship passes	29,800	26,600
Net investment return (loss)	82,567	(2,879)
In-kind contributions	35,962	24,697
Contribution	205,040	263,870
Miscellaneous	241,355	187,044
Total revenue, support, and gains	8,456,941	8,104,570
Expenses and Losses		
Program services expense	7,291,915	5,956,301
Management and administrative	412,950	378,209
Total expenses and losses	7,704,865	6,334,510
Change in Net Assets - Without Donor Restrictions	752,076	1,770,060
Net Assets, Beginning of Year	5,625,668	3,855,608
Net Assets, End of Year	\$ 6,377,744	\$ 5,625,668

Oklahoma Secondary Schools Activities Association

Statement of Functional Expenses

Year Ended June 30, 2023

	Program	Management and Administrative	Total
Activities	\$ 4,947,611	\$ -	\$ 4,947,611
Salaries and wages	1,121,681	197,944	1,319,625
Employee benefit programs	85,280	15,049	100,329
Pension fund	161,117	28,432	189,549
Payroll taxes	84,553	14,921	99,474
Telephone and internet	16,506	2,913	19,419
Postage	35,582	6,279	41,861
Utilities	34,649	6,114	40,763
Dues and subscriptions	2,656	469	3,125
Bldg. and equip. maintenance	25,606	4,519	30,125
Insurance	295,473	52,142	347,615
Board of directors	19,081	19,081	38,161
Committees and meeting costs	69,983	7,776	77,759
Legal fees	88,592	4,663	93,255
Professional fees - other	109,217	19,274	128,490
Official's expense	23,287	-	23,287
Data processing	12,517	2,209	14,726
Depreciation	66,525	11,740	78,265
Printing	38,919	6,868	45,787
Office and other	23,044	4,067	27,111
Automobile	30,036	5,301	35,337
Courtesy fund	-	3,191	3,191
	\$ 7,291,915	\$ 412,950	\$ 7,704,865

Oklahoma Secondary Schools Activities Association

Statement of Functional Expenses

Year Ended June 30, 2022

	Program	Management and Administrative	Total
Activities	\$ 3,827,247	\$ -	\$ 3,827,247
Salaries and wages	1,060,656	187,175	1,247,831
Employee benefit programs	77,675	13,707	91,382
Pension fund	176,863	31,211	208,074
Payroll taxes	83,513	14,738	98,251
Telephone and internet	14,547	2,567	17,114
Postage	30,398	5,364	35,762
Utilities	18,507	3,266	21,773
Dues and subscriptions	2,631	464	3,095
Bldg. and equip. maintenance	44,767	7,900	52,667
Insurance	238,166	42,029	280,195
Board of directors	18,410	18,410	36,820
Committees and meeting costs	67,355	7,484	74,839
Legal fees	74,997	3,947	78,944
Professional fees - other	37,353	6,592	43,945
Official's expense	27,302	-	27,302
Data processing	13,000	2,294	15,294
Depreciation	57,079	10,073	67,152
Printing	31,848	5,620	37,468
Office and other	24,844	4,384	29,228
Automobile	29,143	5,143	34,286
Courtesy fund	-	5,841	5,841
	<u>\$ 5,956,301</u>	<u>\$ 378,209</u>	<u>\$ 6,334,510</u>

Oklahoma Secondary Schools Activities Association

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 752,076	\$ 1,770,060
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	78,265	67,152
Paycheck protection program loan forgiveness	-	(263,870)
Realized and unrealized (gain) loss on operating investments	(5,532)	21,281
Changes in operating assets and liabilities		
Accounts receivable	(150,278)	(47,823)
Prepaid expenses and other assets	4	(354)
Accounts payable and accrued liabilities	13,466	131,990
	688,001	1,678,436
Net Cash from Operating Activities		
Cash Flows from Investing Activities		
Purchases of certificates of deposit	(2,872,505)	(2,087,800)
Maturities of certificates of deposit	2,331,738	1,623,205
Purchases of property and equipment	(75,624)	(86,053)
	(616,391)	(550,648)
Net Cash used for Investing Activities		
Net Change in Cash and Cash Equivalents	71,610	1,127,788
Cash and Cash Equivalents, Beginning of Year	2,146,631	1,018,843
Cash and Cash Equivalents, End of Year	\$ 2,218,241	\$ 2,146,631

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 primarily consist of amounts due from corporate sponsorships and royalty agreements and are non-interest bearing. At June 30, 2023 and 2022, 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 2023 or 2022.

Investments

The Association invests in certificates of deposit and mutual funds. Interest, dividends, and unrealized and realized gains and losses less external and direct internal investment expenses 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 the lower of fair value or cost.

The maturity dates of the certificates of deposit range from September 9, 2023, to May 11, 2024, and have interest rates that range from 1.90% to 4.60%.

Net Assets

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, 2023 and 2022.

Revenue and Revenue Recognition

Activity fees are collected and recognized over the duration period, which is generally one season, during which time member schools have continuous access to facilities, officials, equipment, and certain community events. The revenue from activity fees is used to cover the costs of operating the related activities and the Association, maintaining the common elements and improvements, and providing for facility repair and replacement. Official's fees are collected and recognized over the duration period, which is generally one season, during which time individuals can officiate the Association's sporting events. Activity and official's fees paid in advance are deferred to the period to which they relate. As of June 30, 2023 and 2022, there were no significant deferred revenues.

The Association recognizes activity revenue at the time of admission to the related events. Contract revenue from corporate sponsorships and royalty agreements is recognized over a point of time.

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. In-kind contributions of such goods or services was \$35,962 for both years ended June 30, 2023 and 2022.

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. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and maintenance which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

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. At June 30, 2023 and 2022, the Association's bank balances exceeded the FDIC-insured limits by \$2,418,628 and \$1,664,286, respectively. 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.

Adoption of Accounting Standards Codification Topic 842

Effective June 1, 2022, the Association adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases* (Topic 842). The Association elected to apply the guidance as of June 1, 2022, the beginning of the adoption period. The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the statement of activities as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. The Association has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Association accounted for its existing leases as either finance or operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

The Association does not have any materially significant, long-term lease contracts; thus, adoption of the new lease accounting guidance did not significantly impact the Association's statements of financial position, statements of activities, functional expenses, or cash flows.

Subsequent Events

Subsequent events have been evaluated through November 3, 2023, 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 as of June 30, 2023:

Cash and cash equivalents	\$ 2,218,241
Certificates of Deposit (CDs)	3,024,331
Accounts receivable	302,154
Investments	<u>244,038</u>
Total financial assets	5,788,764
Less: CDs with maturities beyond one year	<u>-</u>
Financial assets available for general expenditure	<u><u>\$ 5,788,764</u></u>

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 as of June 30, 2022:

Cash and cash equivalents	\$ 2,146,631
Certificates of Deposit (CDs)	2,483,564
Accounts receivable	238,506
Investments	<u>151,876</u>
Total financial assets	5,020,577
Less: CDs with maturities beyond one year	<u>(182,589)</u>
Financial assets available for general expenditure	<u><u>\$ 4,837,988</u></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.

Oklahoma Secondary Schools Activities Association

Notes to Financial Statements

June 30, 2023 and 2022

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 which approximates fair value.

The following table summarizes the valuation of the Association’s assets by fair value hierarchy levels as of June 30, 2023 and 2022:

		2023		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Total				
Mutual funds	\$ 244,038	\$ 244,038	\$ -	\$ -
		2022		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Total				
Mutual funds	\$ 238,506	\$ 238,506	\$ -	\$ -

Oklahoma Secondary Schools Activities Association

Notes to Financial Statements

June 30, 2023 and 2022

Note 4 - Property and Equipment

Property and equipment consists of the following at June 30, 2023 and 2022:

	2023	2022
Land	\$ 361,824	\$ 361,824
Buildings and improvements	982,940	982,940
Furniture and fixtures	154,034	108,654
Equipment	122,295	120,648
Transportation equipment	208,562	216,459
	1,829,655	1,790,525
Less accumulated depreciation and amortization	(973,513)	(931,742)
	\$ 856,142	\$ 858,783

Depreciation expense totaled \$78,265 and \$67,152 for the years ended June 30, 2023 and 2022, respectively.

Note 5 - 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, 2023 and 2022 were \$189,549 and \$208,074, respectively, included in pension fund expense.

Note 6 - 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, 2023. 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, 2023 and 2022.

The Association's employee retention credit filings remain open for potential examination by the Internal Revenue Service through the statute of limitations, which has varying expiration dates extending through 2027. Any disallowed claims resulting from such examinations could be subject to repayment to the federal government.

Note 7 - Paycheck Protection Program (PPP) loan

The Association was granted a \$263,800 loan under the PPP administered by a Small Business Administration (SBA) approved partner in April 2020 which was formally forgiven by the SBA on December 1, 2020. In January 2021, the Association was granted a second loan for \$263,870 under the same program, which was formally forgiven in August 2021. The loans are uncollateralized and are fully guaranteed by the Federal government. The Association is eligible for loan forgiveness of up to 100% of the loans, upon meeting certain requirements.

The Association has elected to account for the funding as a conditional contribution by applying ASC 958-605, *Not-for-Profit – Revenue Recognition*. The Association initially recorded the loans as a refundable advance and records the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loans are eligible for forgiveness if they are used for certain payroll, rent, and utility expenses. Formal forgiveness of all conditions was received by the Association which led to recognition of contribution revenue of \$0 and \$263,870, for the years ended June 2023, and 2022, respectively.

Note 8 - Employee Retention Credit (ERC)

The Coronavirus Aid, Relief, and Economic Security Act provided an employee retention credit (the credit) which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The credit is equal to 50% of qualified wages paid to employees, capped at \$10,000 of qualified wages through December 31, 2020. During the year ended June 30, 2023, the Association recorded a \$75,000 related to the credit which is presented in the statement of operations as revenue.

The Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 expanded the availability of the credit, extended the credit through September 30, 2021, and increased the credit to 70% of qualified wages, capped at \$7,000 per quarter. As a result of the changes to the credit, the maximum credit per employee increased from \$10,000 in 2020 to \$21,000 in 2021. During the year ended June 30, 2023, the Association recorded a \$130,040 benefit related to the credit which is presented in the statement of operations as revenue.



Supplementary Information
June 30, 2023 and 2022

Oklahoma Secondary Schools Activities Association

Oklahoma Secondary Schools Activities Association

Detailed Activity Schedule

Year Ended June 30, 2023

	<u>Site Revenue/ Expenditures</u>	<u>Other Revenue/ Expenditures</u>	<u>Total</u>
Basketball			
Revenue	\$ 2,803,116	\$ -	\$ 2,803,116
Expenditures	1,522,748	18,616	1,541,364
Net	<u>1,280,368</u>	<u>(18,616)</u>	<u>1,261,752</u>
Football			
Revenue	1,151,434	-	1,151,434
Expenditures	844,296	22,361	866,657
Net	<u>307,138</u>	<u>(22,361)</u>	<u>284,777</u>
Music			
Revenue	358,154	-	358,154
Expenditures	321,186	3,954	325,140
Net	<u>36,968</u>	<u>(3,954)</u>	<u>33,014</u>
Softball			
Revenue	403,052	-	403,052
Expenditures	198,352	14,145	212,497
Net	<u>204,700</u>	<u>(14,145)</u>	<u>190,555</u>
Baseball			
Revenue	451,982	-	451,982
Expenditures	235,558	15,278	250,836
Net	<u>216,424</u>	<u>(15,278)</u>	<u>201,146</u>
Track			
Revenue	234,927	-	234,927
Expenditures	224,381	5,703	230,084
Net	<u>10,546</u>	<u>(5,703)</u>	<u>4,843</u>
Speech			
Revenue	29,363	-	29,363
Expenditures	33,829	-	33,829
Net	<u>(4,466)</u>	<u>-</u>	<u>(4,466)</u>
Wrestling			
Revenue	269,336	-	269,336
Expenditures	184,776	4,786	189,562
Net	<u>84,560</u>	<u>(4,786)</u>	<u>79,774</u>

Oklahoma Secondary Schools Activities Association

Detailed Activity Schedule

Year Ended June 30, 2023

	<u>Site Revenue/ Expenditures</u>	<u>Other Revenue/ Expenditures</u>	<u>Total</u>
Cheerleading			
Revenue	\$ 111,799	\$ -	\$ 111,799
Expenditures	46,725	2,214	48,939
Net	<u>65,074</u>	<u>(2,214)</u>	<u>62,860</u>
Game Day Cheerleading			
Revenue	151,366	-	151,366
Expenditures	31,048	-	31,048
Net	<u>120,318</u>	<u>-</u>	<u>120,318</u>
Soccer			
Revenue	255,560	-	255,560
Expenditures	82,140	2,673	84,813
Net	<u>173,420</u>	<u>(2,673)</u>	<u>170,747</u>
Golf			
Revenue	-	-	-
Expenditures	75,664	298	75,962
Net	<u>(75,664)</u>	<u>(298)</u>	<u>(75,962)</u>
Swimming and Diving			
Revenue	55,457	-	55,457
Expenditures	34,371	393	34,764
Net	<u>21,086</u>	<u>(393)</u>	<u>20,693</u>
Tennis			
Revenue	75,621	-	75,621
Expenditures	66,717	-	66,717
Net	<u>8,904</u>	<u>-</u>	<u>8,904</u>
Cross Country			
Revenue	117,998	-	117,998
Expenditures	66,438	359	66,797
Net	<u>51,560</u>	<u>(359)</u>	<u>51,201</u>
Volleyball			
Revenue	74,405	-	74,405
Expenditures	36,334	5,492	41,826
Net	<u>38,071</u>	<u>(5,492)</u>	<u>32,579</u>

Oklahoma Secondary Schools Activities Association

Detailed Activity Schedule

Year Ended June 30, 2023

	Site Revenue/ Expenditures	Other Revenue/ Expenditures	Total
Academic			
Revenue	\$ -	\$ -	\$ -
Expenditures	44,622	-	44,622
Net	<u>(44,622)</u>	<u>-</u>	<u>(44,622)</u>
E-Sports			
Revenue	33,044	-	33,044
Expenditures	66,356	-	66,356
Net	<u>(33,312)</u>	<u>-</u>	<u>(33,312)</u>
Other			
Revenue	-	6,915	6,915
Expenditures	61,056	674,742	735,798
Net	<u>(61,056)</u>	<u>(667,827)</u>	<u>(728,883)</u>
Totals			
Revenue	6,576,614	6,915	6,583,529
Expenditures	4,176,597	771,014	4,947,611
Net	<u>\$ 2,400,017</u>	<u>\$ (764,099)</u>	<u>\$ 1,635,918</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, 2023, 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 November 3, 2023.

Report on 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) as a basis for designing 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. 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.

Report on 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 financial statements. 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 black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma
November 3, 2023